

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

**January 11, 2016  
3:00 p.m. – 4:00 p.m.**

**Dial-in Number: 877-339-2412  
Access Code: 225-038-1321**

**George Hills Company / CalMHSA**  
3043 Gold Canal Drive, Suite 200  
Rancho Cordova, CA 95670

**Sonoma County**  
3332 Chante Road, BH Annex  
Santa Rosa, CA 95404

**Los Angeles County**  
550 S. Vermont Avenue, 10<sup>th</sup> Floor  
Los Angeles, CA 90020

**Madera County**  
209 E. 7<sup>th</sup> Street  
Madera, CA 93638

**Fresno County**  
4441 E. Kings Canyon, MS #97  
Fresno, CA 93702

*The Finance Committee welcomes and encourages public participation in its meetings. Following each item, time is reserved for members of the public to address the Committee. 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. 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 Chair may announce the maximum amount of time that will be allowed for presentation of testimony on that item.*

**A. 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.

<b>3. CONSENT CALENDAR</b> .....	<b>3</b>
A. Routine Matters	
a. Minutes from the October 26, 2015 Finance Committee Teleconference	
B. Reports/Correspondence	
a. CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2015 – Report to California Department of Health Care Services (CDHCS)	
<b><i>Recommendation: Approval of the consent calendar.</i></b>	
<b>4. REVIEW OF DRAFT FINANCIAL AUDIT</b> .....	<b>9</b>
A. Draft Financial Audit of Fiscal Year ending June 30, 2015.....	<b>10</b>
<b><i>Recommendation: Finance Committee to discuss and/or recommend to the Board of Directors filing of the draft Financial Audit.</i></b>	
<b>5. CASH FLOW MANAGEMENT</b> .....	<b>38</b>
A. Cash Balance as of December 31, 2015 .....	<b>39</b>
B. Letters of Acknowledgement Matrix .....	<b>40</b>
C. Projected Cash Flow for Fiscal Year 2015/2016 and 2016/2017 .....	<b>41</b>
<b><i>Recommendation: None, information only.</i></b>	
<b>6. CALMHSA FINANCIAL STATEMENT FOR QUARTER ENDING SEPTEMBER 30, 2015</b> .....	<b>42</b>
A. CalMHSA Financial Statement for Quarter Ending September 30, 2015.....	<b>43</b>
<b><i>Recommendation: Approval of the CalMHSA Financial Statements for the Quarters ending September 30, 2015 for presentation at the next scheduled Board of Directors Meeting.</i></b>	
<b>7. EXECUTIVE DIRECTOR FINANCE REPORT</b> .....	<b>46</b>
A. Strategic Development of 2016/2017 Revenue	
B. Annual Adjustment Review	
C. Drug Medi-Cal – Status	
D. Financial Modernization Pilot Program – Status	
E. January 25, 2016 Finance Committee Meeting	
<b><i>Recommendation: None, information only.</i></b>	
<b>8. PUBLIC COMMENT</b>	
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.	
<b>9. CLOSING COMMENTS</b>	
<b>10. ADJOURNMENT</b>	

**Agenda Item 3**

**SUBJECT: CONSENT CALENDAR**

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**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 October 26, 2015 Finance Committee Teleconference

B. Reports/Correspondence

- a. CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2015 – Report to California Department of Health Care Services (CDHCS)

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

Approval of the Consent Calendar.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIALS ATTACHED:**

- Minutes from the October 26, 2015 Finance Committee Teleconference
- CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2015 – Report to California Department of Health Care Services (CDHCS)



## CalMHSAs Finance Committee

### TELECONFERENCE MINUTES FROM OCTOBER 26, 2015

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#### Finance Committee Members

##### Present

- Dawan Utecht, CalMHSAs Treasurer, Fresno County
- Dennis P. Koch, Madera County
- Dr. William Arroyo, Los Angeles County
- Michael Lucid, Sonoma County

##### Absent

- Terence M. Rooney, Colusa County
- Jerry Wengerd, Riverside County
- Maureen Bauman, CalMHSAs President (Ex-Officio)

##### CalMHSAs Staff

- Wayne Clark, Executive Director
- John Chaquica, Chief Operating Officer
- Kim Santin, Finance Director
- Laura Li, JPA Administrative Manager
- Alex Wilson, Administrative Assistant

##### Consultants/Presenters

- Doug Alliston, Legal Counsel

##### Public

- Senaida Range, Colusa County

1. **Call to Order**

The CalMHSA Finance Committee teleconference was called to order at 3:04 p.m. on October 26, 2015 by Finance Director Kim Santin, CalMHSA.

2. **Roll Call and Public Comment Instructions**

Finance Director Santin called roll and a quorum was established. All participants were asked to introduce themselves. Treasurer Dawan Utecht, Fresno 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 Utecht asked for any changes to the September Treasurer's report, as well as the September 14, 2015 committee minutes. None were proposed.

**Action: Approval of the consent calendar.**

**Motion: Dennis P. Koch, Madera County**

**Seconded: Dr. William Arroyo, Los Angeles County**

**Motion passed.**

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

*None*

4. **Cash Flow Management**

Treasurer Utecht referred to the documents provided in the agenda packet, in review of the current CalMHSA cash balance, stating the balance had declined as predicted, though the cash flow has exceeded its projected rate. The committee agreed on the criticality of assisting counties in ensuring there are no issues with posting of receipts.

**Action: None, information only.**

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

*None*

5. **CalMHSA Bylaw Amendment**

Treasurer Utecht directed the committee to the amended bylaws. Finance Director Kim Santin, CalMHSA, gave an overview of the proposed amendment and emphasizing the year-end budget projections for CalMHSA as proof of its necessity. The committee provided input on language clarification.

**Action: Approval of proposed amendment to bylaws (to be presented before the Board)**

**Motion: Dr. William Arroyo, Los Angeles County**

**Seconded: Michael Lucid, Sonoma County**

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

*None*

6. **CalMHSA Executive Director Finance Report**

Executive Director Wayne Clark, CalMHSA, presented a report on various financial matters, to include Short-Doyle Modernization project still in progress, proposals to assist counties with implementation plans for the Drug Medi-Cal program, and updates State Hospital Bed project. Chief Operating Officer John Chaquica, CalMHSA, provided additional detail reminding committee members of the upcoming meeting with the Department of State Hospitals.

**Action: None, information only.**

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

*None*

7. **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*

8. **Closing Comments**

Treasurer Dawan Utecht, Fresno County, asked for any closing comments.

9. **Adjournment**

With no further comments, the meeting was adjourned at 3:35 p.m.

## Memo

December 18, 2015

To: Karen Baylor, California Department of Health Care Services (CDHCS)  
From: Kim Santin, Finance Director, California Mental Health Services Authority

Re: CalMHSA Contract 09-79119-00 (DHCS #12-89125) Reporting for the Fiscal Year Ended June 30, 2015

On behalf of the California Mental Health Services Authority (CalMHSA), enclosed is the JPA's revenue and expenditure report for the year ended June 30, 2015. The financial audit report will be sent under separate cover. The attached report demonstrates CalMHSA's execution of the deliverables outlined in the April 29, 2010 contract:

- B. Commencing in FY 2010/2011 and each fiscal year thereafter, not later than December 31, the Contractor shall provide to CDHCS the following information for the previous fiscal year:
  - (1) An accounting of the funds administered by the Contractor in aggregate, to include:
    - a.) Amount at the beginning of the fiscal year in the account specified in item 5.B.
    - b.) Amounts received during the fiscal year.
    - c.) Amount disbursed throughout the fiscal year.
  - (2) An accounting of funds by County as specified in item 5.B.(6) to include:
    - a.) Amount at the beginning of the reporting term.
    - b.) Amount of funds received for each County.
    - c.) Amount of interest earned on funds by date posted to the account.
    - d.) Amount of funds remaining for each County at the end of the reporting term.
    - e.) A report on the total amount of encumbered and unencumbered funds.
- C. The Contractor shall prepare and distribute at its meetings quarterly reports of all of its revenues and expenditures.
- D. The Contractor shall keep such books and records of the operation of the programs and the Account, pursuant to generally accepted accounting principles for governmental entities, practices and applicable laws and regulations. CDHCS, or its representative, shall have the right to audit the programs and Account, at its expense, and upon reasonable notice to the Contractor.

Please contact me with any questions (916-859-4820, [kim.santin@calmhsa.org](mailto:kim.santin@calmhsa.org)).

**California Mental Health Service Authority (CalMHSA)**  
**Contract 09-79119-00 Reporting**  
**For the Fiscal Year Ended June 30, 2015**

Contract 09-79119-000

References:

5B(2)a  
5B(1)a      5B(2)b  
5B(1)b      5B(2)b  
5B(1)b      5B(2)b  
5B(1)b

5B(1)c      5B(2)c      5B(2)d

County	County/Total Available Funds (Includes funding for 11/12 Fiscal Year)	Amount at Beginning of Fiscal Year	Phase I Funds Received During 2014/2015 Fiscal Year	Phase II Funds Received During 2014/2015 Fiscal Year	Phase III Funds Received During 2014/2015 Fiscal Year	Phase I Funds Receivable June 30, 2015	Total PEI Funds recognized as Revenue by CalMHSA under GAAP Accounting	Less Disbursements of \$26,850,646	Interest Earned on PEI Funds \$224,015	GAAP Basis PEI Fund Balance as of June 30, 2015 Note (1)	Contract Basis PEI Fund Balance as of June 30, 2015
Alameda						380,240	380,240	(270,586)	2,257	111,912	(268,328)
Amador	\$126,400	26,903	8,000				8,000	(24,837)	207	10,273	10,273
Butte	\$875,200	186,275	15,000				15,000	(143,231)	1,195	59,239	59,239
Calaveras	\$165,200	35,161	2,694				2,694	(26,938)	225	11,141	11,141
Colusa	\$100,000	21,284	11,414				11,414	(23,268)	194	9,624	9,624
Contra Costa	\$3,668,800	780,858					-	(555,672)	4,636	229,821	229,821
El Dorado	\$580,800	123,616					-	(87,967)	734	36,382	36,382
Fresno	\$3,994,000	850,072	455,864				455,864	(929,328)	7,753	384,362	384,362
Glenn	\$108,400	23,072	8,800	12,536	12,536		8,800	(22,680)	189	9,380	9,380
Imperial	\$750,000	159,628					-	(113,594)	948	46,982	46,982
Humboldt	\$502,800	107,015				8,198	8,198	(81,988)	684	33,909	25,711
Imperial			48,915				48,915	(34,809)	290	14,397	14,397
Inyo	\$100,000	22,549					-	(16,047)	134	6,637	6,637
Kern	\$3,423,600	728,670				120,019	120,019	(603,942)	5,039	249,785	129,766
Kings			48,916				48,916	(34,810)	290	14,397	14,397
Lake	\$236,800	50,400	27,028				27,028	(55,099)	460	22,788	22,788
Lassen	\$101,200	22,820					-	(16,239)	135	6,716	6,716
Los Angeles	\$46,713,600	9,942,398					-	(7,075,191)	59,028	2,926,235	2,926,235
Madera	\$649,600	138,259					-	(98,388)	821	40,692	40,692
Marin	\$889,600	189,340	101,536				101,536	(206,993)	1,727	85,610	85,610
Mariposa	\$100,000	22,549	11,414				11,414	(24,169)	202	9,996	9,996
Mendocino	\$328,000	69,811	5,348				5,348	(53,484)	446	22,121	22,121
Merced	\$1,132,800	241,102	40,000				40,000	(200,037)	1,669	82,734	82,734
Modoc	\$100,000	21,284	6,522				6,522	(19,787)	165	8,184	8,184
Mono	\$100,000	22,549					-	(16,047)	134	6,637	6,637
Monterey	\$1,826,400	388,726	208,460				208,460	(424,968)	3,546	175,763	175,763
Napa	\$484,400	109,230	10,551				10,551	(85,238)	711	35,254	35,254
Nevada						5,000	5,000	(3,558)	30	1,472	(3,528)
Orange	\$13,336,800	2,838,569	900,000				900,000	(2,660,433)	22,196	1,100,331	1,100,331
Placer	\$1,096,400	233,355	162,000				162,000	(281,342)	2,347	116,360	116,360
Plumas						20,000	20,000	(14,232)	119	5,886	(14,114)
Riverside	\$8,856,000	1,884,887	482,953				482,953	(1,684,998)	14,058	696,900	696,900
Sacramento	\$5,327,200	1,133,827	460,302				460,302	(1,134,411)	9,464	469,182	469,182
San Benito	\$221,600	131,082					-	(93,280)	778	38,580	38,580
San Bernardino	\$8,615,200	1,833,636	561,894				561,894	(1,704,703)	14,222	705,050	705,050
San Diego	\$13,506,800	2,874,751	650,000				650,000	(2,508,277)	20,927	1,037,401	1,037,401
San Francisco	\$3,020,400	668,341	100,000				100,000	(546,765)	4,562	226,137	226,137
San Joaquin	\$250,000	56,374	174,663				174,663	(164,410)	1,372	67,998	67,998
San Luis Obispo	\$1,032,000	219,648	67,308				67,308	(204,203)	1,704	84,457	84,457
San Mateo	\$2,610,800	555,676				85,139	85,139	(456,015)	3,805	188,604	103,465
Santa Barbara	\$1,808,800	384,980					-	(273,959)	2,286	113,307	113,307
Santa Clara	\$7,707,600	1,640,465	502,699				502,699	(1,525,114)	12,724	630,774	630,774
Santa Cruz	\$1,130,000	240,506					-	(171,149)	1,428	70,786	70,786
Shasta			11,485				11,485	(8,173)	68	3,380	3,380
Siskiyou	\$143,200	30,478	11,675				11,675	(29,997)	250	12,407	12,407
Solano	\$1,604,400	355,015	54,922				54,922	(291,718)	2,434	120,652	120,652
Sonoma	\$1,758,800	374,338	57,356				57,356	(307,201)	2,563	127,056	127,056
Stanislaus	\$2,040,800	434,358	232,931				232,931	(474,855)	3,962	196,396	196,396
Sutter/Yuba	\$600,800	130,408	39,185				39,185	(120,685)	1,007	49,914	49,914
Tulare			31,443	31,443	31,443		31,443	(22,375)	187	9,254	9,254
Tuolumne	\$193,200	43,566	15,751	16,715	16,715		15,751	(42,211)	352	17,458	17,458
Tri Cities	\$817,200	184,274	13,325				13,325	(140,615)	1,173	58,157	58,157
Trinity	\$100,000	21,284	6,522				6,522	(19,787)	165	8,184	8,184
Ventura	\$3,339,200	710,706	55,000				55,000	(544,891)	4,546	225,362	225,362
Yolo	\$832,800	177,251	70,000				70,000	(175,948)	1,468	72,771	72,771
	<b>\$147,007,600</b>	<b>31,441,344</b>	<b>\$5,671,876</b>	<b>\$60,694</b>	<b>\$60,694</b>	<b>\$618,596</b>	<b>\$6,290,472</b>	<b>(26,850,646)</b>	<b>224,015</b>	<b>11,105,185</b>	<b>10,486,589</b>

Note (1) - The GAAP Basis Fund Balance of \$11,105,185 (\$10,486,589 + \$618,596) is \$618,596 more than the Contract Basis of PEI Fund Balance for Cash Basis recognition of Revenue.

Note (2) - The Fund Balance on the Audit includes all programs.

PEI programs	11,105,185
Technical Asst/Capacity Bu	203,448
WET program	148,470
SHB Program	540,030
Feasibility Study	259,566
SDR Conference	(26,578)
Operations	(359,874)
<b>Total Fund Balance</b>	<b>11,870,247</b>

FY 2015	26,850,646.00
FY 2014	60,893,888.46
FY 2013	38,713,297.00
FY 2012	16,674,078.00
FY 2011	1,661,817.00
FY 2010	235,700.00
	<u>145,029,426.46</u>



## **Agenda Item 4**

**SUBJECT: REVIEW OF DRAFT FINANCIAL AUDIT**

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### **ACTION FOR CONSIDERATION:**

Finance Committee to discuss and/or recommend to the Board of Directors filing of the draft 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, 2015 and 2014.

### **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 Financial Audit of Fiscal Year ending June 30, 2015 and 2014

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY  
FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT  
  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2015 AND 2014**



# California Mental Health Services Authority

## Board of Directors

JUNE 30, 2015

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### Executive Committee

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Terence M. Rooney, PhD	Vice President	Colusa County
Michael Kennedy, MFT	Secretary	Sonoma County
Dawan Utecht	Treasurer	Fresno County
Jo Robinson	Bay Area Region	San Francisco County
Vic Singh	Central Region	San Joaquin County
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Marvin J. Southard, DSW	Los Angeles Region	Los Angeles County
Mary Hale	Southern Region	Orange County
CaSonya Thomas, MPA, CHC	Southern Region	San Bernardino County
Alfredo Aguirre, LCSW	Southern Region	San Diego County
Karen Stockton, PhD, MSW	Superior Region	Modoc County
Donnell Ewert, MPH	Superior Region	Shasta County

### Board Members

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Linda Morris	Lake County	Madelyn Schlaepfer, PhD	Stanislaus County
Pamela Grosso	Lassen County	Tony Hobson	Sutter-Yuba County
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Suzanne Tavano, PHN, PhD	Marin County	Noel J. O'Neill, MFT	Trinity County
Michael Bishop, LMFT, PhD	Mariposa County	Timothy Durick, PsyD	Tulare County
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Robin Roberts, MFT	Mono County	Karen Larsen	Yolo County
Amie Miller	Monterey County		

California Mental Health Services Authority

TABLE OF CONTENTS

---

	<u>PAGE</u>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	3
<b>Basic Financial Statements</b>	
Governmental Fund Balance Sheet – Statement of Net Position	9
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balances/Net Position – Statement of Activities	10
Notes to the Basic Financial Statements	11
<b>Required Supplementary Information</b>	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual General Fund – June 30, 2015	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP) and Actual General Fund – June 30, 2014	19
<b>Other Auditor's Report</b>	
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>	20



**James Marta & Company LLP**  
***Certified Public Accountants***

*Accounting, Auditing, Consulting, and Tax*

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**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, 2015 and 2014, 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, 2015 and 2014, 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.

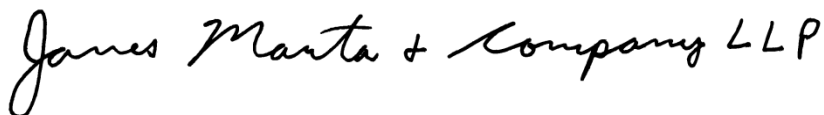
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Statement of Revenues, Expenditures and Change in Fund Balance – Budget (Non-GAAP) and Actual – General Fund 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 December 4, 2015 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.



James Marta & Company  
Certified Public Accountants  
Sacramento, California  
December 4, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015 AND 2014

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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, 2015 and 2014. 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, 2015, 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). Total funding available for the CalMHSA members was \$147 million. Since the development of the initial budget, membership has exceeded management's expectations and is currently at 52 members. As of October 2013, member counties had directed \$147 million (\$160 million is statewide total) to CalMHSA.

### **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



# CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015 AND 2014

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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. Specifically CalMHSA will, consistent with the requirements of the MHSA and as approved by the MHSOAC and CDMH, develop and implement PEI programs, on a statewide or regional basis that conform with the "Guidelines for PEI Statewide Programs" issued by the MHSOAC and the three State Strategic Plans. This contract has been funded exclusively from funds in the "PEI State-Administered Projects Planning Estimates", now called the "PEI State-Administered Component Allocations", published on September 11, 2008. The term of this contract was April 15, 2010 through June 30, 2014. In January 2011, the MHSOAC approved the CalMHSA PEI Statewide Projects Implementation Work Plan. A total of 25 providers were identified through an RFP process to implement the Work Plan by June 30, 2014.

### **2014/2015 Program Highlights**

#### Phase I & Phase II – Sustainability

With the end of the four-year period nearing, 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 continues 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 is 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).

Additionally, 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.

