



CALMHTSA FINANCE COMMITTEE MEETING

Wednesday, March 3, 2021
12:00pm – 1:00pm
1 (669) 900-9128
Meeting ID – 836 7707 1790
Passcode: 108953

Zoom Link: [Here](#)

AGENDA

A. Open Session

1. Call to Order
2. Roll Call and Instructions
3. Instructions for public comment and stakeholder input

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 3 minutes per person and 20 minutes total.

For agenda items, public comment will be invited at the time those items are addressed. Because the meeting will be held by Zoom Meeting, each interested party is invited to inform CalMHTSA staff prior to discussion of the item by sending an email to laura.li@calmhtsa.org indicating the item to be addressed. When it appears that 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.

4. Consent Calendar:
 - a. CalMHTSA Finance Committee Minutes from May 13, 2020 ([page 3](#))
Recommendation: Approval of consent calendar.

B. Action Items:

1. Review Draft of Financial Audit FY 2020 ([page 8](#))

Recommendation: Committee to discuss and recommend acceptance of the financial audit to the Board of Directors for filing of the financial audit.

2. Revised Budget FY 2021 ([page 42](#))

Recommendation: Accept the CalMHTSA Revised Budget.

3. CalMHTSA Investment Account & Policy ([page 44](#))

Recommendation: Removal of funds from Morgan Stanley account.

4. Review and approve proposed Meeting Calendar ([page 45](#))

Recommendation: Accept the proposed CalMHSA Finance Committee Meeting Calendar.

C. Public Comments

1. Public Comments Non-Agenda Items

Adjournment

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, contact Laura Li at (279) 234-0700. Requests should be made as early as possible, and at least one full business day prior to the start of the meeting.

Materials relating to an item on this agenda submitted to this Committee after distribution of the agenda packet are available for public inspection during normal business hours, upon request to Laura Li at laura.li@calmhsa.org.

This meeting will be recorded. By joining the meeting, you give consent to be recorded.



"A George Hilli Company Administered JPA"

**CalMHSAs Finance Committee
Meeting Minutes from May 11, 2020**

COMMITTEE MEMBERS PRESENT

Luke Bergmann – **Chair, CalMHSAs Treasurer**
Greg Polk – **Los Angeles Representative**
Veronica Kelley – **Southern Region Representative**
Dennis Koch – **Central Region Representative**

COMMITTEE MEMBERS ABSENT

Tracy Hazelton – **Bay Area Representative**
Jenine Miller – **Superior Region Representative**
Dawan Utecht – **Ex Officio, CalMHSAs President**

MEMBERS OF THE PUBLIC

Jason Smith, Santa Barbara California

CALMHSAs STAFF PRESENT

John Chaquica, CalMHSAs Interim Executive Director
Kim Santin, Finance Director
Moody Jahan, CalMHSAs Financial Accountant
Doug Alliston, CalMHSAs Counsel
Armando Bastida, CalMHSAs Systems Support Administrator

1. CALL TO ORDER

CalMHSA Treasurer and Committee Chair, Luke Bergmann, called the Finance Committee teleconference to order at 3:01 P.M. on Monday, May 11, 2020.

2. ROLL CALL AND INSTRUCTIONS

CalMHSA Finance Director, Kim Santin, called roll and reported that a quorum had been established. All participants were asked to introduce themselves, however no public was present at this time. Ms. Santin reported that this meeting, under the Executive Order and under the Brown Act, is being held telephonically with no locations listed. This differs from how meetings were held pre-COVID-19.

Ms. Santin asked the Finance Committee Members were participating OnBoard for voting. Greg Polk, Los Angeles Representative, stated he was not using OnBoard. Ms. Santin stated that voting will be taken verbally since not all participants are using OnBoard.

3. CONSENT CALENDAR

Ms. Santin provided an overview of the Consent Calendar comprised of the minutes from the February 5, 2019, May 13, 2019, and December 9, 2019 Finance Committee Teleconferences and the Treasurer's Report as of December 31, 2019.

Ms. Santin explained that there are three separate minutes because a quorum had not been reached at prior meetings.

Mr. Bergmann asked for a motion to approve the Consent Calendar.

Action: Approval of the Consent Calendar

Motion: Dennis Koch, Madera County

Second: Veronica Kelley, San Bernardino

A roll call vote was taken, and the motion passed unanimously.

4. ANNUAL REVIEW AND ACCEPTANCE OF THE CalMHSA BOARD OF DIRECTORS INVESTMENT POLICY

Ms. Santin stated this is a call for consideration of the Investment Policy, which will be reviewed by the Finance Committee as well as the Board of Directors.

Ms. Santin provided a quick overview of the Investment Policy for the Committee, specifically Section III, Delegation of Authority, and Section V, Investment Objectives.

Ms. Santin reported that the last changes to the Investment Policy were made in 2018.

Mr. Polk asked if the Policy changes or stays the same for the entire fiscal year. Ms. Santin responded that the Policy does not change until the Finance Committee, Board of

Directors, or CalMHSA staff recommend changes to the policy.

Mr. Polk asked if the return on investment (ROI) is good. Moody Jahan, CalMHSA Financial Accountant, stated that CalMHSA is monitoring the return on investment on a quarterly basis. She reported that Morgan Stanley and LAIF are in alignment within the return rate. She further commented that due to the current economic situation Finance Staff will keep a close eye on the funds and determine where to keep most of the funds.

John Chaquica, Interim Executive Director, commented that the Government Code is restrictive and has been since the 1990s. For this reason, public agencies are required to review their investment policies on an annual basis.

Mr. Bergmann asked for a motion to accept the CalMHSA Board of Directors Investment Policy.

Action: Annual review and acceptance of the CalMHSA Board of Directors Investment Policy.

Motion: Greg Polk, Los Angeles Representative

Second: Veronica Kelley, Southern Region Representative

A roll call vote was taken, and the motion passed unanimously.

5. CalMHSA ANNUAL PROPOSED REVENUE AND EXPENDITURE REPORT – JUNE 30, 2021

Ms. Santin reported that this report was presented to the Agenda Review Committee last Friday. As a result of that review, a revised Budget and Finance Committee Agenda was distributed the day of the meeting, noting the only change was to include a disclosure on COVID-19 indicating that current economic conditions and uncertainties could affect this budget.

Ms. Santin reported the budget process began in January by sending funding forms to the counties. The funding forms aid finance in projection of fiscal year 2020-21.

Ms. Santin provided an overview of the proposed budget, stating the budget is based mostly on revenues in place for CalMHSA. The main programs are PEI, Innovation, State Hospital Beds, Suicide Prevention, WET Loan Forgiveness, AB 1299 also known as Presumptive Transfer, and administrative fees. Ms. Santin reported that a contingency line has also been included in the proposed budget to cover new programs.

