

**California Mental Health Services Authority
FINANCE COMMITTEE TELECONFERENCE
AGENDA**

December 4, 2017
3:00 p.m. – 4:00 p.m.
Dial-in Number: 916-233-1968
Access Code: 3043



CalMHSa
3043 Gold Canal Drive, Suite 200
Rancho Cordova, CA 95670

Kern County
Behavioral Health and Recovery Services
2001 28th Street
Bakersfield, CA 93301

Madera County
Behavioral Health Services
209 E. 7th Street
Madera, CA 93637

Sonoma County
3322 Chanate Road
Santa Rosa, CA 95404

Los Angeles County
Mental Health
550 S. Vermont Avenue, 10th Floor
Los Angeles, CA 90020

Colusa County
162 E. Carson Street, Suite A
Colusa, CA 95932

In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Laura Li at (916) 859-4818 (telephone) or (916) 859-4805 (facsimile). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Materials relating to an item on this agenda submitted to this Board after distribution of the agenda packet are available for public inspection at 3043 Gold Canal Drive, Suite 200, Rancho Cordova, CA, 95670, during normal business hours.

FINANCE COMMITTEE MEETING

1. CALL TO ORDER

2. ROLL CALL AND PUBLIC COMMENT INSTRUCTION

The Committee welcomes and encourages public participation in its meetings. This time is reserved for members of the public (including stakeholders) to address the Committee concerning matters on the agenda. Items not on the agenda are reserved for the end of the meeting. Comments will be limited to three minutes per person and 20 minutes total.

For agenda items, public comment will be invited at the time those items are addressed. Each interested party is to complete the Public Comment Card and provide it to CalMHSA staff prior to start of item. When it appears there are several members of the public wishing to address the Committee on a specific item, at the outset of the item, the Committee President may announce the maximum amount of time that will be allowed for presentation of testimony on that item. Comment cards will be retained as a matter of public record.

3. CONSENT CALENDAR.....4

- A. Routine Matters
 - a. Minutes from the September 18, 2017 Finance Committee Teleconference5
- B. Reports / Correspondence
 - a. CalMHSA Summary of Contributions by Program.....9
 - b. Treasurer’s Report as of September 30, 2017.....13
 - c. Cash Flow Management.....17
 - i. Cash Balance as of October 31, 2017.....18
 - ii. Projected Cash Flow at October 31, 2017.....19

Recommendation: Approval of the consent calendar.

4. REVIEW OF DRAFT CALMHSA FINANCIAL AUDIT, FISCAL YEAR ENDED JUNE 30, 2017 and 201620

- A. Draft CalMHSA Financial Audit, Fiscal Year ending June 30, 2017 and 2016

Recommendation: Finance Committee to discuss and/or recommend to the Board of Directors filing of the draft Financial Audit.

5. EXECUTIVE DIRECTOR FINANCE REPORT.....52

- A. Innovation Tech Suite
- B. AB1299
- C. Lester Consulting Group Update
- D. State Hospitals Update
- E. George Hills Contract
- F. Short Doyle 3/Fiscal Modernization Status Update
- G. Informal Hearing with Department of Health Care Services
- H. Other Financial Matters

Recommendation: None, information only.

6. PUBLIC COMMENT

This time is reserved for members of the public to address the Committee relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. The Committee may also limit public comment time regarding agenda items, if necessary, due to a lengthy agenda.

7. CLOSING COMMENTS

8. ADJOURNMENT

Agenda Item 3

SUBJECT: CONSENT CALENDAR

ACTION FOR CONSIDERATION:

Approval of the Consent Calendar.

BACKGROUND AND STATUS:

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Finance Committee would like to discuss any item listed, it may be pulled from the Consent Calendar.

A. Routine Matters

- a. Minutes from the September 18, 2017 Finance Committee Teleconference

B. Reports / Correspondence

- a. CalMHSA Summary of Contributions by Program
- b. Treasurer's Report as of September 30, 2017
- c. Cash Flow Management
 - i. Cash Balance as of October 31, 2017
 - ii. Projected Cash Flow at October 31, 2017

FISCAL IMPACT:

None.

RECOMMENDATION:

Approval of the Consent Calendar.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIALS ATTACHED:

- Minutes from the September 18, 2017 Finance Committee Teleconference
- CalMHSA Summary of Contributions by Program
- Treasurer's Report as of September 30, 2017
- Cash Balance as of August 31, 2017
- Projected Cash Flow at August 31, 2017



CalMHSA Finance Committee

TELECONFERENCE MINUTES FROM September 18th, 2017

Finance Committee Members

Present

- Bill Walker, CalMHSA Treasurer, Kern County
- Dr. William Arroyo, Los Angeles County
- Dennis P. Koch, Madera County
- Steve Steinberg, Riverside County

Absent

- Michael Lucid, Sonoma County
- Terence M. Rooney, Colusa County

CalMHSA Staff

- Wayne Clark, Executive Director
- Kim Santin, Finance Director
- Ann Collentine, Program Director
- Laura Li, JPA Administrative Manager
- Theresa Ly, Program Manager
- Armando Bastida, Executive Assistant
- David Kert, Administrative Analyst

1. Call to Order

The CalMHSA Finance Committee teleconference was called to order at 3:04 p.m. on September 18th, 2017 by Finance Committee Chair Bill Walker, Kern County.

2. Roll Call and Public Comment Instructions

JPA Administrative Manager, Laura Li, CalMHSA, called roll and a quorum was established. All participants were asked to introduce themselves. Treasurer, Bill Walker, Kern County, proceeded to review the public comment instructions, noting that items not on the agenda would be reserved for public comment at the end of the meeting.

3. Consent Calendar

Treasurer, Bill Walker asked the committee for any changes to the following items:

Routine Matters:

- Minutes from the May 8th, 2017 Finance Committee Teleconference

Action: Approval of the consent calendar

Motion: Los Angeles County – Dr. William Arroyo

Second: Madera County – Dennis P. Koch

Approved by unanimous vote.

Public comment was heard from the following individual(s):

None

4. CalMHSA Financial Statement for Year ending June 30, 2017

Finance Director, Kim Santin did an in-depth review of the financial statement, while addressing member questions. In summary, expenditures were slower than expected which left a larger cash balance than previously estimated.

Action: Accept file of the Unaudited CalMHSA Financial Statements for the Year ending June 30th, 2017 for presentation at the next scheduled Board of Directors Meeting.

Motion: Los Angeles County – Dr. William Arroyo

Second: Madera County – Dennis P. Koch

Approved by unanimous vote.

Public comment was heard from the following individual(s):

None

5. CalMHSA Annual Revenue and Expenditure Report – Revised Budget June 30, 2018

The Finance Committee met and discussed revisions to the previously Board approved Budget June 30, 2018, which went into effect July 1, 2017. The approved budget included a Target Budget, in the event of Los Angeles County participation in Prevention and Early intervention. The Target Budget consists of increased funding due to Los Angeles participation and the increase in FTE, required to successfully perform the work required under the program(s). Since that time, Los Angeles County has confirmed participation in PEI effective July 1, 2017, with additional amendments required to the Target Budget since June, and those include the following:

REVENUE:

Revenue has increased as follows:

- Final executed contract for PEI Sustainability Projects - Increase	\$220,000
- Revision for Suicide Prevention Projects - Decrease	<u>(92,541)</u>
Net Revenue Increase	<u>\$127,459</u>

EXPENSES:

Program Expenses Highlights

Program Contracts Expense (and total expenses) increased \$358,215. Related to increased funding and reported actuals of June 30, 2017. See note (2) on page 1 of Revised Budget for details. Expenses have increased more than revenue due to the utilization of Prior Year carry over of funds.

In addition to the above, the committee discussed the need to approve the amendment to the Administrative and Financial Services (GH) Agreement and compensation due to the increase in FTE required to successfully perform the work required under the program(s). The Agreement was previously approved at the June 8, 2017 Board meeting, where the Fourth Amendment to the Administrative and Financial Services Agreement, item B Program Funding & Compensation, states the following:

i.

“Program funding and Resources Required – The program funding is budgeted at the same level as prior year, however additional resources are included for the Hospital Program and reserves will be utilized. In the event of future funding decreases and increases, which may result in a need for changes to FTE requirements, compensation shall be adjusted. Compensation adjustments shall be based on changes to FTE requirements, which would be agreed by the parties. This adjustment agreement by CalMHSA may be delegated to Executive or Finance Committee.”

Noting the above the Finance Committee took the following actions:

Action(s):

- 1. The Finance committee discussed and approved for recommendation to the CalMHSA Board, the Revenue and Expenditure Report – Revised Budget June 30, 2018 and;**

Motion: William Arroyo, Los Angeles County

Second: Dennis P. Koch, Madera County

Approved by unanimous vote.

- 2. Approved the increase to the Administrative and Financial Services Agreement due to the increase in FTE, from 9.05 to 10.75.**

Motion: William Arroyo, Los Angeles County

Second: William Walker, Kern County

Roll Call Vote:

Finance Committee Member	Aye	No	Abstain
William Walker	X		
William Arroyo	X		
Dennis Koch		X	
Steve Steinberg	X		

Approval by majority vote.

Public comment was heard from the following individual(s):

None

6. Funding the continuation of the Statewide PEI Project and addressing local needs via county or regional specific projects

Program Director, Ann Collentine did an overview of the concept of addressing local needs via county or regional specific projects and asked members to review the draft document and provide input at their convenience.

Action: None

Recommendation: Discussion of the Statewide PEI Project programming and retaining state wideness while addressing local needs.

Public comment was heard from the following individual(s):

None

7. Executive Director Finance Report

Address and acknowledge the concerns of cohorts and diligently provide satisfactory material related to those matters.

