

INITIAL STATEMENT OF REASONS

Background

The California Department of Health Care Services' (Department) mission is to provide Californians with access to affordable, integrated, high-quality health care, including medical, dental, mental health, substance use treatment services and long-term care. In support of this mission, the Department administers many health care programs, including the Mental Health Services Act (MHSA).

In November 2004, California voters approved Proposition 63, a ballot initiative that enacted the MHSA. The MHSA imposes a one (1) percent tax on individuals' incomes over \$1 million to provide funding to counties for designated community based mental health programs, which include Prevention and Early Intervention (PEI), Innovation (INN) and children and adult and older adult systems of care (Community Services and Supports (CSS)), plus the necessary infrastructure, technology, and training programs to support these needs. The State Controller deposits the tax revenue into a State Mental Health Services (MHS) Fund and makes monthly distributions to each County's Local Mental Health Services (LMHS) Fund. The MHSA became effective on January 1, 2005.

The MHSA specifies the percentages that counties are to allocate to each type of program – PEI, INN and CSS – and the amount of time that counties have to spend MHSA funds. Historically counties had three years to spend PEI, INN and CSS funds and ten years to spend funds dedicated to capital facilities, technological needs or education and training. If a county fails to spend funds for an authorized purpose within the specified period the unspent funds revert to the state to be redistributed to other counties. The MHSA also requires counties to invest MHSA funds and to establish a prudent reserve, a type of rainy day fund.

Program History

The former Department of Mental Health (DMH) was the state entity responsible for administering and overseeing county implementation of the MHSA. In June 2012, many of the functions performed by DMH were transferred to the Department pursuant to AB 1467 (Committee on Budget, Chapter 23, Statutes of 2012) and DMH was streamlined and became the California Department of State Hospitals.

AB 1467 also added Welfare and Institutions Code (W&I Code) section 5899, which requires the Department to develop and administer instructions for the "Annual Mental Health Services Act Revenue and Expenditure Report" (ARER), a report that counties are to submit to the Department annually. In 2016, the Legislature passed AB 1618 (Committee on Budget, Chapter 43, Statutes of 2016), which amended W&I Code section 5899 to authorize the Department to withhold MHSA funds from a County that does not timely submit its ARER.

AB 114 (Committee on Budget, Chapter 38, Statutes of 2017), which became effective July 2017, amended the rules regarding the reversion of MHSA funds by adding paragraphs (2)-(4) to W&I Code section 5892, subdivision (h). Paragraphs (2) and (3) extend the time a county, with a population of less than 200,000, has to spend CSS, PEI and INN funds from three to five years before the funds are subject to reversion. Paragraphs (2) and (4) provide that the Reversion Period for Innovation funds identified in an Innovation Project Plan, begins when the Mental Health Services Oversight Accountability Commission (MHSAOAC) approves the plan. The bill also requires funds subject to reversion on or after July 1, 2017, be reallocated to other counties for the purposes for which the unspent funds were initially allocated to the original county.

In February 2018, the California State Auditor produced Report 2017-117, *The State Could Better Ensure the Effective Use of Mental Health Services Funding* (CSA Report), which is available at <https://www.bsa.ca.gov/pdfs/reports/2017-117.pdf> and concerns the funding and fiscal oversight of the MHSA. “To effectively monitor MHSA spending and provide guidance to the local mental health agencies...,” the report recommended the Department, through the promulgation of regulations, do the following:

- Develop an MHSA fiscal reversion process to ensure that the state can reallocate any MHSA funds that local mental health agencies do not spend within the statutory reversion time frames to other local mental health agencies that are better positioned to use the funds to meet the MHSA’s intent.
- Clarify that the interest the local mental health agencies earn on unspent MHSA funds is subject to the same reversion requirements as the MHSA funds they receive.
- Establish and enforce an MHSA (prudent) reserve level that will allow local mental health agencies to maintain sufficient funds to continue providing crucial mental health services in times of economic hardship... [and] establish controls over local mental health agencies’ deposits and withdrawals to their reserves” (page 20).
- “...implement a process that will enable it to withhold MHSA funds from local mental health agencies that fail to submit their annual reports on time.” (page 26.)

Senate Bill 192 (Beall, Chapter 328, Statutes of 2018) added W&I Code section 5892(b)(2), which caps the amount a county can hold in its prudent reserve at 33 percent of the average CSS revenue the county received in the preceding five years. The bill also requires each county to calculate the amount of its prudent reserve and reassess and certify that amount every five years. In addition, the bill amends W&I Code section 5892(h)(1) to make interest accrued on MHSA funds subject to reversion.

W&I Code section 5898 directs that “The State Department of Health Care Services, in consultation with the Mental Health Services Oversight and Accountability Commission, shall develop regulations, as necessary, for the State Department of Health Care Services, the Mental Health Services Oversight and Accountability Commission, or designated state and local agencies to implement this act.” The Department is fulfilling

its statutory responsibility in submitting these proposed regulations that will better ensure the effective use of MHSA funds.

Related Existing Laws and Regulations

W&I Code section 5890, subdivision (a) provides that MHS Fund money be continuously appropriated for MHSA programs and related activities. Counties are required to use MHS Fund money to expand mental health services and only to pay for the programs authorized by the MHSA. (W&I Code, § 5891(a).) W&I Code section 5891, subdivision (c) provides that the State Controller shall distribute funds from the MHS Fund to each county's LMHS Fund on a monthly basis. W&I Code section 5892, subdivision (f) requires each county to invest its LMHS Fund balance "consistent with other County funds" and to transfer the interest it earns on the investments back into the LMHS Fund.

W&I Code section 5892, subdivision (a), paragraph (3) directs each county to use twenty percent of the funds distributed to the county from the MHS Fund on prevention and early intervention (PEI) programs. W&I Code section 5892, subdivision (a), paragraph (5) directs the county to use the "balance of funds..." for the children system of care and adult and older adult system of care (CSS) programs. Section 5892(a)(6) directs the county to use "Five percent of the total funding" for PEI and CSS programs for innovative (INN) programs. Consistent with this statute, existing California Code of Regulations (Cal. Code Regs.), title 9, section 3930(d)(7) requires each County to document "that the source of Innovation Funds is 5 percent of the County's PEI allocation and 5 percent of the CSS allocation."

Each county is required to "prepare and submit a three-year program and expenditure plan, and annual updates, adopted by the county board of supervisors, to the Mental Health Services Oversight and Accountability Commission and the State Department of Health Care Services." (W&I Code, § 5847(a).) The county must base the Three-Year Program and Expenditure Plan and Annual Update on "...available unspent funds and estimated revenue allocations provided by the state and in accordance with established stakeholder engagement and planning requirements as required in Section 5848." (W&I Code, § 5847(b); see *also* Cal. Code Regs., tit. 9, §§ 3300, 3310, 3315.) In addition, all county expenditures of Local MHS Fund money must be "consistent with a currently approved plan or update pursuant to section 5847." (W&I Code, § 5892(g); see *also* W&I Code § 5891(d).)

W&I Code section 5847, subdivisions (b)(1)-(4) and California Code of Regulations, title 9, section 3310, subdivision (b) require County "three-year program and expenditure plan and annual updates..." to include PEI, CSS, INN, and Capital Facilities and Technological Needs (CFTN) programs. The plans and updates must also address workforce, education and training (WET) needs and the county's Prudent Reserve.

W&I Code section 5892, subdivision (b)(1) authorizes Counties to fund their CFTN, WET, and Prudent Reserve from CSS funds provided the total allocation "...not exceed

20 percent of the average amount of funds allocated to that County for the previous five years...”

A county may access its Prudent Reserve to “ensure the County program will continue to be able to serve children, adults, and seniors that it is currently serving... during years in which revenues for the Mental Health Services Fund are below recent averages” (W&I Code, § 5847(b)(7).) W&I Code section 5847, subdivision (f) provides a county must include an allocation of funds from its Prudent Reserve for the CSS component “in years in which the allocation of funds... are not adequate to continue to serve the same number of individuals as the County had been serving in the previous fiscal year.”

A county may transfer funds allocated to its CSS component to its PEI component if “... the department determines that the increase [in PEI expenditures] will decrease the need and cost for additional services to severely mentally ill persons in that county by an amount at least commensurate with the proposed increase.” (W&I Code, § 5892(a)(4).)

One of the CSS component service categories is the Mental Health Services Act Housing Program. (Cal. Code Regs., tit. 9, § 3615(a)(4).) Under the Mental Health Services Act Housing Program, MHSA funds may be used to provide permanent supportive housing for clients with serious mental illness. (Cal. Code Regs., tit. 9, § 3200.225.) W&I Code section 5892.5 authorizes the release of unencumbered Mental Health Services Fund moneys dedicated to the Mental Health Services Act housing program upon the written request of the county. The moneys released to the county must be used to provide housing assistance as specified in W&I Code section 5892.5.

Two or more counties acting jointly may form or join a joint powers authority to agree “...to deliver or subcontract for the delivery of those (MHSA) mental health services... Any agreement between counties shall delineate each County’s responsibilities and fiscal liability.” (W&I Code, § 5897(b); Gov. Code, § 6500.)

W&I Code section 5899 authorizes the Department to develop instructions for the ARER and “If a County does not submit the annual revenue and expenditure report...by the required deadline, the department may withhold MHSA funds until the reports are submitted” (W&I Code, § 5899(e)).

Statement of Purpose/Problem to be Addressed

The purpose of these regulations is to provide a clear framework for county mental health departments, two or more county mental health departments acting jointly, or a city operated program receiving funds per W&I Code section 5701.5 (each referred to as a “County” [see Cal. Code Regs., tit. 9, § 3200.090), to allocate, transfer, expend, and report the use of, MHSA funds. These regulations are necessary because statute does not provide clear guidance. These provisions will also assist the Department with overseeing county expenditures of MHSA funds.

The proposed regulations amend and add to article 2, 4 and 5, under title 9, division 1, chapter 14 of the California Code of Regulations. (All section references are to title 9 of the California Code of Regulations, unless otherwise indicated.) Additions and amendments to article 2 (sections 3200.022 – 3200.323) provide definitions to new concepts such as the CSS Account, define terms, such as Capital Facilities and Technological Needs and revise section numbers to fit new definitions within article 2. Article 4 (sections 3420 – 3420.65) addresses: the allocation and expenditure requirements of MHSA funds, including investment gains; the transfer of MHSA funds from the CSS Account; funding of, and transfers from, the Prudent Reserve; the maintenance of records of such transactions; reversion of unspent MHSA funds and an appeal process. Article 5, section 3510 is amended by revising the ARER to include current data needs and information, to specify the forms in which a county is required to submit expenditure data and information, and section 3510.005 is added to provide a process to withhold MHSA funds from a county for non-submission of a complete and accurate ARER. Section 3510.030 is added to implement statutory requirements that a county certify the accuracy of the ARER pursuant to W&I Code section 5899, subdivision (a).

Anticipated Benefits of the Regulations

The Department anticipates that the proposed regulatory amendments will enhance the fiscal integrity of the MHSA and enhance county compliance with the programmatic requirements of the MHSA. In addition, by allowing the Department to enforce county fiscal reporting requirements the proposed regulations will enable the Department to collect more complete and accurate data regarding the performance of county mental health programs. This data will assist the state, Counties and other interested parties in developing and recognizing best practices, which in turn will result in more effective county mental health services.

Stakeholder Involvement in Preparation of the Regulations

In July 2016, the Department conducted several meetings with the MHSOAC and the California Behavioral Health Directors Association of California to discuss proposed fiscal policies and obtain input to be used in the development of these regulations. The meetings centered on specific issue papers the Department developed and presented to the two organizations (DHCS 2016 Fiscal Regulation Issue Papers). These issue papers centered on the following topics:

1. The tracking of revenue and expenditures by component.
2. The tracking of interest earned on investments.
3. The determination of total revenue allocated to each component.
4. The transferring of funds from the CSS component to CFTN and WET Accounts, and Prudent Reserve.
5. The determination of total expenditures from the Local Mental Health Services Fund for each component.
6. The calculating of reversion.

7. The method the Department will use to recoup funds that have been reverted.
8. The transfer of only CSS funds to the Prudent Reserve.
9. The determination of the maximum amount that may be held in the local Prudent Reserve and when to access the Prudent Reserve.

Detailed Statement of Reasons: Summary and Rationale

Section 3200.022. Capital Facilities and Technological Needs (CFTN).

This section defines “Capital Facilities and Technological Needs” to mean, the projects a county dedicates to the acquisition and development of land and the construction or renovation of buildings or the development, maintenance or improvement of information technology. Capital Facilities and Technological Needs does not include supportive housing projects.

This definition (with section 3420(d)(5)) is necessary to implement W&I Code section 5892(b)(1), which authorizes Counties to spend funds allocated for CSS programs for “technological needs and capital facilities.” (See *also* W&I Code, § 5847(b)(5) [requiring county program and expenditure plans to include “a program for technological needs and capital facilities needed to provide” CSS, PEI and INN services].) The definition of Capital Facilities in this section is consistent with the dictionary definitions of “capital” as property and of “facility” as a building; and the apparent intent of W&I Code sections 5892(b)(1) and 5847(b)(5) – to authorize Counties to use the funds to provide office space for the administration and delivery of MHSA funded services.

“Technological Needs” is defined as projects for the maintenance or improvement of information technology because information technology (computer and phone systems) is the type of technology Counties need to administer and provide MHSA funded services.

Supportive housing is excluded from the definition because it is funded separately through the MHSA Housing Program. (See W&I Code, §§ 5892(a)(5), 5892.5; 9 Cal. Code Regs., §§ 3200.225, 3615(a)(4)); W&I Code § 5849.1 et. seq. [the No Place Like Home Program].)

Section 3200.025. Capital Facilities and Technological Needs Account or CFTN Account.

This section defines “Capital Facilities and Technological Needs Account,” or “CFTN Account,” as money in a county’s LMHSF that the County allocates, or transfers from its CSS Account pursuant to section 3420.10, for the County’s Capital Facilities and Technological Needs.

A commonly understood definition of “Account” is “a record or statement of financial transactions.” This section is necessary to implement W&I Code section 5892(b)(1), which authorizes each county to annually divert up to 20% of the average amount of

CSS funds allocated to that county over the previous five years for “technological needs and capital facilities, human resources needs and a prudent reserve.” For a county to comply with the percentage limitation, and for the Department to monitor county compliance, the county must maintain an “account” or record of funds it transfers from its CSS Account for that purpose.

It is also necessary for Counties to account for CFTN funding because there is a 10 year reversion timeframe for CFTN funds (as opposed to a 3 year Reversion Period for CSS Funds that have not been set aside for CFTN purposes). (See W&I Code section 5892(h)(1)) Counties must also track their expenditures on CFTN because they are required to report those expenditures on their ARER. (See W&I Code, §§ 5899(c)(1), (d)(6).)

Section 3200.079. Community Services and Supports Account or CSS Account.

This section defines “Community Services and Supports Account,” or “CSS Account,” as the money in a county’s Local Mental Health Services Fund that it allocates for CSS programs and services, as described in Article 6, of Chapter 14, of Title 9, of the California Code of Regulations.

A definition of “Account” is “a record or statement of financial transactions.” This section is necessary to implement W&I Code section 5892(a), which specifies the programs Counties can pay for with MHSA funds (See also W&I Code section 5890(a)) and the percentages Counties must allocate to each type (CSS, PEI, INN) of program. For a county to implement this requirement the county must maintain an account or record of the LMHS Fund money it allocates to and spends on CSS programs. (See section 3420(b) and (d)) Counties must also record their expenditures on CSS programs and services because they are required to report those expenditures on their ARER. (See W&I Code section 5899(c)(1), (d)(1),(5))

Section 3200.080. Community Services and Supports Component or CSS Component.

This section changes the definition of “Community Services and Supports Component,” or “CSS Component” to specify the section of the Three-Year Program and Expenditure Plans that refers to service delivery systems for mental health services and supports for children and youth, transition age youth, adults, and older adults.

This amendment is necessary to define CSS Component consistent with definitions for other MHSA components.

Section 3200.110. Department.

This section changes the definition of “Department” to the State Department of Health Care Services and deletes reference to the defunct “State Department of Mental Health.”

This amendment is necessary to specify the correct Department with the authority to regulate under chapter 14, “Mental Health Services Act,” of title 9 of the California Code of Regulations.

Section 3200.181. Innovation Account or INN Account.

This section defines “Innovation Account,” or “INN Account,” as the money in a county’s Local Mental Health Services Fund that the county allocates for Innovative Projects, as described in article 9, of chapter 14, of title 9, of the California Code of Regulations.

A definition of “Account” is “a record or statement of financial transactions.” This section is necessary to implement W&I Code section 5892(a), which specifies the programs Counties can pay for with MHSA funds (see W&I Code, § 5890(a)) and the percentages Counties must allocate to each type (CSS, PEI, INN) of program. For a county to implement this requirement the county must maintain an “account” or record of the LMHS Fund money it allocates to and spends on INN programs. (See section 3420(b) and (d).) Counties must also maintain an account of their expenditures on INN programs and services because they are required to report those expenditures on their ARER. (See W&I Code, § 5899(c)(1), (d)(3).)

Section 3200.195. Investment Gain.

This section defines “Investment Gain” to mean any realized earning, less any realized loss, on Local Mental Health Services Fund money invested by a county, including capital gains, dividends, and interest.

This definition is necessary to implement W&I Code section 5892(f), which requires a county to invest LMHSF monies consistent with other county funds and to transfer “interest earned” on the investments to the LMHSF. The terms capital gains, dividends, and interest are commonly used and understood by the Counties, and therefore, were not separately defined.

Section 3200.197. Investment Loss.

This section defines “Investment Loss” to mean a realized reduction in principal of Local Mental Health Services Fund money invested by a county.

This definition is necessary to implement W&I Code section 5892(f), which requires a County to invest LMHSF monies consistent with other County funds and to transfer “interest earned” on the investments to the LMHSF. As there is no guarantee a County will always experience a return (Investment Gain) on their principal (LMHSF monies), the term “Investment Loss” captures this reduction of principal, as specified in section 3420.40.

Section 3200.213. Local Mental Health Services Fund.

This section defines “Local Mental Health Services Fund” (LMHSF) to mean a County’s account that holds Mental Health Services Fund money and any Investment Gain on that money.

This definition is necessary to distinguish between the State and County Mental Health Services Funds.

Section 3200.227. Mental Health Services Fund.

This section defines “Mental Health Services Fund” (MHSF) to mean a fund in the State Treasury to hold tax revenue generated pursuant to Revenue and Taxation Code section 17043, which is distributed to Counties to fund MHSF programs and services.

This definition is necessary to distinguish between the State and County Mental Health Services Fund.

Section 3200.244. Prevention and Early Intervention Account or PEI Account.

This section defines “Prevention and Early Intervention Account,” or “PEI Account,” as the money in a county’s Local Mental Health Services Fund that the County allocates, or transfers from its CSS Account, for PEI programs, as described in article 7, of chapter 14, of title 9, of the California Code of Regulations.

A definition of “Account” is “a record or statement of financial transactions.” This section is necessary to implement W&I Code section 5892(a), which specifies the programs Counties can pay for with MHSF funds (see W&I Code, § 5890(a)) and the percentages Counties must allocate to each type (CSS, PEI, INN) of program. For a county to implement this requirement the county must maintain an account or record of the LMHSF Fund money it allocates to and spends on PEI programs. (See section 3420(b) and (d)) Counties must also account for their expenditures on PEI programs and services because they are required to report those expenditures on their ARER. (See W&I Code, § 5899(c)(1), (d)(2).)

Section 3200.251. Project-Based Housing.

This section amends the section number associated with “Project-Based Housing.”

This regulation makes a technical change to the section number to allow the titled sections to flow in alphabetical order.

Section 3200.252. Prudent Reserve.

This section defines “Prudent Reserve,” to mean LMHSF money held by a county for use, as described in W&I Code sections 5847 and 5892.

This definition is consistent with statute. A cross reference to W&I Code sections 5847(b)(7) and (f) and 5892(b)(1) is included for the convenience of the reader. Including the definition of Prudent Reserve along with the definitions of the other accounts is necessary to identify all the county allocations and transfers of MHSA funds.

Section 3200.254.1. Redistributed Funds.

This section defines Redistributed Funds as funds held in the Reversion Account that the State Controller distributes to other Counties, as specified in W&I Code sections 5892(h) and 5899.1(a).

This definition is necessary to implement W&I Code sections 5892, subdivision (h)(1) and 5899.1(a). W&I Code section 5892, subdivision (h)(1), establishes a Reversion Account within the MHSF to collect MHSA funds, including interest accrued, reverted from Counties with funds subject to reversion. W&I Code section 5899.1(a) requires the state to reallocate funds reverted and deposited into the Reversion Account to other Counties for the “purposes for which the unspent funds were initially allocated to the original County.”

Section 3200.257. Reversion Account.

This section defines Reversion Account as an account within the Mental Health Services Fund to hold funds reverted from Counties.

This definition is necessary to implement W&I Code section 5892, subdivision (h)(1), which establishes a “Reversion Account” within the Mental Health Services Fund, and requires funds reverted from Counties, and interest accrued on those funds, to be deposited into that account.

Section 3200.258. Reversion Period.

This section defines Reversion Period as the amount of time a county has to spend its LMHSF money. The amount of time varies depending on a county’s population and the component account to which the county allocates the money, as provided in sections 3420.50, 3420.55 and 3420.60.

This definition is necessary to implement W&I Code section 5892, subdivision (h). A county may spend funds contained in the CSS Account, PEI Account, INN Account, CFTN Account and WET Account within the timeframes specified in W&I Code Section 5892, subdivision (h). This definition is inclusive of the amount of time a county has to spend LMHSF monies before the funds are subject to reversion.

Section 3200.260. Small County.

This section changes the data source used to determine the population size from the California State Department of Finance “projection” to the California State Department

of Finance “estimate.” The phrase “as of the first day of the fiscal year” is added to clarify the timing of the estimate.

This change is necessary to enable the Department to use the most current population data when determining population size. The estimate is completed annually in the Spring.

Section 3200.323. Workforce Education and Training Account or WET Account.

This section defines “Workforce Education and Training Account,” or “WET Account,” as the money in a county’s LMHSF that the county allocates, or transfers from its CSS Account, for Workforce Education and Training, as described in article 8, of chapter 14, of title 9, of the California Code of Regulations.

A definition of “Account” is “a record or statement of financial transactions.” This section is necessary to implement W&I Code section 5892(b)(1), which authorizes each county to annually divert up to 20% of the average amount of CSS funds allocated to that county over the previous five years for “technological needs and capital facilities, *human resources* needs and a prudent reserve.” For a county to comply with the percentage limitation, and for the Department to monitor county compliance, the county must maintain an “account” or record of the CSS funding it transfers for human resource needs.

It is also necessary for Counties to account for their funding for human resource needs because there is a 10 year reversion timeframe for human resource needs funds (as opposed to a 3 year Reversion Period for CSS Funds that have not been set aside for that purpose). (See W&I Code, § 5892(h)(1).) Counties must also track their expenditures on human resource needs because they are required to report those expenditures on their ARER. (See W&I Code, § 5899(c)(1), (d)(4).)

Section 3420. Local Mental Health Services Fund: Allocation and Expenditure Requirements.

This section is necessary to clarify the allocation requirements associated with funds distributed by the State Controller’s Office and deposited into a County’s LMHSF. It also specifies how Counties shall spend MHSA funds distributed to the County by the State Controller.

Section 3420(a)

This section is necessary to implement W&I Code section 5892, subdivision (f), which requires Counties to place MHS Fund money into a LMHSF and W&I Code section 5891(c), which requires the State Controller to deposit MHS Fund money into each Counties LMHSF.

Section 3420(b)

This section is necessary to implement W&I Code section 5892, subdivision (a) that requires each county to allocate funds distributed from the MHS Fund according to specified percentages. Through reviews of the MHSA Annual Revenue and Expenditure Reports, the Department determined that Counties were inconsistently allocating funds to the CSS, PEI, and INN components. For example, one county funded the INN component allocation using only CSS funds, whereas another county used a mix of funding from CSS and PEI. These inconsistent practices make it difficult for the Department to evaluate services across Counties and monitor compliance.

In developing this section, the Department considered two approaches for Counties to allocate funds to the three components. Under the first approach, PEI is funded first, at 20%, and the remaining 80% is then allocated to the CSS component. This approach allows a county to determine from which component – CSS or PEI – the funding for the INN component would come. A county therefore determines locally how to fund the INN component, while still maintaining the 5% INN allocation. This approach would require a County to establish a method for funding the INN component, and then continue funding INN with the same method moving forward. This would ensure consistency at the local level from year to year, but it would be difficult for the Department to perform any type of evaluation of PEI or CSS services across Counties because they may be funding CSS and PEI at various levels.

Under the second approach, the total funds allocated to the INN component is equal to the total funds distributed multiplied by five percent. The total funds allocated to the CSS component is equal to the total funds distributed, multiplied by 76% (80% x 95%); and total funds allocated to the PEI component is equal to the total funds distributed, multiplied by 19% (20% x 95%). This methodology resulted in the INN component being funded proportionally using CSS and PEI funding, and required a specific percentage (76%) be allocated to CSS. The Department chose this methodology because allocating INN funds from CSS and PEI is consistent with statute (W&I Code, § 5892(a)), would result in a uniform allocation methodology across all Counties, and is consistent with California Code of Regulations, title 9, section 3930(d)(7), which was promulgated by the MHSOAC. W&I Code section 5846(b) requires any regulations adopted by the Department to be consistent with regulations promulgated by the MHSOAC.

Section 3420(b)(1)

This section is necessary to implement W&I Code section 5892(a)(6) that requires “Five percent of the total funding for each County mental health program...” for PEI and CSS be utilized for INN.

California Code of Regulations, title 9, section 3930(d)(7) requires each County to “document that the source of Innovation funds is 5 percent of the County’s PEI allocation and 5 percent of the CSS allocation.” The proposed section provides a formula consistent with this statute and California Code of Regulations, title 9, section 3930.

Section 3420(b)(2)

This section is necessary to implement W&I Code section 5892(a)(3) that requires “Twenty percent of funds distributed to the counties pursuant to subdivision (c) of Section 5891 shall be used for prevention and early intervention programs...”

Section 3420(b)(3)

This section is necessary to implement W&I Code section 5892(a)(5) that requires “the balance of funds...” to be distributed for Community Services and Supports (CSS).

Section 3420(c)

This section is necessary to implement W&I Code section 5899.1(a), which requires Counties to spend funds that were reverted and redistributed for the purpose for which the funds were originally allocated. Proposed section 3420(c) provides for the allocation of these funds to the specified components.

Sections that provide for how the funds are reverted are included in proposed sections 3420.50, 3420.55, and 3420.60.

The State Controller makes monthly lump sum distributions to each county’s LMHSF. Since a county will not know the amount of reverted funds, or the component to which the funds are to be reallocated, in a monthly distribution the Department will need to provide each county with a schedule of redistributed funds by component and amount. This proposed regulation requires each county to allocate these funds to the component the Department specifies and in the amount the Department directs in the schedule.

Sections 3420(d)(1-4)

These sections are necessary to implement W&I Code section 5892(a) and (b), which require Counties to spend funds allocated to the CSS Account, PEI Account, INN Account, WET Account and CFTN Account, for CSS, PEI, INN, WET and CFTN programs, services and projects, respectively.

Section 3420(d)(5)

This section is necessary to implement W&I Code section 5892(b)(1), which requires Counties to spend funds transferred from CSS to CFTN or allocated to the CFTN Account on Capital Facilities or Technological Needs.

Section 3420(e)

This section is necessary to implement W&I Code section 5892(g), which requires all expenditures to be made consistent with a currently approved Three Year Program and Expenditure Plan, annual update, or updates.

Section 3420.10. Community Services and Supports (CSS) Account Transfers to Prudent Reserve, CFTN Account and WET Account.