Mr. Polk noted that there has been a significant drop in innovation funds in the budget. Mr. Chaquica explained that a fair amount of funds were paid upfront. Those funds were designed to go to CalMHSA to record and disburse to individual counties to be used for local purposes or pilot programs, for example. He stated the funds will continue to decline until they run out in approximately two and a half years.

Veronica Kelley, Southern Region Representative, asked if CalMHSA has more formal mitigation in mind if counties cannot contribute funds as they have in the past due to

COVID-19.

Ms. Santin stated that all vendor contracts have a funding disclosure. If funding is not available, CalMHSA is able to terminate the contract. Mr. Alliston confirmed that CalMHSA has never had a contract where a budget contingency has not been included.

Ms. Kelley asked if there is any mitigation for funding decreases for staffing.

Mr. Chaquica responded that CalMHSA has historical experience with this; staffing levels have historically increased and decreased due to increased program needs or if funding has been cut back dramatically. Mr. Chaquica explained that this has been one of the advantages of working with a private organization – staffing can be ramped up and down quickly.

Ms. Santin stated that if the Committee accepts the budget and recommends the Board of Director to approve, the budget will be distributed to the counties 45 days in advance of the Board of Directors meeting to allow counties time to review.

Mr. Bergmann asked for a motion to accept the proposed Budget.

Action: Recommend the Board of Directors to approve the CalMHSA Proposed Revenue and Expenditure Report – June 30, 2021.

Motion: Greg Polk, Los Angeles Representative

Second: Dennis Koch, Central Region Representative

A roll call vote was taken, and the motion passed unanimously.

6. FINANCE COMMITTEE TELECONFERENCE MEETING CALENDAR FOR FISCAL YEAR 2020-2021

Ms. Santin stated that the Finance Committee Meeting Calendar is presented annually. Some standard items include financial audit, quarterly financial statements, and investment reports. She stated that CalMHSA will invite the investment managers to provide a presentation and more detail regarding CalMHSA's investments.

Ms. Santin asked the Committee to adopt and memorialize the calendar.

Action: Approval of the proposed Finance Committee Teleconference Meeting Calendar for fiscal year 2020-2021.

Motion: Greg Polk, Los Angeles Representative

Second: Veronica Kelley, Southern Region Representative

A roll call vote was taken, and the motion passed unanimously.

7. EXECUTIVE DIRECTOR FINANCE REPORT

Mr. Chaquica reported that he has been working with Dawan Utecht, CalMHSA President to look at the history of administrative fees, the cost of running CalMHSA and how the

administrative fee is related to the recently signed George Hills Company contract. Mr. Chaquica stated that Ms. Utecht will report out and present several documents that are being prepared.

Action: None, information only.

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

None

10. ADJOURNMENT

With no further comments, the meeting was adjourned at 3:40 P.M.

Respectfully Submitted,

Ruben Imperial
Treasurer, CalMHSA

Date



ACTION ITEMS

AGENDA ITEM B.1.

SUBJECT: REVIEW DRAFT OF FINANCIAL AUDIT FY 2020

RECOMMENDATION:

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

CURRENT STATUS AND BACKGROUND:

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 CaIMHSA’s financial statements for the year ended June 30, 2020 and 2019.

REFERENCE MATERIAL(S) ATTACHED:

CaIMHSA Draft Audit FY 2020

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2020 AND 2019**

DRAFT



California Mental Health Services Authority

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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, 2020 and 2019, 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, 2020 and 2019, 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, 2020 and Statement of Revenues, Expenditures and Change in Fund Balance – Budget (Non-GAAP) and Actual – General Fund – June 30, 2019 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, 2020 AND 2019

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, 2020 and 2019. 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, Innovative Technology 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 employed the administrative firm, specializing in JPA management, of George Hills Company, Inc., which was terminated. Effective Nov 1, 2020, CalMHSA is independently operating and managing its entity, with its own staff and management, CalMHSA continues to maintain its 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, 2020, 56 members (54 counties, one city and one JPA) work together to develop, fund programs that include, but not limited to, prevention and early intervention, State or other mental hospital beds and similar related services, State or federal government for administration of mental health services, programs or activities including but not limited to the Drug Medi-Cal Treatment Program, managed mental health care, delivery of specialty mental health services; operate program risk pools; provide any other similar or related fiscal or administrative services that would be of value to Members such as group purchasing, contract management, research and development, data management, maintenance of a research depository, training, technical assistance; capacity building; education and training; research, develop, and execute any appropriate policy request from the California State Association of Counties (CSAC) or its affiliates, on a statewide, regional or local level.

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 MENTAL HEALTH SERVICES AUTHORITY

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California Department of Mental Health (CDMH) for the amount not to exceed \$160 million. The term of this contract was through June 30, 2014.

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 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.

Sustainability - Phase III

Through implementation of the Phase III CalMHSA Statewide PEI Project Plan, CalMHSA and its member counties embarked on the 7th year of PEI Project activities. In December 2016, the CalMHSA Board approved a Phase III Funding Plan for purpose of continuing work related to PEI projects through June 30, 2020. Funding for Phase III is derived from current county members committing 4% of their annual PEI funds to CalMHSA on an annual basis for 3 years.

2019/2020 Program Highlights

Prevention and Early Intervention (PEI) Projects

The effects of the Statewide PEI Project go beyond county lines. Influencing all Californians in the message of Each Mind Matters is critical for creating a culture of mental wellness and wellbeing regardless of where individuals live, work or play. Key statewide achievements of the Statewide PEI Project in FY 2019-2020 include:

- Over 250,000 Lime Green Ribbons disseminated throughout the state
- Almost 1 million hardcopy materials were disseminated in counties, schools, and CBOs
- Over \$80,000 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 1,000 videos submissions from almost 200 schools across California, engaging over 3,400 students
- 5 new Each Mind Matters culturally adapted resources were developed
- 29 news broadcasts, news articles and radio reports discussed programs implemented by the Statewide PEI Project
- Over 500 county agencies, schools, local and statewide organizations across California were touched by programs implemented by the Statewide PEI Project

LA County PEI Campaign -Through strategic partnerships LADMH focused their CalMHSA administered FY 19/20 PEI efforts on improving student mental health efforts throughout the County. These efforts included partnerships with renowned experts in the field of student mental health. The focus on the project centered around training school staff and students to recognize the signs of mental illness and suicide with the goal of reduced stigma and improved help-seeking. Moving forward, LA County will

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019

continue to prioritize training school staff while adapting to the new difficulties caused by distance learning.