8. General Public Comment

This time is reserved for members of the public to address the Committee relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. The Committee may also limit public comment time regarding agenda items, if necessary, due to a lengthy agenda.

Public comment was heard from the following individual(s):

None

9. Closing Comments

Treasurer, Bill Walker asked for any closing comments.

10. Adjournment

With no further comments, the meeting ended at 4:02P.M.

California Mental Health Services Authority
Summary of Contributions by Program
2017/2018 Program Year
BASED on Current Funding

Member	Budget PEI Sustainability	Actual PEI Committed Sustainability	PAID as of 9/13/2017
Alameda	290,883.00	57,157.00	\$57,157.00
Alpine	15,000.00	14,208.00	\$14,208.00
Amador *	-	-	
City of Berkeley	-	40,614.00	
Butte	25,000.00	35,000.00	\$35,000.00
Calaveras*	-	-	
Colusa	11,414.00	22,732.80	\$22,732.80
Contra Costa	-	78,000.00	
Del Norte	-	-	
El Dorado	9,471.00	55,000.00	
Fresno	455,864.01	342,412.80	\$342,412.80
Glenn	20,712.98	24,153.60	\$24,153.60
Humboldt	8,198.31	-	
Imperial	48,915.00	48,915.00	\$48,195.00
Inyo	-	-	
Kern	120,019.19	142,333.00	
Kings	48,373.00	74,592.00	
Lake	-	28,474.36	\$28,474.36
Lassen	11,000.00	19,346.00	\$19,346.00
Los Angeles	2,070,000.00	2,070,000.00	\$2,070,000.00
Madera	15,200.00	15,200.00	
Marin	75,000.00	80,986.00	
Mariposa	-	-	
Mendocino	8,625.00	36,940.80	\$36,940.80
Merced	-	-	
Modoc	6,522.00	20,000.00	\$20,000.00
Mono	-	-	
Monterey	252,000.00	167,654.40	\$167,654.40
Napa	10,471.00	48,307.20	\$48,307.20
Nevada	5,000.00	10,000.00	
Orange	900,000.00	859,201.00	\$859,201.00
Placer	162,000.00	116,505.00	\$116,505.00
Plumas	25,000.00	22,732.80	\$25,000.00
Riverside	526,379.00	526,379.00	
Sacramento	320,325.00	350,500.00	\$350,500.00
San Benito	-	29,836.80	\$29,836.80
San Bernardino	561,894.00	561,894.00	\$561,894.00
San Diego	400,000.00	400,000.00	
San Francisco	100,000.00	50,000.00	\$50,000.00
San Joaquin	174,662.00	174,663.00	\$174,663.00
San Luis Obispo	67,308.00	98,035.20	\$98,035.20
San Mateo	95,965.00	122,939.00	\$122,939.00
Santa Barbara	5,000.00	-	
Santa Clara	-	-	
Santa Cruz	-	-	
Shasta	13,000.00	-	
Sierra *	-	-	
Siskiyou	-	25,574.40	
Solano	60,611.00	72,460.80	
Sonoma	109,200.00	161,971.20	\$161,971.20
Stanislaus	-	-	
Sutter/Yuba	39,185.00	69,619.20	\$69,619.20
Tehama *	-	-	
Tri-City	15,181.00	17,188.00	\$17,188.00
Trinity	10,000.00	11,126.16	\$11,126.16
Tulare	31,443.17	44,856.00	\$44,856.00
Tuolumne	16,715.00	16,715.00	\$16,715.00
Ventura	53,500.00	59,501.00	\$59,501.00
Yolo	35,000.00	25,000.00	
Total	7,230,036.66	7,248,724.52	5,704,132.52

* Not a member county

California Mental Health Services Authority
Summary of Contributions by Program
2017/2018 Program Year - SHB
BASED on Current Funding

Member	State Hospital Bed Program	Actual SHB Committed	PAID as of 9/13/2017
Alameda	29,442.00	29,442.00	\$29,442.00
Alpine			
Amador *			
City of Berkeley			
Butte	1,402.00	1,402.00	\$1,402.00
Calaveras*			
Colusa			
Contra Costa	29,442.00	29,442.00	
Del Norte			
El Dorado	1,402.00	1,402.00	
Fresno	1,402.00	1,402.00	\$1,402.00
Glenn			
Humboldt	1,402.00		
Imperial	4,206.00	4,206.00	\$4,206.00
Inyo			
Kern	11,216.00		
Kings	1,402.00	1,402.00	
Lake			
Lassen			
Los Angeles	269,000.00		
Madera	1,402.00	1,402.00	
Marin	5,608.00	5,608.00	
Mariposa			
Mendocino			
Merced			
Modoc			
Mono			
Monterey	5,608.00	5,608.00	\$5,608.00
Napa	4,206.00	4,206.00	
Nevada			
Orange	23,834.00	23,834.00	\$23,834.00
Placer	4,206.00	2,804.00	\$2,804.00
Plumas			
Riverside	26,638.00	26,638.00	\$26,638.00
Sacramento	25,236.00	25,236.00	\$25,236.00
San Benito			
San Bernardino	16,824.00	16,824.00	
San Diego	22,432.00	22,432.00	\$22,432.00
San Francisco	57,482.00		
San Joaquin	4,206.00	4,206.00	\$4,206.00
San Luis Obispo	1,402.00	1,402.00	\$1,402.00
San Mateo	7,010.00	7,010.00	\$7,010.00
Santa Barbara	1,402.00	1,402.00	\$1,402.00
Santa Clara	51,874.00		
Santa Cruz	1,402.00		
Shasta			
Sierra *			
Siskiyou			
Solano	4,206.00		
Sonoma	1,402.00	1,402.00	\$1,402.00
Stanislaus	4,206.00	4,206.00	\$4,206.00
Sutter/Yuba			
Tehama *			
Tri-City			
Trinity			
Tulare	4,206.00	4,206.00	
Tuolumne			
Ventura	1,402.00	1,402.00	\$1,402.00
Yolo	1,402.00		
Total	627,912.00	228,526.00	164,034.00

* Not a member county

California Mental Health Services Authority
Summary of Contributions by Program
2017/2018 Program Year - Fund Development
BASED on Current Funding

Member	Fund Development Program	Actual Fund Development Committed	PAID as of 9/13/2017
Alameda	17,843.00	17,843.00	\$17,843.00
Alpine	394.00	394.00	\$394.00
Amador *	756.00	756.00	\$756.00
City of Berkeley	1,514.00	1,514.00	
Butte	2,893.00	2,893.00	\$2,893.00
Calaveras*	826.00		
Colusa	667.00	667.00	\$667.00
Contra Costa	11,432.00	11,432.00	\$11,432.00
Del Norte	707.00		
El Dorado	2,009.00	2,009.00	
Fresno	12,453.00	12,453.00	\$12,453.00
Glenn	718.00	718.00	\$718.00
Humboldt	1,787.00		
Imperial	2,469.00	2,469.00	\$2,469.00
Inyo	478.00		
Kern	10,764.00	10,764.00	\$10,764.00
Kings	2,066.00	2,066.00	
Lake	1,006.00	1,006.00	\$1,006.00
Lassen	705.00	705.00	\$705.00
Los Angeles	142,548.00		
Madera	2,178.00		
Marin	2,833.00	2,833.00	
Mariposa	480.00		
Mendocino	1,228.00	1,228.00	
Merced	3,693.00	3,693.00	\$3,693.00
Modoc	440.00	440.00	\$440.00
Mono	466.00		
Monterey	5,866.00	5,866.00	\$5,866.00
Napa	1,660.00	1,660.00	\$1,660.00
Nevada	1,328.00	1,328.00	
Orange	40,799.00	40,799.00	\$40,799.00
Placer	3,495.00	3,495.00	\$3,495.00
Plumas	642.00	642.00	
Riverside	26,918.00		
Sacramento	16,312.00	16,312.00	\$16,312.00
San Benito	954.00	954.00	\$954.00
San Bernardino	26,676.00	26,676.00	\$26,676.00
San Diego	40,961.00	40,961.00	
San Francisco	9,302.00		
San Joaquin	8,562.00	8,562.00	\$8,562.00
San Luis Obispo	3,378.00	3,378.00	\$3,378.00
San Mateo	8,190.00	8,190.00	\$8,190.00
Santa Barbara	5,805.00		
Santa Clara	22,744.00	22,744.00	\$22,744.00
Santa Cruz	3,641.00		
Shasta	2,398.00		
Sierra *	405.00		
Siskiyou	816.00	816.00	
Solano	4,992.00		
Sonoma	5,673.00	5,673.00	\$5,673.00
Stanislaus	6,506.00	6,506.00	\$6,506.00
Sutter/Yuba	2,243.00	2,243.00	\$2,243.00
Tehama *	973.00		
Tri-City	2,819.00	2,819.00	\$2,819.00
Trinity	463.00	463.00	\$463.00
Tulare	6,138.00	6,138.00	\$6,138.00
Tuolumne	906.00	906.00	\$906.00
Ventura	10,352.00		
Yolo	2,735.00		
Total	500,005.00	283,014.00	229,617.00

* Not a member county

California Mental Health Services Authority
Summary of Contributions by Program
2017/2018 Program Year
BASED on Current Funding