#### 7th International "Together Against Stigma" Conference

The 7th International "Together Against Stigma" Conference was held for the first time in the United States in San Francisco February 18-20, 2015 on behalf of CalMHSA, the World Psychiatric Association, the California Institute for Behavioral Health Solutions, and the County Behavioral Health Directors Association of California. The stigma of mental health challenges is not exclusive to any one country or culture. The 7th International Conference: Each Mind Matters brought together over 750 prominent and diverse voices committed to working together to address the stigma people living with mental health challenges are subjected to in other countries and in the United States on a daily basis. Held for the first time in the United States, the gathering hosted experts, researchers, advocates and emerging leaders in mental health advocacy from 17 countries. Three days were packed with thought provoking panels, new research, and inspiring testimony where mental health experts and advocates came together to tackle

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

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challenges, share promising practices and spotlight successes in combating stigma worldwide. Each Mind Matters: California’s Mental Health Movement reached a global audience at the conference that spotlighted the innovations and outcomes pioneered by leading mental health partners.

**Financial Highlights for the Fiscal Year Ended June 30, 2015**

Revenues	\$ 7.2 million	Revenues increased \$5.4 million over the prior year. The rise in revenues was primarily due to funding for Phase I sustainability.
Expenses	\$27.5 million	Expenses decreased \$34.1 million or 55% over the prior year. The budget for current year Phase I sustainability contracts was significantly less than prior year which reflected payments to contractors for final execution of deliverables from the initial PEI programs.
Assets	\$15.0 million	Assets decreased \$30.8 million over the prior year due to payments to contractors made during the year.
Liabilities	\$ 4.6 million	Liabilities decreased \$10.4 million 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 CalMHSA’s operations and significant accounting policies as well as clarify unique financial information.

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**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 2015 and 2014, and a look ahead at economic conditions that may affect CalMHSA in the future.

**I. Statement of Net Position**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Change Over Prior Year</b>
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Cash and cash equivalents</b>	\$ 14,220,664	\$ 875,222	\$ 14,250,192	1525%
<b>Investments - current portion</b>		43,931,766	53,969,429	-100%
<b>Contractor prepayments</b>			368,996	
<b>Accounts receivable</b>	788,380	979,768	580,592	-20%
<b>Total Current Assets</b>	<u>15,009,044</u>	<u>45,786,756</u>	<u>69,169,209</u>	-67%
<b>Investments - Noncurrent</b>			<u>27,449,689</u>	
<b>Total Assets</b>	<u>15,009,044</u>	<u>45,786,756</u>	<u>96,618,898</u>	-67%
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
<b>Accounts payable</b>	4,481,941	14,992,620	6,041,242	-70%
<b>Deferred revenue</b>	122,345	39,185		212%
<b>WET Program Funding</b>				
<b>Total Current Liabilities</b>	<u>4,604,286</u>	<u>15,031,805</u>	<u>6,041,242</u>	-69%
<b>RESTRICTED NET POSITION</b>	<u>\$ 10,404,758</u>	<u>\$ 30,754,951</u>	<u>\$ 90,577,656</u>	-66%

Cash and cash equivalents increased \$13.3 million, from \$875,222 as of June 30, 2014, to \$14,220,664 as of June 30, 2015. CalMHSA's investments of \$43.9 million as of June 30, 2014, matured during the year. This resulted in the increase in cash and cash equivalents, highly liquid investments with a maturity of three months or less when purchased.

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

Total assets decreased by \$30.8 million from \$45.8 million at June 30, 2014 to \$15.0 million at June 30, 2015. The assets were expected to decrease as payments to contractors for final deliverables and production of products were made.

Liabilities decreased \$10.4 million over the prior year. Final deliverables for the initial PEI programs were received and contracts were closed out during the fiscal year ended June 30, 2015. Since payments for these contracts were made during the year, it resulted in less amounts owed to contractors at year-end.

**II. Statement of Revenues, Expenses and Changes in Net Position**

	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Change Over Prior Year</b>
<b>Operating revenues</b>	\$ 7,095,078	\$ 1,462,874	\$ 754,021	385%
<b>Operating expenses:</b>				
<b>Program expenses</b>	26,200,594	60,500,806	38,241,533	-57%
<b>Indirect expenses</b>	1,336,150	1,089,271	1,150,716	23%
<b>Total operating expenses</b>	<u>27,536,744</u>	<u>61,590,077</u>	<u>39,392,249</u>	-55%
<b>Operating income/(loss)</b>	(20,441,666)	(60,127,203)	(38,638,228)	-66%
<b>Nonoperating income</b>	<u>91,473</u>	<u>304,498</u>	<u>495,555</u>	-70%
<b>Increase/(decrease) in net assets</b>	(20,350,193)	(59,822,705)	(38,142,673)	
<b>Net position, beginning of year</b>	30,754,951	90,577,656	128,720,329	-66%
<b>Net position, end of year</b>	<u><u>\$ 10,404,758</u></u>	<u><u>\$ 30,754,951</u></u>	<u><u>\$ 90,577,656</u></u>	-66%

For the fiscal year ended, June 30, 2015, total revenue (operating and nonoperating) increased by \$5.4 million. Operating revenue increased \$5.6 million over fiscal year 2014 primarily due to new funding for Phase I Sustainability (\$6.3 million), International SDR Conference Registration fees (\$326,663) and an increase in State Hospital Bed funding (increase of \$165,686) offset by a decrease in funding for TTACB (\$668,600).

# CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015 AND 2014

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Operating expenses were \$27.5 million in fiscal year 2015. This was a \$34.1 million or 55% decrease compared to 2014. During the fiscal year 2012, CalMHSA entered into 28 contracts with 28 program partners through June 30, 2014. Expenditures on these contracts for fiscal year 2014 were high as they focused on final execution of deliverables and production of products. The budget for current year Phase I sustainability contracts is significantly less than that of the initial PEI programs.

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

As mentioned earlier, the CalMHSA Board approved a Phase II Funding Plan for the purpose of continuing work related to PEI projects through June 30, 2017. The Plan builds upon the initial statewide PEI investment by bringing three current initiatives (i.e., SP, SDR and SMH) together under one common umbrella – Each Mind Matters. Each Mind Matters will provide a branded comprehensive campaign and recognizable messaging across the state to support a movement in California to promote mental health and wellness and reduce the likelihood of mental illness, substance use and suicide among all Californians. By organizing multiple activities under Each Mind Matters, California can continue to make strides in preventing mental illness, substance use disorders and suicide, improving student mental health, increasing open-mindedness and compassion toward persons experiencing mental health and substance use challenges, and improving health equity by addressing the specific needs of California's diverse ethnic, racial and cultural communities.

The magnitude of this Plan will require a phased approach and diverse sources of funding. The Phase II Plan is designed to support and enhance local PEI work and counties will be expected to make a financial commitment to help reach this financial goal. Significant contributions from county PEI allocations of at least five-percent annually, on average, from each county will be important to meet this financial goal and to demonstrate sufficient commitment on the part of county behavioral health in order to successfully leverage the commitment of partners from other sectors (e.g., primary care, public safety, education, public health). Other funding sources that will need to be considered to raise the balance of the funds are fee-for-service, government and private foundation grants, and federal and non-MHSA state funding streams. It may even be necessary to consider requiring applicants to demonstrate their ability to secure matching funds in order to be competitive in the contract bidding process.

## **BASIC FINANCIAL STATEMENTS**

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

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

**JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 14,220,664	\$ 875,222
Investments- Current Portion	-	43,931,766
Receivables	788,380	979,768
Total Current Assets	<u>\$ 15,009,044</u>	<u>\$ 45,786,756</u>
 <b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	\$ 4,481,941	\$ 14,992,620
Unearned PEI Program funding	122,345	39,185
Total Current Liabilities	<u>4,604,286</u>	<u>15,031,805</u>
 <b>FUND BALANCE / NET POSITION</b>		
Net Postion:		
Restricted		
Tech asst/capacity building	203,448	239,597
Operations	796,788	884,807
PEI funding	5,006,023	29,016,637
WET Program Funding	148,470	148,470
Feasibility Funding	259,561	271,130
SHB Program Funding	540,032	194,310
Phase I Sustainability	3,450,436	-
Total Restricted	<u>10,404,758</u>	<u>30,754,951</u>
 Total Liabilities and Fund Balance/Net Position	<u>\$ 15,009,044</u>	<u>\$ 45,786,756</u>

**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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
<b>REVENUES:</b>		
Technical Assistance/Capacity Building	\$ -	\$ 668,600
PEI Statewide Programs - Planning	-	11,080
PEI Statewide - Program Implementation	-	210,520
SHB Funding	437,943	272,257
Feasibility Study Funding	-	299,167
Sustainability Funding	6,290,472	-
Conference Registration	326,663	-
Donations	40,000	200
Fees	-	1,250
Investment Income	91,473	304,298
Total Revenue	<u>7,186,551</u>	<u>1,767,372</u>
<b>EXPENDITURES/EXPENSES:</b>		
<b>Program Expenses</b>		
SDR Conference	393,238	-
Technical Assistance/Capacity Building	36,149	467,735
SHB Program Funding	92,221	78,027
Feasibility Study Funding	11,569	28,037
Program Expense	22,360,060	56,504,288
Evaluation Expense	2,720,109	3,049,693
Planning Expense	587,248	373,026
Total Program Expense	<u>26,200,594</u>	<u>60,500,806</u>
<b>General and Administration</b>	<u>1,336,150</u>	<u>1,089,271</u>
Total Expenditures/Expenses	<u>27,536,744</u>	<u>61,590,077</u>
Change in Fund Balance/Net Position	(20,350,193)	(59,822,705)
<b>FUND BALANCE/NET POSITION</b>		
Beginning of year	<u>30,754,951</u>	<u>90,577,656</u>
End of year	<u>\$ 10,404,758</u>	<u>\$ 30,754,951</u>



**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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**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, 2015 and 2014, 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, 2015 AND 2014**

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**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, 2015 AND 2014**

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**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.