LA County Media Campaign – CalMHSA continued its efforts in the development of cultural adaptation and customization of marketing assets, and advertisements in an effort to support a Prevention and Early Intervention media campaign focused on a virtual Mental Health Month (May 2020) as well as focusing on overall mental health as it relates to Covid-19 and its impact. LA County’s approach was to encourage physical distance but staying connected to each other. As we move forward, a focus on prevention/early intervention as it relates to the pandemic and social justice will be incorporated into the overall campaigns.

Sacramento Awards Project – Sacramento County PEI Grants- \$10 million in grants to community-based organizations, utilizing PEI funds to support community understanding of mental wellness, stigma reduction, and help-seeking. One round is currently on-going and a 2nd round will be early 2021, with the goal of allowing in-person gatherings, with the same goal.

Student Mental Health- CalMHSA was contracted by CDE and MHSOAC to oversee three deliverables 1) Matrix of existing programs; 2) Development of an implementation guide to improve and develop school and mental health department collaborations; 3) Learning collaboratives to bring together thought leaders for educational opportunities.

Kaiser Grant- CBHDA, in partnership with CalMHSA, will engage a coalition of California behavioral health stakeholders to develop and implement a multi-year strategic plan for strengthening the public behavioral health workforce (with focus on Southern California counties). The plan will include an assessment of current workforce gaps and challenges to inform policy recommendations and corresponding implementation strategies to help California build a future behavioral health workforce.

Innovative Technology Projects:

The following Innovative Technology Projects are included in CalMHSA’s operations during the fiscal year ended June 30, 2020:

- **Help@Hand** - The Innovation Technology Suite Project (INN Tech Suite Project), rebranded as Help@Hand, is being administered by CalMHSA on behalf of participating member counties. In December 2018, CalMHSA also took up the role of Project Management. This was a three-year demonstration project, extended to additional two years in September 2019. This program is funded and directed by counties. The primary purpose of this Help@Hand Project is to increase access to mental health care and support and to promote early detection of mental health symptoms, or even predict the onset of mental illness. Through the utilization of multiform-factor devices, such as smart phones, tablets and laptops, as a mode of connection and treatment to reach people who are likely to go either unserved or underserved by traditional mental health care, project services will focus on prevention, early intervention, family and social support to decrease the need for psychiatric hospital and emergency care service.
- **Digital Resource Navigator** – An Innovation program in Orange County that is creating a digital resource navigator platform where users will be able to search both public and private resources available in OC. The goal is to help folks better navigate both public and private systems. Users will be able to take a social determinates of health survey to help filter more/less appropriate resources. Contracted with Chorus.

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JUNE 30, 2020 AND 2019

- **Early Psychosis Learning** – An Innovation Program that brings together several counties to track the EP programs and form a learning collaborative to further the expansion of these highly successful programs for other counties. Contracted with UC Davis.
- **Full Service Partnership** – A multi-county project contracted with Third Sector for program management and oversight. RAND will be evaluator contractor once all counties have signed PAs. Contract seeks to develop best practices for implementation and execution of FSP services, including patient satisfaction.

Strategic Programs:

In addition to the Statewide PEI and Innovative programs, the following Strategic Programs are included in CalMHSA's operations during the fiscal year ended June 30, 2020:

- **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).
- **Suicide Prevention Hotline** – CalMHSA contracted with Kings View Behavioral Health to operate the Central Valley Suicide Prevention Hotline and Suicide Prevention of Yolo for the Northern Region Suicide Prevention Hotline. They provide specialized support and outreach to contributing counties in the two regions.
- **Employee Loan Forgiveness** – The Program is designed to pay employee loan debt incurred by current or prospective employees or contractors who fill positions that participating counties have deemed to be a) hard to fill or retain, or b) part of a mental health career path. The participants (Counties) will identify to CalMHSA the names of current or prospective employees or contractors, their respective employee lending institutions, employee loan amounts owed, and the schedule and amount to be paid to the employee lending institutions. Upon verification by Participants of an employee's continued eligibility for loan forgiveness, CalMHSA will make payments directly to the employee's identified employee lending institution(s) and verify funds receipt by the employee lending institution and the reduced balance owed by the employee. Currently, there are 2 participating counties, Alameda and Contra Costa
- **AB1299 | Presumptive Transfer for Foster Youth** - California law allows foster children who are placed outside of their county of original jurisdiction to access specialty mental health services in a timely manner through “presumptive transfer”. This requires the transfer of funds between counties. CalMHSA is working with counties to analyze the use of CalMHSA as a fiscal agent (CalMHSA) to more efficiently and cost-effectively process payments between counties.

Under the Welfare and Institution Code § 14717.1, responsibility for providing or arranging for specialty mental health services shall promptly transfer from the county of original jurisdiction to the county in which a foster child resides, subject to any exceptions established pursuant to that section. This is known as “presumptive transfer.” Counties have agreed that the county of original jurisdiction (sending county) remains responsible for reimbursing the receiving county for specialty mental health services provided or arranged by the receiving county. Under this program, CalMHSA acts as a fiscal agent for participating counties to make and receive transfer payments of county match dollars. Counties started participating in this program July 1, 2018 and actively transferring payments from January 1, 2020

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019

Financial Highlights for the Fiscal Year Ended June 30, 2020

Revenues	\$52.5 million	Revenues increased by \$21 million over the prior year. The \$21 million increase is mainly a result of new programs added during the fiscal year of \$8.3 million (DRN, EPL, FSP, Sac Awards Grant, Student Mental Health and Kaiser Grant). Other increases were due to higher funding for Help@Hand (\$3.7m) and LA Media Campaign (\$4.7m). There were also programs that were terminated (Private/Public Funding and Translation). There was an increase of \$0.1 million in Investment revenue, a result of increased Cash Balance.
Expenses	\$33.4 million	Expenses increased by \$1.6 million over the prior year. The increase is not in line with the increase in revenue due to a period of economic challenges of COVID-19 pandemic. Some contracts were put on hold/pause while some activities did not deliver on time to be invoiced by the vendor. The largest impact was due to the cancellation of the “We Rise” event for LA Media Campaign, due to restrictions of gatherings and due to face to face travel and meetings for all programs.
Assets	\$54.5 million	Assets increased \$18.6 million over the prior year. Accounts Receivable was in good standing and prior years’ AR collections were fulfilled. Due to the competitive interest yield in LAIF, funds received were mostly deposited into LAIF instead of Zions Investments due to the ease of funds transfer to pay bills. Investments increased by \$5 million.
Liabilities	\$ 7.5 million	Liabilities increased \$1.1 million over the prior year. \$0.5 million increased in Presumptive Transfers from new participants. The increase of \$0.9 million in deferred revenue is due to several multi-year programs billed in FY19/20 (Sacramento Awards Project, Kaiser Grant and Alameda Loan Forgiveness). Accounts Payable reduced by \$0.4 million due to COVID-19 impacted restrictions and reduced activity with vendors.