Member	PEI	Private	State	Suicide	2017/2018
	Sustainability	Fund	Hospital Bed	Prevention	Total
	Page 6	Page 8	Page 9		Budget
Alameda	290,883.00	17,843.00	29,442.00		338,168.00
Alpine	15,000.00	394.00			15,394.00
Amador *	-	756.00			756.00
	-	1,514.00			1,514.00
Butte	25,000.00	2,893.00	1,402.00		29,295.00
Calaveras*	-	826.00			826.00
Colusa	11,414.00	667.00			12,081.00
Contra Costa	-	11,432.00	29,442.00		40,874.00
Del Norte	-	707.00			707.00
El Dorado	9,471.00	2,009.00	1,402.00		12,882.00
Fresno	455,864.01	12,453.00	1,402.00	305,615.88	775,334.89
Glenn	20,712.98	718.00			21,430.98
Humboldt	8,198.31	1,787.00	1,402.00		11,387.31
Imperial	48,915.00	2,469.00	4,206.00		55,590.00
Inyo	-	478.00			478.00
Kern	120,019.19	10,764.00	11,216.00		141,999.19
Kings	48,373.00	2,066.00	1,402.00	19,931.47	71,772.47
Lake	-	1,006.00			1,006.00
Lassen	11,000.00	705.00			11,705.00
Los Angeles	2,070,000.00	142,548.00	269,000.00		2,481,548.00
Madera	15,200.00	2,178.00	1,402.00	19,931.47	38,711.47
Marin	75,000.00	2,833.00	5,608.00		83,441.00
Mariposa	-	480.00		6,643.82	7,123.82
Mendocino	8,625.00	1,228.00			9,853.00
Merced	-	3,693.00		53,150.59	56,843.59
Modoc	6,522.00	440.00			6,962.00
Mono	-	466.00			466.00
Monterey	252,000.00	5,866.00	5,608.00		263,474.00
Napa	10,471.00	1,660.00	4,206.00		16,337.00
Nevada	5,000.00	1,328.00			6,328.00
Orange	900,000.00	40,799.00	23,834.00		964,633.00
Placer	162,000.00	3,495.00	4,206.00		169,701.00
Plumas	25,000.00	642.00			25,642.00
Riverside	526,379.00	26,918.00	26,638.00		579,935.00
Sacramento	320,325.00	16,312.00	25,236.00		361,873.00
San Benito	-	954.00			954.00
San Bernardino	561,894.00	26,676.00	16,824.00		605,394.00
San Diego	400,000.00	40,961.00	22,432.00		463,393.00
San Francisco	100,000.00	9,302.00	57,482.00		166,784.00
San Joaquin	174,662.00	8,562.00	4,206.00		187,430.00
San Luis Obispo	67,308.00	3,378.00	1,402.00		72,088.00
San Mateo	95,965.00	8,190.00	7,010.00		111,165.00
Santa Barbara	5,000.00	5,805.00	1,402.00		12,207.00
Santa Clara	-	22,744.00	51,874.00		74,618.00
Santa Cruz	-	3,641.00	1,402.00		5,043.00
Shasta	13,000.00	2,398.00			15,398.00
Sierra *	-	405.00			405.00
Siskiyou	-	816.00			816.00
Solano	60,611.00	4,992.00	4,206.00		69,809.00
Sonoma	109,200.00	5,673.00	1,402.00		116,275.00
Stanislaus	-	6,506.00	4,206.00	54,235.00	64,947.00
Sutter/Yuba	39,185.00	2,243.00			41,428.00
Tehama *	-	973.00			973.00
Tri-City	15,181.00	2,819.00			18,000.00
Trinity	10,000.00	463.00			10,463.00
Tulare	31,443.17	6,138.00	4,206.00	84,325.27	126,112.44
Tuolumne	16,715.00	906.00			17,621.00
Ventura	53,500.00	10,352.00	1,402.00		65,254.00
Yolo	35,000.00	2,735.00	1,402.00		39,137.00
Total	7,230,036.66	500,005.00	627,912.00	543,833.50	8,901,787.16

* Not a member county



"A George Hills Company Administered JPA"

Treasurer's Report

As of September 30, 2017

	Book Balance	Market Value	Effective Yield
Local Agency Investment Fund	\$10,067,064	\$10,057,420	1.11%
Morgan Stanley – Money Trust	1,296	1,296	0.02%
Cash with California Bank & Trust	1,132,341	1,132,341	0.00%
Total Cash and Investments	\$11,200,701	\$11,191,057	1.00%

Attached are the Local Agency Investment Fund (LAIF) statements detailing all investment transactions.

The LAIF market value was derived by applying the September 2017 fair value factor of 0.999042071 to the book balance.

I certify that this report reflects all cash and investments and is in conformance with the Authority's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Authority's expenditures for the next six (6) months.

Respectfully submitted,

Accepted,



Kim Santin, Finance Director



William Walker, Treasurer

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

CALIFORNIA MENTAL HEALTH SERVICES
AUTHORITY
STAFF
3043 GOLD CANAL DRIVE, SUITE 200
RANCHO CORDOVA, CA 95670

www.treasurer.ca.gov/pmia-lai/laiif.asp
August 02, 2017

PMIA Average Monthly Yields

Account
Number:

Tran Type Definitions

July 2017 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
7/14/2017	7/13/2017	QRD	1542984	SYSTEM	16,876.87
7/26/2017	7/25/2017	RW	1544590	KIM SANTIN	-550,000.00

Account Summary

Total Deposit:	16,876.87	Beginning Balance:	6,250,187.00
Total Withdrawal:	-550,000.00	Ending Balance:	5,717,063.87

Local Agency Investment Fund
 P.O. Box 942809
 Sacramento, CA 94209-0001
 (916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
 September 01, 2017

CALIFORNIA MENTAL HEALTH SERVICES
 AUTHORITY
 STAFF
 3043 GOLD CANAL DRIVE, SUITE 200
 RANCHO CORDOVA, CA 95670

PMIA Average Monthly Yields

**Account
 Number:**

Tran Type Definitions

August 2017 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
8/21/2017	8/18/2017	RD	1546451	KIM SANTIN	1,300,000.00
8/28/2017	8/25/2017	RW	1546875	KIM SANTIN	-150,000.00

Account Summary

Total Deposit:	1,300,000.00	Beginning Balance:	5,717,063.87
Total Withdrawal:	-150,000.00	Ending Balance:	6,867,063.87

Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

www.treasurer.ca.gov/pmia-laif/laif.asp
October 04, 2017

CALIFORNIA MENTAL HEALTH SERVICES
AUTHORITY
STAFF
3043 GOLD CANAL DRIVE, SUITE 200
RANCHO CORDOVA, CA 95670

PMIA Average Monthly Yields

Account Number:

Tran Type Definitions

September 2017 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
9/21/2017	9/20/2017	RD	1548550	KIM SANTIN	2,500,000.00
9/25/2017	9/22/2017	RD	1548769	KIM SANTIN	700,000.00

Account Summary

Total Deposit:	3,200,000.00	Beginning Balance:	6,867,063.87
Total Withdrawal:	0.00	Ending Balance:	10,067,063.87

Agenda Item 3.B.b.

SUBJECT: CASH FLOW MANAGEMENT

ACTION FOR CONSIDERATION:

For Information and discussion.

BACKGROUND AND STATUS:

Historically, CalMHSA has held adequate balances of cash and investments. Cash balances are decreasing as we payout on the contract obligations. After the October 31 cash disbursements, our cash balance is \$10.7 million. Cash Management continues to be a priority for CalMHSA, therefore becoming a regular item in the agenda.

As October 31, 2017:

- CalMHSA received \$5.7 million (92%) of member committed Phase III PEI funding (\$6.1 million), however the 4% goal (\$12 million) was not attained.
- The Fund Development program has received \$229,617.00 (92%) of member committed funding (\$232,281.00), however the required \$500,000 was not obtained.
- The State Hospitals program received \$164,034.00 (26%) of member required funding of \$626,510.00, however many counties are in process of getting approvals for the new amendment to the MOU, participation agreements and payments.

FISCAL IMPACT:

None.

RECOMMENDATION:

For Information and discussion.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL ATTACHED:

- Cash Balance as of October 31, 2017
- Projected Cash Flow as of October 31, 2017

CalMHSA
Cash Balance
As of October 31, 2017

Cash Balance, 6/30/2017	6,316,053.82
Cash Received 07/01 to 10/31/2017	7,194,906.97
Cash Payments 07/01 to 10/31/2017	(2,810,396.86)
Cash Balance, 10/31/2017	10,700,563.93

Cash Balance by Institution	
California Bank & Trust	263,874.28
Morgan Stanley Smith Barney	1,471.22
Local Agency Investment Fund	10,435,218.43
Cash Total 10/31/2017	10,700,563.93