CalMHSA executed a contract with the California Department of Mental Health (CDMH) for an amount not to exceed \$160 million. This contract has been funded exclusively from funds in the "PEI State-Administered Projects Planning Estimates", now called the "PEI State-Administered Component Allocations", published on September 11, 2008. These funds were classified as a voluntary nonexchange transaction and recorded on a modified accrual basis of accounting because CalMHSA operates with one governmental fund. GASB 33 specifies that revenue from voluntary nonexchange transactions accounted for on the modified accrual basis of accounting be recognized in the period when all applicable eligibility requirements have been met and the resources are available. For CalMHSA, revenue was recognized when counties became official members of CalMHSA and when the funding request was received by the CDMH. The term of this contract was April 15, 2010 through June 30, 2014.

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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With the end of the four-year period nearing, 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 continues 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 is 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).

Additionally, 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.

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, 2015 AND 2014**

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**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, 2015 AND 2014**

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**2. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2015 and 2014 consisted of the following:

	2015	2014
Cash in banks	\$ 245,647	\$ 344,039
Money Market Account	1,630	110,839
LAIF	13,973,387	420,344
	<u>\$ 14,220,664</u>	<u>\$ 875,222</u>

Cash in Bank

As of June 30, 2015 and 2014, CalMHSA's balances per the bank of \$436,915 and \$506,716 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, 2015, CalMHSA's had cash in a money fund managed by Morgan Stanley Smith Barney LLC.

Local Agency Investment Fund

CalMHSA places certain funds with the State of California's Local Agency Investment Fund (LAIF). The Authority is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. These pooled funds are carried at cost, which approximates market value and is reported in the accompanying financial statements based upon the Authority's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. 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. The monies held in the pooled investment funds are not subject to categorization by risk category. LAIF is currently unrated and has an average maturity of 239 days.

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, 2015 AND 2014**

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**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.calmhsa.org](http://www.calmhsa.org) for a complete list of the statewide PEI approved contractors.

**5. SUBSEQUENT EVENTS**

CalMHSA's management evaluated its 2015 financial statements for subsequent events through December 4, 2015, the date the financial statements were available to be issued. Management is not aware of any subsequent events 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, 2015**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Budget Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
SHB Funding	\$ 450,000	\$ 437,943	\$ (12,057)
Sustainability Funding	12,800,000	6,290,472	(6,509,528)
Conference Registration	-	326,663	326,663
Donations	-	40,000	40,000
Feasibility Study Funding	-	(1,763)	(1,763)
Investment Income	95,000	91,473	(3,527)
Total Revenue	<u>13,345,000</u>	<u>7,184,788</u>	<u>(6,160,212)</u>
<b>EXPENDITURES/EXPENSES:</b>			
<b>Program Expenses</b>			
SDR Conference	-	393,238	(393,238)
Technical Assistance/Capacity Building	-	36,149	(36,149)
SHB Program Funding	450,080	92,221	357,859
Feasibility Study Funding	248,703	9,806	238,897
Program Expenses	40,349,390	22,360,060	17,989,330
Evaluation Expense	2,326,733	2,720,109	(393,376)
Planning Expense	-	587,248	(587,248)
Total Project Expense	<u>43,374,906</u>	<u>26,198,831</u>	<u>17,176,075</u>
<b>General and Administration</b>	<u>3,155,583</u>	<u>1,336,150</u>	<u>1,819,433</u>
Total Expenditures/Expenses	<u>46,530,489</u>	<u>27,534,981</u>	<u>18,995,508</u>
Change in Fund Balance/Net Position	(33,185,489)	(20,350,193)	(25,155,720)
<b>FUND BALANCE/NET POSITION</b>			
Beginning of year	<u>30,754,951</u>	<u>30,754,951</u>	<u>-</u>
End of year	<u>\$ (2,430,538)</u>	<u>\$ 10,404,758</u>	<u>\$ (25,155,720)</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, 2014**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Budget Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>			
Technical Assistance/Capacity Building	\$ 473,000	\$ 668,600	\$ 195,600
PEI Statewide Programs - Planning	3,750	11,080	7,330
PEI Statewide - Program Implementation	71,250	210,520	139,270
SHB Funding	-	272,257	272,257
Feasibility Study Funding	-	299,167	299,167
Fees	-	1,250	1,250
Investment Income	642,000	304,498	(337,502)
Total Revenue	<u>1,190,000</u>	<u>1,767,372</u>	<u>577,372</u>
<b>EXPENDITURES/EXPENSES:</b>			
<b>Program Expenses</b>			
Technical Assistance/Capacity Building	515,036	467,735	47,301
WET Program Funding	147,720	-	147,720
SHB Program Funding	-	78,027	(78,027)
Feasibility Study Funding	-	28,037	(28,037)
PEI Statewide Programs	50,062,065	56,504,288	(6,442,223)
Evaluation Expense	4,456,413	3,049,693	1,406,720
Planning Expense	800,000	373,026	426,974
Total Project Expense	<u>55,981,234</u>	<u>60,500,806</u>	<u>(4,519,572)</u>
<b>General and Administration</b>	<u>2,007,500</u>	<u>1,089,271</u>	<u>918,229</u>
Total Expenditures/Expenses	<u>57,988,734</u>	<u>61,590,077</u>	<u>(3,601,343)</u>
Change in Fund Balance/Net Position	(56,798,734)	(59,822,705)	4,178,715
<b>FUND BALANCE/NET POSITION</b>			
Beginning of year	<u>90,577,656</u>	<u>90,577,656</u>	<u>-</u>
End of year	<u>\$ 33,778,922</u>	<u>\$ 30,754,951</u>	<u>\$ 4,178,715</u>

## **OTHER AUDITOR'S REPORT**



**James Marta & Company LLP**  
***Certified Public Accountants***

*Accounting, Auditing, Consulting, and Tax*

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**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, 2015 and 2014, 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 December 4, 2015.

**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.

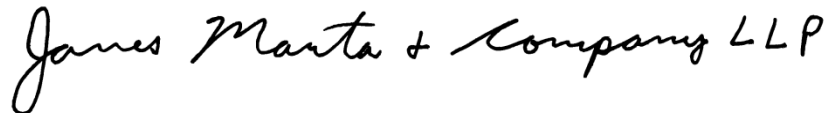
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given 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.

A handwritten signature in black ink that reads "James Marta & Company LLP". The signature is written in a cursive, flowing style.

James Marta & Company LLP  
Certified Public Accountants  
Sacramento, California  
December 4, 2015

**Agenda Item 5**

**SUBJECT: CASH FLOW MANAGEMENT**

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**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 December cash disbursements, our cash balance is \$14.1 million. Our cash flow projection attached projects cash to be 6.7 million at June 30, 2016. CalMHSA has currently received \$5.2 million for Phase II. Cash Management is now a priority for CalMHSA, therefore becoming a regular item in the agenda.

We received 98.82% of the Phase I LOA funding from counties by December 31, 2015.

As of December 31, 2015, CalMHSA has received 84% of Phase II dollars paid by 85% of the Counties.

We have completed six months of the fiscal year 2015/2016 and feel there is a need to begin discussions of funding strategies for 2016/2017. CalMHSA has determined the minimum funding for sustainability to be \$6 million.

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

For Information and discussion.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIAL ATTACHED:**

- Cash Balance as of December 31, 2015
- Letters of Acknowledgement Update
- Projected Cash Flow for Fiscal Year 2015/2016 and 2016/2017

**CalMHSA**  
**Cash Balance**  
**As of December 31, 2015**

Cash Balance, 6/30/2015	14,215,412.33
Cash Received 07/01/15 to 12/31/2015	7,812,189.56
Cash Payments 07/01/2015 to 12/31/2015	(7,849,128.29)
Cash Balance, 12/31/2015	14,178,473.60

<b>Cash Balance by Institution</b>	
California Bank & Trust	54,740.88
Morgan Stanley Smith Barney	1,420.02
Local Agency Investment Fund	14,122,312.70
<b>Cash Total 12/31/2015</b>	<b>14,178,473.60</b>