Section 3420.10(a)

This section is necessary to implement W&I Code section 5892(b)(1), which authorizes Counties to use CSS funds for CFTN, WET, and Prudent Reserve. The Department determined, through its administration of the ARER, that some Counties inappropriately funded their Prudent Reserve with PEI and INN funds. This proposed regulation resolves any ambiguity and makes clear that only funds from the CSS Account may be transferred to Prudent Reserve, the CFTN Account, and/or the WET Account.

Section 3420.10(a)(1)(A)-(C)

These sections are necessary to implement W&I Code section 5892(b)(1), which authorizes a County to use CSS funds for CFTN, WET, and its Prudent Reserve. W&I Code section 5892(b)(1) sets the maximum amount of CSS funds that a County may transfer (to CFTN, WET and its Prudent Reserve) in a fiscal year at twenty percent of the average amount of funds the State Controller distributed to that County's LMHSF over the previous five years.

Through the administration of the ARER, the Department determined that some Counties had transferred more than the twenty percent allowed by statute to their Prudent Reserve and the CFTN and WET components. In addition, audits performed by the Department found Counties unable to produce records verifying the formula and methodologies they used to arrive at the twenty percent limit. This provision will allow the Department to provide oversight of County MHSF funds and determine appropriate use of CSS Account funds. For clarity, the Department is providing a formula consistent with statute. Subsection (a)(1) specifies that each fiscal year a County may transfer up to twenty percent of the average amount the State Controller distributed to the County's LMHSF over the previous five fiscal years. Paragraphs (A)-(C) specify the formula Counties must follow to calculate the twenty percent. The formula includes the basic calculation for an average (the sum of all the numbers in a set, divided by the number of items in the set.) Paragraph (A) begins with the addition of the LMHSF monies distributed to the County over the previous five fiscal years. Paragraph (B) requires the County to divide the sum in paragraph (A) by five to determine the average distribution over the previous five fiscal years. Paragraph (C) requires the County to multiply the average (computed in paragraph (B)) by twenty percent, in order to calculate twenty percent of the average.

Section 3420.10(a)(2)

This section implements W&I Code section 5847(b)(7) and (f), which authorizes and requires Counties to spend funds from the Prudent Reserve in two situations. In both situations, the purpose for allowing a County to access the Prudent Reserve is to alleviate a deficiency in funding for mental health services or to provide a remedy for a County's inability to serve the same number of individuals as in previous years. This section is necessary to ensure that a County does not transfer CSS Account funds to the Prudent Reserve, CFTN Account or WET Account during the same fiscal year that a County accesses the Prudent Reserve. Such transfers would be inconsistent with the purpose of W&I Code sections 5847(b)(7) and (f) and 5892(b)(1), which provides Counties with a Prudent Reserve to ensure funds, are available to maintain services in years when revenues decrease.

Section 3420.10(a)(3)

This section is necessary to implement W&I Code sections 5847(a) and (b) and 5848(a), which require a County to have "... meaningful stakeholder involvement on mental health policy, program planning, and implementation, monitoring, quality improvement, evaluation, and budget allocations." The Department makes these statutory requirements specific by requiring a County to include the proposed transfer of funds in the County's plan or updates thereby allowing stakeholders to participate in a County's decision to transfer CSS Account monies. In addition, by including proposed transfers in its Three-Year Program and Expenditure Plan, or annual update, or updates pursuant to sections 3310 and 3315, a County's Board of supervisors is provided with the opportunity to adopt such a proposal.

Section 3420.10(b)

This section is necessary to implement W&I Code section 5892(b)(1) and (h), which authorizes Counties to use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County's LMHSF over the previous five years for CFTN, WET, and Prudent Reserve and sets forth the reversion rules for LMHSF monies. This section prevents a County from transferring funds from the WET Account or CFTN Account to the CSS Account. This regulation is necessary to prevent a County from extending the Reversion Period of CSS funds by shifting CSS funds in and out of the CSS Account.

Section 3420.15. Community Services and Supports (CSS) Account Transfer to Prevention and Early Intervention (PEI) Account.

This section is necessary to implement W&I Code section 5892(a)(4), which authorizes a County to increase its PEI expenditures (above 19%) if the Department determines that the increase in PEI expenditures will decrease the need and cost for additional services to severely mentally ill persons in that County. This section is also necessary to implement W&I Code sections 5847(a) and (e) and 5848(a) and (b), which require a County to engage in a meaningful stakeholder process in developing its Three-Year Program and Expenditure Plan or annual update or updates.

Section 3420.15(a)

This section is necessary to specify the two-step process a County follows to transfer funds from the CSS Account to the PEI Account. First, the County engages stakeholders and constituents in developing the proposal and submits the proposal to the County's board of supervisors for adoption. Second, after adoption by the board of supervisors, the County submits the proposal to the Department for review.

Section 3420.15(b) – (c)

These sections are necessary to implement W&I Code section 5847(a) and (e), which require a County to prepare a Three-Year Program and Expenditure Plan and annual updates and to obtain board of supervisor approval of the plans. This section is also necessary to implement W&I Code section 5848(a) and (b), which require a County to engage in a meaningful stakeholder process in the development of the Three-Year Program and Expenditure Plan or annual update or updates. Additionally, these proposed sections are necessary to implement W&I Code sections 5891(d) and 5892(g), which require a County to expend funds consistent with the County's approved Three-Year Program and Expenditure Plan or annual update or updates.

A County seeking to transfer funds shall engage in a meaningful stakeholder process to develop a proposal for the use of funds, as described in sections 3310 and 3315, prior to including the proposed transfer in the County's Three-Year Program and Expenditure Plan, annual update or updates. The County's Three Year Program and Expenditure Plan, annual update or updates shall include a description of the proposed transfer. This is necessary to ensure that stakeholders have the required information in order to provide public comment to the County for consideration. The Department requires the County to include in the plan, annual update, or updates any information the Department will utilize when determining whether to approve or deny a proposal. Requiring this information also provides the stakeholders and the board of supervisors with an opportunity to review the facts and merits of such a proposal. Additionally, a County may include, in the plan or annual update or updates, a proposal for use of the funds should the Department deny the request for transfer. This would allow stakeholders and board of supervisors with an opportunity to develop an alternative for the use of the CSS funds in the event that the Department denies the proposal.

Section 3420.15(d)

This section is necessary to implement W&I Code section 5892(a)(4), which authorizes the Department to determine whether a County's proposed increase in Prevention and Early Intervention expenditures will decrease the need and cost for additional services to severely mentally ill persons in that County "by an amount at least commensurate with the proposed increase." The quoted language means that the cost of additional services in the County must be decreased by at least as much as the proposed increase in PEI expenditures. This section is also necessary to inform a County to

submit documentation by email. To promote efficient implementation of the requirements of W&I Code section 5892(a)(4), the Department requires submission of documentation by email.

Section 3420.15(d)(1)

This section is necessary to identify the name of the PEI programs.

Section 3420.15(d)(2)

This section is necessary to identify the total amount of CSS Account funds the County is requesting to transfer to the PEI Account by fiscal year for the identified PEI Program. This information is necessary so the Department can evaluate the request.

Section 3420.15(d)(3)

This section is necessary to require a County to describe the PEI Program so the Department can evaluate the need for the transfer of CSS Account monies to the PEI Account.

Section 3420.15(d)(4)

This section is necessary because the Department needs the data about whether the increase in PEI services will decrease the need for additional services to severely mentally ill persons in the County to decide whether to approve the County's request.

Section 3420.15(d)(5)

This section is necessary because the Department needs the data about whether the increase in PEI Account expenditures will decrease the costs for additional services to severely mentally ill persons in the County to decide whether to approve the County's request.

Section 3420.15(d)(6)

This section is necessary to establish the number of fiscal years for which the County is requesting a transfer of CSS Account monies to the PEI Account. This is necessary for the Department to monitor a County's expenditures of MHS Funds.

Section 3420.15(d)(7)

This section is necessary to provide the number of fiscal years that it will take the County to achieve a decrease in need and cost for additional services after the transfer of CSS Account monies to the PEI Account. This is necessary for the Department to determine the feasibility of a County's proposal and to measure whether the proposed

increase will result in decreased need and cost for additional services to severely mentally ill persons.

Section 3420.15(e)

This section is necessary to inform a County that the Department requires up to forty-five (45) calendar days, which is adequate time to review the request, to approve or deny a County's request to transfer CSS Account monies to the PEI Account. Written notice is provided to the County to offer documentation of the determination.

Section 3420.15(f)

This section is necessary to require a County to include data to demonstrate the effectiveness of the PEI Program or services in decreasing the need and cost for services to severely mentally persons for each fiscal year that the County indicated in the Three Year Program and Expenditure Plan, annual update, or updates. By requiring the County to include data in the Three-Year Program and Expenditure Plan, annual update, or updates, the Department is able to substantiate whether the increase in PEI Account expenditures has decreased or is decreasing the need and cost for additional services. In addition, including the data in the Three-Year Program and Expenditure Plan, annual update or updates allows stakeholders, constituents, and the County's Board of Supervisors to have an opportunity to examine and comment on the data and the effectiveness of the program.

Section 3420.15(g)

This section requires a County to update its next Three Year Program and Expenditure Plan, annual update, or updates if the Department denies the County's request to transfer funds. Requiring this update will notify the stakeholders and board of supervisors with the Department's denial and ensure that the County's expenditures are consistent with its Three Year Program and Expenditure Plan, annual update, or updates, as required by W&I Code sections 5891(d) and 5892(g).

Section 3420.15(h)

This section is necessary to implement W&I Code section 5899(c)(1) which requires a County to identify the County's expenditures of LMHSF. This section is necessary to implement W&I Code sections 5899(d)(1), (2), and (5), which provides that the ARER shall include information that may be used to evaluate CSS and PEI programs. This section is also necessary for the Department to implement the reversion requirements. The ARER is intended, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds in the ARER, the Department will be able to account for the decrease in CSS Account monies and the increase in PEI Account monies.

Section 3420.20. Local Mental Health Services Fund Transfers to Joint Powers Authority (JPA).**Section 3420.20(a)**

This section specifies that a County may transfer funds from the LMHSF to a joint powers authority (JPA) formed pursuant to Government Code section 6500, which provides the requirements Counties must follow to form or administer a JPA. This section implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This section is also necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

This section also introduces specific requirements that a County must meet prior to transferring funds to the JPA.

Sections 3420.20(a)(1) and (2)

These sections are necessary to implement W&I Code section 5847(a) and (e), which require a County to prepare a Three-Year Program and Expenditure Plan and annual updates and to obtain approval of the plan from the County's board of supervisors. This section is also necessary to implement W&I Code section 5848(a) and (b), which requires a County to engage in a meaningful stakeholder process in the development of the Three-Year Program and Expenditure Plan or annual update or update.

These sections provide the requirements that a County shall meet if a County seeks to transfer monies from the LMHSF to a JPA. A County seeking to transfer funds shall engage in a meaningful stakeholder process to develop a proposal for the use of funds, as described in section 3310, prior to including the proposed transfer in the County's Three-Year Program and Expenditure Plan, annual update or updates. The County's Three Year Program and Expenditure Plan, annual update or updates shall include a description of the proposed transfer. This is necessary to ensure that stakeholders have the required information in order to provide public comment to the County for consideration. Requiring this information provides the stakeholders and the board of supervisors with an opportunity to review the facts and merits of such a proposal.

Section 3420.20(b)

This section is necessary to implement W&I Code sections 5891(d) and 5892(g), which requires a County to expend funds consistent with the County's approved Three-Year Program and Expenditure Plan or update. This section clarifies that the County is responsible for overseeing the JPA's use of funds and ensuring they are spent consistently with the County's Three Year Program and Expenditure Plan, annual update, or updates, as adopted by the County's board of supervisors. The County's Three-Year Program and Expenditure Plan, annual update, or updates is developed

through a rigorous review process, approved by the County's Board of Supervisors, and specifies how the JPA shall spend the funds.

Section 3420.20(c)

This section is necessary to implement W&I Code section 5899(c)(1) and (3), which requires a County to identify the County's expenditures of local MHSA funds and interest earned on those funds. This section is necessary to implement W&I Code section 5899(d), which provides that the ARER shall include information that may be used to evaluate a County's MHSA funded programs or projects. This section is also necessary for the Department to implement the reversion requirements. The ARER is intended, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. (W&I Code section 5899(c)(1),(3),(4)). Section 3420.20(c) requires the County to report the transfer of funds to the JPA on the ARER. By reporting the transfer of funds to the JPA, expenditures by the JPA, and investment gain on funds transferred to the JPA on the ARER, the Department will be able to determine whether funds transferred to a JPA are subject to reversion.

Section 3420.20(d)

This section is necessary to implement W&I Code section 5892(h), which specifies that funds not spent for their authorized purpose within the applicable time period shall be subject to reversion. This section clarifies that funds transferred to a JPA are subject to reversion and the same reversion timeframes as funds retained by the County. This section specifies that the Reversion Period for funds transferred to a JPA begins when the State Controller deposits the funds into the County's LMHSF. This section also specifies that funds transferred to a JPA are considered spent when the JPA spends the funds for an authorized purpose. This is necessary because previously, some Counties treated the transfer of funds to a JPA as an expenditure by the County. According to the California State Controller's Office: Accounting Standards and Procedures for Counties (2018), funds encumbered in a contract are not considered expenditures. This section also clarifies that any funds not spent by the JPA within the applicable Reversion Period will revert to the MHS Fund for deposit into the Reversion Account.

Section 3420.20(e)(1) – (2)

JPA's administering MHSA funds are required to comply with the same laws and regulations that County's must follow (see Government Code section 6509). Section 3420.20(e)(1) is necessary to implement W&I Code section 5892(f), which requires Counties to invest the LMHSF monies consistent with other County funds. W&I Code section 5892(f) also requires Counties to transfer the interest earned on the investments into the LMHSF. Proposed section 3420.20(e)(2) applies the same requirement applicable to Counties- that interest be transferred in the year earned- to JPA's. (See section 3420.40(b).) This section is also necessary to implement W&I Code section 5892(h)(1), which requires any funds, and interest earned on those funds, not spent for

their authorized purpose within the specified Reversion Period, to revert to the state to be deposited into the Reversion Account.

Section 3420.25. Community Services and Supports (CSS) Account Transfers to California Housing Finance Agency.

Section 3420.25(a)

This section is necessary to implement W&I Code sections 5802(d)(4) and 5806(a)(10), which authorize a County to use CSS Account monies for permanent supportive housing. This section specifies that a County may transfer CSS funds to the California Housing Finance Agency (CalHFA) for permanent supportive housing when such a transfer is completed under specified conditions. This section introduces the requirements necessary to transfer CSS Account monies to CalHFA, including the requirement that MHSAs be used for services for individuals who meet the eligibility criteria under W&I Code section 5600.3.

Section 3420.25(a)(1) and (2)

These sections are necessary to implement W&I Code section 5847(a) and (e), which require a County to prepare a Three-Year Program and Expenditure Plan and annual updates and to obtain approval of the plan from the County's board of supervisors. This section is also necessary to implement W&I Code section 5848(a) and (b), which requires a County to engage in a meaningful stakeholder process in the development of the Three-Year Program and Expenditure Plan or annual update or updates.

These sections provide the requirements a County shall meet if a County seeks to transfer monies from the CSS Account to the CalHFA. A County seeking to transfer funds shall engage in a meaningful stakeholder process to develop a proposal for the use of funds, as described in sections 3310 and 3315, prior to including the proposed transfer in the County's Three-Year Program and Expenditure Plan, annual update or updates. The County's Three Year Program and Expenditure Plan, annual update or updates shall include a description of the proposed transfer. This is necessary to ensure that stakeholders have the required information in order to provide public comment to the County for consideration. Requiring this information provides the stakeholders and the board of supervisors with an opportunity to review the facts and merits of such a proposal.

Section 3420.25(b)

This section is necessary to implement W&I Code section 5899(c)(1) and (d). W&I Code section 5899(c)(1) requires a County to identify the County's expenditures of local MHSAs funds.

W&I Code section 5899(d) provides that the ARER shall include information that may be used to evaluate a County's MHSAs funded programs or projects. This section is also

necessary for the Department to implement the reversion requirements. The ARER is intended, in part, to help the Department identify expenditures of MHPA funds, identify unexpended funds, and determine reversion amounts. (W&I Code section 5899(c)(1),(3),(4).) Section 3420.25(b) requires the County to report the transfer of funds to CalHFA as an expenditure on the ARER. By reporting the transfer of funds as an expenditure on the ARER, the Department will be able to account for the County's use of funds.

Section 3420.30. Prudent Reserve Funding Levels.

Section 3420.30(a)

This section is necessary to implement W&I Code section 5892(b)(2), which authorizes the County to use CSS Account monies received after FY 2007-08 to fund its Prudent Reserve. This section is consistent with the funding requirements introduced in section 3420.10 and clarifies that the only source of funds a County may use to fund its Prudent Reserve are those from the CSS Account. The former Department of Mental Health (DMH) issued an information notice that authorized a County to fund its Prudent Reserve from its CSS and PEI Accounts, provided the funds transferred to the Prudent Reserve were made available to the County prior to FY 2008-09. However, Counties have transferred PEI Account monies made available in subsequent years into their Prudent Reserves making this clarification necessary.

Section 3420.30(b)

This section is necessary to implement W&I Code section 5847(b)(7), which requires a County to maintain a Prudent Reserve and W&I Code section 5892(b)(2), which requires a County to fund its Prudent Reserve at an amount not to exceed 33% of the average CSS Account monies the County received in the preceding 5 years. DMH provided guidance to Counties that their local Prudent Reserve be funded at 50% of the most recent annual approved CSS funding level. A review of Counties' ARERs shows that some Counties did not fund their Prudent Reserve at all. In 2018, the California State Auditor published a report *Mental Health Services Act: The State Could Better Ensure the Effective Use of Mental Health Services Act Funding (Report 2017-17)*. The report stated, "the average decline (in MHPA funding)—for fiscal years in which declines occurred—was 23 percent." After reviewing funding data, and considering the audit report's findings, the Department proposes 23 percent as the minimum Prudent Reserve funding level.

Section 3420.30(b)(1)-(3)

This section is necessary to implement W&I Code section 5847(b)(7), which requires a County to maintain a Prudent Reserve. This section is also necessary to implement W&I Code section 5892(b)(2) (as amended effective January 1, 2019), which sets the maximum Prudent Reserve funding level at "... 33 percent of the average community

services and support revenue received for the [County's Local Mental Health Services] fund in the preceding five years.”

It is necessary for the regulations to specify how Counties are to calculate minimum and maximum funding levels to ensure Counties perform this calculation consistently. It would be extremely difficult for the Department to enforce the Prudent Reserve funding levels if the Counties calculate those levels differently. Paragraphs (1)-(3) specify the formula Counties must follow to calculate the minimum and maximum funding levels for the Prudent Reserve. The formula includes the basic calculation for an average (the sum of all the numbers in a set, divided by the number of items in the set.) Paragraph (1) begins with the addition of the amounts a County allocates to its CSS account over the previous five fiscal years. Paragraph (2) requires the County to divide the sum in paragraph (1) by five to determine the average allocation over the previous five fiscal years. Paragraph (3) requires the County to multiply the average (computed in paragraph (2)) by twenty-three percent and thirty-three percent, in order to calculate the minimum and maximum funding levels, respectively.

Section 3420.30(c)

This section is necessary to implement W&I Code section 5892(b)(2), which provides in part, “A County shall calculate an amount it establishes as the prudent reserve, not to exceed 33 percent ... [and] reassess the maximum amount of this reserve every five years ... as part of the three year program and expenditure plan ...” Counties have already established a Prudent Reserve. As a result, this section requires Counties to determine the funding level of their Prudent Reserve as of July 1, 2019. The Department chose to require the initial assessment to be performed as of July 1, 2019, because that is the beginning of the first fiscal year after the law takes effect. Because Counties must include the reassessment of the maximum amount of their prudent reserves in their Three-Year Program and Expenditure Plans, the Department chose to require Counties to include the initial assessment in their Three-Year Program and Expenditure Plans also. Further, requiring Counties to also calculate the maximum and minimum funding levels will facilitate meaningful stakeholder engagement in regard to County Prudent Reserve funding levels; stakeholders will know whether the County Prudent Reserve is overfunded, underfunded, or within range.

Section 3420.30(d)

This section is necessary to implement W&I Code section 5892(b)(2), which requires that each County certify its reassessment of its Prudent Reserve maximum funding level as part of its Three-Year Program and Expenditure Plan. The Department chose to require Counties to also assess the minimum funding level and actual funding level to facilitate meaningful stakeholder engagement. A County is required to reassess the funding level of its Prudent Reserve on July 1, 2024, and as of July 1 every five (5) fiscal years.

Section 3420.30(e)

This section is necessary to implement the requirement in W&I Code section 5892(b)(2) (as amended effective January 1, 2019), which states, “A County shall calculate an amount it establishes as the prudent reserve...The County shall reassess the maximum amount of this reserve every five years and certify the reassessment as part of the three-year program and expenditure plan required pursuant to section 5847.” Counties are required to submit the Mental Health Services Act Prudent Reserve Assessment/Reassessment form (DHCS 1819 10/2018) to the Department by email beginning in FY 2019-20 and every subsequent five fiscal years.

Mental Health Services Act Prudent Reserve Assessment/Reassessment Form Incorporated by Reference.

The Mental Health Services Act Prudent Reserve Assessment/Reassessment form, DHCS 1819 (10/18), is incorporated by reference in section 3420.30(e). The form is incorporated by reference because it would be impractical to publish it directly in the California Code of Regulations. The form is available for download on the Department website at:

<http://www.dhcs.ca.gov/formsandpubs/forms/Pages/default.aspx>. A detailed discussion of the components of the form is provided below.

The Department is requiring the use of DHCS 1819 (10/18), which is a PDF form. This is necessary to establish a standardized process for Counties to certify the assessment or reassessment of the local Prudent Reserve.

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report and MHSA Adjustments to Revenue or Expenditure County Certification. The form number, DHCS 1819 (10/18), which is necessary for the County to identify the form, is included in the footer.

“County/City” This field requires the County to enter its County or City name. This is necessary for the Department to identify the reporting County or City. W&I Code section 5897(a) provides that a County mental health program includes a city receiving funds pursuant to W&I Code section 5701.5.

“Fiscal Year” This field requires the County to enter the fiscal year to which the assessment or reassessment applies. This is necessary for the Department to identify the fiscal year of the assessment or reassessment the County is certifying.

“Local Mental Health Director Name” This field requires the County to enter the Name of the Mental Health Director. This is necessary for the Department to contact the local Mental Health Director with any questions regarding the Mental Health Services Act Prudent Reserve Assessment/Reassessment form.

“Local Mental Health Director Telephone” This field requires the County to enter the telephone number for the local Mental Health Director. This is necessary for the Department to communicate verbally with the local Mental Health Director by phone.

“Local Mental Health Director Email” This field requires the County to enter the email address for the local Mental Health Director. This is necessary for the Department to communicate electronically with the local Mental Health Director. Email is the Department’s preferred method of communication.

The Department proposes to include the following declaration: “I hereby certify under penalty of perjury, under the laws of the State of California, that the Prudent Reserve assessment/reassessment is accurate to the best of my knowledge and was completed in accordance with California Code of Regulations, Title 9, Section 3420.20(b).

This declaration is necessary to implement W&I Code section 5892(b)(2), which requires that each County certify its reassessment of its Prudent Reserve maximum funding level as part of its three-year program and expenditure plan.

Requiring the Local Mental Health Director’s signature is necessary to implement W&I Code section 5899(a), which requires a county to certify the accuracy of the ARER. The Department is requiring the County Mental Health Director to sign the certification because the County Mental Health Director is responsible for overseeing the local administration of the MHSA and implementing MHSA programs and services in the County.

The Department chose to require the County Mental Health Director to sign the certification under penalty of perjury because this certification is an attestation by the Local Mental Health Director on behalf of the County and provides further assurance of the accuracy of the Prudent Reserve assessment.

The Department chose to include the phrase “to the best of my knowledge” in the certification because the Local Mental Health Director typically relies on other County personnel to complete the Prudent Reserve assessment.

“Local Mental Health Director (PRINT NAME)” This field requires the County to print the name of the local Mental Health Director. This is necessary for the Department to verify the name of the person signing the Mental Health Services Act Prudent Reserve Assessment/Reassessment form.

“Signature” This field requires the County to obtain the signature of the local Mental Health Director.

“Date” This field requires the County to print the date that the local Mental Health Director signed the Mental Health Services Act Prudent Reserve Assessment/Reassessment form.

Section 3420.30(f)

This section implements the requirement in W&I Code section 5892(b)(2), which sets the maximum Prudent Reserve funding level at "... 33 percent of the average community services and support revenue received for the [County's Local Mental Health Services] fund in the preceding five years." It is necessary to prohibit a County that has a Prudent Reserve that exceeds the maximum funding level from transferring additional funds into its Prudent Reserve until its balance is below the maximum funding level. This is necessary to prevent Counties that are out of compliance with this requirement from exacerbating their non-compliance. It is also necessary to prevent Counties from using the Prudent Reserve to avoid reversion.

Section 3420.30(g)

This section implements the requirement in W&I Code section 5892(b)(2), which sets the maximum Prudent Reserve funding level at "... 33 percent of the average community services and support revenue received for the [County's Local Mental Health Services] fund in the preceding five years." Requiring a County to transfer funds in excess of the County's maximum funding level into the CSS Account implements W&I Code section 5892(b)(2). Requiring the return of excess funds to the CSS Account is consistent with W&I Code section 5892(b)(1), which authorizes a County to transfer CSS Account monies into the Prudent Reserve. This section is necessary to instruct a County to make its initial transfer of funds in excess of the Prudent Reserve maximum level during fiscal year 2019-2020 because that is the first fiscal year that the law is in effect.

Section 3420.30(h)

This section is necessary to implement W&I Code section 5892(h)(1) and (3) that requires any funds allocated to a County which have not been spent for their authorized purpose within three or five years, and the interest accruing on those funds, to revert to the state to be deposited into the Reversion Account. As of January 1, 2019, the Department does not consider funds in excess of a County's maximum Prudent Reserve funding level, to be Prudent Reserve funds. Because Counties will transfer excess funds from the Prudent Reserve to the CSS Account (see subsection (g)), the Department will subject the funds to the same reversion requirements as CSS Account monies specified in sections 3420.50 and 3420.55.

Section 3420.35. Prudent Reserve Transfers to CSS Account and PEI Account.

W&I Code section 5847(b)(7) authorizes, but does not require, Counties to use their Prudent Reserve to provide CSS and PEI services, under specified conditions. W&I Code section 5847(f) requires Counties to use their Prudent Reserve to provide CSS services under specified conditions. In the past, Counties accessed the Prudent Reserve inconsistently. This section is necessary to implement W&I Code section 5847(b)(7) and (f) to ensure consistency among Counties.

Section 3420.35(a)

This section is necessary to specify the circumstances in which Counties may, but are not required, to access their Prudent Reserve funds, and the circumstances in which Counties are required to access their Prudent Reserve funds.

Section 3420.35(a)(1)

This section is necessary to implement W&I Code section 5847(b)(7), which authorizes a County to access and utilize Prudent Reserve funding for CSS and PEI services “during years in which revenues for the Mental Health Services Fund are below recent averages adjusted by changes in the state population and the California Consumer Price Index” to ensure that CSS and PEI services are not significantly reduced. This section informs a County that the Department will determine when the County may access its Prudent Reserve and provides the method of determination. The Department makes the determination that utilizing MHS Fund revenues for the previous five (5) fiscal years to calculate “recent averages” pursuant to W&I Code section 5847(b)(7) is appropriate because this timeframe is consistent with the timeframe specified in W&I Code section 5892(b)(1), which governs transfers of (CSS Account) funds to the Prudent Reserve. Specifying a five (5) year period standardizes the timeframes utilized to determine whether transfers into or out of the Prudent Reserve are appropriate. Moreover, specifying a five (5) year period ensures all Counties are administering the Prudent Reserve consistently. Previously, some Counties used funds from the Prudent Reserve to fund PEI and CSS services during years when revenues for the MHS Fund were higher than previous years’ averages. Many Counties used their own formula or no formula at all when determining whether to use Prudent Reserve funds for the CSS and PEI component.