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

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019

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 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 2020 and 2019, and a look ahead at economic conditions that may affect CalMHSA in the future.

I. Statement of Net Assets

	<u>2020</u>	<u>2019</u>	<u>Change from 2019 to 2020</u>	<u>2018</u>	<u>Change from 2018 to 2019</u>
ASSETS					
Current Assets:					
Cash and cash equivalents	\$28,103,036	\$11,875,523	137%	\$19,915,121	-40%
Investments	18,002,723	13,036,400	38%	12,951,443	-100%
Prepaid expenses	26,184	622,522	-96%	41,294	1408%
Receivables	7,814,392	10,291,724	-24%	1,458,946	605%
Fixed assets	523,351	-	100%	-	0%
Total Current Assets	<u>\$54,469,686</u>	<u>\$35,826,169</u>	52%	<u>\$34,366,804</u>	4%
LIABILITIES					
Current Liabilities:					
Accounts payable	\$ 6,371,615	\$ 6,110,313	4%	\$ 2,469,908	147%
Unearned revenue	<u>1,174,659</u>	<u>270,000</u>	335%	<u>592,481</u>	-54%
Total Current Liabilities	7,546,274	6,380,313	18%	3,062,389	108%
FUND BALANCE / NET POSITION					
Net Position:					
Unrestricted	3,724,479	5,084,953		315,107	
Restricted	<u>43,198,933</u>	<u>24,360,903</u>		<u>30,989,308</u>	
Total Net Position	<u>\$46,923,412</u>	<u>\$29,445,856</u>	59%	<u>\$31,304,415</u>	-6%
Total Liabilities and Fund Balance/Net Position	<u>\$54,469,686</u>	<u>\$35,826,169</u>		<u>\$34,366,804</u>	

Total assets increased by \$18.6 million from \$35.8 million at June 30, 2019 to \$54.5 million at June 30, 2020. \$27.1 million is held in the Local Agency’s Investment Fund (LAIF), an external investment pool managed by the State Treasurer’s Office, \$1.0 million is held by Zions Bank in a money fund and \$18 million in individual securities. The effective yield of CalMHSA’s total portfolio at June 30, 2019 was 1.8%.

Total liabilities increased by \$1.2 million from \$6.4 million at June 30, 2019 to \$7.5 million at June 30, 2020. The increase is related to the growth of the CalMHSA programs resulting in more amounts owed

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019

to contractors at year-end. Additionally, there was an increase in unearned revenues for pre-funding of programs that will be expensed in future years

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

	<u>2020</u>	<u>2019</u>	<u>Change from</u>	<u>2018</u>	<u>Change from</u>
	<u>Total</u>	<u>Total</u>	<u>2019 to 2020</u>	<u>Total</u>	<u>2018 to 2019</u>
REVENUES:	<u>\$52,451,524</u>	<u>\$31,507,929</u>	66%	<u>\$44,566,966</u>	-29%
EXPENDITURES/EXPENSES:					
Program Expenses	34,973,968	33,366,488	5%	17,987,492	85%
General and Administration	-	-	0%	531,437	-100%
Total Expenditures/Expenses	<u>34,973,968</u>	<u>33,366,488</u>	5%	<u>18,518,929</u>	80%
 Change in Fund Balance/Net Position	17,477,556	(1,858,559)	-1040%	26,048,037	-107%
FUND BALANCE/NET POSITION					
Beginning of year	<u>29,445,856</u>	<u>31,304,415</u>		<u>5,256,378</u>	
End of year	<u>\$46,923,412</u>	<u>\$29,445,856</u>	59%	<u>\$31,304,415</u>	-6%

For the fiscal year ended, June 30, 2020, total revenue increased by \$20.9 million. The increase is a result of high contributions from member counties for the Help@Hand (\$3.7 million), along with a \$14.1 million increase in contributions for the PEI Program. In addition, there were 5 new programs added for the year supplying an additional \$3.5 million in revenues.

Expenses increased by \$1.6 million over the prior year. The increase is directly related to increases in PEI spending along with expenses related to the new programs. The Help@Hand expenses decreased \$2.1 million.

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

For the past decade, California has steadily grown a statewide movement toward prevention and early intervention underwritten by MHSA funds. CalMHSA was created by the counties in 2010, to administer MHSA PEI projects on a statewide basis. Through the initial implementation and the second phase (Phase I: 2011-2015 and Phase II: 2015-2017) of the CalMHSA Statewide PEI Project, CalMHSA developed and implemented population-based strategies aligned with Welfare and Institutions Code Section 5840. The PEI Project (Now in Phase III: 2018-2020) continues to be endorsed by counties but funding with local MHSA funds continues to be challenging.

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MANAGEMENT DISCUSSION AND ANALYSIS

JUNE 30, 2020 AND 2019

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.

BASIC FINANCIAL STATEMENTS

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

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

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 28,103,036	\$ 11,875,523
Investments	7,728,624	13,036,400
Prepaid expenses	26,184	622,522
Receivables	7,814,392	10,291,724
Total Current Assets	<u>43,672,236</u>	<u>35,826,169</u>
Noncurrent Assets:		
Investments	10,274,099	-
Fixed assets - net	523,351	-
Total Noncurrent Assets	<u>10,797,450</u>	<u>-</u>
Total Assets	<u>\$ 54,469,686</u>	<u>\$ 35,826,169</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 6,371,615	\$ 6,110,313
Unearned revenue	1,174,659	270,000
Total Current Liabilities	<u>7,546,274</u>	<u>6,380,313</u>
FUND BALANCE / NET POSITION		
Net Position:		
Operations - Unrestricted	3,724,479	5,084,953
Obligated Funds Under Contract - Restricted:		
Tech Asst/Capacity Building	214,804	210,042
WET Program Funding	158,026	154,523
Fiscal Modernization	78,558	76,817
State Hospital Bed Program Funding	2,386,284	2,084,799
Wellness Center	148,612	145,318
Central Valley Suicide Prevention Hotline	127,045	84,450
Statewide PEI Programs	9,639,295	1,521,239
Sutter Health Systems	46,605	45,572
Public/Private Partnership Development	67,452	65,903
CCBHS Loan Forgiveness Program	601,374	451,384
AB1299 Presumptive Transfer	-	-
Northern Valley Suicide Prevention	102	(19)
Translation	16,765	37,074
Digital Resource Navigator	508,482	-
Early Psychosis Learning	(148,041)	-
Alameda Loan Forgiveness	-	-
Full Service Partnership	530,396	-
Help@Hand	28,823,174	19,483,801
Total Net Position	<u>46,923,412</u>	<u>29,445,856</u>
Total Liabilities and Fund Balance/Net Position	<u>\$ 54,469,686</u>	<u>\$ 35,826,169</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, 2020 AND 2019