California Mental Health Services Authority
Projected Cash Flow
2017/2018

As of October 31, 2017

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
Beginning Cash Balance	6,316,053	5,927,931	7,546,450	11,200,700	10,700,563	9,926,535	9,872,771	9,061,555	8,353,609	7,645,664	6,951,719	6,243,774	6,316,053
Cash Receipts:													
Phase II - Sustainability 16-17				250,000									250,000
Phase III - Sustainability 17-18	102,570	1,203,197	3,567,048	247,045	200,000	200,000							5,519,861
Private Fund Develop - Member Fee 16-17		22,744				142,548							165,292
Private Fund Develop - Member Fee 17-18	27,391	103,829	51,216	6,571	107,162	107,162							403,330
Suicide Prevention Hotline 17-18		517,257	6,644	19,931									543,832
State Hospital Beds 16-17	51,874					269,000							320,874
State Hospital Beds 17-18		92,532	30,844	28,040	198,291	198,291							547,998
Other (LAIF Interest, donations, etc.)	20,277	4,864	810,374	30,659			16,000			14,000			896,174
Total Cash Receipts	202,112	1,944,423	4,466,126	582,246	648,001	774,453	16,000	-	-	14,000	-	-	8,647,360
Cash Expenses:													
PEI/Phase I Obligations 2014/15					595,812								595,812
Phase II Obligations 2016/17	247,895	133,493	586,410	241,462	80,597	80,597	80,597						1,451,050
Phase III Obligations 2017/18		20,839	23,064	236,463	379,959	379,959	379,959	379,959	379,959	379,959	379,959	379,959	3,320,041
Suicide Prevention Hotline	57,749			160,036	39,175	39,175	39,175	39,175	39,175	39,175	39,175	39,175	531,188
Plumas Wellness Center	8,573	60	30,070										38,703
TTACB Contract					15,860	15,860	15,860	15,860	15,860	15,860	15,860	15,860	126,881
State Hospital Beds	88,750	18		88,713	60,416	60,416	60,416	60,416	60,416	60,416	60,416	60,416	660,811
Fiscal Modernization Project	3,648	10,000			4,297	4,297	4,297	4,297	4,297	4,297	4,297	4,297	48,023
Sutter	13,183	2,223	16,056	23,475	33,675	33,675	33,675						155,960
RAND - LA Tech Assist				59,668									59,668
Community Response Plan													-
Drug Medi-Cal													-
PNWE													-
EDC													-
Orange County													-
WET Program Expenditures					16,497	16,497	16,497	16,497	16,497	16,497	16,497	16,497	131,973
Private Fund Development	15,000	23,858	15,000	17,780	21,328	21,328	21,328	21,328	21,328	21,328	21,328	21,328	242,261
Total Administrative Expenses	155,437	135,413	141,277	254,786	174,413	176,413	175,413	170,413	170,413	170,413	170,413	205,413	2,100,214
Total Cash Expenses	590,234	325,903	811,876	1,082,383	1,422,029	828,217	827,217	707,945	707,945	707,945	707,945	742,945	9,462,584
Ending Cash Balance	5,927,931	7,546,450	11,200,700	10,700,563	9,926,535	9,872,771	9,061,555	8,353,609	7,645,664	6,951,719	6,243,774	5,500,829	5,500,829

Agenda Item 4

SUBJECT: REVIEW OF DRAFT CALMHSA FINANCIAL AUDIT, FISCAL YEAR ENDED JUNE 30, 2017 and 2016

ACTION FOR CONSIDERATION:

Finance Committee to discuss and/or recommend to the Board of Directors filing of the draft CalMHSA Financial Audit.

BACKGROUND AND STATUS:

In accordance with Article 7, Section 7.1 of the Bylaws, which states “the Board shall cause to be made, by a qualified, independent individual or firm, an annual audit of the financial accounts and records of the Authority,” James Marta & Company has provided a first draft of their audit of CalMHSA’s financial statements for the year ending June 30, 2017 and 2016.

FISCAL IMPACT:

None.

RECOMMENDATION:

Finance Committee to discuss and/or recommend to the Board of Directors filing of the draft Financial Audit.

TYPE OF VOTE REQUIRED:

Majority vote of the Finance Committee.

REFERENCE MATERIAL(S) ATTACHED:

- Draft CalMHSA Financial Audit, Fiscal Year ending June 30, 2017 and 2016

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEARS ENDED
JUNE 30, 2017 AND 2016**



DRAFT

California Mental Health Services Authority

Board of Directors

JUNE 30, 2017

Executive Committee

Terence M. Rooney, PhD	President	Colusa County
Dawan Utecht	Vice President	Fresno County
Michael Kennedy, MFT	Secretary	Sonoma County
Bill Walker	Treasurer	Kern County
Rita Austin, LCSW	Central Region	Tuolumne County
Robin Kay	Los Angeles Region	Los Angeles County
Mary Hale	Southern Region	Orange County
Alfredo Aguirre, LCSW	Southern Region	San Diego County
Karen Stockton, PhD, MSW	Superior Region	Modoc County
Dorian Kittrell	Superior Region	Butte County

Board Members

Manuel Jimenez	Alameda County	Steve Steinberg	Plumas County
Alissa Nourse	Alpine County	Uma Zykofsky, LCSW	Sacramento County
Steven Grolnic-McClurg, LCSW	City of Berkeley	Allan Yamamoto, LCSW	San Benito County
Cynthia Belon, LCSW	Contra Costa County	Veronica Kelley, LSCW	San Bernardino County
Jack Braeaezal	Del Norte County	Marlo Simmons, MPH	San Francisco City and County
Don Ashton	El Dorado County	Jim Garrett	San Joaquin County
Amy Lindsey	Glenn County	Anne Robin, LMFT	San Luis Obispo
Asha George, PhD	Humboldt County	Stephen Kaplan	San Mateo County
Andrea Kuhlen, MPA	Imperial County	Alice Gleghorn, PhD	Santa Barbara County
Gail Zweir, PhD	Inyo County	Toni Tullys	Santa Clara County
Mary Anne Ford Sherman, MA	Kings County	Erik Riera, Med, CAS, MBA	Santa Cruz County
Kevin Thompson, MPA, CATC	Lake County	Donnell Ewert, MPH	Shasta County
Pamela Grosso	Lassen County	Sarah Collard	Siskiyou County
Dennis P. Koch, MPA	Madera County	Halsey Simmons, MFT	Solano County
Suzanne Tavano, PHN, PhD	Marin County	Cherie Dockery	Stanislaus County
Barbara Gatlin	Mariposa County	Tony Hobson	Sutter-Yuba County
Jenine Miller, Psy. D.	Mendocino County	Antonette "Toni" Navarro	Tri-City Mental Health Center
Yvonna Brown, MSW	Merced County	Noel J. O'Neill, MFT	Trinity County
Robin Roberts, MFT	Mono County	Timothy Durick, PsyD	Tulare County
Amie Miller	Monterey County	Elaine Crandall	Ventura County
William J Carter	Napa County	Karen Larsen	Yolo County
Rebecca Slade, LMFT	Nevada County		
Maureen F. Bauman, LCSW MPA	Nevada County		

California Mental Health Services Authority

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Governmental Fund Balance Sheet – Statement of Net Position	11
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Net Position – Statement of Activities	12
Notes to the Basic Financial Statements	13
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual General Fund – June 30, 2017	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual General Fund – June 30, 2016	22
Other Auditor's Report	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23



James Marta & Company LLP
Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Mental Health Services Authority
Sacramento, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of California Mental Health Services Authority (“CalMHSA”) as of and for the fiscal years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise CalMHSA’s basic financial statements as listed in the table of contents.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States or the minimum requirements prescribed by the State Controller’s Office for special district audits. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of California Mental Health Services Authority as of June 30, 2017 and 2016, and the respective changes in financial position for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Statement of Revenues, Expenditures and Change in Fund Balance – Budget (Non-GAAP) and Actual – General Fund – June 30, 2017 and Statement of Revenues, Expenditures and Change in Fund Balance – Budget (Non-GAAP) and Actual – General Fund – June 30, 2016 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted principally of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated **DATE** on our consideration of California Mental Health Services Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

DRAFT

James Marta & Company
Certified Public Accountants
Sacramento, California

DATE

MANAGEMENT'S DISCUSSION AND ANALYSIS

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

Management of California Mental Health Services Authority (“CalMHSA”) is pleased to present the following discussion and analysis that provides an overview of the financial position and activities of the Authority for the fiscal years ended June 30, 2017 and 2016. The discussion should be read in conjunction with the financial statements and accompanying notes, which follow this section.

Overview of CalMHSA

CalMHSA is an independent administrative and fiscal government agency focused on the efficient delivery of California mental health projects. On June 11, 2009, six California counties established CalMHSA as a Joint Powers Authority (JPA) to jointly develop, fund and implement mental/behavioral health projects and educational programs at the state, regional and local levels. California county members can act alone or in collaboration, to participate in the statewide Prevention and Early Intervention (PEI) projects, contract and/or negotiate with State or other providers for mental hospital beds, contract and/or negotiate with the State or federal government for administration of mental health services, operate program risk pools, technical assistance and capacity building program, workforce education training program, and other projects as deemed appropriate.

CalMHSA is headed by a separate Board of Member Counties and an Executive Committee comprised of officers and Statewide Regional Representatives. It employs the administrative firm, specializing in JPA management, of George Hills Company, Inc. and separate legal counsel of Murphy Campbell Guthrie & Alliston. CalMHSA operates within the statutes governing Joint Powers Agreement entities and complies with the Brown Act open meeting requirements.

As of June 30, 2017, 52 members (50 counties, one city and one JPA) work together to develop, fund and implement PEI programs, on a statewide or regional basis that conform with the “Guidelines for PEI Statewide Programs” issued by the Mental Health Services Oversight and Accountability Commission (MHSOAC).

Background

In 2004, California voters passed Proposition 63 (The Mental Health Services Act) (MHSA), landmark legislation that created an ongoing funding source and a framework for transforming California’s traditional community mental health system into a system equipped to support prevention and wellness, and on addressing the unmet needs of California’s diverse and underserved population groups with culturally relevant and effective services and education. In 2007, the MHSOAC, which was created as a stipulation of the MHSA to oversee the management of these funds, approved a one-time investment of \$160 million over four-years. Three strategic initiatives were identified through a stakeholder process and approved by the MHSOAC in May 2008, for the distribution of this one-time allocation: \$40 million for Suicide Prevention (SP), \$60 million for Student Mental Health (SMH), and \$60 million for Stigma and Discrimination Reduction (SDR). On April 15, 2010, CalMHSA executed a contract with the California Department of Mental Health (CDMH) for the amount not to exceed \$160 million. The term of this contract was through June 30, 2014.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

Sustainability - Phase I & Phase II

As the end of the four-year period approached, the CalMHSA Board of Directors adopted a two-phase planning strategy for continuing the investment in statewide PEI efforts. In April 2014, the CalMHSA Board approved a Phase I Funding Plan to sustain the existing Statewide PEI projects through June 30, 2015. Phase I continued some of the current CalMHSA PEI Statewide Projects existing funds and a winding down of others pursuant to the guidance of stakeholders and Board. Phase I was recognized as a short-term sustainability solution for the purpose of providing program partners with additional time to successfully complete their activities and deliverables, and to reduce the risk of any adverse consequences of discontinuing activities (e.g., the ability to measure long-term impact).