Section 3420.35(a)(2)

This section is necessary to implement W&I Code section 5847(f), which requires a County to transfer funds from the Prudent Reserve for CSS services, including the Full Service Partnership Service Category, General System Development Service Category, and Outreach and Engagement Service Category, in years where the projected allocation of funds for CSS services are not adequate to continue to serve the same number of individuals the County served in the previous fiscal year. This section is also necessary to clarify that the County’s projected allocation of funds for CSS services is based on projected revenue for the MHS Fund as reported in the Governor’s Budget – HHS 1, State Department of Health Care Services, Fund Condition Statements found at <http://www.ebudget.ca.gov>. The Department chose to have Counties base their projected allocations on this report so that all Counties use the same, reliable data source.

Section 3420.35(a)(2)(A)

This section is necessary to specify that each County is responsible for determining whether the County meets the conditions specified in W&I Code section 5847(f), and must transfer funds from the Prudent Reserve to the CSS Account. The County is responsible for making this determination because only the County can project the cost to provide CSS services under the Full Service Partnership Service Category, General System Development Service Category, and Outreach and Engagement Service Category, to the same number of children, adults, and seniors as the County served in the prior fiscal year. The County shall make this determination at the beginning of each fiscal year because this is the earliest point during the fiscal year when LMHSF revenue information is available to the Counties to make a determination for the current fiscal year. Moreover, requiring a County to make this determination at the beginning of the current fiscal year gives the County adequate time to include the transfer in the County's next Three-Year Program and Expenditure Plan, annual update, or updates, which requires a comprehensive and lengthy stakeholder process.

This section is also necessary to inform a County what steps a County must take to determine whether it is required to transfer funds from the Prudent Reserve.

Section 3420.35(a)(2)(B)

This section is necessary to specify that when a County makes a determination whether to transfer funds from the Prudent Reserve, the County shall compare the projected allocation of CSS Account funds to the projected costs of providing CSS services to the same number of individuals as the County served in the previous fiscal year. If the County determines that the projected allocation to the CSS Account is not sufficient to serve the same number of individuals as in the previous fiscal year, the County must transfer funds from the Prudent Reserve to the CSS Account pursuant to W&I Code section 5847(f). This section also specifies that the County's projected allocation of funds is based on the Governor's Budget – HHS 1, State Department of Health Care Services, Fund Condition Statements found at <http://www.ebudget.ca.gov>. The Department chose to have Counties base their projected allocations on this report so that all Counties use the same, reliable data source.

Section 3420.35(a)(3)

This section is necessary to instruct a County that accesses its Prudent Reserve to maintain records that support the transfer of funds from its Prudent Reserve to the CSS Account. The Department will use these records to verify the County accessed the Prudent Reserve in accordance with the methodology provided in this section. Requiring a County to maintain records that support a transfer of funds from the Prudent Reserve to the CSS Account enables the Department to oversee a County's administration of Prudent Reserve funds effectively.

Section 3420.35(b)

This section is necessary to implement W&I Code sections 5847(a) and (e) and 5848(a) and (b), which requires a County to engage in a meaningful stakeholder process in the development of the Three-Year Program and Expenditure Plan, annual update or updates. This section requires that a County include the transfer of funds from the Prudent Reserve to the CSS and PEI Accounts in its next Three-Year Program and Expenditure Plan, annual update, or updates. The County's Three-Year Program and Expenditure Plan, annual update, or updates is developed through a rigorous stakeholder review process, approved by the County's Board of Supervisors, and specifies how the County shall spend funds.

This section also implements W&I Code sections 5891(d) and 5892(g), which requires that all expenditures are consistent with an approved Three Year Program and Expenditure Plan, annual update, or updates. This section instructs a County to include specific information regarding the transfer of Prudent Reserve funds in the County's Three-Year Program and Expenditure Plan, annual update, or updates. Specifically, this section requires a County to identify what component account received Prudent Reserve funds and the amount of funds transferred. This data is necessary for the Department to correlate the information in the Three-Year Program and Expenditure Plan, annual update, or updates with the information provided in the County's ARER. Linking this information is necessary for the Department to verify that MHSA expenditures are consistent with an approved plan.

Section 3420.35(c)

This section informs a County that funds transferred from the Prudent Reserve to the CSS Account must be spent for CSS services. Pursuant to W&I Code section 5847(b)(7) and (f), the purpose of the Prudent Reserve is to ensure the provision of ongoing CSS services despite economic downturns. Permitting a County to transfer CSS Account funds to other component accounts during the same year that the County transfers Prudent Reserve funds to its CSS Account would be inconsistent with the purpose of the Prudent Reserve as specified in statute. A County accesses Prudent Reserve funds when a County's CSS Account allocation is inadequate to maintain CSS service delivery and additional funds are necessary to avoid service disruptions. As such, a County should not transfer CSS Account monies to the PEI Account, CFTN Account, WET Account, or to CalHFA in the same fiscal year that funds are transferred from the Prudent Reserve to the CSS Account.

Section 3420.35(d)

This section is necessary to implement W&I Code section 5899(c)(1) and (c)(3)-(4), which provides that the purposes of the ARER is to identify expenditures of MHSA funds, identify unexpended MHSA funds, and to determine reversion amounts from previous fiscal year distributions. This section is necessary to inform a County of the reporting requirements associated with any transfer of funds from the Prudent Reserve to the CSS Account or PEI Account. Reporting the transfer of funds from the Prudent

Reserve to the CSS Account and PEI Account on the ARER will enable the Department to monitor the access and expenditure of such funds.

Section 3420.40. County Investments.

Section 3420.40(a)

This section is necessary to implement W&I Code section 5892(f), which requires a County to invest LMHSF monies consistent with other County investments.

Section 3420.40(b)

This section is necessary to implement W&I Code section 5892(f), which requires a County to transfer any Investment Gain on LMHSF monies back into the LMHSF. Unless otherwise specified by law, a County is required to deposit interest earned on County investments into the County's general fund during the same year that the County earns the interest. (See Government Code section 53647(a).) Consistent with existing Counties' practices, this section is necessary to clarify that a County shall transfer any Investment Gain earned on LMHSF monies into the LMHSF during the same fiscal year that the County earns the interest.

Section 3420.40(c)

This section is necessary to implement W&I Code section 5892(f), which requires a County to transfer any Investment Gain on LMHSF monies back into the LMHSF. This section is necessary to instruct a County to transfer interest earned on a component account back to the component account upon which the interest accrued. This section requires Counties to track interest separately by component account and to allocate the interest earned back to the component account upon which the interest accrued during the same fiscal year the gain occurred. This requirement is consistent with Government Code section 53647 and existing Counties' practices.

Section 3420.40(d)

This section is necessary to implement W&I Code section 5892(h)(1), which requires Counties to transfer interest earned on component account monies back into the account containing the principal upon which the interest was earned. This section is also necessary to implement W&I Code section 5892, subdivision (b)(1), which permits a County to allocate CSS Account monies to the County's Prudent Reserve. This section requires Counties to track interest earned on Prudent Reserve funds and to allocate the interest earned on Prudent Reserve funds to the CSS Account during the same fiscal year the Investment Gain or Investment Loss occurred because CSS Account monies are the sole funding source for a County's Prudent Reserve pursuant to W&I Code section 5892, subdivision (b)(1). Moreover, requiring Counties to deposit interest during the same year the interest is earned is consistent with Government Code section 53647 and existing Counties' practices. This section is also necessary to

implement W&I Code section 5892, subdivision (b)(2), which limits the amount of funds in a County's Prudent Reserve to thirty-three (33) percent of the average CSS Account revenue received over a five year period. For a County with a fully funded Prudent Reserve, if interest earned on Prudent Reserve funds remained in the Prudent Reserve, the Prudent Reserve would increase and exceed the statutory limit. By requiring a County to transfer interest earned to the CSS Account, this section prevents a County from exceeding the statutory limit for its Prudent Reserve.

This regulation clarifies what a County is required to do with interest earned on Prudent Reserve funds and enables the Department to standardize Counties' reporting of Investment Gain and Investment Loss on Prudent Reserve funds on the ARER. In the past, it was unclear how Counties should allocate interest earned on Prudent Reserve funds, which resulted in inconsistent practices across the Counties.

Section 3420.40(e)

This section is necessary to implement W&I Code sections 5892(h) and 5899.1(a), which provide the requirements for funds subject to reversion. This section is necessary to clarify that Investment Gain is subject to the reversion requirements pursuant to W&I Code sections 5892(h) and 5899.1(a). This section is also necessary to clarify that Investment Gain is subject to the same reversion requirements (i.e., reversion timeframe) as the component account monies (i.e., CSS Account, PEI Account, INN Account, WET Account, and CFTN Account) upon which the interest accrued. This approach comports with recommendations from the California State Auditor that the "interest a government entity earns on deposited funds is generally subject to the same requirements as the funds earning the interest." (CSA Report, pg. 14.)

Section 3420.40(f)

This section is necessary to inform a County of the reporting requirements for Investment Gain and Investment Loss attributed to investments of LMHSF monies. W&I Code section 5899(c)(1) and (3) requires a County to identify expenditures of MHSA funds distributed to the County, identify unexpended funds, and interest earned on funds. This section is necessary to enable the Department to monitor Account expenditures and standardize Counties' reporting of Investment Gain and Investment Loss on the ARER. In the past, some Counties did not report Investment Gain or spent Investment Gain on a single component or CFTN project. Requiring a County to report the Investment Gain and Investment Loss by component in the ARER permits the Department to monitor interest earned on MHSA funds and to determine funds subject to reversion, which includes interest accrued pursuant to W&I Code section 5892(h).

Section 3420.45. Maintenance of Records

Section 3420.45(a)

This section is necessary to implement W&I Code section 5899(a), which requires Counties to “adhere to uniform accounting standards and procedures that conform to the Generally Accepted Accounting Principles prescribed by the Controller pursuant to section 30200 of the Government Code when accounting for receipts and expenditures of Mental Health Services Act (MHSA) funds in preparing the [ARER] report,” except for expenditures and receipts for capital facilities and technological needs, which Counties are to account for on a cash basis. Government Code section 30200 requires the State Controller’s Office (SCO) to prescribe to Counties a uniform accounting procedure that conforms to GAAP; the State Controller’s Manual of Accounting Standards (2018) and Procedures for Counties. The Governmental Accounting Standards Board (GASB) creates the accounting procedures in GAAP, so Counties are required to follow GASB standards also.

Although Counties are already required to follow GAAP standards, audits of County LMHSF accounts have shown that Counties do not always adhere to GAAP standards and account for LMHSF expenditures and distributions differently. In some Counties, auditors were unable to trace how a County allocated LMHSF monies to specific components, programs, or projects to determine if a County expended funds for authorized MHSA purposes.

Section 3420.45(b)

This section is necessary to implement W&I Code sections 5899(c)(1) and (3), which require a County to report expenditures of LMHS Fund money and unexpended LMHS Fund money in its ARER. In order for a County to report this information it needs to keep records of the amount of revenue deposited into its LMHS Fund. In addition, the County needs to maintain records of the sources of the revenue, since it is possible a County could deposit funds, other than MHSF money, into its LMHS Fund. This section is also necessary to ensure that a County maintains necessary documentation so that the Department is able to verify the revenue data reported on the County’s ARER during a fiscal audit.

Section 3420.45(c)

This section is necessary to implement W&I Code sections 5899(c)(1) and (3), which require a County to report expenditures of LMHS Fund money and unexpended LMHS Fund money in its ARER. In order for a County to report this information it needs to keep records of the funds it allocates to each of the different accounts, since the County spends the money in the accounts on programs and services. This section is also necessary for the Department to verify that the County allocates monies from the LMHSF into the CSS Account, PEI Account and INN Account consistent with the percentage allocations specified in W&I Code section 5892(a) and proposed section 3420.

Section 3420.45(d)

This section is necessary to implement W&I Code sections 5899(c)(1) and (3), which require a County to report expenditures of LMHS Fund money and unexpended LMHS Fund money in its ARER. In order for a County to report this information it needs to keep records of the funds it transfers from the CSS Account into the PEI Account, the Prudent Reserve, CFTN Account, WET Account, to CalHFA and to joint powers associations; and from the other accounts to joint powers associations. This section is also necessary for the Department to ensure County compliance with the 20% limit on the transfer of CSS Account monies to the Prudent Reserve, CFTN Account and WET Account in W&I Code section 5892(b)(1). (See section 3420.10)

This section is also necessary for the Department to ensure County compliance with W&I Code section 5892(a)(4), which permits a County to increase expenditures for PEI programs and services when the Department determines that the increase will decrease the need and cost for additional services to severely mentally ill persons in that County by an amount at least commensurate with the proposed increase.

This section is necessary to require a County to maintain records of transfers to a JPA so the County can ensure that the JPA spends the funds for an authorized purpose within the applicable Reversion Period, as required by section 3420.20.

This section is necessary to require a County to maintain records of the above transfers to enable the Department to oversee a County's administration of MHSA funds and for the Department to trace a County's use of MHSA funds during an audit.

Section 3420.45(e)

This section is necessary to implement W&I Code sections 5899(c)(1) and (3), which require a County to report expenditures of LMHS Fund money and unexpended LMHS Fund money in its ARER. The County needs to know the amount of funds it transfers into and out of its Prudent Reserve to report its expenditures. A County also needs to know the amount of funds it transfers into and out of its Prudent Reserve to comply with the upper limit on the Prudent Reserve Balance in W&I Code section 5892(b)(2) and section 3420.30 and the lower limits in section 3420.30.

This section is also necessary to enable the Department to oversee County compliance with W&I Code section 5847(b)(7), (e) and (f), which specifies conditions under which funds may be transferred from the Prudent Reserve into the CSS Account and PEI Account.

Section 3420.45(f)

This section is necessary to enable the Department to oversee County compliance with W&I Code section 5892(f), which requires a County to invest funds deposited into the LMHSF in a manner that is consistent with other County investments.

Section 3420.45(g)

This section is necessary to implement W&I Code sections 5899(c)(3), which requires Counties to report interest earned on the investment of LMHS Fund money on ARERs.

Section 3420.45(h)

This section is necessary to enable the Department to oversee county compliance with W&I Code section 5892(f), which requires a County to return any Investment Gain into the LMHSF. This section is also necessary to enable the Department to verify the County allocated the Investment Gain consistent with W&I Code section 5892 and proposed section 3420.40. Previously, many Counties reported no interest earned or did not report interest earned on investments in their ARER. This section is necessary to require a County to maintain records of all transfers from any Investment Gain to the LMHSF so the Department may oversee a County's expenditure of an Investment Gain.

Section 3420.45(i)

This section is necessary to implement W&I Code section 5899(c)(1) and (d) which require a County to report MHSA expenditures on the ARER on a fiscal year basis by account type. This section is also necessary to enable the Department to oversee County compliance with W&I Code section 5891(a), which requires that a County's LMHSF monies only be used to pay for programs authorized in W&I Code sections 5890 and 5892.

Section 3420.45(j)

This section is necessary to implement W&I Code section 5847(b)(7) and (f), as outlined in proposed section 3420.35. W&I Code section 5847(b)(7), authorizes a County to access its Prudent Reserve during years in which revenue in the LMHS Fund are below recent averages and the county is unable to provide CSS and PEI services to the same number of people as in the prior year. W&I Code section 5847(f) requires a County to access their Prudent Reserve for CSS services when funding is not adequate for the County to serve the same number of individuals as in the previous year. Each County needs to maintain records of the number of people it served to comply with these provisions and for the Department to verify that a County's access of the Prudent Reserve complied with these provisions.

Section 3420.45(k)

This section is necessary to implement W&I Code section 5899(f), which requires a County to report on the ARER the amount of MHSA funds the County spent on mental health services for veterans.

Section 3420.50. Reversion for Counties with a Population of 200,000 or More: CSS Account, PEI Account, and INN Account.

Section 3420.50(a)

This section is necessary to implement W&I Code section 5892(h)(1), which states, “other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a County which have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the State to be deposited into the Reversion Account, hereby established in the fund and available for other Counties in future years, provided however, that funds, including interest accrued on those funds, for capital facilities, technological needs or workforce education and training may be retained for up to 10 years before reverting to the Reversion Account.”

This section informs a County of the data the Department uses to determine population size. The Department is responsible for administering the ARER and the reversion of MHSA funds. Because the Reversion Period of MHSA funds is determined by a County’s population, the Department determined it was necessary to inform all Counties of their population size in order to prevent conflicting estimates or mistakes by an individual County. The Department relies on population estimate data in the California Department of Finance, E-1, Cities, Counties, and the State Population Estimates with Annual Percent Change, rather than population projection data, because population estimate data is available for all Counties and cities. Population projections are not available for the City of Berkeley and Tri-Cities, which receive MHS Funds directly from the State Controller.

Section 3420.50(b)

This section is necessary to implement W&I Code section 5892(h)(1), which states, “other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a County which have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the State to be deposited into the Reversion Account, hereby established in the fund and available for other Counties in future years, provided however, that funds, including interest accrued on those funds, for capital facilities, technological needs or workforce education and training may be retained for up to 10 years before reverting to the Reversion Account.”

This section is necessary to specify to Counties with populations over 200,000, the reversion timeline associated with funds allocated to the CSS Account.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(c)

This section is necessary to implement W&I Code section 5892(h)(1), as it applies to funds the CalHFA returns to Counties pursuant to W&I Code section 5892.5. This section informs a County of the reversion requirements associated with any funds

returned to the County from CalHFA. Under the MHSAs Housing Program and its successor, the Special Needs Housing Program (SNHP), a County is able to transfer CSS funds to CalHFA for the development of permanent supportive housing. Pursuant to W&I Code section 5892.5, upon a County's request, CalHFA can return unspent MHSAs Housing Program funds to the County. Under the SNHP, a County may also request the return of any unencumbered funds and this subsection governs reversion of those SNHP funds returned to the County. Counties were only allowed to transfer CSS Accounts to CalHFA for the MHSAs Housing Program and the SNHP. Requiring these funds to be subject to the same reversion requirement as other CSS funds is consistent with W&I Code section 5892 (h)(1).

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(d)

This section is necessary to implement W&I Code section 5892(h)(1), as described above. This section is necessary to specify to Counties with populations over 200,000, the reversion timeline associated with funds allocated to the PEI Account. This section also subjects funds a County transfers from its CSS Account to its PEI Account pursuant to W&I Code section 5892(a)(4), to the same reversion requirement in W&I Code section 5892(h)(1).

The SCO distributes funds to the County's LMHS Fund on a monthly basis. This section specifies that the start of the Reversion Period correlates with the fiscal year the funds are deposited in the County's LMHS Fund and not by the monthly deposits.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(e)

This section is necessary to implement W&I Code section 5892(h)(1), as described above. This section specifies that funds distributed to a County with a population larger than 200,000, which are allocated to the INN Account, shall revert if the funds are not dedicated to an approved Innovation project within three fiscal years from the time the funds were distributed to the LMHS Fund. W&I Code section 5892(h)(2) extends a County's time to expend INN funds upon approval of an INN Project Plan. However, W&I Code section 5892(h)(1) applies until the County obtains the approval to spend INN funds for an authorized purpose. As a result, this section requires a County to obtain approval of an INN Project Plan within three years or the three year Reversion Period applies.

The SCO distributes funds to the County's LMHS Fund on a monthly basis. The provisions in this regulation specify that the start of the Reversion Period correlates with the fiscal year the funds are deposited in the County's LMHS Fund and not by the monthly deposits.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(f)

This section is necessary to implement W&I Code section 5892(h)(2), which provides that a County with a population over 200,000 has three fiscal years from the fiscal year that the MHSOAC approves an INN Project Plan to expend the funds identified in that INN Project Plan. (Per W&I Code section 5830(e) a County shall expend INN Account funds upon approval by the MHSOAC.) This section specifies that the fiscal year of the approval is when the Reversion Period for these funds begins. If the County does not spend the funds included in the approved plan within three years, the funds shall revert.

This section is necessary to implement W&I Code section 5892(h)(1), as described above. This section is necessary to specify to Counties with populations over 200,000 of the reversion timeline associated with funds allocated to an approved INN Project Plan in the INN Account.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(g)

This section is necessary to implement W&I Code section 5892(h), which provides that Investment Gain is subject to reversion. Unless otherwise specified by law, a County is required to deposit interest earned on County investments into the County's general fund during the same year that the County earns the interest. (See Government Code section 53647(a).) Consistent with existing County practices, the Department requires Investment Gain earned on LMHS Fund monies to be deposited into the LMHS Fund during the same fiscal year that the County earns the interest. Because a County has to deposit the interest earned on the LMHS Fund each year, for administrative simplicity the Department chose to treat Investment Gain as revenue for purposes of reversion. Both the Department and a County must track, and the County must report, Investment Gain. Treating Investment Gain as revenue simplifies the oversight of these funds.

Reversion is calculated on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.50(h)

This section implements W&I Code section 5892(h), which provides that MHS Funds distributed to a County (by the State Controller) that the County does not spend “for their authorized purpose” (5892(h)(1)) within the applicable reversion time period is subject to reversion. This section also clarifies to a County that funds spent for an unauthorized purpose are subject to reversion. The expenditure must be consistent with the specified purpose, as described in section 3420. For instance, if a County used funds from the CSS Account on an INN project within the three fiscal years of the SCO distributing the funds, the County would have spent the funds on an unauthorized purpose and these funds would be subject to reversion.

Section 3420.50(i)

This section implements W&I Code section 5892(h), which sets forth reversion timelines for funds deposited in the LMHSF. This section also implements W&I Code section 5899(e), which authorizes the Department to withhold funds from a County that does not timely submit the ARER until the report is submitted. A withhold occurs when the Department directs the SCO to hold or not distribute 25% of the County’s monthly distribution of MHSA funds from the County. The withheld funds are distributed to the County upon submission of the ARER but, as this section specifies, the Controller’s withholding of funds due to a County’s failure to timely submit its ARER does not extend the time that the County has to spend the funds once they are distributed. A withhold is designed to encourage Counties to comply with statute or regulation. By not allowing Counties additional time to expend funds that have been withheld, the regulation provides Counties with an additional incentive to submit their late ARERs. In addition, the Department did not want to reward Counties for being out of compliance by providing them with additional time to expend their funds.

Section 3420.50(j)

This section is necessary to implement W&I Code section 5899.1(a), which provides the starting period for the reversion and reallocation of funds. It provides that funds subject to reversion after July 1, 2017, are to be reverted and redistributed. Funds subject to reversion prior to that date are deemed reverted and reallocated to the County to which the funds were originally distributed. (W&I Code section 5892.1(a).) For the CSS, PEI, and INN Accounts, those are MHS funds distributed to Counties beginning in FY 2015-16. (See discussions above regarding why Redistributed Funds, monies CalHFA returns to Counties and Investment Gain are subject to reversion.)

Section 3420.55. Reversion for Counties with a Population of Less than 200,000: CSS Account, PEI Account, and INN Account.

Section 3420.55(a)

This section is necessary to implement W&I Code sections 5892(h)(3) and (4), which provide reversion timeframes for a County with a population of less than 200,000. This section informs a County of the data the Department uses to determine population size. The Department is responsible for administering the ARER and the reversion of MHSA funds. Because the Reversion Period of MHSA funds is determined by a County's population, the Department determined it was necessary to inform all Counties of their population size in order to prevent conflicting estimates or mistakes by an individual County. The Department relies on population estimate data in the California Department of Finance, E-1. Cities, Counties, and the State Population Estimates with Annual Percent Change, rather than population projection data, because population estimate data is available for all Counties and cities. Population projections are not available for Berkeley City and Tri-Cities, which receive MHS Funds directly from the State Controller.

Ssection 3420.55(b)

This section is necessary to implement W&I Code section 5892(h)(1) and (3). W&I Code section 5892(h)(1) states, "other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a County which have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund and available for other Counties in future years, provided however, that funds for capital facilities, technological needs (CFTN) or education and training (WET) may be retained for up to 10 years before reverting to the fund." W&I Code section 5892(h)(3) extends the Reversion Period in subsection (h)(1) for Counties with a population of less than 200,000 from three years to five years. This section is necessary to specify to Counties with populations of less than 200,000, the reversion timeline associated with funds allocated to the CSS Account.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis and for the Department to track expenditures on a monthly basis.

Section 3420.55(c)

This section is necessary to implement W&I Code section 5892(h)(1) and (3), as it applies to funds CalHFA returns to Counties pursuant to W&I Code section 5892.5. This section informs a County of the reversion requirements associated with any funds returned to the County from CalHFA. Under the MHSA Housing Program and its successor, the SNHP, a County is able to transfer CSS funds to CalHFA for the development of permanent supportive housing. Pursuant to W&I Code section 5892.5, upon a County's request, CalHFA can return unspent MHSA Housing Program funds to

the County. Under the SNHP, a County may also request the return of any unencumbered funds and this section governs reversion of those SNHP funds returned to the County. Counties were only allowed to transfer CSS Account funds to CalHFA for the MESA Housing Program and the SNHP. Requiring those funds to be subject to the same reversion requirement as other CSS funds is consistent with W&I Code section 5892(h)(1).

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.55(d)

This section is necessary to implement W&I Code section 5892(h)(1) and (3), as described above. This section is necessary to specify to Counties with a population of less than 200,000, the reversion timeline associated with funds allocated to the PEI Account. This section also subjects funds a County transfers from its CSS Account to its PEI Account pursuant to W&I Code section 5892(a)(4), to the same reversion requirement in W&I Code section 5892(h)(3).

The SCO distributes funds to the County's LMHS Fund on a monthly basis. This section specifies that the start of the Reversion Period correlates with the fiscal year the funds are deposited in the County's LMHS Fund and not by the monthly deposits.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.55(e)

This section is necessary to implement W&I Code section 5892(h)(1) and (3), which together provide a five year Reversion Period for funds distributed to Counties with a population of less than 200,000, as described above. W&I Code section 5892(h)(4) extends the time a County with a population of less than 200,000 has to expend INN funds to five years from the date the MHSOAC approves the INN Project Plan. However, the five year Reversion Period in W&I Code section 5892(h)(1) and (3) applies until the County obtains the approval to spend INN funds for an authorized purpose. As a result, this section requires a County to obtain approval of an INN Project Plan within five years or the five year Reversion Period applies.

The SCO distributes funds to the County's LMHS Fund on a monthly basis. The provisions in this regulation specify the start of the Reversion Period correlates with the fiscal year the SCO deposits the funds to the County's LMHS Fund and not by the monthly deposits.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.55(f)

This section is necessary to implement W&I Code section 5892(h)(4), as described above. Per W&I Code section 5830(e) a County shall expend INN Account funds upon approval by the MHSOAC. This section specifies that the fiscal year of the approval, is when the Reversion Period for these funds begins. If the County does not spend the funds it includes in the approved plan within five years, the funds shall revert.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.55(g)

This section is necessary to implement W&I Code section 5892(h)(1), which provides that Investment Gain is subject to reversion. Unless otherwise specified by law, a County is required to deposit interest earned on County investments into the County's general fund during the same year that the County earns the interest. (See Government Code section 53647(a).) Consistent with existing County practices, the Department requires Investment Gain earned on LMHSF monies to be deposited into the LMHSF during the same fiscal year that the County earns the interest. Because a County has to deposit the interest earned on the LMHSF monies each year, for administrative simplicity the Department chose to treat Investment Gain as revenue for purposes of reversion. Both the Department and a County must track, and the County must report, Investment Gain. Treating Investment Gain as revenue simplifies the oversight of these funds.