	Strategic Programs Total	Operations	Statewide PEI Funding	2020 Total	2019 Total
REVENUES:					
Central Valley Suicide Prevention Hotline Funding	\$ 696,402	\$ -	\$ -	\$ 696,402	\$ 548,188
State Hospital Bed Funding	606,882	-	-	606,882	608,284
PEI Funding	-	-	27,872,884	27,872,884	13,793,594
Public/Private Partnership Development Funding	(1,484)	-	-	(1,484)	432,003
License Royalty Fee	-	353	-	353	262
CCBHS Loan Forgiveness Program	300,000	-	-	300,000	300,000
Help@Hand	18,571,418	-	-	18,571,418	14,881,874
AB1299 Presumptive Transfer	106,812	-	-	106,812	92,309
Translation Funding	-	-	-	-	125,000
Northern Valley Suicide Prevention Hotline Funding	215,275	-	-	215,275	-
Digital Resource Navigator Funding	2,173,333	-	-	2,173,333	-
Early Psychosis Learning Funding	204,416	-	-	204,416	-
Alameda Loan Forgiveness Funding	37,500	-	-	37,500	-
Full Service Partnership Funding	840,000	-	-	840,000	-
Investment Income	524,406	(10,755)	314,082	827,733	726,415
Total Revenue	<u>24,274,960</u>	<u>(10,402)</u>	<u>28,186,966</u>	<u>52,451,524</u>	<u>31,507,929</u>
EXPENDITURES/EXPENSES:					
Program Expenses					
State Hospital Bed Program Expense	320,094	-	-	320,094	183,182
Fiscal Modernization	-	-	-	-	11,827
Program Expense	-	189,192	19,352,439	19,541,631	18,313,919
Central Valley Suicide Prevention Hotline Expense	659,224	-	-	659,224	621,252
Public/Private Partnership Development Expenses	3,889	-	-	3,889	238,457
CCBHS Loan Forgiveness Program	157,674	-	-	157,674	52,238
Help@Hand	11,495,026	-	-	11,495,026	13,617,669
Translation	20,627	-	-	20,627	88,418
Northern Valley Suicide Prevention	215,712	-	-	215,712	19
AB1299 Presumptive Transfer	100,524	-	-	100,524	239,507
Digital Resource Navigator	1,641,944	-	-	1,641,944	-
Early Psychosis Learning	351,463	-	-	351,463	-
Alameda Loan Forgiveness	98,874	-	-	98,874	-
Full Service Partnership	367,286	-	-	367,286	-
Total Program Expense	<u>15,065,051</u>	<u>189,192</u>	<u>19,352,439</u>	<u>34,973,968</u>	<u>33,366,488</u>
General and Administration	110,443	(204,085)	93,642	-	-
Total Expenditures/Expenses	<u>15,175,494</u>	<u>(14,893)</u>	<u>19,446,081</u>	<u>34,973,968</u>	<u>33,366,488</u>
Transfers of Administration Fees	(1,987,794)	1,364,965	622,829	-	-
Change in Fund Balance/Net Position	11,087,260	(1,360,474)	8,118,056	17,477,556	(1,858,559)
FUND BALANCE/NET POSITION					
Beginning of year	22,839,664	5,084,953	1,521,239	29,445,856	31,304,415
End of year	<u>\$ 33,926,924</u>	<u>\$ 3,724,479</u>	<u>\$ 9,639,295</u>	<u>\$ 46,923,412</u>	<u>\$ 29,445,856</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, 2020 AND 2019

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, 2020, there were 56 members (54 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, 2020 AND 2019

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, 2020 AND 2019

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.

Through implementation of the Phase III CalMHSA Statewide PEI Project Plan, CalMHSA and its member counties embarked on the 7th year of PEI Project activities. Funding for Phase III (July 1, 2017 through June 30, 2020) is derived from current county members committing 4% of their annual PEI funds to CalMHSA on an annual basis for 3 years.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

In addition to the PEI program, the following strategic programs were also included in CalMHSA's operations during the fiscal year ended June 30, 2020:

- **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.
- **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.
- **Innovation Tech Suite** – The Innovation Technology Suite Project (INN Tech Suite Project) is being administered by CalMHSA on behalf of participating member counties. This is a three-year demonstration project which is funded and directed by counties. The primary purpose of this INN Tech Suite Project is to increase access to mental health care and support and to promote early detection of mental health symptoms, or even predict the onset of mental illness. Through the utilization of multiform-factor devices, such as smart phones, tablets and laptops, as a mode of connection and treatment to reach people who are likely to go either unserved or underserved by traditional mental health care, project services will focus on prevention, early intervention, family and social support to decrease the need for psychiatric hospital and emergency care service.
- **LA County Media Campaign** – CalMHSA will continue its statewide efforts in the development of cultural adaptation and customization of marketing assets, and advertisements in an effort to support a Prevention and Early Intervention media campaign focused on Mental Health Month (May 2018). As part of this effort the key focus will be on breaking down barriers to treatment by engaging with stakeholders using new and innovative messaging and a call to action.
- **Sacramento Awards Project** – Sacramento County PEI Grants- \$10 million in grants to community-based organizations, utilizing PEI funds to support community understanding of mental wellness, stigma reduction, and help-seeking. One round is currently on-going and a 2nd round will be early 2021, with the goal of allowing in-person gatherings, with the same goal.
- **Student Mental Health-** CalMHSA was contracted by CDE and MHSOAC to oversee three deliverables 1) Matrix of existing programs; 2) Development of an implementation guide to improve and develop school and mental health department collaborations; 3) Learning collaboratives to bring together thought leaders for educational opportunities.
- **Kaiser Grant-** CBHDA, in partnership with CalMHSA, will engage a coalition of California behavioral health stakeholders to develop and implement a multi-year strategic plan for strengthening the public behavioral health workforce (with focus on Southern California counties). The plan will include an assessment of current workforce gaps and challenges to inform policy recommendations and corresponding implementation strategies to help California build a future behavioral health workforce.
- **Employee Loan Forgiveness Program** – The Program is designed to pay employee loan debt incurred by current or prospective employees or contractors who fill positions that Contra Costa County has deemed to be a) hard to fill or retain, or b) part of a mental health career path. The

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

participant (County) will identify to CalMHSA the names of current or prospective employees or contractors, their respective employee lending institutions, employee loan amounts owed, and the schedule and amount to be paid to the employee lending institutions. Upon verification by Participant of an employee's continued eligibility for loan forgiveness, CalMHSA will make payments directly to the employee's identified employee lending institution(s), and verify funds receipt by the employee lending institution and the reduced balance owed by the employee.