In August 2014, the CalMHSA Board approved a Phase II Funding Plan for purpose of continuing work related to PEI projects through June 30, 2017. Funding for Phase I and Phase II is derived from current county members committing a range of 1% to 7% funding from their local PEI funds in addition to CalMHSA seeking other funding to include state and federal resources.

2016/2017 Program Highlights

Statewide PEI Project

Key achievements of the Statewide PEI Project during the fiscal year include:

- Reaching the milestone of disseminating over 1 million lime green ribbons
- Over 1 million hardcopy materials were disseminated in counties, schools, and CBOs
- Over 450 people attended the inaugural Each Mind Matters webinar series
- Over \$250,000 in mini-grant funds were provided to CBOs, NAMI affiliates, Active Minds Chapters and Community Colleges to host community outreach events utilizing Each Mind Matters resources and messaging
- The Directing Change Program received over 480 videos submissions from over 100 schools across California, engaging over 1,300 students and impacting overall school climate
- Over 25 new Each Mind Matters culturally adapted resources were developed
- Over 70 news broadcasts, news articles and radio reports discussed programs implemented by the Statewide PEI Project
- Nearly 700 county agencies, schools, local and statewide organizations across California were touched by programs implemented by the Statewide PEI Project

While the CalMHSA Statewide PEI Project has made significant accomplishments since its inception in 2011, there continues to be a critical need to continue the investment over the long term. The Phase II Plan for sustaining CalMHSA Statewide PEI Projects called for \$20 million per year - \$10 million was expected to be raised from county MHSA contributions, and \$10 million was expected to be raised from state, federal, or foundation funding. Despite numerous attempts to find diverse funding to sustain the Phase II Plan, funding for implementation has come solely from counties. This has resulted in a reduced implementation of the Plan based upon priorities set out by the Board.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

During 2016 a feasibility study was conducted for the purpose of ascertaining potential private interest and support of CalMHSA Statewide PEI Project via a subcontract with a known expert in fund raising. Positive outcomes were derived from the feasibility study indicating there is private interest in possibly funding the Statewide PEI Project, and great interest in the development of a Leadership Council that would help guide efforts towards a fund-raising campaign.

In October 2016, CalMHSA entered into a contract with Lester Consulting Group (LCG) for the purpose of fund development for a three year term. The Board approved a \$500,000 annual budget for each of the next three years, which will pay for LCG consulting services, fund development staff and all associated costs, via a special member fee. Collectively, these funds will allow CalMHSA to implement a project which builds a public/private partnership and campaign that will continue to advance mental wellness in California. This activity is accounted for as one of the strategic programs on the financial statements.

Strategic Programs

In addition to the Statewide PEI program, the following strategic programs are also included in CalMHSA's operations during the fiscal year ended June 30, 2017:

- **Fiscal Modernization** - the goal of the pilot study is to provide counties with the background and structure necessary to consider the risks and benefits associated with proposing changes to California's current specialty mental health delivery system and financial risk structure.
- **State Hospital Beds** - CalMHSA acts on behalf member counties (and possibly non-member counties via a contract) in the annual purchase contract for State Hospital Beds (as provided under sections 4330 et seq. of WIC).
- **Wellness Center** – This program was funded by the County of Plumas. CalMHSA, acting as the contract administrator for the County, has contracted with the Plumas Crisis Intervention Resource Center (PCIRC) to establish Wellness Centers in the communities of Chester, Greenville, Portola and Quincy. These Wellness Center will compliment and build on the existing Family Resource Center Model and will be developed with an understanding of best practices in the delivery of community mental health services.
- **Suicide Prevention Hotline** – CalMHSA contracted with Kings View Behavioral Health to operate the Central Valley Suicide Prevention Hotline with specialized support and outreach provided to the seven contributing counties of Fresno, Kings, Mariposa, Madera, Merced, Stanislaus and Tulare.
- **Community Response Plan** – CalMHSA contracted with subject matter experts to develop a comprehensive suicide response protocol/toolkit for the rural community of the Tahoe/Truckee area.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

- **Psychiatric Nurse Workforce Exploration (PNWE)** – CalMHSA will research and explore opportunities to increase the number of psychiatrists and/or psychiatric Nurse Practitioners in the Central Region. After sharing findings with county representatives on the Central Region sub-committee, CalMHSA may contract with subject matter experts to develop a program that meets the needs of the region.
- **Drug Medi-Cal** – CalMHSA provided Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver trainings to counties that opted into the DMC-ODS Waiver, counties that received approval to form a regional delivery system, and providers selected by counties to provide DMC-ODS Waiver services.
- **Orange County** – Orange County, Member of CalMHSA, utilized CalMHSA for procuring consulting services, using various providers, for purposes related to completion of the California Health Facilities Financing Authority application and contract procurement for Crisis Stabilization Units.
- **Education Development Center (EDC)** – EDC’s suicide prevention resource center is funded by the Substance Abuse and Mental Health Services Administration to provide suicide prevention services and resources to a variety of professionals. CalMHSA will create a brief set of guidelines to help staff in state and community programs develop culturally competent suicide prevention materials for the audiences they serve, drawing on CalMHSA’s experience tailoring resources for California’s diverse communities.
- **Sutter Health Systems** – Sutter Health Valley Area funding would support the Each Mind Matters (EMM) Community Integration and Stigma Reduction Proposal. Grantee will provide community based organization Stigma and Discrimination Reduction (SDR) engagement grants, school SDR engagement grants, will disseminate SDR/EMM materials to Sutter facilities and partners, and will provide assistance on SDR/EMM message integration and use of materials, for maximum impact.
- **Los Angeles County Technical Assistance** – The Los Angeles County Department of Mental Health (LACDMH) proposes to engage in a multi-county Innovation project to work with one or more technology companies with experience with virtual mental health care platforms. This includes the capacity to implement technology-based mental health solutions accessed through multifactor devices (for example, a computer, smartphone, etc.) to identify and engage individuals, provide automated screening and assessments and improve access to mental health and supportive services focused on prevention, early intervention, family support, social connectedness and decreased use of psychiatric hospitals and emergency services.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

Financial Highlights for the Fiscal Year Ended June 30, 2017

Revenues	\$ 7.4 million	Revenues decreased \$1.1 million over the prior year. The decrease in revenues was primarily a result of one-time funding of \$1 million for the Plumas Wellness Center recorded in the 2015/16 fiscal year. Additionally, decreases in funding for State Hospital Beds (\$355 thousand) and PEI (\$491 thousand) were offset by new sources of funding for Public/Private Partnership Development (\$448 thousand) and the Sutter Health Systems contract (\$250 thousand).
Expenses	\$8.7 million	Expenses decreased \$3.8 million or 31% over the prior year. The budget for current year Phase II sustainability contracts was significantly less than the prior year. Expenses continue to exceed revenue to continue the contract obligations and net assets of prior years.
Assets	\$7.3 million	Assets decreased \$1.6 million over the prior year due as a result of payments made to contractors during the year.
Liabilities	\$2.0 million	Liabilities decreased \$300 thousand over the prior year. As deliverables were received and contracts were closed out, this resulted in less amounts owed to contractors at year-end.

Description of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to CalMHSA’s financial statements: the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets. The statements are accompanied by footnotes to clarify unique accounting policies and other financial information, and required supplementary information. The assets, liabilities, revenues and expenses of CalMHSA are reported on a full-accrual basis.

The **Statement of Net Assets** presents information on all of CalMHSA’s assets and liabilities, with the difference between the two representing net assets (equity). Changes from one year to the next in total net assets as presented on the Statement of Net Assets are based on the activity presented on the Statement of Revenues, Expenses and Changes in Net Assets.

The **Statement of Revenues, Expenses and Changes in Net Assets** is CalMHSA’s income statement. Revenues earned and expenses incurred during the year are classified as either “operating” or “nonoperating”. All revenues and expenses are recognized as soon as the underlying event occurs, regardless of timing of the related cash flows.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes describe the nature of

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

CalMHSA’s operations and significant accounting policies as well as clarify unique financial information.

Analysis of Overall Financial Position and Results of Operations

The following sections provide additional details on CalMHSA’s financial position and activities for fiscal years 2017 and 2016, and a look ahead at economic conditions that may affect CalMHSA in the future.

I. Statement of Net Assets

	<u>2017</u>	<u>2016</u>	<u>2015</u>	Change Over Prior Year
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 6,309,433	\$ 7,713,846	\$ 14,220,664	-18%
Investments - current portion				
Contractor prepayments		60,000		
Accounts receivable	905,116	1,039,048	788,380	-13%
Prepaid expenses	44,583			100%
Total Current Assets	<u>7,259,132</u>	<u>8,812,894</u>	<u>15,009,044</u>	-18%
Investments - Noncurrent				
<hr/>				
Total Assets	<u>7,259,132</u>	<u>8,812,894</u>	<u>15,009,044</u>	-18%
LIABILITIES				
Current Liabilities				
Accounts payable	1,950,661	1,541,735	4,481,941	27%
Deferred revenue	52,093	780,361	122,345	-93%
WET Program Funding				
Total Current Liabilities	<u>2,002,754</u>	<u>2,322,096</u>	<u>4,604,286</u>	-14%
RESTRICTED NET POSITION	<u>\$ 5,256,378</u>	<u>\$ 6,490,798</u>	<u>\$ 10,404,758</u>	-19%

Total assets decreased by \$1.6 million from \$8.8 million at June 30, 2016 to \$7.3 million at June 30, 2017. The assets were expected to decrease as payments to contractors for final deliverables and production of products for Phase II were made.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

Liabilities decreased \$300 thousand from the prior year. Some of the final deliverables for Phase II were received and contracts closed out subsequent to the fiscal year ended June 30, 2017. Since payments for these contracts were made after year-end, it resulted in higher amounts owed to contractors at year-end than in the previous year. This increase was offset by a decrease in deferred revenue, CalMHSA's liability to member counties who prepaid 2016/17 and 2017/18 contributions during the fiscal year ended June 30, 2016. The applicable contributions were recognized as revenue during the fiscal year ended June 30, 2017.