Section 3420.55(h)

This section implements W&I Code section 5892(h), which provides that MHS Funds distributed to a County (by the State Controller) that the County does not spend "for their authorized purpose" (W&I Code section 5892(h)(1)) within the applicable reversion time period is subject to reversion. The expenditure must be consistent with the specified purpose, as described in section 3420. For instance, if a County used funds from the CSS Account on an INN project within the five fiscal years of the SCO distributing the funds, the County would have spent the funds on an unauthorized purpose and these funds would be subject to reversion.

Section 3420.55(i)

This section implements W&I Code section 5892(h), which sets forth reversion timelines for funds deposited into the LMHSF. This section also implements W&I Code section 5655, which authorizes the Department to withhold funds from a County that is substantially out of compliance with statute or regulation until the County comes into compliance. This section also implements W&I Code section 5899(e), which authorizes the Department to withhold funds from a County that does not timely submit the ARER until the report is submitted. A withhold occurs when the Department directs the SCO to hold or not distribute 25% of the County's monthly distribution of MHSF funds from the County. The withheld funds are distributed to the County upon submission of the ARER but, as this section specifies, the Controller's withholding of funds due to a County's noncompliance with statute or regulations does not extend the timeline that the County has to spend the funds once they are distributed. A withhold is designed to encourage Counties to comply with statute or regulation. By not allowing Counties additional time to expend funds that have been withheld for being out of compliance, the regulation provides Counties with an additional incentive to come into compliance. In addition, the Department did not want to reward Counties for being out of compliance by providing them with additional time to expend their funds.

Section 3420.55(j)

This section is necessary to implement W&I Code section 5899.1(a), which provides the starting period for the reversion and reallocation of funds. It provides that funds subject to reversion after July 1, 2017, are to be reverted and redistributed. Funds subject to reversion prior to that date are deemed reverted and reallocated to the County to which the funds were originally distributed. (W&I Code section 5892.1(a).) For the CSS, PEI, and INN Accounts, those are MHSF funds distributed to Counties beginning in FY 2015-16. (See discussions above regarding why Redistributed Funds, monies CalHFA returns to Counties and Investment Gain are subject to reversion.)

Section 3420.60. Reversion for All Counties: CFTN Account and WET Account.**Section 3420.60(a)**

This section is necessary to implement W&I Code section 5892(h)(1), which states, "Other than funds placed in a reserve in accordance with an approved plan, any funds allocated to a county that have not been spent for their authorized purpose within three years, and the interest accruing on those funds, shall revert to the state to be deposited into the Reversion Account, hereby established in the fund, and available for other counties in future years, provided, however, that funds, including interest accrued on those funds, for capital facilities, technological needs, [CFTN] or education and training [WET] may be retained for up to 10 years before reverting to the Reversion Account." This section is necessary to specify the reversion timeline associated with funds allocated to the CFTN and WET Accounts.

The Department calculates reversion amounts on an annual basis, rather than a monthly basis, because it would be too cumbersome for the Counties to report expenditure information on a monthly basis, and for the Department to track expenditures on a monthly basis.

Section 3420.60(b)

This section is necessary to implement W&I Code section 5892(h)(1), which provides that any funds not spent within specified timeframes are subject to reversion. This section is necessary to implement W&I Code section 5899(a), which requires Counties to apply the cash basis of accounting for CFTN expenditures. Accounting for expenditures by this method recognizes CFTN expenditures at the time the payment is made.

This section informs Counties of what constitutes an expenditure of CFTN Account monies. For reversion purposes, this section requires a County to account for an expenditure of CFTN funds by recognizing the full expenditure when a County purchases an asset. GAAP typically requires Counties to account for capital expenditures based on the annual depreciation amount over the life of the building. This is problematic because CFTN funds are subject to a ten year Reversion Period. By requiring Counties to apply the cash basis of accounting for CFTN expenditures, CFTN Account expenditures are recognized when the funds are paid out.

Section 3420.60(c)

This section is necessary to implement W&I Code section 5892(h), which provides that MHS Fund monies distributed to a County (by the State Controller) that the County does not spend “for their authorized purpose” (5892(h)(1)) within the applicable reversion time period is subject to reversion. This section also clarifies to a County that funds spent for an unauthorized purpose are subject to reversion. The expenditure must be consistent with the specified purpose, as described in section 3420. For instance, if a County used funds from the CFTN Account on a WET program within the ten fiscal years of the SCO distributing the funds, the County would have spent the funds on an unauthorized purpose and these funds would be subject to reversion.

Section 3420.60(d)

This section implements W&I Code section 5892(b)(1), which establishes that Counties may use CSS Account monies for the CFTN and WET components. This section also implements W&I Code section 5899.1(a), which provides that the reversion requirements in W&I Code section 5892(h) apply to funds the SCO distributed to a County during fiscal year 2008-09 and in subsequent fiscal years. Funds transferred from the CSS Account to the CFTN Account and WET Account assume the reversion timelines for those components. W&I Code section 5899.1 is specific to funds subject to reversion after July 1, 2017, which, for the CFTN and WET Components, are MHSA funds distributed to Counties beginning in FY 2008-09.

Section 3420.65. Notice to Counties of Reversion Amounts and Appeal Process.**Section 3420.65(a)**

This section is necessary to implement W&I Code section 5892(h), which provides Counties with the timeframes for reversion of MHS funds. The Department administers the ARER. One of the purposes of the ARER is to determine reversion amounts. (W&I Code, § 5899(c)(4).) Prior to reverting funds, the Department determined it was necessary to first inform Counties of the amount of funds subject to reversion each year and provide the County an opportunity to appeal the determination. This section is necessary to inform Counties of the method the Department will use to notify a County of the amount of funds subject to reversion.

This section is also necessary to provide Counties with the timeframe in which the notice will be mailed to Counties. The Department chose to notify Counties of the funds subject to reversion within thirty (30) calendar days of receiving a complete ARER because it allows the Department sufficient time to review the ARER and make a determination of reversion amounts.

A purpose of the ARER is to determine reversion amounts from previous fiscal years. The Department will use the County's revenue data from the SCO and expenditure data, as reported on the ARERs, to determine amounts subject to reversion from each of the five Accounts (CSS Account, PEI Account etc.). As a result, it is necessary for the ARERs to be complete and accurate. The Department shall also provide the County with the data from the County's ARERs that the Department used to determine the reversion amount. This will allow the County to review the data and determine if they want to appeal the Department's determination.

Section 3420.65(b)

The Department chose to provide Counties with an appeal process to be consistent with Department practices. Historically, when the Department imposes administrative actions with a fiscal impact on County mental health programs, the Department provides a County with an opportunity to appeal the finding. This section is necessary to inform a County of the process and requirements to appeal the Department's determination of the reversion amount. The Department is providing Counties thirty (30) calendar days to submit an appeal from the date the County receives notice from the Department. The thirty (30) calendar days provides sufficient time for a County to review the notice and make the appropriate decision to appeal or accept the determination. The submission of an appeal via email is consistent with W&I Code section 5899(a), which requires Counties submit the ARER electronically. Since the Department has an existing email address known to the Counties, which the Counties utilize to submit ARERs, the email address in proposed section 3420.65(b) was determined to be the most convenient electronic method for a County to submit their appeal.

Section 3420.65(b)(1)

This section is necessary to provide a County with a mechanism for appealing the reversion amounts. Because the Department determines reversion amounts based on revenue data from the SCO and expenditure data reported by the County on its ARERs, the County appeal consists of reporting changes to its MHSA revenue or expenditures previously reported on its Annual MHSA Revenue and Expenditure Reports. The Department considered requiring Counties to revise its ARERs to reflect adjustments to revenue or expenditures, but determined that amending the ARER would be administratively burdensome for the County. In filing an appeal, the County is questioning the application of certain revenue (including interest) and expenditure data over a given fiscal year. For appeals of funds subject to reversion, the fiscal year adjusted, generally, may range from one to ten fiscal years. The “Adjustment to Revenue and Expenditure Summary” form captures this data effectively.

The Department is including forms that simplify the appeal process as the County has set data fields in which to base their appeal. Generally, the County will be appealing an expenditure or a revenue amount. The adjustments a County proposes will be reflected through data fields in the Mental Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet, DHCS 1821 (02/19), as referred to in this section. A County shall submit the appeal via email.

Mental Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet Incorporated by Reference

The Mental Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet, DHCS 1821 (02/19), is incorporated by reference in section 3420.65(b)(1). The form is incorporated by reference because it would be impractical to publish it directly in the California Code of Regulations. The form is available for download on the Department website at:

<http://www.dhcs.ca.gov/formsandpubs/forms/Pages/default.aspx>. A detailed discussion of the components of the form is provided below.

The Department is requiring the use of DHCS Form 1821 (02/19), which is an Excel workbook. This is necessary to establish a standardized process for Counties to submit their appeals. The use of this form also enables the Department to more effectively and efficiently process the data submitted. This workbook contains the following two worksheets/tabs, which are reflected as labeled tabs at the bottom of the workbook:

- Worksheet/Tab One labeled “Adjustment (MHSA)” contains the actual form to be completed and submitted by the Counties.
- Worksheet/Tab Two labeled “Instructions” provides information to the Counties regarding how to properly complete the form.

Worksheet/Tab One – Adjustment (MHSA)

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Mental

Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet, and the form number, DHCS 1821 (02/19), which is necessary for the County to identify the form.

“1. Reversion Fiscal Year” This field requires the County to enter the reversion fiscal year. This is necessary for the Department to identify the fiscal year to which the appeal applies.

“2. County/City” This field requires the County to enter its County or City name. This is necessary for the Department to identify the reporting County or City. W&I Code section 5897(a) provides that a County mental health program includes a city receiving funds pursuant to W&I Code section 5701.5.

“3. Date” This field requires the County to enter the date when the MHSA Revenue or Expenditure Summary was completed. This is necessary to determine if the form was completed timely because Counties only have 30 calendar days from receipt of the Department’s Notice of Reversion Amounts to submit the appeal, which includes this form.

“4. Address” This field requires the County to enter the street address for the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary for the Department to communicate with the County via mail.

“5. City” This field requires the County to enter the city of the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary to complete the County’s mailing address.

“6. Zip” This field requires the County to enter the zip code of the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary to complete the County’s mailing address.

“7. Name of Preparer” This field requires the County to enter the name of the person who prepared or is responsible for responding to inquiries about the MHSA Revenue or Expenditure Summary Worksheet. This is necessary for the Department to contact the correct individual with any questions regarding the MHSA Adjustments to Revenue or Expenditure Summary Worksheet.

“8. Title of Preparer” This field requires the County to enter the title of the person who prepared or is responsible for responding to inquiries about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary to inform the Department of the Preparer’s role within the County organization.

“9. Preparer Contact Email” This field requires the County to enter the email address of the person who prepared or is responsible for responding to inquiries about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary for the

Department to communicate electronically with the preparer. Email is the Department's preferred method of communication.

"10. Preparer Contact Telephone" This field requires the County to enter the telephone number of the person who prepared or is responsible for responding to inquires about the MHTSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary for the Department to communicate verbally with the Preparer by phone.

"Column A – Type of Adjustment" The fields of this column are drop boxes which require the County to select either "Expenditure" or "Interest Revenue" for the type of adjustment. This is necessary to identify whether an expenditure or interest revenue is being appealed.

"Column B – Adjustment to FY" The fields of this column require the County to enter the ARER fiscal year for the adjustment. This is necessary for the Department to determine the data source required to verify the amount entered in Column E.

"Column C – Account" The fields of this column are drop boxes which requires the County to select either CSS, PEI, INN, CFTN, or WET for the account adjustment. This is necessary because each fiscal year a County may appeal the revenue and interest to CSS, PEI and INN and the revenue transferred to CFTN and WET. This information will allow the Department to review the appeal based upon the account the County selected.

"Column D – County Amount" The fields of this column require the County to enter the amount the County has on record and believes the state should have used in its reversion calculation for the adjustment ARER fiscal year and component. This is necessary because the County is basing its appeal on an amount different than the amount provided by the state. Without this amount, there is no basis for an appeal.

"Column E – State Amount" The fields of this column require the County to enter the amount the State has on record. This column instructs the County to enter the amount the Department (on behalf of the State) derived from the County's ARER or reported on the reversion schedule, pursuant to section 3420.70. This is necessary to derive the difference between the "State Amount" and the "County Amount."

"Column F – Adjustment Amount" The fields of this column are calculated fields and there is no required entry to be made by the County into these fields. This field will equal Column D less Column E." This is necessary to reflect the adjustment the County is requesting.

"Column G – Reason" The fields of this column require the County to provide a reason or explanation for the adjustment to interest revenue or expenditures. This is necessary because the Department must understand the reason for the County's appeal prior to accepting the adjustment. Since the "State Amount" is derived from the County's own

ARER, the Department would have no basis to accept a County's proposed adjustments without the rationale provided in Column G.

"Rows 11-100" Each row represents a single adjustment to an MHSA expenditure or interest revenue.

Worksheet/Tab Two – Instructions

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column (as described in the explanation of the form above). These instructions are also necessary to specify that each row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

Section 3420.65(b)(2)

This section is necessary to implement W&I Code section 5899(a), which requires Counties to certify the accuracy of their Mental Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet, DHCS 1821 (02/19), which the Counties submit to the Department. The Department is requiring Counties to use the Annual Mental Health Services Act Revenue and Expenditure Report and Adjustment Worksheet County Certification, DHCS 1820 (02/19), to certify the Mental Health Services Act Adjustments to Revenue or Expenditure Summary Worksheet because the MHSA Adjustments to Revenue or Expenditure Summary Worksheet amends the ARER. The Department chose to use a single form for Counties to certify both the Adjustments to Revenue or Expenditure Summary Worksheet and the Annual MHSA Revenue and Expenditure Report form, for administrative simplicity.

Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report and Adjustment Worksheet County Certification Form Incorporated by Reference

The Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report and Adjustment Worksheet County Certification, DHCS 1820 (02/19), is incorporated by reference in section 3420.65(b)(2). The form is incorporated by reference because it would be impractical to publish it directly in the California Code of Regulations. The form is available for download on the Department website at:

<http://www.dhcs.ca.gov/formsandpubs/forms/Pages/default.aspx>. A detailed discussion of the components of the form is provided below.

The Department is requiring the use of DHCS 1820 (02/19), which is a PDF form. This is necessary to establish a standardized process for Counties to certify the accuracy of the ARER and adjustments to revenue or expenditures.

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report and Adjustment Worksheet County Certification. The form number, DHCS 1820 (02/19), which is necessary for the County to identify the form, is included in the footer.

“County/City” This field requires the County to enter its County or City name. This is necessary for the Department to identify the reporting County or City. W&I Code section 5897(a) provides that a County mental health program includes a city receiving funds pursuant to W&I Code section 5701.5.

“Local Mental Health Director Name” This field requires the County to enter the Name of the Mental Health Director. This is necessary for the Department to contact the local Mental Health Director with any questions regarding the Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet County Certification form.

“Local Mental Health Director Telephone” This field requires the County to enter the telephone number for the local Mental Health Director. This is necessary for the Department to communicate verbally with the local Mental Health Director by phone.

“Local Mental Health Director Email” This field requires the County to enter the email address for the local Mental Health Director. This is necessary for the Department to communicate electronically with the local Mental Health Director. Email is the Department’s preferred method of communication.

“Document for Certification” This field includes a drop box, which requires the County to select either “Annual MHSA Revenue and Expenditure Report” or “MHSA Adjustments to Interest Revenue or Expenditures Worksheet” for the type of document the local Mental Health Director is certifying. This is necessary to identify the type of document being certified.

“Fiscal Year (FY)” This field requires the County to enter the fiscal year to which the documents apply. This is necessary for the Department to identify the fiscal year of the document the County is certifying.

The Department proposes to include the following declaration: “I hereby certify under penalty of perjury under the laws of the State of California that the attached Annual MHSA Revenue and Expenditure Report or Adjustments to Revenue or Expenditure Summary Worksheet is complete and accurate to the best of my knowledge.”

This declaration is necessary to implement W&I Code section 5899(a), which requires a County to certify the accuracy of its ARER. It is necessary to require a County to certify the completeness of the document because without all of the necessary revenue and expenditure information the Department is unable to determine funds subject to reversion. The form is also used to certify the Adjustments to Revenue or Expenditure Summary Worksheet, which permits a County to adjust the amounts reported in the County's ARER, when appealing reversion amounts pursuant to proposed section 3420.65.

Requiring the Local Mental Health Director's signature is necessary to implement W&I Code section 5899(a), which requires a County to certify the accuracy of the ARER. The Department is requiring the County Mental Health Director to sign the certification because the County Mental Health Director is responsible for overseeing the local administration of the MHSA and implementing MHSA programs and services in the County.

The Department chose to require the County Mental Health Director to sign the certification under penalty of perjury because this certification is an attestation by the Local Mental Health Director on behalf of the County and provides further assurance of the accuracy of the documents submitted.

The Department chose to include the phrase "to the best of my knowledge" in the certification because the Local Mental Health Director typically relies on other County personnel to prepare the ARER or adjustments to the ARER.

"Local Mental Health Director (PRINT NAME)" This field requires the County to print the name of the local Mental Health Director. This is necessary for the Department to verify that name of the person signing the Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet County Certification form.

"Signature" This field requires the County to obtain the signature of the local Mental Health Director.

"Date" This field requires the County to print the date that the local Mental Health Director signed the Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet County Certification form. This is necessary for the Department to verify that the form was signed after the document being certified was completed.

Section 3420.65(c)

This section is necessary to inform a County of the timeline and method of informing a County of the Department's decision regarding a County's appeal. The forty five (45) days allow the Department sufficient time to carefully review the adjustments proposed in the appeal. The response includes information necessary for the County to understand how and why the Department reached its decision. Based on the

Department's experience with County appeals, the explanation and rationale for the decision often assists a County by clarifying their reporting obligations.

Section 3420.65(d)

This section is necessary to inform the Counties of the actions that the Department will take if a County fails to submit an appeal within the specified timeframes, or submits an incomplete appeal within the specified time frames. The subsection is necessary as it establishes the action the Department will take regarding the funds subject to reversion. As stated in subsection (b), a County has thirty days to submit an appeal to the Department. This section is stating that the Department will act upon the initial determination, pursuant to subsection (a), and revert funds if subsection (b) is not completed as described in subsection (b).

Section 3420.65(e)

This section is necessary to specify that the reversion amount shall change based on audit findings. During an audit, the Department may determine that the County used the funds for an unauthorized purpose or the auditor may be unable to substantiate the expenditures reported on the ARER. As a result, the Department may need to correct the amount of funds subject to reversion.

Section 3510 – Annual MHSA Revenue and Expenditure Report

The provisions in existing section 3510 are completely removed and replaced with new provisions that capture reporting requirements specified in W&I Code section 5899. Existing subsections (a) and (b) regarding the report content and submission date are included in proposed subsections (a) and (b). The provisions regarding withhold under existing subsection (c) are now discussed under section 3510.005.

Section 3510(a)

This section is necessary to implement W&I Code section 5899, subdivision (a), which requires Counties to submit their ARER electronically to the Department and to the MHSAOAC. This proposed section clarifies that only a County receiving a direct distribution of MHSF monies from the State Controller is required to submit an ARER. Consistent with the electronic submission requirement in W&I Code section 5899, subdivision (a), this proposed section also informs a County of the email addresses to which a County is required to submit its ARER.

W&I Code section 5899, subdivision (a) requires a County to submit electronically the ARER and certify the accuracy of the report. It is necessary for the ARER to be complete and accurate because the Department relies on the data counties report in their ARERs to determine reversion amounts. (W&I Code section 5899(c)(4).) The Department also uses ARERs to evaluate County compliance with the expenditure percentages in W&I Code section 5892(a) as well as the other requirements set forth in

this regulatory proposal. The MHSOAC uses data reported in ARERs to evaluate the MHSA funded programs. (See W&I Code section 5899(d).) The Department and the MHSOAC cannot rely on incomplete or inaccurate data in performing these essential functions.

The submittal of the report referenced herein ensures a County complies with statute. The December 31 date is consistent with existing regulatory requirements in section 3510. In addition, the date provides a County with sufficient time from the end of a fiscal year to the due date to prepare the report in a manner that the County can certify as accurate.

Section 3510(b)(1) – (11)

This section is necessary to implement W&I Code section 5899, subdivision (a), which requires Counties to submit their ARER electronically to the Department and the MHSOAC. This section specifies the forms that are included in the ARER, which is necessary to inform a County of the specific forms that the County must complete prior to submitting its Annual MHSA Revenue and Expenditure Report.

Per W&I Code section 5899, subdivision (a), the Department is required to develop and administer instructions for the ARER and requires the County to certify the accuracy of the report. Per W&I Code section 5899, subdivision (c), the purpose of the ARER is to identify expenditures of MHSA funds distributed to each County, quantify the amount of additional funds generated as a result of the MHSA, identify unexpended funds and interest earned on MHSA funds, and to determine reversion amounts. Per W&I Code section 5899(d), the ARER is intended to provide information necessary for the evaluation of CSS, PEI, INN, WET, and CFTN programs and projects. Per W&I Code section 5899(f), a County is required to report the amount of MHSA funds spent on mental health services for veterans. The ARER provides comprehensive and accurate data from Counties receiving distributions of MHSA funds from the State Controller. These forms assist Counties to meet reporting requirements that help to curtail and prevent the unauthorized use of MHSA funds.

Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report Forms Incorporated by Reference

The Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report DHCS 1822 A-J (02/19), is incorporated by reference in section 3510(b)(1)-(10). The form is incorporated by reference because it would be impractical to publish it directly in the California Code of Regulations. The form is available for download on the Department website at:

<http://www.dhcs.ca.gov/formsandpubs/forms/Pages/default.aspx>. A detailed discussion of the components of the form is provided below.

The Department is requiring the use of DHCS Form 1822 A-J (02/19), which is an Excel workbook. This is necessary to establish a standardized process for Counties to submit

their interest revenue and expenditures. The use of this form also enables the Department to more effectively and efficiently process the data submitted. This workbook contains the following twenty worksheets/tabs, which are reflected as labeled tabs at the bottom of the workbook:

- Worksheet/Tab One labeled “1. Information” contains the actual Information form to be completed and submitted by the Counties.
- Worksheet/Tab Two labeled “Instructions 1. Information” provides information to the Counties regarding how to properly complete the Information form.
- Worksheet/Tab Three labeled “2. Component Summary” contains the actual Component Summary form to be completed and submitted by the Counties.
- Worksheet/Tab Four labeled “Instructions 2. Component Summary” provides information to the Counties regarding how to properly complete the Component Summary form.
- Worksheet/Tab Five labeled “3. CSS” contains the actual CSS form to be completed and submitted by the Counties.
- Worksheet/Tab Six labeled “Instructions 3. CSS” provides information to the Counties regarding how to properly complete the CSS form.
- Worksheet/Tab Seven labeled “4. PEI” contains the actual PEI form to be completed and submitted by the Counties.
- Worksheet/Tab Eight labeled “Instructions 4. PEI” provides information to the Counties regarding how to properly complete the PEI form.
- Worksheet/Tab Nine labeled “5. INN” contains the actual INN form to be completed and submitted by the Counties.
- Worksheet/Tab Ten labeled “Instructions 5. INN” provides information to the Counties regarding how to properly complete the INN form.
- Worksheet/Tab Eleven labeled “6. WET” contains the actual WET form to be completed and submitted by the Counties.
- Worksheet/Tab Twelve labeled “Instructions 6. WET” provides information to the Counties regarding how to properly complete the WET form.
- Worksheet/Tab Thirteen labeled “7. CFTN” contains the actual CFTN form to be completed and submitted by the Counties.
- Worksheet/Tab Fourteen labeled “Instructions 7. CFTN” provides information to the Counties regarding how to properly complete the CFTN form.
- Worksheet/Tab Fifteen labeled “8. Adjustment (MHSA)” contains the actual Adjustment (MHSA) form to be completed and submitted by the Counties.
- Worksheet/Tab Sixteen labeled “Instructions 8. Adjustment (MHSA)” provides information to the Counties regarding how to properly complete the Adjustment (MHSA) form.
- Worksheet/Tab Seventeen labeled “9. Adjust (FFP)” contains the actual Adjustment (FFP) form to be completed and submitted by the Counties.
- Worksheet/Tab Eighteen labeled “Instructions 9. Adjust (FFP)” provides information to the Counties regarding how to properly complete the Adjustment (FFP) form.
- Worksheet/Tab Nineteen labeled “10. Comments” contains the actual Comments form to be completed and submitted by the Counties.

- Worksheet/Tab Twenty labeled “Instructions 10. Comments” provides information to the Counties regarding how to properly complete the Comments form.

DHCS 1822 A (02/19): Information Worksheet

Worksheet/Tab One – 1. Information

The Department proposes this worksheet for the County to input pertinent information pertaining to the County submitting the ARER. This worksheet collects data that includes population size, the date, County name and the contact information of the preparer of the ARER. Some of the information in the Information Worksheet automatically links to other worksheets in the ARER, which eliminates the need to input the same information on multiple worksheets. In addition, the identified preparer will be the contact person the Department will interact with should questions or concerns arise regarding the ARER.

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 A (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“1 – Date” This field requires the County to enter the date when the ARER was completed. This is necessary for tracking purposes to ensure that the Department and the MHSOAC have the most recent County-submitted data and to determine compliance with the ARER annual submission deadline pursuant to proposed section 3510(a). Counties often submit more than one version of their ARER for a fiscal year to correct errors identified by the Department.

“2 – ARER Fiscal Year (20YY-YY)” This field requires the County to enter the reporting fiscal year for the ARER. This is necessary for the Department to identify the fiscal year for which the County is reporting.

“3 – County” This field is a drop box, which requires the County to select the name of the County for which this ARER was prepared. This is necessary for the Department to identify the County submitting the report.

“4 – County Code” This field will auto populate and there is no required entry to be made by the County into this field. The County code is consistent with the coding system used in the Data Collection and Reporting (DCR) system. This is necessary for the Department to track program expenditure data by County. The County Code is a

unique numeric code used to identify each County in the DCR system. The DCR System stores Full Service Partnership data used to evaluate the effectiveness of services provided and the achievement of outcomes. This number will auto-populate the County Code field in other worksheets, eliminating redundancy.

“5 – Address” This field requires the County to enter the street address of the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary for the Department to communicate with the County via mail.

“6 – City” This field requires the County to enter the city of the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary to complete the County’s mailing address.

“7 – Zip” This field requires the County to enter the zip code of the administrative headquarters for the County Mental Health or Behavioral Health Department as appropriate. This is necessary to complete the County’s mailing address.

“8 – County Population: Over 200,000? (Yes or No)” This field will auto populate and there is no required entry to be made by the County into this field. This field will equal “Yes” if the County’s population is equal to or greater than 200,000 or “No” if the County’s population is less than 200,000. Population data is available at:

<http://dof.ca.gov/Forecasting/Demographics/Estimates/E-1/>”

This is necessary for the Department to identify each County’s population size to determine the appropriate reversion timeframe. The reversion periods for Counties with a population of less than 200,000 are different from the reversion periods for counties with a larger population. (See W&I Code section 5892, subdivision (h))

“9 – Name of Preparer” This field requires the County to enter the name of the person who prepared or is responsible for responding to inquiries about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary for the Department to contact the correct individual with any questions regarding the MHSA Adjustments to Revenue or Expenditure Summary Worksheet.

“10 – Title of Preparer” This field requires the County to enter the title of the person who prepared or is responsible for responding to inquiries about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary to inform the Department of the Preparer’s role within the County organization.

“11 – Preparer Contact Email” This field requires the County to enter the contact email address of the person who prepared or is responsible for responding to inquiries about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary for the Department to communicate electronically with the Preparer. Email is the Department’s preferred method of communication.