## Letters of Acknowledgement

County	PHASE I FUNDING FY 14-15 Funding		Date Payment Received	PHASE I Funding Received	PHASE II FUNDING FY 15-16 LOA Rcvd & Funding Projected		Date Payment Received	PHASE II Funding Received FY 15-16	FY 16-17 LOA Rcvd & Funding Projected (Phase II)		Date Payment Received	PHASE II Funding Received FY 16-17
	\$	%			\$	%			\$	%		
Alameda County	\$ 380,240.00	4%	8/27/2015	\$ 380,240.00	\$ 342,215.00	3%	8/27/2015	\$ 342,216.00	\$ 290,883.00	3%		\$
*Alpine County												
*Amador County	\$ 8,000.00	4%	8/12/2014	\$ 8,000.00								
Butte County	\$ 15,000.00	2%	6/18/2015	\$ 15,000.00	\$ 25,000.00	6%	7/31/2015	\$ 25,000.00				
*Calaveras County	\$ 2,693.64	1%	2/25/2014	\$ 2,694.00								
City of Berkeley												
Colusa County	\$ 11,413.72	7%	7/10/2014	\$ 11,414.00	\$ 11,414.00		8/17/2015	\$ 11,414.00				
Contra Costa County												
Del Norte County												
El Dorado County					\$ 9,471.00	1%			\$ 9,471.00	1%		
Fresno County	\$ 550,974.00	7%	8/19/2014	\$ 455,864.00	\$ 455,864.00	7%	10/20/2015	\$ 455,864.00				
Henn County	\$ 8,800.00	5%	9/22/2014	\$ 8,800.00	\$ 12,536.00	3%	5/27/2015	\$ 12,536.00	\$ 13,493.00	3%	5/27/2015	\$ 13,493.00
Humboldt County	\$ 8,198.31	1%	9/1/2015	\$ 8,198.31	\$ 8,198.31				\$ 8,198.31			
Imperial County	\$ 48,915.00	4%	5/7/2015	\$ 48,915.00	\$ 48,915.00	4%	9/10/2015	\$ 48,915.00	\$ 48,915.00	4%		
Inyo County												
Kern County	\$ 120,019.19	2%	9/25/2015	\$ 120,019.19	\$ 120,019.19	2%	9/25/2015	\$ 120,019.19	\$ 120,019.19	2%	9/25/2015	\$ 120,019.19
Kings County	\$ 48,915.50	5%	7/10/2014	\$ 48,916.00	\$ 48,373.00	5%	7/21/2015	\$ 48,373.00	\$ 48,373.00	5%		
Lake County	\$ 27,027.69	7%	7/11/2014	\$ 27,028.00								
Lassen County												
Los Angeles County												
Madera County					\$ 15,200.00	2%	7/23/2015	\$ 12,200	\$ 15,000.00	2%		
Marin County	\$ 101,536.00	7%	10/8/2014	\$ 101,536.00	\$ 75,000.00	5%	11/10/2015	\$ 75,000.00	\$ 75,000.00	5%		
Mariposa County	\$ 11,413.72	7%	7/30/2014	\$ 11,414.00								
Mendocino County	\$ 5,348.14	1%	8/7/2014	\$ 5,348.00	\$ 7,180.00	1%	9/10/2015	\$ 7,180.00	\$ 8,625.00	1%		
*Merced County	\$ 40,000.00	4%	8/5/2014	\$ 40,000.00								
Modoc County	\$ 6,522.13	4%	7/10/2014	\$ 6,522.00	\$ 6,522.00	4%	9/28/2015	\$ 6,522.00	\$ 6,522.00	4%		
Mono County												
Monterey County	\$ 208,460.20	7%	7/30/2014	\$ 208,460.00	\$ 252,000.00	7%	8/10/2015	\$ 252,000.00	\$ 252,000.00	7%		
Napa County	\$ 10,551.00	1%	4/15/2015	\$ 10,551.00	\$ 9,391.00	1%	9/14/2015	\$ 9,391.00	\$ 10,471.00	1%		
Nevada County	\$ 5,000.00	1%	10/14/2015	\$ 5,000.00	\$ 5,000.00	1%	10/14/2015	\$ 5,000.00	\$ 5,000.00	1%		
Orange County	\$ 900,000.00	4%	4/27/2015	\$ 900,000.00	\$ 900,000.00	4%	10/27/2015	\$ 900,000.00	\$ 900,000.00	4%		
Placer County	\$ 162,000.00	6%	10/3/2014	\$ 162,000.00	\$ 162,000.00	6%	8/20/2015	\$ 162,000.00	\$ 162,000.00	6%		
*Plumas County	\$ 20,000.00	5%	7/8/2015	\$ 20,000.00	\$ 25,000.00	6%	10/5/2015	\$ 25,000.00	\$ 25,000.00			
Riverside County	\$ 493,695.00	4%	10/14/2014	\$ 494,695.00	\$ 516,058.00	4%	8/11/2015	\$ 516,058.00	\$ 526,379.00	4%		
Sacramento County	\$ 460,302.00	5%	7/16/2014	\$ 460,302.00	\$ 342,486.00	3%	7/21/2015	\$ 342,486.00				
San Benito County					\$ 25,000.00	5%	11/4/2015	\$ 25,000.00				
San Bernardino County	\$ 561,894.23	4%	7/30/2014	\$ 561,894.00	\$ 561,894.00	4%	9/22/2015	\$ 561,894.00	\$ 561,894.00	4%		
San Diego County	\$ 650,000.00	3%	11/25/2014	\$ 650,000.00	\$ 650,000.00	3%	11/4/2015	\$ 650,000.00				
San Francisco City And County	\$ 100,000.00	2%	7/22/2014	\$ 100,000.00	\$ 100,000.00	2%	7/15/2015	\$ 100,000.00	\$ 100,000.00	2%		
San Joaquin County	\$ 174,662.54	4%	1/8/2015	\$ 174,663.00	\$ 174,662.54	4%			\$ 174,662.54	4%		
San Luis Obispo County	\$ 67,308.34	4%	9/3/2014	\$ 67,308.00	\$ 67,308.00	4%			\$ 67,308.00	4%		
San Mateo County	\$ 85,139.00	2%	10/6/2015	\$ 104,863.00	\$ 90,508.00	2%	10/06/2015	\$ 90,508.00	\$ 95,965.00	2%		
Santa Barbara County												
Santa Clara County	\$ 502,699.41	4%	6/16/2015	\$ 502,699.00	\$ 550,000.00	4%						
Santa Cruz County												
Shasta County	\$ 11,485.46	1%	1/5/2015	\$ 11,485.00	\$ 11,485.00	1%	10/12/2015	\$ 11,485.00	\$ 11,485.00	1%		
*Sierra County												
Siskiyou County	\$ 11,674.61	5%	10/7/2014	\$ 11,674.00								
Solano County	\$ 54,922.00	2%	1/27/2015	\$ 54,922.00	\$ 53,930.00	2%	8/11/2015	\$ 53,930.00	\$ 60,611.00	2%		
Sonoma County	\$ 57,355.58	2%	3/23/2015	\$ 57,356.00	\$ 109,000.00	4%	9/1/2015	\$ 109,000.00				
Stanislaus County	\$ 232,931.00	7%	8/15/2014	\$ 232,931.00	\$ 90,000.00	1%	10/27/2015	\$ 90,000.00				
Sutter/Yuba County	\$ 39,185.00	4%	6/26/2014	\$ 39,185.00	\$ 39,185.00	4%	9/28/2015	\$ 39,185.00	\$ 39,185.00	4%		
*Tehama County												
Tri-City Mental Health Center	\$ 13,324.70	1%	9/25/2014	\$ 13,325.00	\$ 14,852.00	1%	9/23/2015	\$ 7,426.00	\$ 15,181.00	1%		
Trinity County	\$ 6,522.13	6%	7/21/2014	\$ 6,522.13	\$ 10,000.00	4%	10/2/2015	\$ 10,000.00	\$ 10,000.00	4%		
Tulare County	\$ 31,443.17	1%	7/22/2014	\$ 31,443.00	\$ 31,443.17	1%	4/27/2015	\$ 31,443.17	\$ 31,443.17	1%	4/24/2015	\$ 31,443.17
Tuolumne County	\$ 15,750.94	5%	7/9/2014	\$ 15,751.00	\$ 16,715.00	5%	5/20/2015	\$ 16,715.00	\$ 16,715.00	5%	5/20/2015	\$ 16,715.00
Ventura County	\$ 55,000.00	1%	9/23/2014	\$ 55,000.00	\$ 52,500.00	1%	11/9/2015	\$ 52,500.00	\$ 53,500.00	1%		
Yolo County	\$ 70,000.00	5%	9/17/2014	\$ 70,000.00	\$ 35,000.00	2.2%			\$ 35,000.00	2.2%		
<b>TOTAL</b>	<b>\$ 6,396,323.35</b>	<b>4%</b>		<b>\$ 6,321,937.63</b>	<b>\$ 6,081,325.21</b>	<b>3%</b>		<b>\$ 5,226,260.36</b>	<b>\$ 3,798,299.21</b>	<b>3%</b>		<b>\$ 181,670.36</b>
<b>Balance Due</b>				<b>\$ 74,385.72</b>				<b>\$ 855,064.85</b>				<b>\$ 3,616,628.85</b>

KEYS
BLUE = PHASE I FY 14-15
GREEN = PHASE II FY 15-16
PURPLE = PHASE II FY 16-17
ORANGE = HAS IDENTIFIED FUNDING FOR SPECIFIC PROGRAM
RED = VERBAL COMMITMENT



**California Mental Health Services Authority**  
**Projected Cash Flow**  
**As of December 31, 2015**

	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
<b>Beginning Cash Balance</b>	14,945,895	14,233,959	14,762,506	14,884,056	14,178,474	13,075,356	11,973,738	10,865,479	9,491,837	8,118,194	14,945,895
<b>Cash Receipts:</b>											
Phase I - Sustainability	128,218	121,605									249,823
Phase II - Sustainability	909,532	1,587,857	802,500		146,516	146,516	146,516	146,516	146,516	146,516	4,178,982
Phase III - Sustainability	120,019										120,019
Suicide Prevention Hotline	55,000										55,000
State Hospital Beds	7,010	104,449	4,206		265,384	265,384	265,384				911,817
SD3 - Feasibility Study					6,641	6,641					13,281
Application Fees	500			250							750
Other		11,659	4,678	9,000							25,336
<b>Total Cash Receipts</b>	<b>1,220,279</b>	<b>1,825,570</b>	<b>811,384</b>	<b>9,250</b>	<b>418,540</b>	<b>418,540</b>	<b>411,900</b>	<b>146,516</b>	<b>146,516</b>	<b>146,516</b>	<b>5,555,008</b>
<b>Cash Expenses:</b>											
PEI/Phase I Obligations 2014/15	1,488,858	956,445	249,585	229,859	303,229	303,229	303,229	303,229	303,229	303,229	4,744,118
Phase II Board Approved Funding 2015/16	123,600	56,227	116,423	249,301	763,658	763,658	763,658	763,658	763,658	763,658	5,127,502
Suicide Prevention Hotline	85,948	35,398		37,079	62,512	62,512	62,512	62,512	62,512	62,512	533,496
Plumas Wellness Center			95,000		41,500	41,500	41,500	41,500	41,500	41,500	344,000
TTACB Contract	176				19,971	19,971	19,971	19,971	19,971	19,971	120,000
State Hospital Beds					73,070	73,070	73,070	73,070	73,070	73,070	438,422
Short Doyle Fiscal Pilot	20,000	2,975	2,975		30,763	30,763	30,763	30,763	30,763	30,763	210,527
Administrative Expenses	213,633	245,978	225,851	198,592	226,956	225,456	225,456	225,456	225,456	225,456	2,238,288
<b>Total Cash Expenses</b>	<b>1,932,215</b>	<b>1,297,023</b>	<b>689,834</b>	<b>714,832</b>	<b>1,521,658</b>	<b>1,520,158</b>	<b>1,520,158</b>	<b>1,520,158</b>	<b>1,520,158</b>	<b>1,520,158</b>	<b>13,756,352</b>
<b>Ending Cash Balance</b>	<b>14,233,959</b>	<b>14,762,506</b>	<b>14,884,056</b>	<b>14,178,474</b>	<b>13,075,356</b>	<b>11,973,738</b>	<b>10,865,479</b>	<b>9,491,837</b>	<b>8,118,194</b>	<b>6,744,551</b>	<b>6,744,551</b>

**Agenda Item 6**

**SUBJECT: CALMHSA FINANCIAL STATEMENT FOR THE QUARTER ENDING SEPTEMBER 30, 2015**

**ACTION FOR CONSIDERATION:**

Approval of the CalMHSA Financial Statement for the Quarter ending September 30, 2015 for presentation at the next scheduled Board of Directors Meeting.