- **AB1299** – California law allows foster children who are placed outside of their county of original jurisdiction to access specialty mental health services in a timely manner through “presumptive transfer”. This requires the transfer of funds between counties. CalMHSA is working with counties to analyze the use of CalMHSA as a fiscal agent (CalMHSA) to more efficiently and cost-effectively process payments between counties.

Under the Welfare and Institution Code § 14717.1, responsibility for providing or arranging for specialty mental health services shall promptly transfer from the county of original jurisdiction to the county in which a foster child resides, subject to any exceptions established pursuant to that section. This is known as “presumptive transfer.” Counties have agreed that the county of original jurisdiction (sending county) remains responsible for reimbursing the receiving county for specialty mental health services provided or arranged by the receiving county. Under this program, CalMHSA acts as a fiscal agent for participating counties to make and receive transfer payments of county match dollars. Counties will begin participating in this program July 1, 2018.

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

- **Digital Resource Navigator** – An Innovation program in Orange County that is creating a digital resource navigator platform where users will be able to search both public and private resources available in OC. The goal is to help folks better navigate both public and private systems. Users will be able to take a social determinates of health survey to help filter more/less appropriate resources. Contracted with Chorus.
- **Early Psychosis Learning** – An Innovation Program that brings together several counties to track the EP programs and form a learning collaborative to further the expansion of these highly successful programs for other counties. Contracted with UC Davis.
- **Full Service Partnership** – A multi-county project contracted with Third Sector for program management and oversight. RAND will be evaluator contractor once all counties have signed PAs. Contract seeks to develop best practices for implementation and execution of FSP services, including patient satisfaction.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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.

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.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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.

2. CASH AND INVESTMENTS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Cash per books	\$ 19,224	\$ 1,594,414
Money Market Account	1,014,777	9,494,517
LAIF	<u>27,069,035</u>	<u>786,592</u>
	<u>\$ 28,103,036</u>	<u>\$ 11,875,523</u>

Cash in Bank

As of June 30, 2020 and 2019, CalMHSA's cash balances per the bank (excluding Money Market and LAIF accounts) of \$4,228,825 and \$1,823,712 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, 2020, CalMHSA's had cash in a money fund managed by Morgan Stanley Smith Barney LLC.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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.

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.

B. INVESTEMENTS

Investments are reported at fair value.

Changes in fair value that occur during a fiscal year and any gains or losses realized upon the liquidation, maturity, or sale of investments are recognized as net increase (decrease) in investment fair values reported for that fiscal year. Investment income consists primarily of interest earnings on investments held by CalMHSA.

Disclosures Relating to Interest Risk - Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that CalMHSA manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of CalMHSA's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Authority's investments by maturity. For purposes of the schedule shown below, any callable securities are assumed to be held to maturity.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

Maturity Distribution of Investments

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>< 1year</u>	<u>1-3 years</u>	<u>>3 years</u>
US Treasury	\$ 4,597,430	\$ 4,597,430	\$ -	\$ -
Corporate Bonds	2,601,697	500,646	2,101,051	-
Municipal Bonds	10,803,596	2,630,548	7,037,809	1,135,239
Total	\$ 18,002,723	\$ 7,728,624	\$ 9,138,860	\$ 1,135,239

Disclosures Relating to Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2020, the held investments had a Standard & Poor rating of AA- or higher.

Concentration of Credit Risk - The investment policy of CalMHSA contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent 5% or more of total Authority investments are as follows:

<u>Investment</u>	<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Portfolio</u>
US Treasury	Federal Agencies	\$ 4,597,430	26%
New York St Urban Dev Corp	Municipal Bonds	\$ 1,289,925	7%
John Deere Capital Co	Corporate Bonds	\$ 1,016,072	6%
Wells Fargo Bank Natl Assn	Corporate Bonds	\$ 1,084,979	6%

Custodial Credit Risk - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and CalMHSA’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure CalMHSA’s deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

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 all programs on a statewide and regional basis.

5. TRANSFER OF ADMINISTRATION FEES

As of June 30, 2020, CalMHSA made the decision to allocate unused administration fees charged to programs into the Operations fund for future general administration costs. Beginning fund balances by program were reallocated to show actual program revenues and expenses. The reallocation of beginning fund balances by program is as follows:

	<u>Original</u>	<u>Reallocated</u>	<u>Change</u>
Net Position:			
Operations - Unrestricted	\$ 281,815	\$ 5,084,953	\$ 4,803,138
Obligated Funds Under Contract - Restricted:			
Tech Asst/Capacity Building	210,645	210,042	(603)
WET Program Funding	154,967	154,523	(444)
Fiscal Modernization	77,053	76,817	(236)
State Hospital Bed Program Funding	2,323,298	2,084,799	(238,499)
Wellness Center	145,735	145,318	(417)
Central Valley Suicide Prevention Hotline	28,349	84,450	56,101
Statewide PEI Programs	4,988,566	1,521,239	(3,467,327)
Sutter Health Systems	45,703	45,572	(131)
Public/Private Partnership Development	232,784	65,903	(166,881)
CCBHS Loan Forgiveness Program	450,316	451,384	1,068
AB1299 Presumptive Transfer	(166,521)	-	166,521
Northern Valley Suicide Prevention	(19)	(19)	-
Translation	32,699	37,074	4,375
Help@Hand	20,640,466	19,483,801	(1,156,665)
Total Net Position	<u>\$ 29,445,856</u>	<u>\$ 29,445,856</u>	<u>\$ -</u>

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

6. FIXED ASSETS

CalMHSA has been developing a secure portal with approval by the California Behavioral Health Directors Association (CBHDA) for its AB1299 program to allow counties to perform timely presumptive transfers. The portal became functional in January 2020 and CalMHSA has decided to capitalize prior expenses to get the portal operational and expenses will be depreciated over 5 years.

	Beginning Balance	Additions	Deletions	Ending Balance
Fixed Assets:				
AB1299 Portal	\$ -	\$ 581,501	\$ -	\$ 581,501
Accumulated Depreciation:				
AB1299 Portal	-	(58,150)	-	(58,150)
Net Fixed Assets	<u>\$ -</u>	<u>\$ 523,351</u>	<u>\$ -</u>	<u>\$ 523,351</u>

Depreciation expense totaled \$58,150 and \$0 as of June 30, 2020, and 2019, respectively.