“12 – Preparer Contact Telephone” This field requires the County to enter the contact telephone number of the person who prepared or is responsible for responding to inquires about the MHSA Adjustments to Revenue or Expenditure Summary Worksheet. This is necessary for the Department to communicate verbally with the Preparer by phone.

Worksheet/Tab Two – Instructions 1. Information

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each row (as described in the explanation of the form above). The DHCS 1822 (02/19) A through J form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires County information and expenditure data to calculate reversion.

DHCS 1822 B (02/19): Component Summary Worksheet

Worksheet/Tab Three – 2. Component Summary

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 B (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

”County” This field will auto-populate from the Information worksheet. This is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“1 – Component Interest Earned, A – CSS” This field requires the County to enter the amount of interest earned on LMHSF that is attributable to the CSS Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSF funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSF funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“1 – Component Interest Earned, B – PEI” This field requires the County to enter the amount of interest earned on LMHSF that is attributable to the PEI Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSF funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSF funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“1 – Component Interest Earned, C – INN” This field requires the County to enter the amount of interest earned on LMHSF that is attributable to the INN Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSF funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSF funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“1 – Component Interest Earned, D – WET” This field requires the County to enter the amount of interest earned on LMHSF that is attributable to the WET Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSF funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and

expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSAs funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“1 – Component Interest Earned, E – CFTN” This field requires the County to enter the amount of interest earned on LMHSF that is attributable to the CFTN Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSAs funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSAs funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“1 – Component Interest Earned, F – Total” This field is a calculated field and there is no required entry to be made by the County. This amount is the sum of Row 1, Columns A-E. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSAs funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSAs funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account.

“2 – Joint Powers Authority Interest Earned, A – CSS” This field requires the County to enter the amount of interest earned on LMHSF transferred to a Joint Powers Authority that is attributable to the CSS Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSAs funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSAs funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“2 – Joint Powers Authority Interest Earned, B – PEI” This field requires the County to enter the amount of interest earned on LMHSF transferred to a Joint Powers Authority that is attributable to the PEI Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSA funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSA funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“2 – Joint Powers Authority Interest Earned, C – INN” This field requires the County to enter the amount of interest earned on LMHSF transferred to a Joint Powers Authority that is attributable to the INN Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSA funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSA funds allocated to a county that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“2 – Joint Powers Authority Interest Earned, D – WET” This field requires the County to enter the amount of interest earned on LMHSF transferred to a Joint Powers Authority that is attributable to the WET Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSA funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSA funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“2 – Joint Powers Authority Interest Earned, E – CFTN” This field requires the County to enter the amount of interest earned on LMHSF transferred to a Joint Powers Authority that is attributable to the CFTN Account. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSA funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSA funds allocated to a county that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“2 – Joint Powers Authority Interest Earned, F – Total” This field is a calculated field and there is no required entry to be made by the County. This amount is the sum of Row 2, Columns A-E. This is necessary for the Department to oversee implementation of W&I Code section 5899, subdivision (c)(3), which requires the County to identify interest earned on MHSA funds in the Annual Revenue and Expenditure Report. This is also necessary for the Department to oversee implementation of W&I Code section 5892, subdivision (f), that requires interest earned on investments to be transferred into the LMHSF and expended from the fund in future years. This information is necessary for the Department to implement W&I Code section 5892, subdivision (h), which requires MHSA funds allocated to a County that are not spent for an authorized purpose within the Reversion Period, including interest earned, to revert to the state for deposit into the Reversion Account. Pursuant to proposed section 3420, funds a County transfers to a JPA are subject to reversion and the reversion timeframes applicable to that County apply to the JPA.

“3 – Local Prudent Reserve Beginning Balance, A - CSS” This field is blank and no entry by the County is required.

“3 – Local Prudent Reserve Beginning Balance, B - PEI” This field is blank and no entry by the County is required.

“3 – Local Prudent Reserve Beginning Balance, C - Total” This field requires the County to enter the beginning balance of the local Prudent Reserve. This is necessary for the Department to track and monitor the Prudent Reserve balance for the minimum and maximum limits in accordance with W&I Code section 5892, subdivision (b)(2), and proposed section 3420.30. This field collects data necessary to implement W&I Code section 5899, subdivision (c)(3) that requires Counties to identify unexpended funds in the Annual Revenue and Expenditure Report. W&I Code section 5892, subdivision (b)(1) permits Counties to transfer funds to the Prudent Reserve rather than expend the funds. This field also implements W&I Code section 5899, subdivision (c)(4) which specifies that one of the purposes of the Annual Revenue and Expenditure Report is to

determine reversion amounts. This field provides the data necessary for the Department to determine reversion amounts. Prudent Reserve funds are not subject to reversion pursuant to W&I Code section 5892, subdivision (h)(1).

“4 – Transfer from Local Prudent Reserve, A – CSS” This field requires the County to enter the amount of funds transferred from the Prudent Reserve to the CSS Account. This data is necessary to implement W&I Code section 5899, subdivision (c)(1), to identify the expenditures of MHSA funds distributed to each County. This data is also necessary to implement W&I Code section 5847, subdivision (b)(7) that requires Counties to establish and maintain a Prudent Reserve so that the County can continue to serve children, adults, and seniors currently being served by CSS and PEI programs during years when revenues in the MHS Fund are below recent averages. Additionally, this data is necessary to implement W&I Code section 5847, subdivision (f), which requires Counties to include an allocation of funds from the Prudent Reserve for CSS services in years in which the allocation of funds for CSS services is not adequate to serve the same number of individuals as the County had served the previous year.

“4 – Transfer from Local Prudent Reserve, B – PEI” This field requires the County to enter the amount of funds transferred from the Prudent Reserve to the PEI Account. This data is necessary to implement W&I Code section 5899, subdivision (c)(1), to identify the expenditures of MHSA funds distributed to each County. This data is also necessary to implement W&I Code section 5847, subdivision (b)(7) that requires Counties to establish and maintain a Prudent Reserve so that the County can continue to serve children, adults, and seniors currently being served by CSS and PEI programs during years when revenues in the MHS Fund are below recent averages.

“4 – Transfer from Local Prudent Reserve, C – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 4, Columns A-B. This data is necessary to implement W&I Code section 5899, subdivision (c)(1), to identify the expenditures of MHSA funds distributed to each County. This data is also necessary to implement W&I Code section 5847, subdivision (b)(7) that requires Counties to establish and maintain a Prudent Reserve so that the County can continue to serve children, adults, and seniors currently being served by CSS and PEI programs during years when revenues in the MHS Fund are below recent averages. Additionally, this data is necessary to implement W&I Code section 5847, subdivision (f), which requires Counties to include an allocation of funds from the Prudent Reserve for CSS services in years in which the allocation of funds for CSS services is not adequate to serve the same number of individuals as the County had served the previous year.

“5 – CSS Funds Transferred to Local Prudent Reserve, A – CSS” This field is calculated and there is no required entry to be made by the County. This field presents the total CSS funds transferred to the Local Prudent Reserve and will equal the amount in Worksheet 3. CSS, Row 10, Column A. This data is necessary to implement W&I Code section 5899, subdivision (c)(1), to identify the expenditures of MHSA funds distributed to each County. This field is necessary to implement W&I Code section 5892, subdivision (b)(1), which instructs a County to allocate only CSS funds to the Prudent

Reserve. This data is necessary to implement W&I Code section 5892, subdivision (b)(1), which provides that Counties may use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County's LMHSF over the previous five years for CFTN, WET, and Prudent Reserve.

"5 – CSS Funds Transferred to Local Prudent Reserve, B – PEI" This field is blank and no entry by the County is required.

"5 – CSS Funds Transferred to Local Prudent Reserve, C – Total" This field is calculated and there is no required entry to be made by the County. This field will equal the amount in Row 5, Column A. This data is necessary to implement W&I Code section 5899, subdivision (c)(1), to identify the expenditures of MHSA funds distributed to each County. This field is necessary to implement W&I Code section 5892, subdivision (b)(1), which instructs a County to allocate only CSS funds to the Prudent Reserve. This data is necessary to implement W&I Code section 5892, subdivision (b)(1), which provides that Counties may use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County's LMHSF over the previous five years for CFTN, WET, and Prudent Reserve.

"6 – Local Prudent Reserve Adjustments, A – CSS" This field is blank and no entry by the County is required.

"6 – Local Prudent Reserve Adjustments, B – PEI" This field is blank and no entry by the County is required.

"6 – Local Prudent Reserve Adjustments, C – Total" This field is calculated and there is no required entry to be made by the County. This will equal the amount in Worksheet 8. Adjustment (MHSA), Rows 31-60, Column D. This is necessary for the Department to track and monitor all adjustments made by a County to their local Prudent Reserve.

"7 – Local Prudent Reserve Ending Balance, A – CSS" This field is blank and no entry by the County is required.

"7 – Local Prudent Reserve Ending Balance, B – PEI" This field is blank and no entry by the County is required.

"7 – Local Prudent Reserve Ending Balance, C – Total" This field is calculated and there is no required entry to be made by the County. This field presents the ending balance of the Local Prudent Reserve and will equal the sum of Row 3-6, Column C. This is necessary for the Department to track and monitor the local Prudent Reserve balance for the minimum and maximum limits in accordance with W&I Code section 5892, subdivision (b)(2) and proposed section 3420.30. This field auto populates based on a calculation of the following: local prudent reserve beginning balance, plus transfers to the local prudent reserve, less transfers from the local prudent reserve, less any adjustments. This field collects data necessary to implement W&I Code section 5899, subdivision (c)(3) that requires Counties to identify unexpended funds in the Annual

Revenue and Expenditure Report. W&I Code section 5892, subdivision (b)(1) permits Counties to transfer funds to the local Prudent Reserve rather than expend the funds. This field also implements W&I Code section 5899, subdivision (c)(4) that specifies that one of the purposes of the Annual Revenue and Expenditure Report is to determine reversion amounts. Local Prudent Reserve funds are not subject to reversion pursuant to W&I Code section 5892, subdivision (h)(1).

“8 – Transfers, A – CSS” This field is calculated and there is no required entry to be made by the County. This field presents the total CSS funds transferred to PEI, WET, CFTN, and Prudent Reserve and will equal the sum of Worksheet 3. CSS, Rows 7-10, Column A and will reflect as a negative amount. This is necessary for the Department to determine the total amount of CSS Account monies transferred to the PEI Account, in accordance with proposed section 3420.15; or transferred to the WET Account, CFTN Account, and Prudent Reserve pursuant to section 3420.10. This field collects data necessary to implement W&I Code section 5892, subdivision (a)(4) that permits Counties to utilize CSS Account monies to increase funding for the PEI Account when the Department determines that the increase will decrease the need and cost for additional services. This field also collects data necessary to implement W&I Code section 5892, subdivision (b)(1) that allows Counties to use up to twenty percent of the average amount of funds allocated to the County for the previous five years to fund technological needs and capital facilities, human resource needs, and a Prudent Reserve. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHPA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHPA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts. When CSS Account monies are transferred into the CFTN Account, or WET Account, the Reversion Period of the original CSS Account money is extended. When CSS Account monies are transferred into the Prudent Reserve the Reversion Period of the original CSS Account money is eliminated until the County transfers funds from the Prudent Reserve.

“8 – Transfers, B – PEI” This field is calculated and there is no required entry to be made by the County. This field presents the amount transferred into the PEI Account from the CSS account and will equal the amount reported on Worksheet 3. CSS, Row 7, Column A. This is necessary to show the total amount of CSS Account monies transferred to the PEI Account, in accordance with proposed section 3420.15. This field collects data necessary for the Department to track the amount of funds transferred from the CSS Account into the PEI Account. This field collects data necessary to implement W&I Code section 5892, subdivision (a)(4) that permits Counties to utilize CSS Account monies to increase funding for the PEI Account when the Department determines that the increase will decrease the need and cost for additional services. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHPA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHPA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts.

“8 – Transfers, C – WET” This field is calculated and there is no required entry to be made by the County. This field presents the amount of funds transferred into the WET Account from the CSS Account and will equal the amount reported on Worksheet 3. CSS, Row 8, Column A. This is necessary for the Department to determine the total amount of CSS Account monies transferred to the WET Account pursuant to section 3420.10. This field collects data necessary for the Department to track the amount of funds transferred from the CSS Account into the WET Account. This field also collects data necessary to implement W&I Code section 5892, subdivision (b)(1) that allows Counties to use up to twenty percent of the average amount of funds allocated to the County for the previous five years to fund technological needs and capital facilities, human resource needs, and a Prudent Reserve. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHSA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHSA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts. When CSS Account monies are transferred into the CFTN Account, or WET Account, the Reversion Period of the original CSS Account money is extended.

“8 – Transfers, D – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the amount transferred into the CFTN Account from the CSS Account and will equal the amount reported on Worksheet 3. CSS, Row 9, Column A. This is necessary for the Department to determine the total amount of CSS Account monies transferred to the CFTN Account, in accordance with section 3420.10. This field collects data necessary for the Department to track the amount of funds transferred from the CSS Account into the Prudent Reserve, PEI Account, WET Account, and CFTN Account. This field also collects data necessary to implement W&I Code section 5892, subdivision (b)(1) that allows Counties to use up to twenty percent of the average amount of funds allocated to the County for the previous five years to fund technological needs and capital facilities, human resource needs, and a Prudent Reserve. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHSA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHSA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts. When CSS Account monies are transferred into the CFTN Account, or WET Account, the Reversion Period of the original CSS Account money is extended.

“8 – Transfers, E – PR” This field is calculated and there is no required entry to be made by the County. This field presents the amount transferred into the Local Prudent Reserve Account from the CSS Account and will equal the amount reported on Worksheet 3. CSS, Row 10, Column A. This is necessary for the Department to determine the total amount of CSS Account monies transferred to the Prudent Reserve pursuant to section 3420.10. This field collects data necessary for the Department to track the amount of funds transferred from the CSS Account into the Prudent Reserve. This field also collects data necessary to implement W&I Code section 5892, subdivision (b) that allows Counties to use up to twenty percent of the average amount of funds allocated to the County for the previous five years to fund technological needs

and capital facilities, human resource needs, and a Prudent Reserve. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHSA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHSA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts. When CSS Account monies are transferred into the Prudent Reserve the Reversion Period of the original CSS Account money is eliminated until the County transfers from the Prudent Reserve.

“8 – Transfers, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 8, Columns A-E. This is necessary for the Department to determine the total amount of CSS Account monies transferred to the PEI Account, in accordance with proposed section 3420.15, or transferred to the WET Account, CFTN Account, and Prudent Reserve pursuant to section 3420.10. This field collects data necessary to implement W&I Code section 5892, subdivision (a)(4) that permits Counties to utilize CSS Account monies to increase funding for the PEI Account when the Department determines that the increase will decrease the need and cost for additional services. This field also collects data necessary to implement W&I Code section 5892, subdivision (b)(1) that allows Counties to use up to twenty percent of the average amount of funds allocated to the County for the previous five years to fund technological needs and capital facilities, human resource needs, and a Prudent Reserve. Additionally, this field collects data necessary to implement W&I Code section 5899, subdivision (c)(1) to identify the expenditures of MHSA funds distributed to each County; W&I Code section 5899, subdivision (c)(3) to identify unexpended MHSA funds; and, W&I Code section 5899, subdivision (c)(4) to determine reversion amounts. When CSS Account monies are transferred into the CFTN Account, or WET Account, the Reversion Period of the original CSS Account money is extended. When CSS Account monies are transferred into the Prudent Reserve the Reversion Period of the original CSS Account money is eliminated until the County transfers from the Prudent Reserve.

“9 – MHSA Funds, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will present the total MHSA expenditures for CSS goods or services and is equal to the amount reported on Worksheet 3. CSS, Row 13, Column A. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – MHSA Funds, B – PEI” This field is calculated and there is no required entry to be made by the County. This field presents the total MHSA expenditures for PEI goods or services and is equal to the amount reported on Worksheet 4. PEI, Row 8, Column A. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I

Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – MHSA Funds, C – INN” This field is calculated and there is no required entry to be made by the County. This field presents the total MHSA expenditures for INN goods or services and is equal to the amount reported on Worksheet 5. INN, Row 9, Column A. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – MHSA Funds, D – WET” This field is calculated and there is no required entry to be made by the County. This field presents the total MHSA expenditures for WET goods or services and is equal to the amount reported on Worksheet 6. WET, Row 7, Column A. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – MHSA Funds, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the total MHSA expenditures for CFTN goods or services and is equal to the amount reported on Worksheet 7. CFTN, Row 7, Column A. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – MHSA Funds, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 9, Columns A-E. This is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“10 – Medi-Cal FFP, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will present the total Medi-Cal FFP expenditures for CSS goods or services and is equal to the amount reported on Worksheet 3. CSS, Row 13, Column B. These fields collect data necessary to implement W&I Code section

5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“10 – Medi-Cal FFP, B – PEI” This field is calculated and there is no required entry to be made by the County. This field will present the total Medi-Cal FFP expenditures for PEI goods or services and is equal to the amount reported on Worksheet 4. PEI, Row 8, Column B. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“10 – Medi-Cal FFP, C – INN” This field is calculated and there is no required entry to be made by the County. This field presents the total Medi-Cal FFP for INN goods or services and is equal to the amount reported on Worksheet 5. INN, Row 9, Column B. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“10 – Medi-Cal FFP, D – WET” This field is calculated and there is no required entry to be made by the County. This field presents the total Medi-Cal FFP for WET goods or services and is equal to the amount reported on Worksheet 6. WET, Row 7, Column B. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“10 – Medi-Cal FFP, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the total Medi-Cal FFP for CFTN goods or services and is equal to the amount reported on Worksheet 7. CFTN, Row 7, Column B. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at

the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“10– Medi-Cal FFP, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 10, Columns A-E. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. The form user reports the estimated amount of Medi-Cal FFP expenditure during the reporting year in each Component Summary worksheet.

“11 – 1991 Realignment, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will present the total 1991 Realignment expenditures for CSS goods or services and is equal to the amount reported on Worksheet 3. CSS, Row 13, Column C. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“11 – 1991 Realignment, B – PEI” This field is calculated and there is no required entry to be made by the County. This field will present the total 1991 Realignment expenditures for PEI goods or services and is equal to the amount reported on Worksheet 4. PEI, Row 8, Column C. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“11 – 1991 Realignment, C – INN” This field is calculated and there is no required entry to be made by the County. This field presents the total 1991 Realignment for INN goods or services and is equal to the amount reported on Worksheet 5. INN, Row 9, Column C. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“11 – 1991 Realignment, D – WET” This field is calculated and there is no required entry to be made by the County. This field presents the total 1991 Realignment for WET goods or services and is equal to the amount reported on Worksheet 6. WET, Row 7, Column C. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional

funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“11 – 1991 Realignment, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the total 1991 Realignment for CFTN goods or services and is equal to the amount reported on Worksheet 7. CFTN, Row 5, Column C. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“11 – 1991 Realignment, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 11, Columns A-E. The fields in Row 11 collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of 1991 Realignment funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will present the total Behavioral Health Subaccount expenditures for CSS goods or services and is equal to the amount reported on Worksheet 3. CSS, Row 13, Column D. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, B – PEI” This field is calculated and there is no required entry to be made by the County. This field will present the total Behavioral Health Subaccount expenditures for PEI goods or services and is equal to the amount reported on Worksheet 4. PEI, Row 8, Column D. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, C – INN” This field is calculated and there is no required entry to be made by the County. This field presents the total Behavioral Health Subaccount for INN goods or services and is equal to the amount reported on Worksheet 5. INN, Row 9, Column D. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the

amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, D – WET” This field is calculated and there is no required entry to be made by the County. This field presents the total Behavioral Health Subaccount for WET goods or services and is equal to the amount reported on Worksheet 6. WET, Row 7, Column D. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the total Behavioral Health Subaccount for CFTN goods or services and is equal to the amount reported on Worksheet 7. CFTN, Row 5, Column D. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“12 – Behavioral Health Subaccount, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 12, Columns A-E. These fields collect data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. The estimate allows the County and the Department to quantify the amount of Behavioral Health Subaccount funds generated through the MHSA at the point of ARER submission.

“13 – Other Funding, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will present the total other funding expenditures for CSS goods or services and is equal to the amount reported on Worksheet 3. CSS, Row 13, Column E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“13 – Other Funding, B – PEI” This field is calculated and there is no required entry to be made by the County. This field will present the total other funding expenditures for PEI goods or services and is equal to the amount reported on Worksheet 4. PEI, Row 8,

Column E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“13 – Other Funding, C – INN” This field is calculated and there is no required entry to be made by the County. This field presents the total other funding for INN goods or services and is equal to the amount reported on Worksheet 5. INN, Row 9, Column E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“13 – Other Funding, D – WET” This field is calculated and there is no required entry to be made by the County. This field presents the total other funding for WET goods or services and is equal to the amount reported on Worksheet 6. WET, Row 7, Column E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“13 – Other Funding, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field presents the total other funding for CFTN goods or services and is equal to the amount reported on Worksheet 7. CFTN, Row 7, Column E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“13 – Other Funding, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 13, Columns A-E. The fields in Row 13 show the total amount of other funds the County used to pay for MHSA program expenditures, and may include, but is not limited to: County General Fund grants, patient fees, private insurance, and/or Medicare. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“14 – Total, A – CSS” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Column A, Rows 9-13. This field presents the total amount of funds used by the County to pay for CSS services. This field is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“14 – Total, B – PEI” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Column B, Rows 9-13. The fields in row 14 show the total amount of funds used by the County to pay for PEI services. The fields on Row 14 show data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“14 – Total, C – INN” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Column C, Rows 9-13. The fields in row 14 show the total amount of funds used by the County to pay for INN services. The fields on Row 14 show data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“14 – Total, D – WET” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Column D, Rows 9-13. The fields in row 14 show the total amount of funds used by the County to pay for WET services. The fields on Row 14 show data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from

other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“14 – Total, E – CFTN” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Column E, Rows 9-13. The fields in row 14 show the total amount of funds used by the County to pay for CFTN services. The fields on Row 14 show data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“14 – Total, F – Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Columns A-E. The fields in row 14 show the total amount of funds used by the County to pay for all the services. The fields on Row 14 show data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The fields on Row 14 also show data necessary to implement W&I Code section 5899, subdivision (c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field shows the total additional funds from other funding sources and the total of MHSA funds as expended and reported on the individual component worksheets.

“15 – Total Annual Planning Costs, A – Total” This field is calculated and there is no required entry to be made by the County. This amount is the sum of Annual Planning Costs (Row 1) reported on each Component worksheet. Pursuant to W&I Code section 5892, subdivision (c), total MHSA costs for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. This field is necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that the purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5892, subdivision (c) that requires a County to allocate LMHSF monies for annual planning costs to support the local stakeholder process pursuant to W&I Code section 5848. The County’s allocation for planning costs cannot exceed 5 percent of the total amount of MHSA revenues the County received. The Department is requiring Counties to provide planning cost data in the ARER so that the Department may track and monitor annual planning cost maximum limits as specified in W&I Code section 5892, subdivision (c).

“16 – Total Evaluation Costs, A – Total” This field is calculated and there is no required entry to be made by the County. This amount is the sum of Evaluation Costs (Row 2) reported on each Component worksheet. The fields in row 16 shows data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of

the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899, subdivision (d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN services, programs, and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC with carrying out its research and evaluation responsibilities. This field is also necessary to implement W&I Code section 5845, subdivision (d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive MHSA funds. The MHSOAC uses this data in its oversight, review, training and technical assistance, accountability, and evaluation of projects and programs supported with MHSA funds.

“17– Total Administration, A – Total” This field is calculated and there is no required entry to be made by the County. This amount is the sum of Administration Costs (Row 3) reported on each Component worksheet. The fields in row 17 shows data necessary to implement W&I Code section 5899, subdivision (c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. Row 17 also shows data necessary to implement W&I Code section 5891, subdivision (a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891, subdivision (a).

“18 – Total WET RP, A – Total” This field requires the County to enter the amount of WET Regional Partnership funds expended for goods and services, if applicable. This field is necessary to implement W&I Code section 5822, subdivision (d), related to the establishment of regional partnerships between the mental health system and the educational system to expand outreach to multicultural communities, increase the diversity of the mental health workforce, reduce the stigma associated with mental illness, and promote the use of web-based technologies, and distance learning techniques.

“19 – Total PEI SW, A – Total” This field is calculated and there is no required entry to be made by the County. The field will auto populate from the PEI Component tab worksheet, section One, Row 7. Counties may assign funds to PEI Statewide Projects for suicide prevention, student mental health initiative, stigma and discrimination reduction. This field is necessary to implement W&I Code section 5840, which establishes a program designed to prevent mental illnesses from becoming severe and disabling. The program shall emphasize improving timely access to services for underserved populations.

“20 – Total MHSA HP, A – Total” This field requires the County to enter the amount of unencumbered MHSA Housing Program funds expended for goods and services, if applicable. This field is necessary to implement W&I Code section 5892.5, which is necessary for CalHFA and the Department to release unencumbered MHSA fund money dedicated to the MHSA Housing Program to requesting Counties.

“21– Total Mental Health Services for Veterans, A – Total” This field requires the County to enter the amount of total MHSA funds spent on mental health services provided to veterans for all programs and projects funded through the CSS, PEI, and INN components, combined. Enter \$0 if there were no MHSA funds spent to provide services to veterans. Counties do not need to report MHSA funds spent on mental health services for veterans separately by component. W&I Code section 5899, subdivision (f) requires Counties to report, on the Annual MHSA Revenue and Expenditure Report, the amount of MHSA funds spent on mental health services for veterans.

Worksheet/Tab Four – Instructions 2. Component Summary

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 C (02/19): Community Services and Supports (CSS) Summary Worksheet

Worksheet/Tab Five – 3. CSS

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 C (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“County” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“1 – CSS Annual Planning Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA funds, including interest, expended on CSS Planning Costs. Total MHSA expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. This data is necessary to assist the Department to oversee a County’s expenditure of MHSA funds and to determine compliance with W&I Code section 5892(c). These fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“1 – CSS Annual Planning Costs, B– Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on CSS Planning Costs. This is necessary to inform the form user how Medi-Cal FFP expenditures will be calculated on this form. Total expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CSS Annual Planning Costs, C–1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment, expended on CSS Planning Costs. Total expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CSS Annual Planning Costs, D–Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount, expended on CSS Planning Costs. Total expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CSS Annual Planning Costs, E – Other” This field requires the County to enter the amount of total other funding, expended on CSS Planning Costs. Total expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, which are measured in this field by the expenditures of grants, fees, and insurance or Medicare.

“1 – CSS Annual Planning Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 1, Columns A-E. The fields in row 1 show the total amount of funds used by the County to pay for CSS Annual Planning Costs. This field also shows data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CSS Evaluation Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA Funds (including interest), expended on CSS Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“2 – CSS Evaluation Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP expended on CSS Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act

funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSAs funds.

“2 – CSS Evaluation Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment expended on CSS Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSAs funds.

“2 – CSS Evaluation Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount expended on CSS Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSAs funds.

“2 – CSS Evaluation Costs, E – Other” This field requires the County to enter the amount of total other funds expended on CSS Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the

amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“2 – CSS Evaluation Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 2, Columns A-E. The fields in row 2 show the total amount of funds used by the County to pay for CSS Evaluation Costs. This field is necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects.

“3– CSS Administration Costs, A – Total MHSA Funds (including interest)” This field requires the County to enter the amount of total MHSA Funds, including interest, expended on CSS Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. Direct CSS administrative costs are administrative costs that only benefit the CSS component. Indirect administrative costs are those administrative costs that are incurred for a common or joint purpose and cannot be readily identified as benefiting only one MHSA component. Counties must use an appropriate allocation method to allocate indirect costs to the CSS component. The share of costs attributed to the MHSA CSS Components should be in proportion to the extent the MHSA CSS component benefits from the support activity. Counties must maintain proper documentation of the allocation methodology used to allocate indirect costs to administration of the CSS component. To avoid double counting, Counties may not include costs incurred as both Administration Costs and either Annual Planning Costs, Evaluation Costs or Program Expenditures.