II. Statement of Revenues, Expenses and Changes in Net Assets

	2017	2016	2015	Change Over Prior Year
Operating revenues	\$ 7,410,292	\$ 8,553,192	\$ 7,095,078	-13%
Operating expenses:				
Program expenses	7,979,846	12,033,564	26,200,594	-34%
Indirect expenses	718,831	484,161	1,336,150	48%
Total operating expenses	<u>8,698,677</u>	<u>12,517,725</u>	<u>27,536,744</u>	-31%
Operating income/(loss)	(1,288,385)	(3,964,533)	(20,441,666)	-68%
Nonoperating income	<u>53,965</u>	<u>50,573</u>	<u>91,473</u>	7%
Increase/(decrease) in net assets	(1,234,420)	(3,913,960)	(20,350,193)	
Net position, beginning of year	6,490,798	10,404,758	30,754,951	-38%
Net position, end of year	<u>\$ 5,256,378</u>	<u>\$ 6,490,798</u>	<u>\$ 10,404,758</u>	-19%

For the fiscal year ended, June 30, 2017, total revenue (operating and non-operating) decreased by \$1.1 million. The decrease in revenues was primarily a result of one-time funding of \$1 million for the Plumas Wellness Center recorded in the 2015/16 fiscal year. There were new sources of funding in 2016/2017 - Public/Private Partnership Development of \$448 thousand and the Sutter Health Systems contract of \$250 thousand. However, this new revenue was offset by decreases in funding for State Hospital Beds (\$355 thousand) and PEI (\$491 thousand).

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

Operating expenses were \$8.7 million in fiscal year 2017. This was a \$3.8 million or 31% decrease compared to 2016. The decrease is a result of significant reductions in current year budgeted amounts for Phase II sustainability contracts compared with the prior year.

Description of Facts or Conditions that are expected to have a Significant Effect on Financial Position or Results of Operations

Through implementation of the Phase III CalMHSA Statewide PEI Project Plan (PEI Project), CalMHSA and its member counties will embark on the 7th year of PEI Project activities. The PEI Project continues to be endorsed by counties but funding with local MHSA funds continues to be challenging as 1) local stakeholders continue to question the applicability and effectiveness of the PEI Project to address specific local needs, 2) contributions to the PEI Project is becoming more difficult to justify year after year, particularly for the larger counties that contribute a higher proportion of the overall Project budget, 3) larger counties that have enough local funding tend to prefer investing funds in developing their own programs, instead of contributing to statewide efforts and 4) counties and stakeholders have expressed great support for the programs – particularly the social marketing campaigns such as Each Mind Matters and Know the Signs – but have also expressed that they are too broad and non-specific to address the local needs of specific target audiences.

Given these concerns, some counties may have declined or reduced their funding level to the PEI Project because of lack of local stakeholder support for statewide initiatives that don't directly apply to specific local needs. CalMHSA wants to facilitate continued county investment in the PEI Project by allowing more flexibility for local activities, referred to as "county specific projects". These county-specific projects would be built from programs that are currently implemented under the Statewide PEI Project, such as Each Mind Matters, Know the Signs, Walk In Our Shoes, Directing Change, or others. Working with the Finance Committee and the Sustainability Task Force, CalMHSA staff will develop a financing and budget framework for how County Specific Projects can be implemented and applied to a region of counties in FY 2018/2019.

The feasibility study conducted in 2016 made it clear that private parties intend to only support activities, not supplant the current funding, and will supplement commensurate with county funding. This requires that counties commit to maintain and build a level of funding in order to secure and leverage those additional private funds - estimated county support to eventually reach \$15 million per year.

BASIC FINANCIAL STATEMENTS

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

**GOVERNMENTAL FUND BALANCE SHEET -
STATEMENT OF NET POSITION**

JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,309,433	\$ 7,713,846
Prepaid expenses	44,583	60,000
Receivables	905,116	1,039,048
Total Current Assets	<u>\$ 7,259,132</u>	<u>\$ 8,812,894</u>
 LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 1,950,661	\$ 1,541,735
Unearned revenue	52,093	780,361
Total Current Liabilities	<u>2,002,754</u>	<u>2,322,096</u>
 FUND BALANCE / NET POSITION		
Net Postion:		
Operations	527,123	776,519
Obligated Funds Under Contract:		
International SDR Conference	(50,113)	(50,113)
Tech Asst/Capacity Building	203,272	203,272
WET Program Funding	148,470	148,470
Fiscal Modernization	96,309	169,910
SHB Program Funding	1,683,903	1,347,309
Wellness Center	139,626	620,938
Suicide Prevention Hotline	119,715	34,015
Community Response Plan	1,045	10,749
PNWE	7,576	7,576
Drug Medi-Cal	(6,603)	(5,322)
Orange County	2,862	2,862
Education Development Center, Inc.	2,024	3,493
Statewide PEI Project	1,890,674	3,221,120
Sutter Health Systems	190,477	-
LA County Tech Assist	46,788	-
Public/Private Partnership Development	253,230	-
Total Restricted	<u>5,256,378</u>	<u>6,490,798</u>
 Total Liabilities and Fund Balance/Net Position	<u>\$ 7,259,132</u>	<u>\$ 8,812,894</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES/NET POSITION –
STATEMENT OF ACTIVITIES**

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

	Strategic Programs	Operations	PEI	2017	2016
REVENUES:					
Wellness Center Funding	\$ -	\$ -	\$ -	\$ -	\$ 1,000,000
Suicide Prevention Hotline Funding	636,376	-	-	636,376	627,642
Community Response Plan Funding	5,000	-	-	5,000	34,000
PNWE Funding	-	-	-	-	10,000
SHB Funding	550,802	-	-	550,802	905,508
Feasibility Study Funding	(13,281)	-	-	(13,281)	-
PEI Funding	-	-	5,437,065	5,437,065	5,959,792
Orange County Funding	-	-	-	-	12,500
Conference Registration	-	-	-	-	(20,421)
EDC Funding	3,000	-	-	3,000	3,500
Application Fee	-	500	-	500	250
Sutter Health Systems Funding	250,000	-	-	250,000	-
LA County Tech Assist Funding	92,000	-	-	92,000	-
Public/Private Partnership Development Funding	448,230	-	-	448,230	-
License Royalty Fee	-	600	-	600	-
Investment Income	-	53,965	-	53,965	50,573
Total Revenue	<u>1,972,127</u>	<u>55,065</u>	<u>5,437,065</u>	<u>7,464,257</u>	<u>8,583,344</u>
EXPENDITURES/EXPENSES:					
Program Expenses					
SDR Conference	-	-	-	-	3,117
SHB Program Expense	214,208	-	-	214,208	9,963
Feasibility Study Expense	60,320	-	-	60,320	84,371
Program Expense	-	189,091	6,164,050	6,353,141	10,808,637
Wellness Center Expense	481,312	-	-	481,312	370,262
Suicide Prevention Hotline Expense	550,676	-	-	550,676	499,481
Community Response Plan Expense	14,704	-	-	14,704	18,151
PNWE Expense	-	-	-	-	924
Drug Medi-Cal Expense	1,806	-	-	1,806	4,797
Orange County Expense	-	-	-	-	7,763
EDC Expense	3,944	-	-	3,944	7
Sutter Health Systems Expense	59,523	-	-	59,523	-
LA County Tech Assist	45,212	-	-	45,212	-
Public/Private Partnership Development Expenses	195,000	-	-	195,000	-
Total Program Expense	<u>1,626,705</u>	<u>189,091</u>	<u>6,164,050</u>	<u>7,979,846</u>	<u>11,807,473</u>
General and Administration	-	115,370	603,461	718,831	689,831
Total Expenditures/Expenses	<u>1,626,705</u>	<u>304,461</u>	<u>6,767,511</u>	<u>8,698,677</u>	<u>12,497,304</u>
Change in Fund Balance/Net Position	345,422	(249,396)	(1,330,446)	(1,234,420)	(3,913,960)
FUND BALANCE/NET POSITION					
Beginning of year	2,493,159	776,519	3,221,120	6,490,798	10,404,758
End of year	<u>\$ 2,838,581</u>	<u>\$ 527,123</u>	<u>\$ 1,890,674</u>	<u>\$ 5,256,378</u>	<u>\$ 6,490,798</u>

The accompanying notes are an integral part of these financial statements.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

California Mental Health Services Authority ("CalMHSA") is an independent administrative and fiscal government agency focused on the efficient delivery of California Mental Health Projects. CalMHSA was established by a Joint Powers Agreement on July 1, 2009, under Government Code Section 6500 et seq. among California Counties to obtain and administer public funds to provide certain community mental health services to persons residing within the same counties and cities. Member counties jointly develop, fund and implement mental health services, projects, and educational programs at the state, regional, and local levels. CalMHSA is governed by a Board of Directors, which is composed of the local county or city mental health director from each member, appointed or designated. As of June 30, 2017 and 2016, there were 52 members (50 counties, one city and one JPA).

Admission

To be accepted for membership in CalMHSA, counties must complete an application form and submit the required application fee. The application fee ranges from \$250 - \$1,000 depending on the most recent county population figures published by the State Department of Finance. Counties must then submit a signed participation resolution to CalMHSA that has been approved by the county's Board of Supervisors, execute the Joint Powers Authority Agreement and agree to be bound by any subsequent amendments to the agreement, designate an alternate to the Board as representative and complete the required Fair Political Practices Commission (FPPC) forms.