**BACKGROUND AND STATUS:**

The Finance Committee will review and discuss the financial statement for the quarter ending September 30, 2015. Upon committee approval, the financial statement will be presented at the next Board of Directors Meeting.

Some key items are noted in the financial statement cover memo.

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

Approval of the CalMHSA Financial Statement for the Quarter ending September 30, 2015 for presentation at the next scheduled Board of Directors Meeting.

**TYPE OF VOTE REQUIRED:**

Majority vote of the Finance Committee.

**REFERENCE MATERIALS ATTACHED:**

- CalMHSA Financial Statement Quarter Ending September 30, 2015

**SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2015**

**BALANCE SHEET:**

**Cash and Cash Equivalents** – The total cash balance as of September 30, 2015 is \$14.2 million. Although income from operations was \$5.8 million for the quarter, the decrease of \$3.3 million in accounts payable and increase of \$2.5 million in accounts receivable resulted in the cash balance remaining flat when compared to June 30, 2015.

**Receivables** – The balance in accounts receivable as of September 30, 2015, is \$3.3 million. The categories with the most significant balances are as follows:

• Phase II Sustainability Funding	\$2,717,088
• State Hospital Beds Program	472,991
• Phase I Sustainability Funding	<u>90,139</u>
	\$3,280,218

**Accounts Payable** – The balance in accounts payable as of September 30, 2015, is \$1.2 million. The payables are primarily for payments to program partners. The vendors with the most significant balances are as follows:

• Didi Hirsch Psychiatric Service	\$ 464,550
• Civilian, Inc.	156,645
• RAND	<u>179,794</u>
	\$ 800,989

**Deferred Revenue** – The balance of deferred revenue as of September 30, 2015, is \$181,670. This represents monies received from member counties for 2016/2017 Phase III Sustainability funding and will be recognized as revenue in 2016/2017.

**STATEMENT OF REVENUE AND CHANGES IN NET ASSETS:**

**Operating Revenue** – Total revenue for the three months ended September 30, 2015 was \$7,636,800 consisting of revenue for Phase II Sustainability, Wellness Center, Suicide Prevention Program and the State Hospital Beds Program.

**Expenses** – Overall expenses for the three months ended September 30, 2015 were \$1.8 million. The expenses for these three months consisted mainly of contract expenses for the Statewide Program (Phase I and Phase II.)

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**UNAUDITED  
BALANCE SHEET**

	<u>September 30,</u> <u>2015</u>	<u>June 30,</u> <u>2015</u>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 14,233,959	\$ 14,220,664
Investments - Current Portion		
Contractor Prepayments	60,000	
Receivables:		
State Hospital Bed Funds	472,991	23,834
Feasibility Study	13,281	14,953
Phase I Sustainability	90,139	618,597
Phase II Sustainability	2,717,088	
Application Fees		500
SDR Conference Registration Fees	20,421	116,378
Other	4,600	4,600
Interest	11,659	9,519
Total Current Assets	<u>17,624,138</u>	<u>15,009,044</u>
Noncurrent Assets:		
Investments		
Total Assets	<u>\$ 17,624,138</u>	<u>\$ 15,009,044</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,163,118	\$ 4,365,602
Program Partner Holdbacks	66,685	116,339
Deferred Revenue	181,670	122,345
Total Current Liabilities	<u>1,411,473</u>	<u>4,604,287</u>
Net Assets:		
Operations	826,494	823,361
International SDR Conference	(26,578)	(26,578)
Tech Asst/Capacity Building	203,272	203,448
WET Program Funding	148,470	148,470
Feasibility Study	227,975	259,566
SHB Program Funding	970,435	540,030
Wellness Center	915,000	-
Suicide Prevention Hotline	506,296	
Statewide Project	12,441,301	8,456,460
Total Net Assets	<u>16,212,665</u>	<u>10,404,757</u>
Total Liabilities and Net Assets	<u>\$ 17,624,138</u>	<u>\$ 15,009,044</u>

CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY

UNAUDITED  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

For The Three Months Ended September 30, 2015

	Operations	International SDR Conference	Tech Asst/ Capacity Building	WET Program Funding	Feasibility Study Funding	SHB Program Funding	Wellness Center Funding	Suicide Prevention Hotline	Statewide Program	September 2015 Total	June 2015 Total
<b>OPERATING REVENUES:</b>											
SHB Funding						\$ 456,167				456,167	437,941
Feasibility Study Funding										-	(1,762)
Sustainability Funding									\$ 5,552,991	5,552,991	6,290,473
Conference Registration										-	326,663
Donations										-	40,000
Wellness Center Funding							1,000,000			1,000,000	-
Suicide Prevention Hotline Funding								627,642		627,642	-
Total Operating Revenue	-	-	-	-	-	456,167	1,000,000	627,642	5,552,991	7,636,800	7,093,315
<b>PROGRAM EXPENSES:</b>											
SDR Conference										-	393,241
Wellness Center							85,000			85,000	-
Suicide Prevention Hotline								121,346		121,346	-
Technical Assistance/Capacity Building										-	35,533
Program Contract										-	616
Other Contract Services			176							176	-
SHB Program Funding:											
Program Mgmt. & Oversight						22,067				22,067	76,560
Other Contract Services										-	2,910
Legal						167				167	5,735
Meeting and Other						3,528				3,528	7,016
Feasibility Study Funding											
Program Contract					7,128					7,128	-
Program Mgmt. & Oversight					24,463					24,463	4,664
Other Contract Services										-	5,132
Meeting and Other										-	10
Statewide Program Funding:											
Program Expense:											
Program Contract									635,732	635,732	21,643,270
Program Mgmt. & Oversight									284,697	284,697	642,691
Other Contract Services									5,138	5,138	10,500
Legal									56	56	9,944
Meeting and Other									22,305	22,305	53,654
Evaluation Expense:											
Program Contract									309,867	309,867	2,643,036
Program Mgmt. & Oversight									26,858	26,858	76,973
Meeting and Other									-	-	100
Planning Expense:											
Program Mgmt. & Oversight									-	-	231,607
Other Contract Services									1,853	1,853	233,894
Legal									-	-	5,817
Dissemination Materials									-	-	80,544
Meeting and Other									485	485	35,381
Total Program Expense	-	-	176	-	31,591	25,762	85,000	121,346	1,286,991	1,550,866	26,198,828
<b>INDIRECT EXPENSES:</b>											
General Management									225,609	225,609	1,040,424
Other Contract Services	175								7,577	7,752	28,891
Legal Services	2,868								2,146	5,014	53,762
Insurance									29,203	29,203	31,431
Investment Management Fees	231								-	231	37,098
Financial Audit									-	-	-
Dissemination Materials									15,000	15,000	600
Meeting and Other									1,624	1,624	143,946
Total General And Administrative	3,274	-	-	-	-	-	-	-	281,159	284,433	1,336,152
Total Expenses	3,274	-	176	-	31,591	25,762	85,000	121,346	1,568,150	1,835,299	27,534,980
Income/(Loss) from Operations	(3,274)	-	(176)	-	(31,591)	430,405	915,000	506,296	3,984,841	5,801,501	(20,441,665)
<b>NONOPERATING INCOME:</b>											
Investment Income	11,659									11,659	261,113
Change in Investment Value	(5,252)									(5,252)	(169,640)
Total Nonoperating Income	6,407									6,407	91,473
Change in Net Assets	3,133	-	(176)	-	(31,591)	430,405	915,000	506,296	3,984,841	5,807,908	(20,350,192)
Beginning Net Assets	823,361	(26,578)	203,448	148,470	259,566	540,030	-	-	8,456,460	10,404,757	30,754,949
Ending Net Assets	\$ 826,494	\$ (26,578)	\$ 203,272	\$ 148,470	\$ 227,975	\$ 970,435	\$ 915,000	\$ 506,296	\$ 12,441,301	\$ 16,212,665	\$ 10,404,757

**Agenda Item 7**

**SUBJECT: EXECUTIVE DIRECTOR FINANCE REPORT**

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**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:

- Strategic Development of 2016/2017 Revenue
- Annual Adjustment Review
- Drug Medi-Cal – Status
- Financial Modernization Pilot Program – Status
- January 25, 2016 Finance Committee Meeting
- Other Financial Matters

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

None, Information only.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIAL(S) ATTACHED:**

- Financial Modernization Pilot Program
- State Hospital Bed Matrix

## **Program Update**

### **Short Doyle Modernization (SDM) Project**

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#### **BACKGROUND AND STATUS:**

The Department of Health Care Services (DHCS) has indicated the need to explore options to transition from Short-Doyle 2 to a new billing system. In response, the County Behavioral Health Directors Association of California (CBHDA) Financial Services and Information Technology (IT) Committee members and staff proposed a migration from the state-operated Short-Doyle 2 system to HIPAA-compliant, county-based encounter data systems that use certified vendors/systems to collect and store encounter information locally. This solution is intended to simplify the federal reimbursement process for the state and counties, and allow counties and their vendors to fully implement the federal information coding and exchange requirements. Since the Short Doyle Modernization (SDM) project began in 2013, the scope has changed from solely an information technology project to a project that is inclusive of fiscal and delivery system considerations.

#### **PROJECT UPDATES:**

1. Short Doyle 2 Enhancement Project

Survey responses from county behavioral health staff will inform any potential county-funded enhancements to Short Doyle 2, with a goal of maximizing available state and county resources. CalMHSA, CBHDA and DHCS staff completed an extensive review process of each potential area for enhancement to understand DHCS priorities and mandates in these priority areas. Counties will consider whether to fund system improvements that are consistent with the goals of decreasing denied Medi-Cal claims and improving the timeliness and accuracy of Medi-Cal billing.