The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“3– CSS Administration Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on CSS Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the CSS programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the

expenditures of MHPA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHPA funds shall only be used to pay for the MHPA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHPA funds to determine compliance with W&I Code section 5891(a).

“3– CSS Administration Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment funds, expended on CSS Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the CSS programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHPA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHPA funds shall only be used to pay for the MHPA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHPA funds to determine compliance with W&I Code section 5891(a).

“3– CSS Administration Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount funds, expended on CSS Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the CSS programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHPA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHPA funds shall only be used to pay for the MHPA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHPA funds to determine compliance with W&I Code section 5891(a).

“3– CSS Administration Costs, D – Other” This field requires the County to enter the amount of total other funds, expended on CSS Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the CSS programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHPA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHPA funds shall only be used to pay for the MHPA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHPA funds to determine compliance with W&I Code section 5891(a).

“3 – CSS Administration Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 3, Columns A-E. The fields in row 3 show the total amount of funds used by the County to pay for CSS Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHPA funds distributed to each County.

“4 – CSS Funds Transferred to JPA, A – MHPA Funds (Including Interest)” This field requires the County to enter the amount of funds transferred from the CSS Account to a JPA. A County may transfer funds from the Community Services and Supports component to a JPA formed pursuant to Government Code section 6500, which provides the requirements a County must follow to form or administer a JPA. This field of the form implements W&I Code section 5892 that specifies the use of funds allocated from the LMHPF. This field is necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

“4 – CSS Funds Transferred to JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“4 – CSS Funds Transferred to JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“4 – CSS Funds Transferred to JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“4 – CSS Funds Transferred to JPA, E – Other” This field is blank and no entry by the County is required.

“4 – CSS Funds Transferred to JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 4, Column A.

“5 – CSS Expenditures Incurred by JPA, A – MHPA Funds (Including Interest)” This field requires the County to enter the expenditures reported by JPAs or other organizations on behalf of the County for authorized CSS programs during the reporting period. This field is necessary to implement W&I Code section 5899(c)(1) that requires a County to identify the County’s expenditures of local MHPA funds. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s MHPA funded programs or projects. This field is also necessary for the Department to implement the reversion requirements. The purpose of the Annual Revenue and Expenditure Report is, in part, to help the Department identify expenditures of MHPA funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds to the JPA, expenditures by the JPA, and investment gain on funds transferred to the JPA on the Annual Revenue and

Expenditure Report, the Department will be able to account for the County's use of funds.

"5 – CSS Expenditures Incurred by JPA, B – Medi-Cal FFP" This field is blank and no entry by the County is required.

"5 – CSS Expenditures Incurred by JPA, C – 1991 Realignment" This field is blank and no entry by the County is required.

"5 – CSS Expenditures Incurred by JPA, D – Behavioral Health Subaccount" This field is blank and no entry by the County is required.

"5 – CSS Expenditures Incurred by JPA, E – Other" This field is blank and no entry by the County is required.

"5 – CSS Expenditures Incurred by JPA, F – Grand Total" This field is calculated and no entry by the County is required. This field will equal the amount in Row 5, Column A.

"6 – CSS Funds Transferred to CalHFA, A – Total MHPA Funds, (Including Interest)" This field requires the County to enter the amount of funds transferred to the CalHFA for the SNHP. Expenditures should be entered according to the fund source used to pay for the expenditure. CalHFA operates the SNHP on behalf of jurisdictions throughout California. The SNHP allows local governments to use MHPA funds and other local funds, as appropriate, to provide financing for the development of permanent supportive rental housing that includes units dedicated for individuals with serious mental illness, and their families, who are homeless or at risk of homelessness. The SNHP replaced the MHPA Housing Program as an option for local governments to begin or continue to develop supportive housing for MHPA-eligible persons, and to more fully utilize MHPA funds for housing purposes. Participation requires a completed SNHP Participation Agreement between CalHFA and the County.

This field is necessary for Counties to report funds transferred from CSS to CalHFA pursuant to proposed section 3420.25. This field is necessary to implement W&I Code sections 5802(d)(4) and 5806(a)(10), which authorizes a County to use CSS Account monies for permanent supportive housing. This field is also necessary to implement W&I Code section 5899(c)(1) and (d). W&I Code section 5899(c)(1) requires a County to identify the County's expenditures of local MHPA funds. W&I Code section 5899(d) provides that the Annual Revenue and Expenditure Report shall include information the Department may use to evaluate a County's MHPA funded programs or projects.

"6 – CSS Funds Transferred to CalHFA, B – Medi-Cal FFP" This field is blank and no entry by the County is required.

"6 – CSS Funds Transferred to CalHFA, C – 1991 Realignment" This field is blank and no entry by the County is required.

“6 – CSS Funds Transferred to CalHFA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“6 – CSS Funds Transferred to CalHFA, E – Other” This field is blank and no entry by the County is required.

“6 – CSS Funds Transferred to CalHFA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 6, Column A.

“7 – CSS Funds Transferred to PEI, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of funds transferred from the CSS account to the PEI account. The transfer amount should be reflected as a positive number. This field is necessary to implement W&I Code section 5892(a)(4), which authorizes Counties to increase expenditures for PEI in any County in which the Department determines that the increase will decrease the need and cost for additional services by an amount at least commensurate with the proposed increase.

“7 – CSS Funds Transferred to PEI, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“7 – CSS Funds Transferred to PEI, C – 1991 Realignment” This field is blank and no entry by the County is required.

“7 – CSS Funds Transferred to PEI, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“7 – CSS Funds Transferred to PEI, E – Other” This field is blank and no entry by the County is required.

“7 – CSS Funds Transferred to PEI, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 7, Column A.

“8 – CSS Funds Transferred to WET, A – Total MHSA Funds (Including Interest)” This field requires the County to enter any funds transferred from the CSS Account to the WET Account. The transfer amount should be reflected as a positive number. This field is necessary to implement W&I Code section 5892(b)(1), which authorizes Counties to transfer CSS funds to the WET component. Counties may use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County’s Local Mental Health Services Fund over the previous five years for PEI, CFTN, WET, and Prudent Reserve.

“8 – CSS Funds Transferred to WET, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“8 – CSS Funds Transferred to WET, C – 1991 Realignment” This field is blank and no entry by the County is required.

“8 – CSS Funds Transferred to WET, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“8 – CSS Funds Transferred to WET, E – Other” This field is blank and no entry by the County is required.

“8 – CSS Funds Transferred to WET, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 8, Column A.

“9 – CSS Funds Transferred to CFTN, A – Total MHSA Funds (Including Interest)” This field requires the County to enter any MHSA CSS funds transferred to CFTN. The transfer amount should be reflected as a positive number. This field is necessary to implement W&I Code section 5892(b)(1), which authorizes Counties to transfer CSS funds to the CFTN component. Counties may use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County’s Local Mental Health Services Fund over the previous five years for PEI, CFTN, WET, and Prudent Reserve.

“9 – CSS Funds Transferred to CFTN, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“9 – CSS Funds Transferred to CFTN, C – 1991 Realignment” This field is blank and no entry by the County is required.

“9 – CSS Funds Transferred to CFTN, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“9 – CSS Funds Transferred to CFTN, E – Other” This field is blank and no entry by the County is required.

“9 – CSS Funds Transferred to CFTN, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 9, Column A.

“10 – CSS Funds Transferred to PR, A – Total MHSA Funds (Including Interest)” This field requires the County to enter any funds transferred from the CSS Account to the local Prudent Reserve. The transfer amount should be reflected as a positive number. This field is necessary to implement W&I Code section 5892(b)(1), which authorizes Counties to transfer CSS funds to the Prudent Reserve. Counties may use up to twenty percent of the average amount of CSS funds the State Controller distributes to that County’s Local Mental Health Services Fund over the previous five years for CFTN, WET, and Prudent Reserve.

“10 – CSS Funds Transferred to PR, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“10 – CSS Funds Transferred to PR, C – 1991 Realignment” This field is blank and no entry by the County is required.

“10 – CSS Funds Transferred to PR, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“10 – CSS Funds Transferred to PR, E – Other” This field is blank and no entry by the County is required.

“10 – CSS Funds Transferred to PR, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 10, Column A.

“11 – CSS Program Expenditures, A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures funded with the CSS Account. This field will equal the sum from Rows 14-113, Column E.

“11 – CSS Program Expenditures, B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures funded with Medi-Cal FFP. This field will equal the sum from Rows 14-113, Column F.

“11 – CSS Program Expenditures, C – 1991 Realignment” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures funded with 1991 Realignment. This field will equal the sum from Rows 14-113, Column G.

“11 – CSS Program Expenditures, D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures funded with Behavioral Health Subaccount. This field will equal the sum from Rows 14-113, Column H.

“11 – CSS Program Expenditures, E – Other” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures funded with Other funds. This field will equal the sum from Rows 14-113, Column I.

“11 – CSS Program Expenditures, F – Grand Total” This field is calculated and no entry by the County is required. This field presents the total CSS program expenditures. This field will equal the sum from Row 11, Columns A-E.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 5-11, Column A. This field is necessary to determine total CSS expenditures. This total also includes all CSS planning, evaluation, administration costs and transfers. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 11, Column B. This field is necessary to determine total CSS expenditures funded with Medi-Cal FFP.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), C – 1991 Realignment” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 11, Column C. This field is necessary to determine total CSS expenditures funded with 1991 Realignment.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 11, Column E. This field is necessary to determine total CSS expenditures funded with Behavioral Health Subaccount funds.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), E – Other” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 11, Column E. This field is necessary to determine total CSS expenditures.

“12 – Total CSS Expenditures (Excluding Funds Transferred to JPA), F – Grand Total” This field is calculated and no entry by the County is required. This cell auto-populates and is equal to the sum of Row 12, Columns A-E. This field is necessary to determine total CSS expenditures. This total also includes all CSS planning, evaluation, administration costs and transfers. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“13 – Total CSS Expenditures (Excluding Funds Transferred), A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3, 5, 6 and 11, Column A. This field is necessary to total all CSS expenditures excluding transfers funded with CSS Account funds. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“13 – Total CSS Expenditures (Excluding Funds Transferred), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3 and 11, Column B. This field is necessary to total all CSS expenditures excluding transfers funded with Medi-Cal FFP. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“13 – Total CSS Expenditures (Excluding Funds Transferred), C – 1991 Realignment” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3, 5, and 11, Column C. This field is necessary to total all CSS expenditures excluding transfers funded with 1991 Realignment funds. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“13 – Total CSS Expenditures (Excluding Funds Transferred), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3, 5, and 11, Column D. This field is necessary to total all CSS expenditures excluding transfers funded with Behavioral Health Subaccount funds. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“13 – Total CSS Expenditures (Excluding Funds Transferred), E – Other” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3, 5, and 11, Column E. This field is necessary to total all CSS expenditures excluding transfers funded with Other funds. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“13 – Total CSS Expenditures (Excluding Funds Transferred), F – Grand Total” This field is calculated and no entry by the County is required. This cell will auto-populate and is equal to the sum of Rows 1, 2, 3, 5, and 11, Column A. This field is necessary to total all CSS expenditures excluding transfers. Transfers to CalHFA, WET, CFTN, Prudent Reserve and a JPA are excluded because they are captured separately on Worksheet 2. Component Summary.

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Program Name” The fields of this column require the County to enter the program name for each program funded by the CSS Account. The County must provide expenditures for each program included in the most recent MHPA Three-Year Program and Expenditure Plan or Annual Update covering the same fiscal year. This field is necessary to assist the MHPA in evaluating MHPA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating CSS programs for adults and children, per W&I Code section 5899(d)(1) and (d)(5). The ability to identify the program, as described in the Three-Year Program and Expenditure Plan, annual update, or updates, with the program expenditure reported in the ARER is necessary for program evaluation.

“Column C – Prior Program Name” The fields of this column require the County to enter the name used to identify this program in the preceding year’s ARER, if the name reported on the current ARER is not consistent with the previous year. This is necessary to assist the Department in reviewing programs, as provided for in the Three-Year Program and Expenditure Plan, to the expenditures reported in the ARER. If a County changes the name of a project it is necessary that the Department is aware of the name change and is able to update records to track program costs across multiple fiscal years and to track program outcomes over time.

“Column D – Program Type” The fields of this column are drop boxes which require the County to select either “FSP” or “Non-FSP”. Section 3620(c) requires Counties to direct a majority of its CSS Account funds to the Full Service Partnership Service Category. Categorizing the expenditure will assist the Department in determining the amount of funding that is spent on the Full Service Partnership category. A County is required to categorize expenditures as either Full Service Partnership or non-Full Service Partnership.

“Column E – Total MHSA Funds (Including Interest)” The fields of this column require the County to enter the amount of funds from the CSS Account, including Interest, expended for goods and services delivered in each CSS program during the reporting fiscal year. The fields in this column collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields collect data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. Additionally, these fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column F – Medi-Cal FFP” The fields of this column require the County to enter the amount of Medi-Cal FFP expended for goods and services delivered in each program during the reporting fiscal year. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by Medi-Cal FFP funds. This data allows the Department to quantify the amount of FFP funds generated through the MHSA at the point of ARER submission. Federal financial participation is reimbursement Counties receive from the federal government for activities that support and services provided to Medi-Cal beneficiaries.

“Column G – 1991 Realignment” The fields of this column require the County to enter the amount of 1991 Realignment funds expended for goods and services delivered in each program during the reporting fiscal year. 1991 Realignment monies refers to a portion of funds collected from Vehicle License Fees (VLF) and Sales Taxes, which the state distributes to each County for County health, mental health, and social services programs. The fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the

mental health system as a result of the MHSA, represented in these fields by 1991 Realignment funds.

“Column H – Behavioral Health Subaccount” The fields of this column require the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered in each CSS program during the reporting fiscal year. Behavioral Health Subaccount funds are funds distributed to the Counties to support the delivery of Medi-Cal Specialty Mental Health Services, including the Early and Periodic Screening, Diagnosis, and Treatment benefit, and the following Substance Use Disorder programs: Drug Medi-Cal, Non-Drug Medi-Cal, Drug Court Operations and Services, and Perinatal Drug Services and Treatment. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA represented in these fields by Behavioral Health Subaccount funds.

“Column I – Other” The fields of this column require the County to enter the amount of Other funding expended for goods and services delivered in each CSS program during the reporting fiscal year. Other funding includes funding from sources not otherwise identified such as from local General Fund or other local sources, or from sources such as Federal grants or other grants. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by Other funds.

“Column J – Grand Program Total” The fields of this column are calculated fields and there is no entry required by the County. The fields of this column present the total expenditures for each CSS Program and is equal to the sum of Columns E-I for each completed Row. The column shows data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The column also shows data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“Rows 14-113” Each row of the form represents a separate CSS program.

Worksheet/Tab Six – Instructions 3. CSS

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an

MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 D (02/19): Prevention and Early Intervention (PEI) Summary Worksheet

Worksheet/Tab Seven – 4. PEI

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 D (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

"County" This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the reporting County.

"Date" This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County's ARER.

"1 – PEI Annual Planning Costs, A – Total MHSA Funds (Including Interest)" This field requires the County to enter the amount of total MHSA funds, including interest, expended on PEI Planning Costs. Total MHSA expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. This data is necessary to assist the Department to oversee a County's expenditure of MHSA funds and to determine compliance with W&I Code section 5892(c). These fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“1 – PEI Annual Planning Costs, B– Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on PEI Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – PEI Annual Planning Costs, C–1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment, expended on PEI Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – PEI Annual Planning Costs, D–Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount, expended on PEI Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – PEI Annual Planning Costs, E – Other” This field requires the County to enter the amount of total other funding, expended on PEI Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – PEI Annual Planning Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 1, Columns A-E. The fields in Row 1 show the total amount of funds used by the County to pay for PEI Annual Planning Costs. The column also show data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – PEI Evaluation Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA Funds (including interest), expended on PEI Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its

oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“2 – PEI Evaluation Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP expended on PEI Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – PEI Evaluation Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment expended on PEI Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The column collects data necessary to implement WIC section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – PEI Evaluation Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount expended on PEI Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – PEI Evaluation Costs, E – Other” This field requires the County to enter the amount of total other funds expended on PEI Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – PEI Evaluation Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 2, Columns A-E. The fields in Row 2 show the total amount of funds used by the County to pay for PEI Evaluation Costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– PEI Administration Costs, A – Total MHSA Funds (including interest)” This field requires the County to enter the amount of total MHSA Funds, including interest, expended on PEI Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the

Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“3– PEI Administration Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on PEI Administration Costs. This field is necessary to instruct a County how to report costs incurred to administer the PEI programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– PEI Administration Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment funds, expended on PEI Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the PEI programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– PEI Administration Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount funds, expended on PEI Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the PEI programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the

amount of additional funds generated for the mental health system as a result of the MHSA.

“3– PEI Administration Costs, D – Other” This field requires the County to enter the amount of total other funds, expended on PEI Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. This field is necessary to instruct a County how to report costs incurred to administer the PEI programs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3 – PEI Administration Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 3, Columns A-E. The fields in Row 3 show the total amount of funds used by the County to pay for PEI Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“4 – PEI Funds Expended by CalMHSA for PEI SW, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount CalMHSA expended on behalf of the County for authorized PEI Statewide Projects (PEI SW) during the reporting fiscal year by funding source. PEI SW project funds were made available to Counties in FY 2008-09 through FY 2011-12. To avoid double counting, funds reported here as expended will not be included in Row 8, Total PEI Expenditures (Excluding PEI SW). They are instead reported separately on Worksheet 2. Component Summary, Row 19, Column A.

CalMHSA is a JPA formed pursuant to Government Code section 6500. CalMHSA administers statewide PEI funds on behalf of a participating County, utilizing funds assigned to the JPA from that County’s LMHSF. This field implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This field is also necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services. Requiring Counties to report expenditures by CalMHSA enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“4 – PEI Funds Expended by CalMHSA for PEI SW, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“4 – PEI Funds Expended by CalMHSA for PEI SW, C – 1991 Realignment” This field is blank and no entry by the County is required.

“4 – PEI Funds Expended by CalMHSA for PEI SW, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“4 – PEI Funds Expended by CalMHSA for PEI SW, E – Other” This field is blank and no entry by the County is required.

“4 – PEI Funds Expended by CalMHSA for PEI SW, F – Grand Total” This field is calculated and no entry by the County is required. This field represents the sum of Row 4, Column A.

“5 – PEI Funds Transferred to JPA, A – Total MHSA Funds (Including Interest) This field requires the County to enter the amount of funds transferred from the PEI Account to a JPA. A County may transfer funds from the Prevention and Early Intervention component to a JPA formed pursuant to Government Code section 6500, which provides the requirements a County must follow to form or administer a JPA. This field of the form implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This field is necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

“5 – PEI Funds Transferred to JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“5 – PEI Funds Transferred to JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“5 – PEI Funds Transferred to JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“5 – PEI Funds Transferred to JPA, E – Other” This field is blank and no entry by the County is required.

“5 – PEI Funds Transferred to JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 5, Column A.

“6 – PEI Expenditures Incurred by JPA, A – MHSA Funds (Including Interest)” This field requires the County to enter the expenditures reported by JPAs or other organizations on behalf of the County for authorized PEI programs during the reporting period. This field is necessary to implement W&I Code section 5899(c)(1), which requires a County

to identify the County's expenditures of local MHSA funds. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County's MHSA funded programs or projects. This field is also necessary for the Department to implement the reversion requirements. The purpose of the ARER is, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds to the JPA, expenditures by the JPA, and investment gain on funds transferred to the JPA on the Annual Revenue and Expenditure Report, the Department will be able to account for the County's use of funds.

"6 – PEI Expenditures Incurred by JPA, B – Medi-Cal FFP" This field is blank and no entry by the County is required.

"6 – PEI Expenditures Incurred by JPA, C – 1991 Realignment" This field is blank and no entry by the County is required.

"6 – PEI Expenditures Incurred by JPA, D – Behavioral Health Subaccount" This field is blank and no entry by the County is required.

"6 – PEI Expenditures Incurred by JPA, E – Other" This field is blank and no entry by the County is required.

"6 – PEI Expenditures Incurred by JPA, F – Grand Total" This field is calculated and no entry by the County is required. This field will equal the amount in Row 6, Column A.

"7 – PEI Program Expenditures, A – Total MHSA Funds (Including Interest)" This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures funded with the PEI Account. This field will equal the sum from Rows 10-109, Column J.

"7 – PEI Program Expenditures, B – Medi-Cal FFP" This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures funded with Medi-Cal FFP. This field will equal the sum from Rows 10-109, Column K.

"7 – PEI Program Expenditures, C – 1991 Realignment" This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures funded with 1991 Realignment. This field will equal the sum from Rows 10-109, Column L.

"7 – PEI Program Expenditures, D – Behavioral Health Subaccount" This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures funded with Behavioral Health Subaccount. This field will equal the sum from Rows 10-109, Column M.

“7 – PEI Program Expenditures, E – Other” This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures funded with Other funds. This field will equal the sum from Rows 10-109, Column N.

“7 – PEI Program Expenditures, F – Grand Total” This field is calculated and no entry by the County is required. This field presents the total PEI program expenditures. This field will equal the sum from Row 7, Columns A-E.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 6, and 7, Column A. This field is necessary to determine total PEI expenditures. This total also includes all PEI planning, evaluation, administration costs. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 6, and 7, Column B. This field is necessary to determine total PEI expenditures funded with Medi-Cal FFP.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), C – 1991 Realignment” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 6, and 7, Column C. This field is necessary to determine total PEI expenditures funded with 1991 Realignment.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 6, and 7, Column E. This field is necessary to determine total PEI expenditures funded with Behavioral Health Subaccount funds.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), E – Other” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 6, and 7, Column E. This field is necessary to determine total PEI expenditures.

“8 – Total PEI Expenditures (Excluding Funds Transferred and PEI Statewide), F – Grand Total” This field is calculated and no entry by the County is required. This cell auto-populates and is equal to the sum of Row 8, Columns A-E. This field is necessary to determine total PEI expenditures. This total also includes all PEI planning, evaluation, administration costs and transfers. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“9 – MHSA PEI Fund Expenditures in Program to Clients Age 25 and Under (calculated from weighted program values) divided by Total MHSA PEI Expenditures, A – Percent Expended for Clients Age 25 and Under, All PEI” This field is calculated and no entry by the County is required. This field will equal the sum of Rows 10-109, Column I divided by Row 8, Column A. California Code of Regulations, title 9, section 3706(a), requires Counties to serve all ages in one or more PEI programs. Section 3706(b), requires Counties to use at least 51 percent of the Prevention and Early Intervention Fund to serve individuals who are 25 years old or younger. Under section 3760(c), programs that serve parents, caregivers, or family members with the goal of addressing MHSA outcomes for children or youth at risk of or with early onset of a mental illness can be counted as meeting this requirement. A County with a population under 200,000 that meets certain conditions may opt out of this requirement. (Cal. Code Regs., tit. 9, section 3706(d).) This data is used by the Department to track and monitor the use of MHSA funds to determine compliance with section 3706(a) and (b).

“9 – MHSA PEI Fund Expenditures in Program to Clients Age 25 and Under (calculated from weighted program values) divided by Total MHSA PEI Expenditures, Column B, Percent Expended for Clients Age 25 and Under, JPA” This field requires the County to enter the estimated percentage of funds from the PEI Account that a JPA, or other organization in which the County is acting jointly with one or more other Counties, expended on behalf of the County (reported in Row 6, Column A in support of clients aged 25 and under). This field is necessary to implement section 3706(a), which requires Counties to serve all ages in one or more PEI programs. This field is also necessary to implement section 3706(b), which requires Counties to use at least 51 percent of the Prevention and Early Intervention Fund to serve individuals who are 25 years old or younger. This data is used by the Department to track and monitor the use of MHSA funds to determine compliance with section 3706(a) and (b).

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Program Name” The fields of this column require the County to enter the program name for each program funded by the PEI Account. The County must provide expenditures for each program included in the most recent MHSA Three-Year Program and Expenditure Plan or Annual Update covering the same Fiscal Year. This field is necessary to assist the MHSAOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating PEI programs for adults and children, per W&I Code section 5899(d)(1) and (d)(5). The ability to identify the program, as described in the Three-Year Program and Expenditure Plan, annual update, or update, with the program expenditure reported in the ARER is necessary for program evaluation.

“Column C – Prior Program Name” The fields of this column require the County to enter the name used to identify this program in the preceding year’s ARER, if the name reported on the current ARER is not consistent with the previous year. This is necessary to assist the Department in reviewing programs, as provided for in the Three-Year Program and Expenditure Plan, to the expenditures reported in the ARER. If a County changes the name of a program, it is necessary that the Department is aware of the name change and is able to update records to track program costs across multiple fiscal years and to track program outcomes over time.

“Column D – Combined or Standalone Program” The fields of this column are drop boxes which require the County to select either “Combined” or “Standalone.” This field identifies a Program as a Standalone Program or a Combined Program. A County may combine Early Intervention Programs and Prevention Programs. This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating prevention and early intervention strategies, per W&I Code section 5899(d)(2).

“Column E – Program Type” The fields of this column are drop boxes which require the County to select “Prevention”, “Early Intervention”, “Outreach”, “Stigma Discrimination Reduction”, “Suicide Prevention”, “Access and Linkage”, “Improving Timely Access”, or “Combined Summary” for each program and program activity funded with PEI funds. Program types include: Early Intervention Program (section 3710), Outreach for Increasing Recognition of Early Signs of Mental Illness (CCR section 3715), Prevention Program (section 3720), Stigma and Discrimination Reduction Program (section 3725), Access and Linkage to Treatment Program (section 3726), Suicide Prevention Programs (section 3730), Improving Timely Access to Services for Underserved Populations (section 3735(a)(2)(A)), or Combined Summary (section 3510.010(a)(1)(A)1.). This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating prevention and early intervention strategies, per W&I Code section 5899(d)(2). Per section 3715(f), a County may provide an Outreach for Increasing Recognition of Early Signs of Mental Illness Program through other MHSA component funding under certain conditions. In order to evaluate prevention and early intervention strategies, it is necessary that the MHSOAC is aware of other MHSA funding used to support an Outreach for Increasing Recognition of Early Signs of Mental Illness Program.

“Column F – Program Activity Name (in Combined Program)” The fields of this column require the County to enter the name for each Program Activity row used to report data for the Combined Program. This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating prevention and early intervention strategies, per W&I Code section 5899(d)(2). Section 3715(f), allows a County to provide an Outreach for Increasing Recognition of Early Signs of Mental Illness Program through other MHSA component funding under certain conditions. In order to evaluate prevention and early intervention strategies, it is necessary that the MHSOAC is aware of other MHSA

funding used to support an Outreach for Increasing Recognition of Early Signs of Mental Illness Program.

“Column G - Subtotal Percentage for Combined Program” The fields in this column require the County to enter an estimate of the percentage of MHSA PEI expenditures in a Combined Program dedicated to the selected Program Activity in the Program Type column (Column E). This field is necessary to assist the MHSAOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating prevention and early intervention strategies, per W&I Code section 5899(d)(2). Section 3715(f), allows a County to provide an Outreach for Increasing Recognition of Early Signs of Mental Illness Program through other MHSA component funding under certain conditions. In order to evaluate prevention and early intervention strategies, it is necessary that the MHSAOAC is aware of other MHSA funding used to support an Outreach for Increasing Recognition of Early Signs of Mental Illness Program.

“Column H - Percent of PEI Expended on Clients Age 25 & Under (Standalone and Program Activities in Combined Program)” The fields in this column require the County to enter an estimate of the percentage of Total MHSA Fund program expenditures (column J) dedicated to clients age 25 and under. This field is necessary to implement section 3706(a), which requires Counties to serve all ages in one or more PEI programs. This field is also necessary to implement section 3706(b), which requires Counties to use at least 51 percent of the Prevention and Early Intervention Fund to serve individuals who are 25 years old or younger. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information the Department shall use to evaluate a County’s MHSA programs or projects. This data is used by the Department to track and monitor the use of MHSA funds to determine compliance with section 3706(a) and (b).