Withdrawal

A member may withdraw from CalMHSA upon written notice no later than December 31 of the fiscal year if it has never become a participant in any program or if it had previously withdrawn from all programs in which it was a participant. A member who withdraws from CalMHSA is not entitled to the return of any payments to the Authority.

CalMHSA is not a legislative agency, nor an approval or advocacy body. CalMHSA is a best practice inter-governmental structure with growing capacity and capability to promote systems and services arising from a shared member commitment to community mental health. CalMHSA supports the values of the California Mental Health Services Act:

- Community collaboration
- Cultural competence
- Client/family-driven mental health system for children, transition age youth, adults, older adults
- Family-driven system of care for children and youth
- Wellness focus, including recovery and resilience
- Integrated mental health system service experiences and interactions

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

A. REPORTING ENTITY (Continued)

The Mental Health Services Act (Proposition 63), passed in November 2004, provides the first opportunity in many years for the California Department of Mental Health (DMH) to provide increased funding, personnel and other resources to support county mental health programs and monitor progress toward statewide goals for children, transition age youth, adults, older adults and families. This Act imposes a 1% income tax on personal income in excess of \$1 million and provides the counties of California the funds needed to set up contract services for strategies to reduce the following negative outcomes that may result from untreated mental illness:

- Suicide
- Incarcerations
- School failure or dropout
- Unemployment
- Prolonged suffering
- Homelessness
- Removal of children from their homes

As the counties are responsible to use these funds as stated, CalMHSA was established in 2009 to help with the contracting of these services.

B. BASIS OF PRESENTATION

The Statement of Net Position and the Statement of Activities display information about CalMHSA. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities.

The Government-Wide Statement of Net Position presents information on all of CalMHSA's assets and liabilities, with the difference between the two presented as net position. Net Position is reported as one of three categories: invested in capital assets, net of related debt; restricted or unrestricted. Restricted net position is further classified as either net position restricted by enabling legislation or net position that are otherwise restricted.

The Government-Wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of CalMHSA's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, clearly identifiable to a particular function. CalMHSA does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of CalMHSA. CalMHSA reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

B. BASIS OF PRESENTATION (Continued)

Fund Financial Statements

Fund financial statements report detailed information about CalMHSA. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. CalMHSA has only one operating fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments and service charges are recognized as revenues in the year for which they are levied. Expenses are recorded when liabilities are incurred.

Governmental Fund Financial Statement

Governmental fund financial statements (i.e., Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances) are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which CalMHSA receives value without directly giving equal value in return, include program funding, assessments and interest income. Under the accrual basis, revenue from program funding and assessments is recognized in the fiscal year for which the program funding and assessments are levied. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In August 2014, the CalMHSA Board approved a Phase II Funding Plan for purpose of continuing work related to PEI projects through June 30, 2017. Funding for Phase I and Phase II is derived from current county members committing a range of 1% to 7% funding from their local PEI funds for the next three fiscal years, in addition to CalMHSA seeking other funding to include state and federal resources.

In addition to the PEI program, the following strategic programs were also included in CalMHSA's operations during the fiscal year ended June 30, 2017:

- **Wellness program** – This program was funded by the County of Plumas. CalMHSA, acting as the contract administrator for the County of Plumas, has contracted with the Plumas Crisis Intervention Resource Center (PCIRC). PCIRC is tasked to establish Wellness Centers in the communities of Chester, Greenville, Portola and Quincy. These Wellness Center will

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

compliment and build on the existing Family Resource Center Model and will be developed with an understanding of best practices in the delivery of community mental health services and provide a consumer-driven, community based setting that offers a casual and friendly environment for community members to access mental health and other ancillary services.

- **Suicide Prevention Hotline** – CalMHSA contracted with Kings View Behavioral Health to operate the Central Valley Suicide Prevention Hotline with specialized support and outreach provided to the seven contributing counties of Fresno, Kings, Mariposa, Madera, Merced, Stanislaus and Tulare.
- **Community Response Plan** – CalMHSA contracted with subject matter experts to develop a comprehensive suicide response protocol/toolkit for the rural community of the Tahoe/Truckee area. Furthermore, they will develop a template and guidelines that can be used by other Central Region counties to replicate a suicide response protocol/toolkit that meets any Central Region rural community’s needs.
- **Psychiatric Nurse Workforce Exploration (PNWE)** – CalMHSA will research and explore opportunities to increase the number of psychiatrists and/or psychiatric Nurse Practitioners in the Central Region. After sharing findings with county representatives on the Central Region sub-committee, CalMHSA may contract with subject matter experts to develop a program that meets the needs of the region.
- **Drug Medi-Cal** – CalMHSA provided Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver trainings to counties that opted into the DMC-ODS Waiver, counties that received approval to form a regional delivery system, and providers selected by counties to provide DMC-ODS Waiver services. CalMHSA will also provide technical assistance to counties and providers as required by the Department of Health Care Services (DHCS) and provide DHCS with monthly progress reports; trainings up to once quarterly and a final report.
- **Orange County** – Orange County, Member of CalMHSA, utilized CalMHSA for procuring consulting services, using various providers, for purposes related to completion of the California Health Facilities Financing Authority application and contract procurement for Crisis Stabilization Units.
- **Education Development Center (EDC)** – EDC’s suicide prevention resource center is funded by the Substance Abuse and Mental Health Services Administration to provide suicide prevention services and resources to a variety of professionals. It is essential that this information be provided in a culturally appropriate manner. CalMHSA will create a brief set of guidelines to help staff in state and community programs develop culturally competent suicide prevention materials for the audiences they serve, drawing on CalMHSA’s experience tailoring resources for California’s diverse communities.
- **Sutter Health Systems** – Sutter Health Valley Area funding would support the Each Mind Matters (EMM) Community Integration and Stigma Reduction Proposal. Grantee will provide community based organization Stigma and Discrimination Reduction (SDR) engagement grants, school SDR engagement grants, will disseminate SDR/EMM materials to Sutter facilities and

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

partners, and will provide assistance on SDR/EMM message integration and use of materials, for maximum impact.

- **Los Angeles County Technical Assistance** – The Los Angeles County Department of Mental Health (LACDMH) proposes to engage in a multi-county Innovation project to work with one or more technology companies with experience with virtual mental health care platforms. This includes the capacity to implement technology-based mental health solutions accessed through multifactor devices (for example, a computer, smartphone, etc.) to identify and engage individuals, provide automated screening and assessments and improve access to mental health and supportive services focused on prevention, early intervention, family support, social connectedness and decreased use of psychiatric hospitals and emergency services.
- **Public/Private Partnership Development** – CalMHSA entered into an agreement with Lester Consulting Group to render professional counsel to advance the research, strategy, systems, and processes required to launch a \$75 million campaign to advance mental health service throughout California.

Expenditures were recorded under the modified accrual basis of accounting when the related liability was incurred.

D. FUND ACCOUNTING

The accounts of CalMHSA are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. CalMHSA resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. CalMHSA has one governmental fund.

Governmental Fund:

The General Fund is the general operating fund of CalMHSA. It is used to account for all transactions except those required or permitted by law to be accounted for in another fund.

E. CASH AND CASH EQUIVALENTS

CalMHSA considers all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents.

F. INCOME TAXES

CalMHSA is a governmental entity and as such its income is exempt from taxation under Section 115(1) of the Internal Revenue Code and Section 23701d of the California and Taxation Code. Accordingly, no provision for federal or state income taxes has been made in the accompanying financial statements.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

G. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

H. FUND BALANCE

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", CalMHSA is required to report fund balances in the following categories, as applicable: Nonspendable, Restricted, Committed, Assigned and/or Unassigned.

Nonspendable Fund Balance reflects assets not in spendable form, either because they will never convert to cash (e.g. prepaid expense) or must remain intact pursuant to legal or contractual requirements.

Restricted Fund Balance reflects amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.

Committed Fund Balance reflects amounts that can be used only for the *specific purposes* determined by a formal action of the government's highest level of decision-making authority: the Board of Directors. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of Directors.

Assigned Fund Balance reflects amounts intended to be used by the government for *specific purposes* but do not meet the criteria to be classified as restricted or committed. In accordance with adopted policy, only the Board of Directors is authorized to assign amounts for specific purposes.

Unassigned Fund Balance represents the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

When expenditures are incurred for purposes of which restricted, committed, assigned and unassigned fund balances are available, CalMHSA considers restricted funds to have been spent first, followed by committed, assigned and unassigned, respectively.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Cash in banks	\$ 64,396	\$ 57,875
Money Market Account	1,471	1,471
LAIF	<u>6,243,566</u>	<u>7,654,500</u>
	<u>\$ 6,309,433</u>	<u>\$ 7,713,846</u>

Cash in Bank

As of June 30, 2017 and 2016, CalMHSA's balances per the bank of \$193,756 and \$261,500 respectively, are insured by the Federal Depository Insurance Corporation up to \$250,000. Section 53652 of the California Governmental Code requires financial institutions to secure deposits made by governmental units in excess of insured amounts, by the pledging of governmental securities as collateral. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by governmental units.

Money Market Account

As of June 30, 2017, CalMHSA's had cash in a money fund managed by Morgan Stanley Smith Barney LLC.

Local Agency Investment Fund

California Mental Health Services Authority places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurers Office pools these funds with those of other governmental agencies in the state and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account with twenty-four hours' notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises and corporations. At June 30, 2017, the interest rate was 0.92%.

LAIF is administered by the State Treasurer and is audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized. Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity, and yield are not jeopardized.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2017 AND 2016

3. RECEIVABLES

The receivables balance represents funding revenue for programs that was billed prior to year end, but funds were not received until after year end. Due to the nature of the receivables and the likelihood of collection, no provision for uncollectible accounts has been made.