2. Fiscal and Delivery System Pilot Study

CBHDA, CalMHSA and DHCS staff have worked together to define and operationalize the Fiscal and Delivery System Pilot Study that was approved as part of the Short Doyle Modernization Project Charter. DHCS representatives have indicated an interest in reviewing a proposal from the counties related to improving the timeliness and accuracy of federal reimbursement to the Mental Health Plans. DHCS leadership has also historically indicated that the Medi-Cal Specialty Mental Health system could benefit from moving from the current non-risk fee for service system to an at risk federal payment structure under the 1915(b) waiver.

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. Phase 1a of the pilot study will identify and analyze the intersection of Medi-Cal beneficiary characteristics, treatment design, and charge and cost variables consistent with the goals of improved care and cost effectiveness.

CalMHSA has entered into a contract with Harbage Consulting in order to implement Phase 1a of the Pilot Study and work commenced on June 1, 2015. The pilot study is anticipated to take 8-10 months to complete, after which the results will be available for county review and discussion and shared through a stakeholder process. Participating Pilot counties (Fresno, Riverside, Santa Clara, Shasta, Sonoma, Sutter-Yuba) have been very engaged and responsive. Data collection and analysis are underway.

Phase 1b of the project will be conducted subject to the availability of funds and at the direction of county members based on the results of the pilot. The goal of this phase, if conducted, is to further analyze and refine the county pilot findings and implications from a risks and benefits perspective to assist the counties in the development of a proposal for presentation to DHCS.

### 3. Long Range Medicaid Information Technology Architecture (MITA) Planning.

State MITA planning efforts are currently focused on modernization of the state's Medi-Cal eligibility determination system (MEDs). DHCS staff provide regular updates to the CBHDA Information Technology Committee. If the draft MITA plan is approved by CMS, there will be opportunities for counties to participate in the stakeholder process.

#### **NEXT STEPS:**

1. Continue to work with members to collect contributions to support implementation of the project. Update and analyze project budget to determine funds available for any possible Short Doyle 2 system improvements and for a possible Phase 1b of the Fiscal and Delivery System Pilot Study.
2. Consider whether there are any Short Doyle 2 system improvements that counties may fund that are consistent with the goals of decreasing denied Medi-Cal claims and improving the timeliness and accuracy of Medi-Cal billing.
3. Partner with Harbage Consulting to implement the Fiscal and Delivery System Pilot Study.
4. Continue to participate in MITA planning efforts.

#### **FISCAL IMPACT:**

At the onset of the project in 2013, the required resources were estimated at \$300,000. This budget was based on the cost of a feasibility study for a Short Doyle 3 data system. Since then, the project has changed scope to include three program areas that require staffing over multiple years: Short Doyle 2 Enhancements, Fiscal and Delivery System Pilot Study and county participation in Medicaid Information Technology Architecture (MITA) planning.

Counties were first billed for their share of cost in August 2013. To date, 50 counties have opted to contribute a total of \$284,000 to support this project. Two counties have indicated plans to contribute to the project (Alameda and Humboldt), four have opted out (El Dorado, Lassen, Mariposa, Santa Cruz) and three have not indicated their plans (Mendocino, Plumas, Sierra). If all counties were to support the project, available funds would increase by about \$16,000.



Expenses associated with the Short Doyle Modernization Project:

1. Short Doyle 2 Enhancements are being explored and cost estimates are not available at this time.
2. Fiscal and Delivery System Pilot: Phase 1a expenses are budgeted for \$100,000 in the Harbage Consulting contract. Depending on the results from Phase 1a and how counties opt to proceed, a Phase 1b may be needed. The scope and cost of Phase 1b is unknown at this time.
3. County Participation in MITA Planning is considered to be cost neutral at this time.
4. CalMHSA Administrative and Fiscal Role: CalMHSA has been asked to assume a substantial administrative and fiscal role in staffing the project, contracting with counties, procuring and contracting for services. From 2013 to 6/30/2015, CalMHSA expenses to conduct these activities were about \$38,000. It is anticipated that CalMHSA would continue to provide administrative and fiscal support during throughout FY 15-16, at an estimated cost of \$30,000. The total estimated CalMHSA expenses for FY 13-14, 14-15 and 15-16 are \$68,000.

**REFERENCE MATERIAL(S) ATTACHED:**

- Short Doyle Modernization (SDM) Project Charter

# Project Charter

## Short Doyle Modernization (SDM) Project Charter

**Project Start Date:** April, 2013  
**Project Steering Committee**

**Project End Date:** June, 2015  
**Team Members**

Member	Role	Email Address
Deepa Pochiraju	DHCS/OHC	<a href="mailto:deepa.pochiraju@dhcs.ca.gov">deepa.pochiraju@dhcs.ca.gov</a>
Don Kingdon	CBHDA	<a href="mailto:dkingdon@cbhda.org">dkingdon@cbhda.org</a>
Karen Eckel	DHCS/PMO	<a href="mailto:karen.eckel@dhcs.ca.gov">karen.eckel@dhcs.ca.gov</a>
Kim Santin	CalMHSA	<a href="mailto:Kim.Santin@calmhsa.org">Kim.Santin@calmhsa.org</a>
Marjorie McKisson	DHCS/SUD	<a href="mailto:marjorie.mckisson@dhcs.ca.gov">marjorie.mckisson@dhcs.ca.gov</a>
Marvin Southard	CBHDA/Co	<a href="mailto:msouthard@dmh.lacounty.gov">msouthard@dmh.lacounty.gov</a>
Mary Hale	CBHDA/FIN	<a href="mailto:mhale@ochca.com">mhale@ochca.com</a>
Michael Heggarty	CBHDA/IT	<a href="mailto:michael.heggarty@co.nevada.ca.us">michael.heggarty@co.nevada.ca.us</a>
Mike Geiss	CBHDA/Co	
Robert Morison	DHCS/IT	<a href="mailto:robert.morison@dhcs.ca.gov">robert.morison@dhcs.ca.gov</a>
Sarah Brichler	CalMHSA	<a href="mailto:Sarah.brichler@calmhsa.org">Sarah.brichler@calmhsa.org</a>
Steve Kaplan	DHCS/Policy	<a href="mailto:skaplan@co.sanmateo.ca.us">skaplan@co.sanmateo.ca.us</a>
Susan King	DHCS/SUD	<a href="mailto:Susan.King@dhcs.ca.gov">Susan.King@dhcs.ca.gov</a>
Thad Dickson	CBHDA/Co	
Tom Sherry	CBHDA/FIN	<a href="mailto:TSherry@co.sutter.ca.us">TSherry@co.sutter.ca.us</a>
Toquyen Collier	DHCS/IT	<a href="mailto:toquyen.collier@dhcs.ca.gov">toquyen.collier@dhcs.ca.gov</a>
Vic Singh	CBHDA/IT	<a href="mailto:vsingh@sjcbhs.org">vsingh@sjcbhs.org</a>

Member	Role	Telephone
Karen Eckel	Project Manager/Author	(916) 323-1726
Toquyen Collier	DHCS	(916) 440-7279
Robert Morison	DHCS	(916) 322-8044
Kathie Tyler	DHCS	(916) 440-7776
Chuck Anders	DHCS	(916) 319-8199
Sarah Brichler	CalMHSA	(916) 859-4827
Kim Santin	CalMHSA	(916) 859-4820
Don Kingdon	CBHDA	(916)
Dan Walters	CBHDA/County	(661) 868-6710

### In Scope

1. Federal Reimbursement Pilot Study
  - a. Develop a Federal Reimbursement Pilot Study methodology which includes identification and testing of the variables necessary to develop a risk adjusted specialty mental health capitation formula that could be used by each county MHP to develop a proposed annual per member/per month (PM/PM) payment.
  - b. Conduct Pilot Study (with 3-6 counties)
  - c. Create a concept and proposed methodology document to present to DHCS for review by CMS
  - d. Implement SPA and/or waiver changes along with key stakeholders.
2. Short Doyle 2 Enhancement Project
  - a. Design and implement short term adjustments to the SD 2 system with the goal of decreasing denied Medi-Cal claims and improving the timeliness and accuracy of Medi-Cal billing.
  - b. The top two areas for system improvement were identified as:
    1. Improve reconciliation between 837's (claims) and 835's (remittance advice):
    2. Fix current, outstanding bugs in system:
3. Long Range MITA Planning
  - a. County behavioral health representatives will participate in the federally required MITA process; and provide perspective regarding the behavioral health component as part of the planning process.

### Out of Scope

1. Anything outside of Efforts 1-3.
2. Changes, enhancements, or modifications to SD2 that are not included in the SOW.
3. System build resulting from CMS approval to implement new Reimbursement methodology derived from the Pilot Study.

### Project Objective Statement

The objective of the SDM project is to explore an alternative payment or reimbursement system starting with a pilot study while concurrently providing direction and resources for enhancing the current system with the goal of decreasing denied Medi-Cal claims and improving the timeliness and accuracy of Medi-Cal billing. During the life of the project, focus will also be given to Medicaid Information Technology Architecture (MITA) long range planning to ensure that the ongoing solution will align with MITA Standards and Conditions and promote a more mature system that meets the needs of all Stakeholders.

### Project goals

1. Improve reconciliation of 837's and 835's.
2. Decrease the incidence of inappropriately adjudicated claims by enhancing the current SD2 system.
3. Develop a federal reimbursement methodology to be tested by a small group of counties.
4. Produce a white paper for CMS that supports an alternative payment methodology for reimbursement of Behavioral Health Claims.
5. Provide the opportunity for DHCS, CBDHA, and CalMHSA to form a partnership to proactively collaborate in joint ventures which result in improved Behavioral Health Services and reimbursement of the same.
6. Position the department to advance our MITA maturity.

# Project Charter

## Short Doyle Modernization (SDM) Project Charter

### Benefits

1. Measured improvement towards MITA principles and maturity levels that will align with MITA Standards and Conditions and promote a more mature system that meets the needs of all Stakeholders.