“Column I - Percent of PEI Expended on Clients Age 25 & Under (Combined Summary and Standalone)” The fields in this column are calculated and no entry by the County is required. This field displays the weighted average of the percentages reported for each of the Program Activities within the Combined Program. The weighted average is the sum of the estimated percentages reported in Columns G and H. This field is necessary to implement section 3706(a), which requires Counties to serve all ages in one or more PEI programs. This field is also necessary to implement section 3706(b), which requires Counties to use at least 51 percent of the Prevention and Early Intervention Fund to serve individuals who are 25 years old or younger. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information the Department shall use to evaluate a County’s MHSA programs or projects. This data is used by the Department to track and monitor the use of MHSA funds to determine compliance with section 3706(a) and (b).

“Column J - Total MHSA Funds (Including Interest)” The fields in this column require the County to enter the amount of MHSA PEI Account funds, including interest, expended for goods and services delivered during the reporting year for each program. These

fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields collect data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to identify interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

”Column K - Medi-Cal FFP” The fields in this column require the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting year for each program. This field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds, such as FFP, generated for the mental health system as a result of the MHSA.

“Column L - 1991 Realignment” The fields in this column require the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting year for each program. The fields in this column collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA, represented in these fields by 1991 Realignment funds.

“Column M - Behavioral Health Subaccount: The fields in this column require the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting year for each program. The fields in this column collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA, represented in these fields by Behavioral Health Subaccount funds.

“Column N – Other” The fields in this column require the County to enter the amount of Other Funds expended for goods and services delivered during the reporting year for each program. Other Funding includes funding from sources not otherwise identified (e.g., from local General Fund or other local sources, or from sources such as Federal grants or other grants). The fields in this column collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds, including from sources not otherwise identified, generated for the mental health system because of the MHSA.

“Column O - Grand Total” The fields in this column are calculated and no entry by the County is required. The fields will be equal to the sum of Columns J-N. The column shows data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The column also shows data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“Rows 10-109” Each row of the form represents a separate PEI standalone program or a portion of a PEI combined program.

Worksheet/Tab Eight – Instructions 4. PEI

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 E (02/19): Innovation (INN) Summary Worksheet

Worksheet/Tab Nine – 5. INN

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 E (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“County” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“1 – INN Annual Planning Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA funds, including interest, expended on INN Planning Costs. Total MHSA expenditures for planning for all

components may not exceed 5 percent of the total annual MHSA revenues received by the County. This data is necessary to assist the Department to oversee a County's expenditure of MHSA funds and to determine compliance with W&I Code section 5892(c). These fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

"1 – INN Annual Planning Costs, B– Medi-Cal FFP" This field requires the County to enter the amount of total Medi-Cal FFP, expended on INN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

"1 – INN Annual Planning Costs, C–1991 Realignment" This field requires the County to enter the amount of total 1991 Realignment, expended on INN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

"1 – INN Annual Planning Costs, D–Behavioral Health Subaccount" This field requires the County to enter the amount of total Behavioral Health Subaccount, expended on INN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

"1 – INN Annual Planning Costs, E –, Other" This field requires the County to enter the amount of total other funding, expended on INN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

"1 – INN Annual Planning Costs, F –, Grand Total" This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 1, Columns A-E. The fields in row 1 show the total amount of funds used by the County to pay for INN Annual Planning Costs. The column also show data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

"2 – Indirect Administration, A – Total MHSA Funds (Including Interest)" This field requires the County to enter the amount of total MHSA Funds, including interest, expended on INN Indirect Administration. Indirect administrative costs are those

administrative costs that are incurred for a common or joint purpose and cannot be readily identified as benefiting only one MHSA component. A County must use an appropriate methodology to allocate these costs among the MHSA components. The share of costs attributed to each MHSA component must be in proportion to the extent the MHSA component benefitted from the administrative activity. The County must maintain documentation of the allocation methodology to justify the allocation of indirect administrative costs to the INN component. The data collected in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field also shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“2 – Indirect Administration, B– Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP funds expended on INN Indirect Administration. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – Indirect Administration, C–1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment funds expended on INN Indirect Administration. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – Indirect Administration, D–Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount funds expended on INN Indirect Administration. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – Indirect Administration, E – Other” This field requires the County to enter the amount of total Other funds expended on INN Indirect Administration. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – Indirect Administration, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the sum of Row 2, Columns A-E.

“3 – INN Funds Transferred to JPA, A – Total MHSA Funds (Including Interest) This field requires the County to enter the amount of funds transferred from the INN Account to a JPA. A County may transfer funds from the Innovation component to a JPA formed pursuant to Government Code section 6500, which provides the requirements a County

must follow to form or administer a JPA. This field of the form implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This field is necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

“3 – INN Funds Transferred to JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“3 – INN Funds Transferred to JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“3 – INN Funds Transferred to JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“3 – INN Funds Transferred to JPA, E – Other” This field is blank and no entry by the County is required.

“3 – INN Funds Transferred to JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 3, Column A.

“4 – INN Expenditures Incurred by JPA, A – MHSA Funds (Including Interest)” This field requires the County to enter the expenditures reported by JPAs or other organizations on behalf of the County for authorized INN projects during the reporting period. This field is necessary to implement W&I Code section 5899(c)(1), which requires a County to identify the County’s expenditures of local MHSA funds. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s MHSA funded programs or projects. This field is also necessary for the Department to implement the reversion requirements. The purpose of the Annual Revenue and Expenditure Report is, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds to the JPA, expenditures by the JPA, and investment gain on funds transferred to the JPA on the ARER, the Department will be able to account for the County’s use of funds.

“4 – INN Expenditures Incurred by JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“4 – INN Expenditures Incurred by JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“4 – INN Expenditures Incurred by JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“4 – INN Expenditures Incurred by JPA, E – Other” This field is blank and no entry by the County is required.

“4 – INN Expenditures Incurred by JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 4, Column A.

“5– INN Project Administration, A – Total MHSA Funds (including interest)” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column I identified as Project Administration. This field provides the amount of funds from the INN Account expended on INN Project Administration. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“5– INN Project Administration, B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column J identified as Project Administration. This field provides the amount of Medi-Cal FFP funds expended on INN Project Administration. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“5– INN Project Administration, C – 1991 Realignment” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column K identified as Project Administration. This field provides the amount of 1991 Realignment funds expended on INN Project Administration. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“5– INN Project Administration, D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column L identified as Project Administration. This field provides the amount of Behavioral Health Subaccount funds expended on INN Project Administration. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“5– INN Project Administration, E – Other” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column M identified as Project Administration. This field provides the amount Other funds expended on INN Project Administration. The field collects data necessary to implement

W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“5– INN Project Administration, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 5, Columns A-E. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“6 – INN Project Evaluation, A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column I identified as Project Evaluation. This field provides the amount of funds from the INN Account expended on INN Project Evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“6 – INN Project Evaluation, B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column J identified as Project Evaluation. This field provides the amount of Medi-Cal FFP funds expended on INN Project Evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“6 – INN Project Evaluation, C – 1991 Realignment” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column K identified as Project Evaluation. This field provides the amount of 1991 Realignment funds expended on INN Project Evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“6 – INN Project Evaluation, D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-

34, Column L identified as Project Evaluation. This field provides the amount of Behavioral Health Subaccount funds expended on INN Project Evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“6 – INN Project Evaluation, E – Other” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column M identified as Project Evaluation. This field provides the amount of Other funds expended on INN Project Evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“6 – INN Project Evaluation, F – Grand Total” This field is calculated and no entry by the County is required. This field will be equal to the sum of Row 6, Columns A-E. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“7 - INN Project Direct, A - Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column I identified as Project Direct. This field provides the amount of funds from the INN Account expended on INN Project Direct. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSAOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSAOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“7 - INN Project Direct, B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column J identified as Project Direct. This field provides the amount of Medi-Cal FFP funds expended on INN Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“7 - INN Project Direct, C – 1991 Realignment” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column K identified as Project Direct. This field provides the amount of 1991 Realignment funds expended on INN Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“7 - INN Project Direct, D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column L identified as Project Direct. This field provides the amount of Behavioral Health Subaccount funds expended on INN Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“7 - INN Project Direct, E – Other” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 10-34, Column M identified as Project Direct. This field provides the amount of Other funds expended on INN Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“7 - INN Project Direct, F – Grand Total” This field is calculated and no entry by the County is required. This field will be equal to the sum of Row 7, Columns A-E. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“8 - INN Project Subtotal, A - Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 5-7, Column A. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“8 - INN Project Subtotal, B – Medi-Cal FFP” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 5-7, Column B. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“8 - INN Project Subtotal, C – 1991 Realignment” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 5-7, Column C. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the

amount of additional funds generated for the mental health system as a result of the MHSA.

“8 - INN Project Subtotal, D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 5-7, Column D. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“8 - INN Project Subtotal, E – Other” This field is calculated and no entry by the County is required. This field will be equal to the sum of Rows 5-7, Column E. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“8 - INN Project Subtotal, F – Grand Total” This field is calculated and no entry by the County is required. This field will be equal to the sum of Row 8, Columns A-E. This field provides the total amount of funds from the INN Account expended on INN Project Administration, Project Evaluation, and Project Direct. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“9 - Total Innovation Expenditures (Excluding Transfers to JPA), A - Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 4, and 8, Column A. This field is necessary to total INN expenditures funded with the INN Account. This total also includes all INN planning, evaluation, and administration costs. Transfers to a JPA are excluded because funds transferred are not considered spent until they are expended by the JPA. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“9 - Total Innovation Expenditures (Excluding Transfers to JPA), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, and 8, Column B. This field is necessary to total INN expenditures funded with Medi-Cal FFP funds. This total also

includes all INN planning, evaluation, and administration costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“9 - Total Innovation Expenditures (Excluding Transfers to JPA), C – 1991 Realignment” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, and 8, Column C. This field is necessary to total INN expenditures funded with 1991 Realignment Funds. This total also includes all INN planning, evaluation, and administration costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“9 - Total Innovation Expenditures (Excluding Transfers to JPA), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, and 8, Column D. This field is necessary to total INN expenditures funded with Behavioral Health Subaccount funds. This total also includes all INN planning, evaluation, and administration costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“9 - Total Innovation Expenditures (Excluding Transfers to JPA), E - Other” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, and 8, Column E. This field is necessary to total INN expenditures funded with the Other funds. This total also includes all INN planning, evaluation, and administration costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“9 – Total Innovation Expenditures (Excluding Transfers to JPA), F – Grand Total” This field is calculated and no entry by the County is required. This field will be equal to the sum of Row 9, Columns A-E. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1, Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Project Name” The fields of this column require the County to enter the project name for each project funded by the INN Account. The County must provide expenditures for each project included in the most recent MHSA Three-Year Program

and Expenditure Plan or Annual Update covering the same Fiscal Year. This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating INN programs for adults and children, per W&I Code section 5899(d)(1) and (d)(5). The ability to identify the program, as described in the Three-Year Program and Expenditure Plan, annual update, or update, with the program expenditure reported in the ARER is necessary for program evaluation.

“Column C – Prior Project Name” The fields of this column require the County to enter the name used to identify this project in the preceding year’s ARER, if the name reported on the current ARER is not consistent with the previous year. This is necessary to assist the Department in reviewing programs, as provided for in the Three-Year Program and Expenditure Plan, to the expenditures reported in the ARER. If a County changes the name of a project it is necessary that the Department is aware of the name change and is able to update records to track program costs across multiple fiscal years and to track program outcomes over time.

“Column D - Project MHSOAC Approval Date” The fields in this column require the County to enter in the date of the MHSOAC Meeting in which the MHSOAC initially approved the project. This field is necessary to implement W&I Code section 5892(h)(2), which provides that the Reversion Period for innovative component funds does not begin until the date of the MHSOAC approval. This field is also necessary for the Department to implement the reversion requirements. The Annual Revenue and Expenditure Report is intended, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. Requiring Counties to report these expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“Column E - Project Start Date” The fields in this column require the County to enter in the Start Date for the project. The Start Date is the date on which the County began implementing the project. This field is necessary to implement W&I Code section 5830(d), which requires a County to transition a successful INN project to another category of funding if the project will continue. This field is also necessary to implement California Code of Regulations, title 9, section 3910.010(a) which requires a County to establish a start date and end date for an INN project.

“Column F - MHSOAC-Authorized MHSA INN Project Budget” The fields in this column require the County to enter the amount of MHSA INN funding the MHSOAC initially authorized for the project on the date entered in Column E. This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating Innovative projects, per W&I Code section 5899(d)(3). Being able to correlate the projected budget, as approved by the MHSOAC, with the expenditures reported in the ARER is necessary for program evaluation.

“Column G - Amended MHSOAC-Authorized MHSA INN Project Budget” The fields in this column require the County to enter the additional amount of MHSA INN-component funding that the MHSOAC authorized for the project through an amendment. This field is necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating Innovative projects, per W&I Code section 5899(d)(3). Being able to correlate the projected budget, as approved by the MHSOAC, with the expenditures reported in the ARER is necessary for program evaluation.

“Column H - Project Expenditure Type” The fields in this column are calculated and no entry by the County is required. The worksheet auto-populates this column once the County enters data into column B.

“Column I - Total MHSA Funds (Including Interest)” The fields in this column require the County to enter the amount of funds from the INN Account expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column J - Medi-Cal FFP” The fields in this column require the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA

“Column K - 1991 Realignment” The fields in this column require the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. The column collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by 1991 Realignment funds.

“Column L - Behavioral Health Subaccount” The fields in this column require the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. This field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by Behavioral Health Subaccount funds.

“Column M - Other” The fields in this column require the County to enter the amount of Other Funding expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. The column shows the total amount of other funds used to pay for MHSA program expenditures, and may include, but is not limited to: County General Funds grants, patient fees, private insurance, and/or Medicare. This column collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“Column N - Grand Total” The fields in this column are calculated and no entry by the County is required. The fields will equal the sum of Columns I through M. The column shows data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. The column also shows data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“Rows 10-34” Each row of the form represents Project Administration, Project Evaluation, or Project Direct expenditures for an individual INN project, or Project Subtotal, which sums the other three.

Worksheet/Tab Ten – Instructions 5. INN

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 F (02/19): Workforce Education and Training (WET) Summary Worksheet

Worksheet/Tab Eleven – 6. WET

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual

Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 F (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“County” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“1 – WET Annual Planning Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA funds, including interest, expended on WET Planning Costs. Total MHSA expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. This data is necessary to assist the Department to oversee a County’s expenditure of MHSA funds and to determine compliance with W&I Code section 5892(c). These fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“1 – WET Annual Planning Costs, B– Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on WET Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – WET Annual Planning Costs, C–1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment, expended on WET Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – WET Annual Planning Costs, D–Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount, expended on WET Planning Costs. These fields collect data necessary to implement W&I Code

section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – WET Annual Planning Costs, E – Other” This field requires the County to enter the amount of total other funding, expended on WET Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – WET Annual Planning Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 1, Columns A-E. The fields in Row 1 show the total amount of funds used by the County to pay for WET Annual Planning Costs. The column also show data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – WET Evaluation Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA Funds (including interest), expended on WET Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, WET, and CFTN component programs and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and programs supported with MHSA funds.

“2 – WET Evaluation Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP expended on WET Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – WET Evaluation Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment expended on WET Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The column collects data necessary to implement W&I Code section 5899(c)(2), which requires

Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – WET Evaluation Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount expended on WET Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – WET Evaluation Costs, E – Other” This field requires the County to enter the amount of total other funds expended on WET Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – WET Evaluation Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 2, Columns A-E. The fields in Row 2 show the total amount of funds used by the County to pay for WET Evaluation Costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– WET Administration Costs, A – Total MHSA Funds (including interest)” This field requires the County to enter the amount of total MHSA Funds, including interest, expended on WET Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“3– WET Administration Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on WET Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires

Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– WET Administration Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment funds, expended on WET Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– WET Administration Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount funds, expended on WET Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– WET Administration Costs, D – Other” This field requires the County to enter the amount of total other funds, expended on WET Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA programs authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3 – WET Administration Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 3, Columns A-E. The fields in Row 3 show the total amount of funds used by the County to pay for WET Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“4 – WET Funds Transferred to JPA, A – Total MHSA Funds (Including Interest) This field requires the County to enter the amount of funds transferred from the WET Account to a JPA. A County may transfer funds from the Workforce Education and Training component to a JPA formed pursuant to Government Code section 6500, which provides the requirements a County must follow to form or administer a JPA. This field of the form implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This field is necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

“4 – WET Funds Transferred to JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“4 – WET Funds Transferred to JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“4 – WET Funds Transferred to JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“4 – WET Funds Transferred to JPA, E – Other” This field is blank and no entry by the County is required.

“4 – WET Funds Transferred to JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 4, Column A.

“5 – WET Expenditures Incurred by JPA, A – MHSA Funds (Including Interest)” This field requires the County to enter the expenditures reported by JPAs or other organizations on behalf of the County for authorized WET programs during the reporting period. This field is necessary to implement W&I Code section 5899(c)(1), which requires a County to identify the County’s expenditures of local MHSA funds. This field is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s MHSA funded programs or projects. This field is also necessary for the Department to implement the reversion requirements. The purpose of the ARER is, in part, to help the Department identify expenditures of MHSA funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds to the JPA,

expenditures by the JPA, and investment gain on funds transferred to the JPA on the Annual Revenue and Expenditure Report, the Department will be able to account for the County's use of funds.

"5 – WET Expenditures Incurred by JPA, B – Medi-Cal FFP" This field is blank and no entry by the County is required.

"5 – WET Expenditures Incurred by JPA, C – 1991 Realignment" This field is blank and no entry by the County is required.

"5 – WET Expenditures Incurred by JPA, D – Behavioral Health Subaccount" This field is blank and no entry by the County is required.

"5 – WET Expenditures Incurred by JPA, E – Other" This field is blank and no entry by the County is required.

"5 – WET Expenditures Incurred by JPA, F – Grand Total" This field is calculated and no entry by the County is required. This field will equal the amount in Row 5, Column A.

"6 – WET Program Expenditures, A – Total MHSA Funds (Including Interest)" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures funded with the WET Account. This field will equal the sum from Rows 8-12, Column C.

"6 – WET Program Expenditures, B – Medi-Cal FFP" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures funded with Medi-Cal FFP. This field will equal the sum from Rows 8-12, Column D.

"6 – WET Program Expenditures, C – 1991 Realignment" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures funded with 1991 Realignment. This field will equal the sum from Rows 8-12, Column E.

"6 – WET Program Expenditures, D – Behavioral Health Subaccount" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures funded with Behavioral Health Subaccount. This field will equal the sum from Rows 8-12, Column F.

"6 – WET Program Expenditures, E – Other" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures funded with Other funds. This field will equal the sum from Rows 8-12, Column G.

"6 – WET Program Expenditures, F – Grand Total" This field is calculated and no entry by the County is required. This field presents the total WET program expenditures. This field will equal the sum from Row 6, Columns A-E.

“7 – Total WET Expenditures (Excluding Funds Transferred to JPA), A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 5, and 6, Column A. This field is necessary to determine total WET expenditures. This total also includes all WET planning, evaluation, administration costs. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“7 – Total WET Expenditures (Excluding Funds Transferred to JPA), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 6, Column B. This field is necessary to determine total WET expenditures funded with Medi-Cal FFP.

“7 – Total WET Expenditures (Excluding Funds Transferred to JPA), C – 1991 Realignment” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 5 and 6, Column C. This field is necessary to determine total WET expenditures funded with 1991 Realignment.

“7 – Total WET Expenditures (Excluding Funds Transferred to JPA), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 5 and 6, Column E. This field is necessary to determine total WET expenditures funded with Behavioral Health Subaccount funds.

“7 – Total WET Expenditures (Excluding Funds Transferred to JPA), E – Other” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 5 and 6, Column E. This field is necessary to determine total WET expenditures.

“7 – Total WET Expenditures (Excluding Funds Transferred and PEI Statewide), F – Grand Total” This field is calculated and no entry by the County is required. This cell auto-populates and is equal to the sum of Row 7, Columns A-E. This field is necessary to determine total WET expenditures. This total also includes all WET planning, evaluation, administration costs and transfers. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“8 – Workforce Staffing, B - Funding Category” The fields of this column are calculated and no entry by the County is required.

“8 – Workforce Staffing, C - Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of MHSA WET Account funds, including interest, expended for goods and services delivered during the reporting fiscal year for WET Workforce Staffing. Data collected in this row implements California Code of Regulations, title 9, section 3845, which allows staffing necessary to support activities in multiple WET funding categories when the staff time is not included in the budget for any other funding category in California Code of Regulations, title 9, section 3840. This field is necessary to implement W&I Code section 5899(d)(4), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s WET programs or projects. Requiring the Counties to report the amount expended for WET programs assists the MHSOAC to carry out its research and evaluation responsibilities pursuant to W&I Code section 5845, subdivision (d)(6). These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“8 – Workforce Staffing, D - Medi-Cal FFP” This field requires the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for WET Workforce Staffing. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“8 – Workforce Staffing, E - 1991 Realignment” This field requires the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for WET Workforce Staffing. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“8 – Workforce Staffing, F – Behavioral Health Subaccount” This field requires the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for WET Workforce Staffing. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“8 – Workforce Staffing, G - Other” This field requires the County to enter the amount of Other funds expended for goods and services delivered during the reporting fiscal year for WET Workforce Staffing. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“8 – Workforce Staffing, H – Grand Total” This field is calculated and no entry by the County is required. This field will be the sum of Row 8, Columns C-G. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires

Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“9 – Training/Technical Assistance, B - Funding Category” The fields of this column are calculated and no entry by the County is required.

“9 – Training/Technical Assistance, C - Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of MHSA WET Account funds, including interest, expended for goods and services delivered during the reporting fiscal year for WET Training/Technical Assistance. Data collected in this row implements California Code of Regulations, title 9, section 3841, which allows the training and technical assistance funding category to fund programs and/or activities that increase the ability of the Public Mental Health System workforce. This field is necessary to implement W&I Code section 5899(d)(4), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s WET programs or projects. Requiring the Counties to report the amount expended for WET programs assists the MHSOAC to carry out its research and evaluation responsibilities pursuant to W&I Code section 5845, subdivision (d)(6). These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“9 – Training/Technical Assistance, D - Medi-Cal FFP” This field requires the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for WET Training/Technical Assistance. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“9 – Training/Technical Assistance, E - 1991 Realignment” This field requires the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for WET Training/Technical Assistance. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“9 – Training/Technical Assistance, F – Behavioral Health Subaccount” This field requires the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for WET Training/Technical Assistance. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“9 – Training/Technical Assistance, G - Other” This field requires the County to enter the amount of Other funds expended for goods and services delivered during the reporting fiscal year for WET Training/Technical Assistance. These fields collect data necessary

to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“9 – Training/Technical Assistance, H – Grand Total” This field is calculated and no entry by the County is required. This field will be the sum of Row 9, Columns C-G. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“10 – Mental Health Career Pathways, B - Funding Category” The fields of this column are calculated and no entry by the County is required.

“10 – Mental Health Career Pathways, C - Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of MHSA WET Account funds, including interest, expended for goods and services delivered during the reporting fiscal year for WET Mental Health Career Pathways. Data collected in this row implements California Code of Regulations, title 9, section 3841, which allows the training and technical assistance funding category to fund programs and/or activities that increase the ability of the Public Mental Health System workforce. This field is necessary to implement W&I Code section 5899(d)(4), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s WET programs or projects. Requiring the Counties to report the amount expended for WET programs assists the MHSOAC to carry out its research and evaluation responsibilities pursuant to W&I Code section 5845, subdivision (d)(6). These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“10 – Mental Health Career Pathways, D - Medi-Cal FFP” This field requires the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for WET Mental Health Career Pathways. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“10 – Mental Health Career Pathways, E - 1991 Realignment” This field requires the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for WET Mental Health Career Pathways. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“10 – Mental Health Career Pathways, F – Behavioral Health Subaccount” This field requires the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for WET

Mental Health Career Pathways. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“10 – Mental Health Career Pathways, G - Other” This field requires the County to enter the amount of Other funds expended for goods and services delivered during the reporting fiscal year for WET Mental Health Career Pathways. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“10 – Mental Health Career Pathways, H – Grand Total” This field is calculated and no entry by the County is required. This field will be the sum of Row 10, Columns C-G. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“11 – Residency/Internship, B - Funding Category” The fields of this column are calculated and no entry by the County is required.

“11 – Residency/Internship, C - Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of MHSA WET Account funds, including interest, expended for goods and services delivered during the reporting fiscal year for WET Residency/Internship. Data collected in this row implements California Code of Regulations, title 9, section 3841, which allows the training and technical assistance funding category to fund programs and/or activities that increase the ability of the Public Mental Health System workforce. This field is necessary to implement W&I Code section 5899(d)(4), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s WET programs or projects. Requiring the Counties to report the amount expended for WET programs assists the MHSAOAC to carry out its research and evaluation responsibilities pursuant to W&I Code section 5845, subdivision (d)(6). These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“11 – Residency/Internship, D - Medi-Cal FFP” This field requires the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for WET Residency/Internship. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“11 – Residency/Internship, E - 1991 Realignment” This field requires the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for WET Residency/Internship. These fields

collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“11 – Residency/Internship, F – Behavioral Health Subaccount” This field requires the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for WET Residency/Internship. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“11 – Residency/Internship, G - Other” This field requires the County to enter the amount of Other funds expended for goods and services delivered during the reporting fiscal year for WET Residency/Internship. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“11 – Residency/Internship, H – Grand Total” This field is calculated and no entry by the County is required. This field will be the sum of Row 11, Columns C-G. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“12 – Financial Incentive, B - Funding Category” The fields of this column are calculated and no entry by the County is required.

“12 – Financial Incentive, C - Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of MHSA WET Account funds, including interest, expended for goods and services delivered during the reporting fiscal year for WET Financial Incentive. Data collected in this row implements California Code of Regulations, title 9, section 3841, which allows the training and technical assistance funding category to fund programs and/or activities that increase the ability of the Public Mental Health System workforce. This field is necessary to implement W&I Code section 5899(d)(4), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County’s WET programs or projects. Requiring the Counties to report the amount expended for WET programs assists the MHSAOAC to carry out its research and evaluation responsibilities pursuant to W&I Code section 5845, subdivision (d)(6). These fields also collect data necessary to implement W&I Code section 5899, subdivision (c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“12 – Financial Incentive, D - Medi-Cal FFP” This field requires the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for WET Financial Incentive. These fields collect data necessary to

implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“12 – Financial Incentive, E - 1991 Realignment” This field requires the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for WET Financial Incentive. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“12 – Financial Incentive, F – Behavioral Health Subaccount” This field requires the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for WET Financial Incentive. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“12 – Financial Incentive, G - Other” This field requires the County to enter the amount of Other funds expended for goods and services delivered during the reporting fiscal year for WET Financial Incentive. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“12 – Financial Incentive, H – Grand Total” This field is calculated and no entry by the County is required. This field will be the sum of Row 12, Columns C-G. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

Worksheet/Tab Twelve – Instructions 6. WET

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 G (02/19): Capital Facility Technological Needs (CFTN) Summary Worksheet

Worksheet/Tab Thirteen – 7. CFTN

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 G (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

”County” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“1 – CFTN Annual Planning Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA funds, including interest, expended on CFTN Planning Costs. Total MHSA expenditures for planning for all components may not exceed 5 percent of the total annual MHSA revenues received by the County. This data is necessary to assist the Department to oversee a County’s expenditure of MHSA funds and to determine compliance with W&I Code section 5892(c). These fields collect data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(3), which provides that a purpose of the ARER is to determine interest earned on MHSA funds. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“1 – CFTN Annual Planning Costs, B– Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on CFTN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CFTN Annual Planning Costs, C–1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment, expended on CFTN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CFTN Annual Planning Costs, D–Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount, expended on CFTN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CFTN Annual Planning Costs, E – Other” This field requires the County to enter the amount of total other funding, expended on CFTN Planning Costs. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“1 – CFTN Annual Planning Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 1, Columns A-E. The fields in row 1 show the total amount of funds used by the County to pay for CFTN Annual Planning Costs. The column also show data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CFTN Evaluation Costs, A – Total MHSA Funds (Including Interest)” This field requires the County to enter the amount of total MHSA Funds (including interest), expended on CFTN Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field is also necessary to implement W&I Code section 5899(d), which provides that the ARER is intended to provide information that allows for the evaluation of CSS, PEI, INN, CFTN, and CFTN component Projects and projects. Requiring the Counties to report the amount expended on evaluation activities assists the MHSOAC to carry out its research and evaluation responsibilities because the MHSOAC will be able to determine the amount of funds spent statewide for local evaluations. This field is also necessary to implement W&I Code section 5845(d)(6), which permits the MHSOAC to obtain data and information from state or local entities that receive Mental Health Services Act funds, for the MHSOAC to utilize in its oversight, review, training and technical assistance, accountability, and evaluation capacity regarding projects and Projects supported with MHSA funds.