4. CONTRACT SERVICES

CalMHSA does not have any employees and contracts for all necessary services. This includes contracts for the development and implementation of prevention and early intervention (PEI) programs on a statewide and regional basis. Currently, CalMHSA has awarded twenty eight contracts to twenty eight program partners. See www.calmhssa.org for a complete list of the statewide PEI approved contractors.

5. SUBSEQUENT EVENTS/CONTINGENT LIABILITY

Department of Health Care Services Report on the Limited Review – California Mental Health Services Authority – Mental Health America of California as Subcontractor of CalMHSA.

On August 1, 2016, the California Department of Health Care Services (DHCS) issued a report on the limited review concerning the performance of Mental Health America of California (MHAC) under an expense-reimbursement contract with CalMHSA. The final audit report showed an adjustment of \$349,197.

On September 2, 2016, CalMHSA responded by letter, explaining it did not believe the audit report justified the adjustments it proposed. CalMHSA cited the absence of any published standards, application of unreasonable standards, citation to inapplicable Medicaid statutes, and consideration of only a part of the entire contract period. Should there be any attempt by DHCS to collect the adjustment amount from CalMHSA, CalMHSA will contest the claim vigorously. CalMHSA is unable to predict the outcome of this matter, and at this time cannot reasonably estimate the exposure on this matter. In its contract with CalMHSA, MHAC agreed to repay CalMHSA if the amounts paid to MHAC were determined not to be reimbursable by CalMHSA or an appropriate state agency. Further, the contract provided that if there is a conflict between a state audit and a CalMHSA audit, the state audit would take precedence.

On a letter dated October 26, 2016, DHCS made a demand of CalMHSA for \$349,197, which CalMHSA is disputing and taking to mediation.

No liability has been booked in the financial statements, as the outcome cannot be determined.

In November 2017, CalMHSA began the informal hearing process with the DHCS.

CalMHSA's management evaluated its 2017 financial statements for subsequent events through **DATE**, the date the financial statements were available to be issued. Management is not aware of any other subsequent events, other than that noted above, that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual	Budget Variance Favorable (Unfavorable)
REVENUES:				
SHB Funding	\$ 652,252	\$ 652,252	\$ 550,802	\$ (101,450)
Sustainability Funding	5,145,910	5,145,910	5,437,065	291,155
Public/Private Parntership Development	500,000	500,000	448,230	(51,770)
Suicide Prevention	625,000	625,000	636,376	11,376
Non budgeted revenues	-	-	391,784	391,784
Total Revenue	<u>6,923,162</u>	<u>6,923,162</u>	<u>7,464,257</u>	<u>541,095</u>
EXPENDITURES/EXPENSES:				
Program Expenses				
PEI Program Services	7,760,272	7,760,272	6,353,141	1,407,131
SHB Program Funding	624,819	624,819	214,208	410,611
Fiscal Modernization	80,930	80,930	60,320	20,610
Public/Private Parntership Development	189,696	189,696	195,000	(5,304)
Plumas Wellness Center	610,269	610,269	481,312	128,957
Suicide Prevention	735,289	735,289	550,676	184,613
Tech Asst/Capacity Building	197,176	197,176	-	197,176
Non budgeted expenses	-	-	125,189	(125,189)
Total Project Expense	<u>10,198,451</u>	<u>10,198,451</u>	<u>7,979,846</u>	<u>2,218,605</u>
General and Administration	<u>631,574</u>	<u>631,574</u>	<u>718,831</u>	<u>(87,257)</u>
Total Expenditures/Expenses	<u>10,830,025</u>	<u>10,830,025</u>	<u>8,698,677</u>	<u>2,131,348</u>
Change in Fund Balance/Net Position	(3,906,863)	(3,906,863)	(1,234,420)	(1,590,253)
FUND BALANCE/NET POSITION				
Beginning of year	<u>6,490,798</u>	<u>6,490,798</u>	<u>6,490,798</u>	<u>-</u>
End of year	<u>\$ 2,583,935</u>	<u>\$ 2,583,935</u>	<u>\$ 5,256,378</u>	<u>\$ (1,590,253)</u>

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2016

	Original Budget	Final Budget	Actual	Budget Variance Favorable (Unfavorable)
REVENUES:				
SHB Funding	\$ 438,642	\$ 438,642	\$ 905,508	\$ 466,866
Sustainability Funding	4,820,775	4,820,775	5,959,792	1,139,017
Wellness Center Funding	-	1,000,000	1,000,000	-
TTACB Contract	120,000	120,000	-	(120,000)
Fiscal Modernization	210,527	210,527	-	(210,527)
Amounts Not Budgeted	-	-	718,044	718,044
Total Revenue	<u>5,589,944</u>	<u>6,589,944</u>	<u>8,583,344</u>	<u>1,993,400</u>
EXPENDITURES/EXPENSES:				
Program Expenses				
PEI Program Services	8,099,737	8,299,737	10,808,637	(2,508,900)
SHB Program Funding	438,422	438,422	9,963	428,459
Fiscal Modernization	-	-	84,371	(84,371)
Amounts Not Budgeted	-	-	904,502	(904,502)
Total Project Expense	<u>8,538,159</u>	<u>8,738,159</u>	<u>11,807,473</u>	<u>(3,069,314)</u>
General and Administration	<u>522,907</u>	<u>522,907</u>	<u>689,831</u>	<u>(166,924)</u>
Total Expenditures/Expenses	<u>9,061,066</u>	<u>9,261,066</u>	<u>12,497,304</u>	<u>(3,236,238)</u>
Change in Fund Balance/Net Position	(3,471,122)	(2,671,122)	(3,913,960)	5,229,638
FUND BALANCE/NET POSITION				
Beginning of year	<u>10,404,759</u>	<u>10,404,759</u>	<u>10,404,759</u>	<u>-</u>
End of year	<u>\$ 6,933,637</u>	<u>\$ 7,733,637</u>	<u>\$ 6,490,799</u>	<u>\$ 5,229,638</u>

OTHER AUDITOR'S REPORT



James Marta & Company LLP

Certified Public Accountants

Accounting, Auditing, Consulting, and Tax

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Mental Health Services Authority
Rancho Cordova, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund, and the aggregate remaining information of California Mental Health Services Authority, as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise California Mental Health Services Authority's basic financial statements, and have issued our report thereon dated **DATE**.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered California Mental Health Services Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the California Mental Health Services Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of California Mental Health Services Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether California Mental Health Services Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. This report is intended solely for the information and use of Management and the Board of Directors and is not intended to be and should not be used by anyone other than these specified parties.

DRAFT

James Marta & Company LLP
Certified Public Accountants
Sacramento, California

DATE

Agenda Item 5

SUBJECT: EXECUTIVE DIRECTOR FINANCE REPORT

ACTION FOR CONSIDERATION:

None, Information only.

BACKGROUND AND STATUS:

CalMHSA Executive Director, Wayne Clark, will report on CalMHSA finance topics. The following topics may be discussed:

- Innovation Tech Suite
- AB1299
- Lester Consulting Group Update
- State Hospitals Update
- George Hills Contract
- Short Doyle 3/Fiscal Modernization Status Update
- Informal Hearing with Department of Health Care Services
- Other Financial Matters

FISCAL IMPACT:

None.

RECOMMENDATION:

None, Information only.

TYPE OF VOTE REQUIRED:

Majority vote.

REFERENCE MATERIAL(S) ATTACHED:

- None.

**FOURTH AMENDMENT TO THE AGREEMENT
 FOR
 ADMINISTRATIVE AND FINANCIAL SERVICES**

This FOURTH Amendment to the Agreement for Administrative and Financial Services (which, as modified, may be referred to as the “Fourth Amended Agreement”) is made and is effective as of the 1st day of July, 2017, by and between the California Mental Health Services Authority, hereinafter referred to as “CalMHSA”, and George Hills, hereinafter referred to as “GH”, a California Corporation. The provisions of the Third Amended Agreement shall continue to apply until July 1, 2017.

In consideration of the covenants and conditions hereinafter provided, CalMHSA and GH do hereby covenant and agree that the First Amended Agreement is amended in the following respects:

1. **The Fourth Amendment hereby amends the Third Amended Agreement to reflect the following:**
 - A. **Term** – Effective July 1, 2017 through, to and including June 30, 2019, with option to extend for one additional year.
 - B. **Program Funding & Compensation -**
 - i. Program funding and Resources Required – The program funding is budgeted at the same level as prior year, however additional resources are included for the Hospital Program and reserves will be utilized. In the event of future funding decreases and increases, which may result in a need for changes to FTE requirements, compensation shall be adjusted. Compensation adjustments shall be based on changes to FTE requirements, which would be agreed by the parties. This adjustment agreement by CalMHSA may be delegated to Executive or Finance Committee.
 - ii. Compensation adjustments would be take effect based upon the above FTE adjustment agreement, at the current hourly rate per FTE.
 - iii. Annual adjustments to the above rate, for cost of living, shall be limited to 2% per annum.
 - iv. Compensation Summary:

	FTE	FY 16/17	FTE	FY 17-18 Proposed	FTE	FY 17-18 Target
Contract for Admin & Finance Services-Includes state hospitals	6.8	\$1,357,824	7.55	\$1,554,696	9.25	\$1,904,760
Contract for Exec Director -Estimated & Separate Contract	1.5	\$299,520	1.5	\$308,880	1.5	\$308,880
Total	8.3	\$1,657,344	9.05	\$1,863,576	10.75	\$2,213,640

IN WITNESS HEREOF, the parties hereto have executed this Agreement on June 15, 2017.

George Hills:

 John Chaquica, CEO

 Dated

California Mental Health Services Authority:

 Terence M. Rooney, PhD, President

 Dated