



C A L I F O R N I A D E P A R T M E N T O F
Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

December 27, 2011

DMH INFORMATION NOTICE NO.: 11-16

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: AMENDMENT OF THE ANNUAL MENTAL HEALTH SERVICES
ACT (MHSA) REVENUE AND EXPENDITURE REPORT FOR
FISCAL YEARS 2008-09 AND 2009-10

REFERENCE IMPLEMENTATION OF THE MHSA, WELFARE AND
INSTITUTIONS CODE SECTION 5847 AND CALIFORNIA CODE
OF REGULATIONS, TITLE 9, SECTION 3510

This Department of Mental Health (DMH) Information Notice provides clarification and guidance to Counties¹ for the Annual Mental Health Services Act (MHSA) Revenue and Expenditure Report (Revenue and Expenditure Report) for Fiscal Years (FY) 2008-09 and 2009-10. This clarification and guidance is necessary to address how to report the expenditures of approved funds released to some Counties over two fiscal years and to provide a simplified reporting format.

The amended Revenue and Expenditure Report worksheets and instructions are provided with this Information Notice (Enclosures 1-3). In order to simplify the completion of the Revenue and Expenditure Report, the State has amended and consolidated the required information. Counties should complete a separate worksheet for each Fiscal Year (See Enclosure 2 for FY 2008-09 and Enclosure 3 for FY 2009-10). This Information Notice supersedes previous guidance provided in DMH Information Notice Nos.: 09-22, 10-12, and 10-26.

¹ "County" means the County Mental Health Department, two or more County Mental Health Departments acting jointly, and/or city-operated programs receiving funds per Welfare and Institutions Code Section 5701.5 (Cal Code Regs., tit. 9, § 3200.090).

Reporting Methodology

This is to acknowledge some situations where Counties were approved for a level of funding and received the funds over two fiscal years. Expenditures should be reported using the modified accrual basis of accounting. The modified accrual basis of accounting requires expenditures to be reported in the fiscal year in which the fund liability is incurred, whether or not the expenditure has been paid.

When using a modified accrual basis of accounting, the expenditures are recognized when the related expense is incurred and this may result on the reporting of expenditures exceeding funds received. For example, if a County received approval of MHSA funds on June 1, 2009 and received the approved funds on July 15, 2009, the expenditures incurred through June 30, 2009 should be reported in the Revenue and Expenditure Report for FY 2008-09. Similarly, expenditures incurred on or after July 1, 2009 should be reported in FY 2009-10. However, the receipt of the approved funds should be reported in FY 2009-10, when the funds were received. This reporting methodology does not change the definition of expenditures. It is not intended to change the County's accounting practices, but simply to provide direction on how expenditures and disbursements should be reflected in the Revenue and Expenditure Reports for 2008-09 and 2009-10. Counties should continue to comply with all requirements in the California State Controller's Office (SCO) publication, *Accounting Standards and Procedures for Counties*, and with the requirements set forth in the Mental Health Services Act and other applicable law, including the prohibition against supplantation.

Submission:

Counties should complete and submit Revenue and Expenditure Reports based on the following:

- Counties that have not submitted a Revenue and Expenditure Report for FY 2009-10 should use Enclosure 3.
- Counties that are in the process of correcting their Revenue and Expenditure Report for FY 2008-09 and/or 2009-10 may elect to complete the attached Enclosures 2 and/or 3.
- Counties who wish to revise their previously submitted Revenue and Expenditure Reports for FYs 2008-09 and/or 2009-10 to reflect the modified accrual basis of accounting may do so using the attached Enclosures 2 and/or 3.

Counties that submitted Revenue and Expenditure Reports for FYs 2008-09 and 2009-10 consistent with the instructions in Enclosure 1 and this Information Notice do not need to submit revised Revenue and Expenditure Reports. Revenue and Expenditure

DMH INFORMATION NO.: 11-16
December 27, 2011
Page 3

Reports should be submitted electronically to dmh.mhsa@dmh.ca.gov using the Excel template (do not submit a PDF document) by **January 31, 2012**. In the subject line, include "(county name) FY (year) MHSA Rev and Exp Report".

Please be advised that the State may audit the Revenue and Expenditure Report. Accordingly, Counties will need to maintain all accounting and management information system reports used to substantiate what was reported in the RER for future audit purposes.

If you have any questions regarding the Revenue and Expenditure Report, please contact the Mental Health Services Oversight and Accountability Commission at (916) 445-8696 or MHSOAC@mhsoac.ca.gov.

Sincerely,

Original signed by

CLIFF ALLENBY
Acting Director

Enclosures

cc: California Mental Health Planning Council
California Mental Health Directors Association
Mental Health Services Oversight and Accountability Commission