7. SUBSEQUENT EVENTS

CalMHSA's management evaluated its 2020 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, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Budget Variance Favorable (Unfavorable)</u>
REVENUES:				
SHB Funding	\$ 600,000	\$ 600,000	\$ 607,666	\$ 7,666
Sustainability Funding	10,000,000	10,000,000	13,540,384	3,540,384
Public/Private Partnership Development	-	-	(1,484)	(1,484)
Suicide Prevention	500,000	500,000	696,402	196,402
Loan Forgiveness Program	-	-	300,000	300,000
Innovations Technology Suite	23,655,750	23,655,750	18,571,418	(5,084,332)
Transfers In - AB 1299	5,000,000	5,000,000	106,812	(4,893,188)
AB 1299 - Admin fee	250,000	250,000	-	(250,000)
LA Media Campaign	12,000,000	12,000,000	15,172,500	3,172,500
Other Programs	2,787,292	2,787,292	2,630,093	(157,199)
Investment Income	-	-	827,733	827,733
Total Revenue	<u>54,793,042</u>	<u>54,793,042</u>	<u>52,451,524</u>	<u>(2,341,518)</u>
EXPENDITURES/EXPENSES:				
Program Expenses	48,835,463	48,835,463	34,973,968	8,789,896
General and Administration	<u>1,308,680</u>	<u>1,308,680</u>	-	<u>1,308,680</u>
Total Expenditures/Expenses	<u>50,144,143</u>	<u>50,144,143</u>	<u>34,973,968</u>	<u>10,098,576</u>
Change in Fund Balance/Net Position	4,648,899	4,648,899	17,477,556	12,828,657
FUND BALANCE/NET POSITION				
Beginning of year	<u>29,445,856</u>	<u>29,445,856</u>	<u>29,445,856</u>	<u>-</u>
End of year	<u>\$ 34,094,755</u>	<u>\$ 34,094,755</u>	<u>\$ 46,923,412</u>	<u>\$ 12,828,657</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, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Budget Variance Favorable (Unfavorable)
REVENUES:				
SHB Funding	\$ 727,912	\$ 600,000	\$ 608,284	\$ 8,284
Sustainability Funding	7,700,000	7,700,000	13,793,594	6,093,594
Public/Private Partnership Development	400,000	400,000	432,003	32,003
Suicide Prevention	590,872	543,834	548,188	4,354
Loan Forgiveness Program	-	-	300,000	300,000
Innovations Technology Suite	25,000,000	20,745,152	14,881,874	(5,863,278)
Transfers In - AB 1299	4,000,000	4,000,000	92,309	(3,907,691)
AB 1299 - Admin fee	200,000	200,000	-	(200,000)
Translation Funding	-	-	125,000	
Non budgeted revenues	-	-	726,677	726,677
Total Revenue	<u>38,618,784</u>	<u>34,188,986</u>	<u>31,507,929</u>	<u>(2,806,057)</u>
EXPENDITURES/EXPENSES:				
Program Expenses	34,558,804	32,088,045	33,366,488	1,278,443
General and Administration	<u>1,161,360</u>	<u>1,346,619</u>	-	<u>1,346,619</u>
Total Expenditures/Expenses	<u>35,720,164</u>	<u>33,434,664</u>	<u>33,366,488</u>	<u>2,625,062</u>
Change in Fund Balance/Net Position	2,898,620	754,322	(1,858,559)	(5,431,119)
FUND BALANCE/NET POSITION				
Beginning of year	<u>31,304,415</u>	<u>31,304,415</u>	<u>31,304,415</u>	-
End of year	<u>\$ 34,203,035</u>	<u>\$ 32,058,737</u>	<u>\$ 29,445,856</u>	<u>\$ (5,431,119)</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, 2020 and 2019, 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



ACTION ITEMS

AGENDA ITEM B.2.

SUBJECT: REVISED BUDGET FY 2021

RECOMMENDATION:

Accept the CalMHSAs Revised Budget.

CURRENT STATUS AND BACKGROUND:

The CalMHSAs Bylaws provide for a fiscal year of July 1 to June 30 and require the Board of Directors to adopt the annual budget by July 1 of the new fiscal year. The draft budget is to be presented to the Board at least 45 days prior. (Bylaws, §§ 4.1.3, 6.3.4, and 9.1.)

Mr. Don Nguyen, CalMHSAs Chief Financial Officer, will provide an oral overview of the Annual Revenue and Expenditure Report – Proposed Revision of Budget June 30, 2021.

REFERENCE MATERIAL(S) ATTACHED:

CalMHSAs Annual Revenue and Expenditure Report – Proposed Revision Summary of Budget June 30, 2021

California Mental Health Services Authority
2020/2021 Proposed Operating Budget Revision

	(A)	(B)	(C)	(C ₂)	Footnotes
	Board Approved Budget (June 2019) 2019/2020	Actual Year End 2019/2020	Board Approved Budget (June 2020) 2020/2021	Proposed Budget (revised 2/2021) 2020/2021	
Revenues:					
PEI Programs	22,000,000	28,712,884	27,997,320	27,997,320	(1-3)
Innovation Projects	26,443,042	18,571,418	13,187,015	13,187,015	(4)
State Hospital Bed Program	600,000	607,666	610,000	610,000	(5)
Suicide Prevention Program	500,000	696,402	880,000	880,000	(6)
WET / Loan Forgiveness	-	300,000	9,688,500	9,688,500	(7)
Transfers In - AB 1299	5,000,000	106,812	3,000,000	3,000,000	(8)
AB 1299 - Admin Fee	250,000	-	300,000	300,000	(8)
FEMA	-	-	-	34,477,290	(9)
Contingencies	-	2,668,609	5,000,000	5,000,000	(10)
Total Revenues	54,793,042	51,663,791	60,662,835	95,140,124	
Program Expenses (Direct):					
Program Contracts	39,634,434	28,541,204	42,874,481	42,874,481	
Program Management	3,872,128	3,973,395	5,262,400	3,119,463	
Other Contracts	45,000	279,670	20,000	30,236,665	(12)
Legal	191,401	(147,767)	2,000	2,000	
Transfers Out - AB 1299	5,000,000	58,150	3,000,000	3,000,000	
Travel & Meetings	92,500	298,981	87,000	112,832	
Contingencies	-	-	5,000,000	5,000,000	(10)
Total Program Expenses	48,835,463	33,003,633	56,245,881	84,345,441	
Operational Expenses:					
General & Administrative					
Staffing	1,135,680	1,675,120	1,029,600	728,142	(11)
Legal	60,000	89,148	200,000	200,000	
Travel & Meetings	30,000	69,203	260,000	260,000	
Other Contracts	25,000	68,367	1,095,000	1,095,000	(12)
Insurance	43,000	42,285	70,000	70,000	
Financial Audit	15,000	66,000	35,000	35,000	
Total General & Administrative Expenses	1,308,680	2,010,123	2,689,600	2,388,142	
Total Expenditures	50,144,143	35,013,756	58,935,481	86,733,583	
Net Income / (loss) From Operations	4,648,899	16,650,035	1,727,354	8,406,542	
Investment Income		827,733	350,000	350,000	
	4,648,899	17,477,768	2,077,354	8,756,542	
Prior Year Fund Balance	29,445,856	29,445,856	46,923,624	46,923,624	(13)
Projected Fund Balance as of June 30	34,094,755	46,923,624	49,000,978	55,680,166	
Less: Restricted Program Balance	(27,275,804)	(43,198,935)	(39,200,783)	(50,112,149)	
Total Operating Reserves at June 30	6,818,951	3,724,690	9,800,196	5,568,017	(14)