### Assumptions

1. The short term support for SD 2 claims adjudication will be a priority project component and will require consulting and financial resources contributed by federal, state and county partners.
2. The design and implementation of the federal reimbursement pilot study will require the participation of DHCS policy and fiscal staff in all phases of the project. County selection will be an early priority as will county development of the data sources, information technology, and fiscal changes needed for the participating counties to implement the desired changes to simulate the proposed reimbursement methodology.

### Dependencies/Constraints

1. A key initial component of the enhancement effort will be the identification and prioritization of the needed SD 2 enhancements.
2. County Selection will be an early priority
3. Selected Counties will be able to develop data sources and perform IT and Fiscal changes timely.
4. Sufficient access to appropriate levels of SMEs from County and State program areas
5. Timely review and approval of draft and final deliverables
6. Scope – Claiming Process

### Risks

1. Scope Creep
2. Stakeholder Expectations

### Trade-offs

Dimension	Schedule	Cost	Resources
Constrained (Least Flexible)		X	
Accepted (Somewhat Flexible)			X
Improved (Most Flexible)	X		

### Critical Success Factors

1. Continuity in services.
2. More timely and accurate estimate of federal payment to the county for cash flow purposes.
3. County participation in the long term approach to alignment with MITA Maturity Improvement Initiatives DHCS behavioral health enterprise concept of operations.

### Roles and Responsibilities

#### Steering Committee

1. Champion the project at the executive level
2. Provide prompt decisions to keep the project on track

#### Team Members

1. Execute project tasks
2. Manage project risks and issues
3. Maintain appropriate communication

#### Governance Team Committee

Member	Role	Email Address
Barney Gomez	DHCS/IT	<a href="mailto:Barney.Gomez@dhcs.ca.gov">Barney.Gomez@dhcs.ca.gov</a>
Brenda Grealish	DHCS/SUD	<a href="mailto:Brenda.Grealish@dhcs.ca.gov">Brenda.Grealish@dhcs.ca.gov</a>
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Don Kingdon	CBHDA	<a href="mailto:dkingdon@cbhda.org">dkingdon@cbhda.org</a>
John E. Chaquica	CalMHSA	<a href="mailto:John.Chaquica@calmhsa.org">John.Chaquica@calmhsa.org</a>
Karen Baylor	DHCS	<a href="mailto:Karen.Baylor@dhcs.ca.gov">Karen.Baylor@dhcs.ca.gov</a>
Karen Eckel	DHCS/PMO	<a href="mailto:Karen.Eckel@dhcs.ca.gov">Karen.Eckel@dhcs.ca.gov</a>
Karen Johnson	DHCS	<a href="mailto:Karen.Johnson@dhcs.ca.gov">Karen.Johnson@dhcs.ca.gov</a>
Kim Santin	CalMHSA	<a href="mailto:Kim.Santin@calmhsa.org">Kim.Santin@calmhsa.org</a>
Mary Hale	CBHDA/Financial	<a href="mailto:mhale@ocha.com">mhale@ocha.com</a>
Maureen Bauman	CalMHSA	<a href="mailto:mbauman@placer.ca.gov">mbauman@placer.ca.gov</a>
Phil Heinrich	DHCS/OHC	<a href="mailto:Phil.Heinrich@dhcs.ca.gov">Phil.Heinrich@dhcs.ca.gov</a>
Robert Oakes	CBHDA	<a href="mailto:roakes@cbhda.org">roakes@cbhda.org</a>
Sarah Brichler	CalMHSA	<a href="mailto:Sarah.Brichler@calmhsa.org">Sarah.Brichler@calmhsa.org</a>
Tom Sherry	CBHDA/Financial	<a href="mailto:TSherry@co.sutter.ca.us">TSherry@co.sutter.ca.us</a>
Toquyen Collier	DHCS/IT	<a href="mailto:Toquyen.Collier@dhcs.ca.gov">Toquyen.Collier@dhcs.ca.gov</a>
Vic Singh	CBHDA/IT	<a href="mailto:vsingh@sjcbhs.org">vsingh@sjcbhs.org</a>

#### Charter Approval

Member	Signature	Date
Karen Johnson		
Karen Baylor		
Chris Cruz		
Barney Gomez		
Philip Heinrich		
Robert Oakes		
Maureen Bauman		

**CalMHSA State Hospital Bed Program - Participation and Payments Received**

STATUS OF DOCUMENTS					PAYMENTS RECEIVED TO DATE										
Counties	# of Beds (based on FY 13-14 Exhibit 3)	FY 13-14 MOU	PA	Contracting Directly w/DSH	Planning and Development FY 12-13	PAID	Planning and Development FY 13-14	PAID	Prorated Operation Cost FY 13-14	PAID	Annual Operation Costs FY 14-15	PAID	Annual Operation Costs FY 15-16	PAID	TOTAL
<b>COUNTIES PROCURING BEDS</b>															
*Alameda	21			✓					14,721.00		29,442.00		\$ 29,442.00		
*Contra Costa	21	✓							14,721.00		29,442.00		\$ 29,442.00		
*El Dorado	1			✓					1,402.00		1,402.00		\$ 1,402.00		
Fresno	2	✓	✓		284.26	✓	155.00	✓	701.00	✓	1,402.00		\$ 1,402.00	✓	2,542.26
Humboldt	1			✓									\$ 1,402.00		
*Imperial	3			✓					2,103.00		4,206.00		\$ 4,206.00		
Kern	3		✓		2,274.08	✓	1,238.00	✓	5,608.00	✓	11,216.00	✓	\$ 11,216.00		20,336.08
Kings	0				284.26	✓	155.00	✓	701.00	✓	1,402.00	✓	\$ 1,402.00	✓	3,944.26
Los Angeles	190	✓	✓		56,000.00	✓	30,496.00	✓	138,097.00	✓	269,000.00	✓	\$ 269,000.00		493,593.00
Madera	0.25	✓	✓		284.26	✓	155.00	✓	701.00	✓	1,402.00	✓	\$ 1,402.00	✓	2,542.26
Marin	4	✓			1,137.04	✓	619.00	✓	2,804.00	✓	5,608.00	✓	\$ 5,608.00		10,168.04
Modoc	1			✓									\$ 1,402.00		
Monterey	4				1,137.04	✓	619.00	✓	2,804.00	✓	5,608.00	✓	\$ 5,608.00		10,168.04
Napa	4	✓	✓		852.78	✓	619.00	✓	2,103.00	✓	4,206.00	✓	\$ 4,206.00	✓	7,780.78
Orange	12	✓	✓		4,832.42	✓	2,632.00	✓	11,917.00	✓	23,834.00	✓	\$ 23,834.00	✓	67,049.42
Placer	1	✓	✓		852.78	✓	464.00	✓	2,103.00	✓	4,206.00	✓	\$ 4,206.00	✓	11,831.78
Riverside	12	✓	✓		5,400.94	✓	2,941.00	✓	13,319.00	✓	26,638.00	✓	\$ 26,638.00		48,298.94
Sacramento	19	✓	✓		5,116.68	✓	2,786.00	✓	12,618.00	✓	25,236.00	✓	\$ 25,236.00		45,756.68
San Bernardino	10			✓	3,409.92	✓	1,858.00	✓	8,412.00	✓	16,824.00	✓	\$ 16,824.00		13,679.92
San Diego	12				4,548.16	✓	2,477.00	✓	11,216.00	✓	22,432.00	✓	\$ 22,432.00	✓	63,105.16
*San Francisco	41			✓					28,741.00		57,482.00		\$ 57,482.00		
San Joaquin	3	✓			852.78	✓	464.00	✓	2,103.00	✓	4,206.00	✓	\$ 4,206.00		7,625.78
San Luis Obispo	1	✓											\$ 1,402.00		
San Mateo	5	✓							3,505.00	✓	7,010.00	✓	\$ 7,010.00	✓	17,525.00
Santa Barbara	1	✓	✓	✓							1,402.00	✓	\$ 1,402.00		1,402.00
*Santa Clara	37	✓		✓					25,937.00		51,874.00		\$ 51,874.00		
Santa Cruz	1	✓	✓		284.26	✓	155.00	✓	935.00	✓	1,402.00	✓	\$ 1,402.00	✓	4,178.26
Solano	3	✓			852.78	✓	464.00	✓	2,103.00	✓	4,206.00		\$ 4,206.00		3,419.78
*Sonoma	1			✓					701.00		1,402.00		\$ 1,402.00		
Stanislaus	3	✓			852.78	✓	464.00	✓	2,103.00	✓	4,206.00	✓	\$ 4,206.00	✓	11,831.78
Tulare	3	✓			1,705.50	✓	929.00	✓	4,206.00	✓	4,206.00	✓	\$ 4,206.00		11,046.50
*Ventura	1	✓		✓					701.00		1,402.00		\$ 1,402.00		
Yolo	1	✓		✓									\$ 1,402.00		
<b>TOTAL</b>					<b>90,962.72</b>		<b>49,690.00</b>		<b>302,365.00</b>		<b>622,304.00</b>		<b>\$ 627,912.00</b>		
<b>COLLECTED</b>					<b>90,962.72</b>		<b>49,690.00</b>		<b>228,059.00</b>		<b>423,220.00</b>		<b>\$ 67,296.00</b>		
<b>BALANCE TO BE COLLECTED</b>					<b>0.00</b>		<b>0.00</b>		<b>74,306.00</b>		<b>199,084.00</b>		<b>\$ 560,616.00</b>		
<b>COUNTIES NOT CURRENTLY PROCURING BEDS</b>															
Alpine															
Amador															
Butte															
Calaveras															
City of Berkely															
Colusa															
Del Norte															
Glenn															
Inyo			✓												
Lake					OPT OUT		OPT OUT								
Lassen															
Mariposa															
Mendocino					284.26	✓	155.00	✓	OPT OUT		OPT OUT		OPT OUT		439.26
Merced															
Mono															
Nevada															
Plumas															
San Benito															
Shasta		✓													
Sierra															
Siskiyou															
Sutter/Yuba															
Tehama															
Tri-City															
Trinity															
Tuolumne		✓													

**NOTE:** \* Although these counties initially opted not to participate in the SHB Program, they have benefited from the negotiations to date. That said, these counties have yet to be invoiced for FY 13-14, FY 14-15 or FY 15-16, but staff expects to do so within the next 15 days.