“2 – CFTN Evaluation Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP expended on CFTN Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data

necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CFTN Evaluation Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment expended on CFTN Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The column collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CFTN Evaluation Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount expended on CFTN Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CFTN Evaluation Costs, E – Other” This field requires the County to enter the amount of total other funds expended on CFTN Evaluation Costs. Evaluation expenditures should include only direct costs for evaluation. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“2 – CFTN Evaluation Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 2, Columns A-E. The fields in Row 2 show the total amount of funds used by the County to pay for CFTN Evaluation Costs. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3– CFTN Administration Costs, A – Total MHSA Funds (including interest)” This field requires the County to enter the amount of total MHSA Funds, including interest, expended on CFTN Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSA funds shall only be used to pay for the MHSA Projects authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a).

“3– CFTN Administration Costs, B – Medi-Cal FFP” This field requires the County to enter the amount of total Medi-Cal FFP, expended on CFTN Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which

provides that a purpose of the ARER is to identify the expenditures of MHSAs distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSAs shall only be used to pay for the MHSAs Projects authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSAs funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSAs.

“3– CFTN Administration Costs, C – 1991 Realignment” This field requires the County to enter the amount of total 1991 Realignment funds, expended on CFTN Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSAs funds shall only be used to pay for the MHSAs Projects authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSAs funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSAs.

“3– CFTN Administration Costs, D – Behavioral Health Subaccount” This field requires the County to enter the amount of total Behavioral Health Subaccount funds, expended on CFTN Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSAs funds shall only be used to pay for the MHSAs Projects authorized in W&I Code sections 5890 and 5892. Requiring Counties to report Administration expenditures enables the Department to track and monitor the use of MHSAs funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSAs.

“3– CFTN Administration Costs, D – Other” This field requires the County to enter the amount of total other funds, expended on CFTN Administration Costs. This amount should include direct administrative costs and an appropriate allocation of indirect costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. This field shows data necessary to implement W&I Code section 5891(a), which requires that MHSAs funds shall only be used to pay for the MHSAs Projects authorized in W&I Code sections 5890 and 5892. Requiring Counties to

report Administration expenditures enables the Department to track and monitor the use of MHSA funds to determine compliance with W&I Code section 5891(a). The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“3 – CFTN Administration Costs, F – Grand Total” This field is calculated and there is no required entry to be made by the County. This field will equal the sum of Row 3, Columns A-E. The fields in row 3 show the total amount of funds used by the County to pay for CFTN Administration Costs. The data in this field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. The field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA.

“4 – CFTN Funds Transferred to JPA, A – Total MHSA Funds (Including Interest) This field requires the County to enter the amount of funds transferred from the CFTN Account to a JPA. A County may transfer funds from the Capital Facility and Technological Needs component to a JPA formed pursuant to Government Code section 6500, which provides the requirements a County must follow to form or administer a JPA. This field of the form implements W&I Code section 5892 that specifies the use of funds allocated from the LMHSF. This field is necessary to implement W&I Code section 5897(b), which allows a County to act jointly with another County to deliver or to subcontract for the delivery of mental health services.

“4 – CFTN Funds Transferred to JPA, B – Medi-Cal FFP” This field is blank and no entry by the County is required.

“4 – CFTN Funds Transferred to JPA, C – 1991 Realignment” This field is blank and no entry by the County is required.

“4 – CFTN Funds Transferred to JPA, D – Behavioral Health Subaccount” This field is blank and no entry by the County is required.

“4 – CFTN Funds Transferred to JPA, E – Other” This field is blank and no entry by the County is required.

“4 – CFTN Funds Transferred to JPA, F – Grand Total” This field is calculated and no entry by the County is required. This field will equal the amount in Row 4, Column A.

“5 – CFTN Expenditures Incurred by JPA, A – MHSA Funds (Including Interest)” This field requires the County to enter the expenditures reported by JPAs or other organizations on behalf of the County for authorized CFTN Projects during the reporting period. This field is necessary to implement W&I Code section 5899(c)(1), which requires a County to identify the County’s expenditures of local MHSA funds. This field

is necessary to implement W&I Code section 5899(d), which provides that the Annual Revenue and Expenditure Report shall include information that may be used to evaluate a County's MHSAs funded Projects or projects. This field is also necessary for the Department to implement the reversion requirements. The purpose of the ARER is, in part, to help the Department identify expenditures of MHSAs funds, identify unexpended funds, and determine reversion amounts. By reporting the transfer of funds to the JPA, expenditures by the JPA, and investment gain on funds transferred to the JPA on the Annual Revenue and Expenditure Report, the Department will be able to account for the County's use of funds.

"5 – CFTN Expenditures Incurred by JPA, B – Medi-Cal FFP" This field is blank and no entry by the County is required.

"5 – CFTN Expenditures Incurred by JPA, C – 1991 Realignment" This field is blank and no entry by the County is required.

"5 – CFTN Expenditures Incurred by JPA, D – Behavioral Health Subaccount" This field is blank and no entry by the County is required.

"5 – CFTN Expenditures Incurred by JPA, E – Other" This field is blank and no entry by the County is required.

"5 – CFTN Expenditures Incurred by JPA, F – Grand Total" This field is calculated and no entry by the County is required. This field will equal the amount in Row 5, Column A.

"6 – CFTN Project Expenditures, A – Total MHSAs Funds (Including Interest)" This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures funded with the CFTN Account. This field will equal the sum from Rows 8-27, Column E.

"6 – CFTN Project Expenditures, B – Medi-Cal FFP" This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures funded with Medi-Cal FFP. This field will equal the sum from Rows 8-27, Column F.

"6 – CFTN Project Expenditures, C – 1991 Realignment" This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures funded with 1991 Realignment. This field will equal the sum from Rows 8-27, Column G.

"6 – CFTN Project Expenditures, D – Behavioral Health Subaccount" This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures funded with Behavioral Health Subaccount. This field will equal the sum from Rows 8-27, Column H.

“6 – CFTN Project Expenditures, E – Other” This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures funded with Other funds. This field will equal the sum from Rows 8-27, Column I.

“6 – CFTN Project Expenditures, F – Grand Total” This field is calculated and no entry by the County is required. This field presents the total CFTN Project expenditures. This field will equal the sum from Row 6, Columns A-E.

“7 – Total CFTN Expenditures (Excluding Funds Transferred to JPA), A – Total MHSA Funds (Including Interest)” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3, 5, and 6, Column A. This field is necessary to determine total CFTN expenditures. This total also includes all CFTN planning, evaluation, administration costs. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“7 – Total CFTN Expenditures (Excluding Funds Transferred to JPA), B – Medi-Cal FFP” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 6, Column B. This field is necessary to determine total CFTN expenditures funded with Medi-Cal FFP.

“7 – Total CFTN Expenditures (Excluding Funds Transferred to JPA), C – 1991 Realignment” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 6, Column C. This field is necessary to determine total CFTN expenditures funded with 1991 Realignment.

“7 – Total CFTN Expenditures (Excluding Funds Transferred to JPA), D – Behavioral Health Subaccount” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 6, Column D. This field is necessary to determine total CFTN expenditures funded with Behavioral Health Subaccount funds.

“7 – Total CFTN Expenditures (Excluding Funds Transferred to JPA), E – Other” This field is calculated and no entry by the County is required. These cells auto-populate and are equal to the sum of Rows 1, 2, 3 and 6, Column E. This field is necessary to determine total CFTN expenditures.

“7 – Total CFTN Expenditures (Excluding Funds Transferred and PEI Statewide), F – Grand Total” This field is calculated and no entry by the County is required. This cell auto-populates and is equal to the sum of Row 7, Columns A-E. This field is necessary to determine total CFTN expenditures. This total also includes all CFTN planning, evaluation, administration costs. Transfers to a JPA are excluded from the calculation because funds transferred are not considered an expenditure until they are spent by the JPA.

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Project Name” The fields of this column require the County to enter the project name for each project funded by the CFTN Account. The County must provide expenditures for each project included in the most recent MHSA Three-Year Program and Expenditure Plan or Annual Update covering the same Fiscal Year. This field is necessary to assist the MHSAOAC in evaluating MHSA projects and services, pursuant to W&I Code section 5845(d)(6). This field is also necessary to assist with evaluating CFTN projects for adults and children, per W&I Code section 5899(d)(1) and (d)(5). The ability to identify the project, as described in the Three-Year Program and Expenditure Plan, annual update, or updates, with the project expenditure reported in the ARER is necessary for project evaluation.

“Column C – Prior Project Name” The fields of this column require the County to enter the name used to identify this project in the preceding year’s ARER, if the name reported on the current ARER is not consistent with the previous year. This is necessary to assist the Department in reviewing projects, as provided for in the Three-Year Program and Expenditure Plan, to the expenditures reported in the ARER. If a County changes the name of a project it is necessary that the Department is aware of the name change and is able to update records to track project costs across multiple fiscal years and to track project outcomes over time.

“Column D – Project Type” The fields of this column are drop boxes which require the County to select “Capital Facility” or “Technological Needs” for each project funded with CFTN funds. This field is necessary to assist the MHSAOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6).

“Column E - Total MHSA Funds (Including Interest)” The fields in this column require the County to enter the amount of funds from the CFTN Account expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column F - Medi-Cal FFP” The fields in this column require the County to enter the amount of Medi-Cal FFP funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. These fields collect data necessary to implement W&I Code section 5899(c)(2), which requires Counties to

quantify the amount of additional funds generated for the mental health system because of the MHSA

“Column G -1991 Realignment” The fields in this column require the County to enter the amount of 1991 Realignment funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. The column collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by 1991 Realignment funds.

“Column H - Behavioral Health Subaccount” The fields in this column require the County to enter the amount of Behavioral Health Subaccount funds expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. This field collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system as a result of the MHSA, represented in these fields by Behavioral Health Subaccount funds.

“Column I - Other” The fields in this column require the County to enter the amount of Other Funding expended for goods and services delivered during the reporting fiscal year for each Project, by Project Expenditure Type. The column shows the total amount of other funds used to pay for MHSA program expenditures, and may include, but is not limited to: County General Funds grants, patient fees, private insurance, and/or Medicare. This column collects data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“Column J - Grand Total” The fields in this column are calculated and no entry by the County is required. The fields will equal the sum of Columns E-I. The column shows data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditure of MHSA funds distributed to each County. The column also shows data necessary to implement W&I Code section 5899(c)(2), which requires Counties to quantify the amount of additional funds generated for the mental health system because of the MHSA.

“Rows 8-27” Each row of the form represents an individual CFTN project.

Worksheet/Tab Fourteen – Instructions 7. CFTN

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column (as described in the explanation of the form above). These instructions are also necessary to specify that each row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 H (02/19): MHSA Adjustment Worksheet

Worksheet/Tab Fifteen – 8. Adjustment (MHSA)

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 H (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“County” This field will auto-populate from the Information worksheet. This is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

Section One

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Account” The fields of this column are drop boxes which require the County to select “CSS”, “PEI”, “INN”, “WET”, or “CFTN” for the account that will be adjusted. This is necessary for the Department to determine the Account that will be adjusted.

“Column C – Adjustment Type” The fields of this column require the County to enter either “Expenditure” or “Interest Revenue” for the type of adjustment. This is necessary to identify whether an expenditure or revenue is being adjusted.

“Column D – Adjustment to Fiscal Year” The fields of this column require the County to enter the ARER fiscal year for the adjustment. This is necessary for the Department to determine the fiscal year that will be adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column E – Amount” The fields of this column require the County to enter the amount of the adjustment. The fields of this column are necessary for the Department to determine the amount of MHSAs expenditures that will be adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column F – Reason” The fields of this column require the County to provide a reason or explanation for the adjustment to interest revenue or expenditures. This is necessary because the Department must understand the reason for the County’s adjustment.

“Rows 1-30”: Each row represents a single adjustment to an MHSAs expenditure or interest revenue.

Section Two

“Column A – County Code” The fields of this column are calculated and no entry by the County is required. This field auto-populates and is based on the County Name entered on Worksheet 1, Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The County Code is a unique numeric code used to identify each County in the DCR system.

“Column B – Account” This field is populated and no entry by the County is required.

“Column C – Adjustment to Fiscal Year” The fields of this column require the County to enter the ARER fiscal year for the adjustment. This is necessary for the Department to determine the fiscal year that will be adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSAs funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a

purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column D – Amount” The fields of this column require the County to enter the amount of the adjustment. The fields of this column are necessary for the Department to determine the amount of MHSA expenditures that will be adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column E – Reason” The fields of this column require the County to provide a reason or explanation for the adjustment to interest revenue or expenditures. This is necessary because the Department must understand the reason for the County’s adjustment.

“Rows 31-60”: Each row represents a single adjustment to an MHSA expenditure or interest revenue.

Worksheet/Tab Sixteen – Instructions 8. Adjustment (MHSA)

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column (as described in the explanation of the form above). These instructions are also necessary to specify that each row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 I (02/19): FFP Revenue Adjustment Worksheet

Worksheet/Tab Seventeen – 9. Adjustment (FFP)

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 I (Rev. 02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

"County" This field will auto-populate from the Information worksheet. This is necessary for the Department to identify the reporting County.

"Date" This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County's ARER.

"Column A – County Code" This field auto-populates as the County enters expenditure data and the County code is based on the County Name entered on the worksheet 1. Information, Row 3. The County Code corresponds to the numeric ID code used to identify the County in the DCR system. The fields of this column are necessary because it provides a mechanism for tracking program expenditure data by County. The County Code is a unique numeric code used to identify each County in the DCR system.

"Column B – Adjustment to FY" The fields of this column require the County to enter the fiscal year being adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(2), which provides that a purpose of the ARER is to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

"Column C – Cost Report Stage" The fields of this column are drop boxes which require the County to select "Initial", "Settled", or "Audited" based on the cost report stage that the adjustment is made. The Initial stage is selected if the adjustment is due to a change to the amount of FFP revenue after the County filed its initial cost report for the Fiscal Year identified in Column B. The Settled stage is selected if the adjustment is due to a change to the amount of FFP revenue after the Department completed its interim cost report settlement for the Fiscal Year identified in Column B. The Audit stage is selected if the adjustment is due to a change to the amount of FFP revenue received after the Department completed its audit of the cost report for the Fiscal Year identified in Column B. The fields of this column are necessary for the Department to validate the source of the adjustment.

"Column D – Account" The fields of this column are drop boxes which require the County to select "CSS", "PEI", "INN", "CFTN", or "WET" to indicate the Account to be

adjusted. This field is necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(2), which provides that a purpose of the ARER is to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. This field also collects data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion.

“Column E – Beginning Balance” The fields of this column require the County to enter the amount of MHSA funds expended for the component, as reported in the ARER filed for the adjusting fiscal year. This field is necessary for the Department to validate the source of the adjustment.

“Column F – Adjustment Amount” The fields of this column require the County to enter the amount of MHSA expenditures that need to be adjusted. This field collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. This field collects data necessary to implement W&I Code section 5899(c)(2), which provides that a purpose of the ARER is to quantify the amount of additional funds generated for the mental health system as a result of the MHSA. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data and interest revenue to calculate reversion.

“Column G – Ending Balance” The fields of this column are calculated and require no entry by the County. The fields in this column will equal the sum of Column E and F. This field provides the Department with an updated MHSA expenditure amount.

“Rows 1-40” Each row represents a single adjustment to MHSA expenditures based on a change in FFP revenue for a specific fiscal year.

Worksheet/Tab Eighteen - Instructions 9. Adjustments (FFP)

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHSA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHSA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is

to determine reversion amounts. The Department requires expenditure data to calculate reversion.

DHCS 1822 J (02/19): Comments Worksheet

Worksheet/Tab Nineteen - 10. Comments

The Department proposes this worksheet for the County to input any additional information regarding expenditures that were reported on the ARER to the Department and the MHSOAC. This worksheet collects data that includes MHSA Account, the fiscal year and comments.

The header includes the Agency and Department name, which is necessary to identify the entity responsible for the form. The header also includes the title of the form, Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report, and the form number, DHCS 1822 J (02/19), which is necessary for the County to identify the form.

The Fiscal Year will auto-populate from the information worksheet. This information is necessary so that the Department can identify the fiscal year for which the County is reporting.

The footer includes the page number for each worksheet. This information is necessary to ensure that the preparer has all the pages of each worksheet.

“County” This field will auto-populate from the Information worksheet. This is necessary for the Department to identify the reporting County.

“Date” This field will auto-populate from the Information worksheet. This information is necessary for the Department to identify the date and the most current version of the reporting County’s ARER.

“Column A – Account” The fields of this column are drop boxes which require the County to select “CSS”, “PEI”, “INN”, “WET”, “CFTN”, or “Prudent Reserve” to determine the account that the comment is associated with.

“Column B – Fiscal Year” The fields of this column require the County to enter the ARER fiscal year for the comment.

“Column C – Comments” The fields of this column require the County to enter a comment if there is additional information being provided for a particular component or expenditure. This is necessary for the Department and the MHSOAC to assess additional information being provided by the County. This field is also necessary to assist the MHSOAC in evaluating MHSA programs and services, pursuant to W&I Code section 5845(d)(6).

“Rows 1-40” Each row represents a single comment.

Worksheet/Tab Twenty - Instructions 10. Comments

These instructions are necessary to provide supporting guidance to the County on how to correctly fill out and submit the form. The instructions highlight the type of information that must be included in each field, in order for the form to be considered complete and accurate.

These instructions are intended to describe what is necessary in each column and row (as described in the explanation of the form above). These instructions are also necessary to specify that each column and row will include a single adjustment to an MHPA expenditure. This form collects data necessary to implement W&I Code section 5899(c)(1), which provides that a purpose of the ARER is to identify the expenditures of MHPA funds distributed to each County. These fields also collect data necessary to implement W&I Code section 5899(c)(4), which provides that a purpose of the ARER is to determine reversion amounts. The Department requires expenditure data to calculate reversion

DHCS 1820 (02/19): Annual MHPA Revenue and Expenditure Report and Adjustment Worksheet County Certification

This form is incorporated by reference in section 3420.65(b)(2).

Section 3510.005 Withhold for Failure to Timely Submit a Complete and Accurate Annual MHPA Revenue and Expenditure Report

This section implements W&I Code section 5899, which authorizes the Department to withhold MHPA funds from Counties that do not comply with ARER reporting requirements.

Section 3510.005(a)

This section is necessary to inform Counties of the process the Department will follow to notify Counties that fail to submit an ARER by the required deadline, including the timing of the notification. The Department will send the notification to the County Mental Health Director and the County MHPA Coordinator to ensure the County receives the notice. This notification will be sent within five (5) business days of December 31 to ensure timely notification.

Section 3510.005(b)

This section is necessary to inform Counties of the process the Department will follow to notify Counties that submit an incomplete or inaccurate ARER, including the timing of the notification. The Department will send the notification to the County Mental Health Director and the County MHPA Coordinator to ensure the County receives the notice.

It is necessary for the Department to deem an incomplete or inaccurate ARER as not submitted because the Department and the MHPSOAC cannot use such reports. The

Department relies on the data counties report in their ARERs to determine reversion amounts. (W&I Code section 5899(c)(4).) The Department also uses ARERs to evaluate County compliance with the expenditure percentages in W&I Code section 5892(a) as well as the other requirements set forth in this regulatory proposal. The MHSOAC uses data reported in ARERs to evaluate the MHSOAC funded programs. (See W&I Code section 5899(d).) The Department and the MHSOAC cannot rely on incomplete or inaccurate data in performing these essential functions, and therefore, the Department deems an incomplete or inaccurate ARER as not submitted. This notification will be sent within fifteen (15) calendar days of December 31 to ensure timely notification of the status of the determination.

Section 3510.005(c)

This section is necessary to inform Counties that they have thirty (30) calendar days from the date of notification to the County Mental Health Director and MHSOAC Coordinator to submit a complete and accurate ARER. The thirty days provides sufficient time for a County to submit a complete ARER or a revised ARER.

Section 3510.005(d)

This section is necessary to implement W&I Code section 5899, which authorizes the Department to withhold MHSOAC funds from Counties that do not comply with ARER reporting requirements. It is necessary for the Department to withhold funds from a County that fails to timely submit an ARER because historically some Counties submitted their ARERs years late. Excessive late submission of ARERs will hinder the Department's ability to carry out reversion and other oversight functions. Moreover, it is necessary for the Department to withhold funds from a County that submits an incomplete or inaccurate ARER because historically some counties have ignored repeated requests from the Department to complete or correct ARERs. The submission of complete and accurate ARERs from the Counties is essential for the Department to carry out reversion and other oversight functions.

Section 3510.005(d)(1)

This section is necessary to inform the Counties that the Department will withhold twenty-five (25) percent of each monthly allocation. The Department has determined that withholding twenty-five (25) percent of a County's monthly allocation is appropriate to induce a County to timely submit complete and accurate ARERs. The amount withheld is limited to twenty-five (25) percent to ensure service delivery is not adversely impacted. Historically, the former Department of Mental Health only released seventy-five (75) percent of a County's total approved allocation of MHSOAC funds for the fiscal year. The Department of Mental Health only distributed the remaining twenty-five (25) percent when a County submitted required reports, which included the ARER. Therefore, withholding twenty-five (25) percent from a County that fails to timely submit its ARER is consistent with past practices.

Section 3510.005(d)(2)

This section is necessary to inform a County that the Department will notify the County Mental Health Director by email that the County failed to submit an ARER by the required deadline or submitted an incomplete or inaccurate ARER and that the Department will withhold twenty-five (25) percent of the County's monthly distribution.

Section 3510.005(e)

This section is necessary to inform the County when withheld funds will be released to the County. Once the County has submitted an ARER, and the Department has reviewed and determined the ARER is complete and accurate, the Department will notify the SCO to release the withheld funds to the County. The SCO administers the Mental Health Services Fund and is responsible for depositing MHSA funds into a County's LMHSF on a monthly basis.

Section 3510.030 Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet Certification

Section 3510.030

This section is necessary to implement W&I Code section 5899(a) that requires Counties to certify the accuracy of the County's ARER, which the Counties are required to submit to the Department and the Mental Health Services Oversight and Accountability Commission. This section is necessary to inform the Counties that the Annual MHSA Revenue and Expenditure Report and Adjustment Worksheet County Certification, DHCS 1820 (02/19), is the certification the Department is requiring Counties to submit when they submit their ARER.

This form is incorporated by reference in section 3420.65(b)(2).

STATEMENTS OF DETERMINATION

(a) **Alternatives Considered**

The Department has determined that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which it proposes this regulatory action, would be as effective and less burdensome to affected private persons than the regulatory action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or provision of law. The MHSA was passed by California voters in November 2004. Since this time, no regulations have been promulgated that address the reversion requirements associated with the MHSA. In 2012, the Department assumed administration of certain MHSA related functions from the former Department of Mental Health. In a report published in February 2018, the California State Auditor found the Department could better ensure

the effective use of MHSA funding, in part, by developing regulations as proposed in this regulation package.

(b) Local Mandate Determination

The Department has determined that the proposed regulations would not impose a mandate on local agencies or school districts, nor are there any costs for which reimbursement is required by Part 7 (commencing with section 17500) of Division 4 of the Government Code.

(c) Economic Impact Analysis/ Assessment

The Department has made an initial determination that the proposed regulations would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

The Department has determined that the proposed regulations would not significantly affect the following:

1. The creation or elimination of jobs within the State of California.
2. The creation or elimination of existing businesses within the State of California.
3. The expansion of businesses currently doing business within the State of California.

Impact on Jobs and Businesses

This regulatory proposal establishes requirements for Counties related to the distribution, allocation, transfer, expending, and reporting of MHSA funds, which will support the effective and efficient use of these funds. The Department has determined that the proposed regulations would not affect small businesses because small businesses are not required to comply with or enforce the proposed regulations, nor would any benefit or detriment be derived from enforcement. This regulatory action will affect only those Counties that administer MHSA programs and therefore it is not anticipated to have an impact on the creation or elimination of jobs, the creation of new businesses, the elimination of existing businesses or the expansion of businesses in California.

Benefits of the Proposed Regulation

The Department has determined that the proposed regulations will not specifically affect worker safety or the state's environment. However, the proposed regulations will benefit the health and welfare of California residents by implementing fiscal policies that will increase the effective and timely use of MHSA funds.

These regulations will provide uniform standards and use of MHSA funds across all California Counties. The proposed regulations specify an allocation methodology for MHSA funds distributed to each County's Local Mental Health Services Fund, including interest earned on these funds, and provide direction on the use and transfer of such

funds to other components, reserves or entities. In addition, the proposed regulations ensure MHSA funds are spent in a timely manner by establishing a reversion and reallocation process for MHSA funds subject to reversion. Lastly, the ARER is integral to identifying County expenditures of MHSA funds and determining reversion amounts for each County. This is important, as funds that are not spent within a given timeframe, as proposed in these regulations, need to be reallocated to other Counties to serve the purpose they were intended to serve. The proposed regulations will provide Counties with a timeline for submittal of ARERs, subsequent withhold of fund distributions for non-submittals and an appeal process of reversion amounts derived from the County's ARER.

These regulations, by providing clear guidance on the allocation, transfer and reversion of MHSA funds, will ensure the effective and efficient use of funds. The proposal will support Counties in their effort to provide effective mental health services and may lead to further transparency in the use of MHSA funds and provide stakeholders, taxpayers and other interested parties with better information that may lead to more meaningful involvement in the development of County expenditure plans. Lastly, these regulations will allow for the consistent use of MHSA funds across all Counties and ensure MHSA funds are spent for their intended purpose by each County and, if not spent timely, spent by other Counties for the intended purpose. The additions to "Article 5. Reporting Requirements," as proposed herein, allow for the effective evaluation of MHSA funded programs and projects for each County and statewide.

(d) Effect on Small Businesses

The Department has determined that the proposed regulations would not affect small businesses as these regulations only affect County Mental Health Departments.

(e) Housing Costs Determination

The Department has determined that the proposed regulations would have no impact on housing costs.

Documents Relied Upon

1. California Department of Finance. E-1 Cities, Counties, and the State Population Estimates with Annual Percent Change.
<http://dof.ca.gov/Forecasting/Demographics/Estimates/>
2. California Department of Finance: Consumer Price Index.
<http://www.dof.ca.gov/Forecasting/Economics/Indicators/Inflation/>
3. California Department of Health Care Services. (2016). Fiscal Regulation Issue Papers: Accounting for Revenues and Expenditures by Component, Calculating Reversion of MHSA Funds, MHSA Prudent Reserve. (Attached)

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