#	Footnotes to Column C ₂	Explanation
(1)	PEI Sustainability	The expected collection from the counties based on the Program Commitment Funds Form.
(2)	County PEI Programs	Prior year program- New programs- Sacramento Mini Grants with 3 year contract = \$11.5M and Student Mental Health, Sacramento= \$150K. SMH funded through 6/30/2020 to create resources for local education agencies. Likelihood program will be enhanced and extended to accommodate the dire need in educational institutes.
(3)	LA PEI Portfolio	Los Angeles PEI program includes their LA Media Campaign and LA has a 3 year contract in the works at \$17m per year totalling \$51m (FY20/21-FY22/23)
(4)	Innovation Programs	EPL (learning health care network) with OC, Digital Resource Navigator _DRN (electronic directory) with OC, Psychiatric Advance Directive-PAD with Fresno and Full Service Partnership with 6 counties. EPL is 5 years = \$2M, DRN is 3 years = \$8.36M, PAD is 3 yrs = \$950,000 (potential for more when other counties join, FSP is 3 years = \$3.79m.
(5)	State Hospital Program	Assume same revenue as FY19/20
(6)	Suicide Prevention Hotline	Includes both Central Valley and Northern Valley (new in 19/20)- assume same revenue as FY19/20
(7)	WET / Loan Forgiveness	Alameda Loan Forgiveness joins in 19/20. FY20/21 = \$75,000 and loan payouts to be billed after 11 mos. Contra Costa loan forgiveness was a 3 year contract that ended in 19/20- however some loan payouts mature in 20/21 . Currently other counties are showing interest in this program.
(8)	AB1299 - Presumptive Transfer	\$3m in AB1299 funds transfers, \$300K annual admin fees. NOTE: Portal in use effective Jan 2020
(9)	FEMA	New Federal Contract with contractors and county resources providing/assisting with Administrative/Fiscal duties for COVID, 4558 ISP and Santa Clara. Reimbursements for all costs up to \$36M. FY2021 COVID revenue estimates at \$33.5M. This also includes the two Fires projects for FEMA (\$1M).
(10)	Contingencies	Placeholder for programs in discussions, pending confirmation and Board approval
(11)	Operational cost- staffing	For the revised budget, July-October reflects costs associated with previous contractor. November -June reflects actual staffing costs.
(12)	Operational cost-Other Contracts	Contracts with Vendors providing/assisting with Administrative/Fiscal duties included in Fees to CalMHSA, mainly Help@Hand
(12')	Program cost-Other Contracts	This includes contracts with providers providing services to the FEMA programs (\$30M in FY20/21).
(13)	Fund Balance	In previous years, the term Reserves was based on the off-balance sheet calculations. Starting with the FY20/21 Revised budget going forward, the term Fund Balance will be used to reflect the Net Assets/Fund Balances in the Balance Sheet.
(14)	Operating Reserves	In previous years, the term Available Reserves was used. Starting with the FY20/21 Revised budget going forward, the term Operating Reserves will be used to reflect the CalMHSA Operating Net Assets/Fund Balances in the Balance Sheet.



ACTION ITEMS

AGENDA ITEM B.3.

SUBJECT: CALMHSA INVESTMENT ACCOUNT & POLICY

RECOMMENDATION:

Removal of funds from Morgan Stanley account.

BACKGROUND AND CURRENT STATUS:

BACKGROUND

In May 2011, the Finance Ad Hoc Committee met and discussed the idea of investment of funds, due to anticipated initial funding from the State Department related to the Statewide PEI projects, in the amount of \$91 million.

June 2011, the Board approved a partial deposit of the \$91 million received with Morgan Stanley aka Morgan Stanley Smith Barney, pending the development of an CalMHSA Investment Policy, Release of an RFQ and the account would reflect no points or fees.

August 2011, at the request of the committee, staff released an RFQ, as a result of that release approved entering into a contract with Morgan Stanley.

September 2011, the Board approved Resolution 11-06 Investment Policy presented by Morgan Stanley Smith Barney.

CURRENT STATUS

CalMHSA currently hold funds in Zions Bank, and Morgan Stanley manages the investment portfolio of these funds.

REFERENCE MATERIAL(S) ATTACHED:

None.



ACTION ITEMS

AGENDA ITEM B.4.

SUBJECT: PROPOSED FINANCE COMMITTEE MEETING CALENDAR

RECOMMENDATION:

Accept the proposed CalMHSa Finance Committee Meeting Calendar.

CURRENT STATUS AND BACKGROUND:

None.

REFERENCE MATERIAL(S) ATTACHED:

Proposed CalMHSa Finance Committee Meeting Calendar for 2021-2022.



FINANCE COMMITTEE CALENDAR OF MEETINGS 2021-2022

DATE	TIME	LOCATION
MAY 26, 2021	12:00PM – 1:00PM	ZOOM <i>Review of Financial Statement for the quarter ended December 31, 2020</i> <i>Review of Proposed Budget FY 21-22</i>
SEPTEMBER 1, 2021	12:00PM – 1:00PM	ZOOM <i>Review of Financial Statement for the quarter ending June 30, 2021</i> <i>Review of Annual Revenue and Expenditure Report</i>
DECEMBER 1, 2021	12:00PM – 1:00PM	ZOOM <i>Review of First Quarter Financial Statements, for quarter ending Sept. 30, 2021</i>
FEBRUARY 2, 2022	12:00PM – 1:00PM	ZOOM <i>Review of Draft Budget FY 22-23</i>