



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: August 17, 2018

MHSUDS INFORMATION NOTICE NO.: 18-040

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY AUDITORS OFFICE  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION  
OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL  
HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM  
EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS  
CALIFORNIA STATE ASSOCIATION OF COUNTIES

SUBJECT: MENTAL HEALTH SERVICES ACT (MHSA) REVENUE AND  
EXPENDITURE REPORT FOR FISCAL YEAR 2017-18

REFERENCE: WELFARE AND INSTITUTIONS CODE (W&I) SECTION 5899  
AND CALIFORNIA CODE OF REGULATIONS (CCR), TITLE 9,  
SECTIONS 3510, 3510.010 and 3510.020

This Information Notice informs counties of the Annual MHSA Revenue and Expenditure Report (ARER) requirements for Fiscal Year (FY) 2017-18. A copy of the MHSA County Fiscal Accountability Certification form, ARER instruction manual, and worksheets are enclosed.

The reporting for the ARER should reflect all activity that occurred between July 1, 2017, and June 30, 2018.

Expenditures should be recognized in the period that the fund liability is incurred (Accounting Standards and Procedures for Counties, State Controller's Office (SCO), February 2018). Counties should continue to comply with all requirements in the SCO publication, Accounting Standards and Procedures for Counties, and with the requirements set forth in the MHSA and other applicable laws, including the prohibition against supplantation.

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Submission:

Pursuant to Title 9, CCR Section 3510, each county is required to submit the ARER to the Department of Health Care Services (DHCS) no later than December 31, following the end of the fiscal year. **The deadline for submitting the FY 2017-18 ARER is December 31, 2018.**

The ARER must be submitted electronically to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) and [MHSOAC@mhsoc.ca.gov](mailto:MHSOAC@mhsoc.ca.gov) using the Excel template (do not submit a PDF document). In the subject line, include "(county name) FY 2017-18 MHSA Rev and Exp Report". The MHSA County Fiscal Accountability Certification (Enclosure 1) must be submitted electronically to [MHSA@dhcs.ca.gov](mailto:MHSA@dhcs.ca.gov) and [MHSOAC@mhsoc.ca.gov](mailto:MHSOAC@mhsoc.ca.gov) as a PDF document.

Pursuant to Title 9, CCR Section 3510.010 (b) and Section 3510.020 (b), each county is required to post a copy of their submitted ARER on the county's website, as well as provide a copy to their county's Mental Health Board, within 30 days of submission to the state.

Pursuant to W&I Section 5899(e), the Department may withhold MHSA funds from a county that does not submit their ARER by the required deadline. Beginning with the September 2018 distribution, DHCS will direct SCO to withhold 25% of a county's monthly allocation from the Mental Health Services Fund for any county that has not submitted a complete and accurate ARER by the required deadline. DHCS will enforce this policy to previous fiscal year ARERs. Once a county becomes current with its complete and accurate ARERs, DHCS will direct SCO to release the funds withheld to the county. Counties will not earn interest on funds that the state withholds.

Please be advised that the State may audit the ARER. Accordingly, counties will need to maintain all accounting and management information system reports used to substantiate what was reported in the ARER for a minimum of seven years from the end of the fiscal year in which the records were prepared for future audit purposes.

If you have any questions regarding the ARER, please contact Donna Ures at (916) 713-8802 or [donna.ures@dhcs.ca.gov](mailto:donna.ures@dhcs.ca.gov).

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director  
Mental Health & Substance Use Disorder Services

Enclosures