A County Guide for Local BHSF Accounting and BHSA Financial Management

October 2026

CalMHSA

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Section I – Introduction

The Behavioral Health Services Act (BHSA), which succeeded the Mental Health Services Act (MHSA), continues to provide a dedicated and ongoing source of funding to support behavioral health services, supports, and housing activities within California counties. BHSA funding is managed through a statutory framework that requires counties to monitor funding by programmatic purpose, funding component, allocation period, reserve activity, expenditure timing, and compliance with applicable state requirements.

As a result, successful administration of BHSA funding requires more than simply accounting for cash receipts and expenditures. Counties must maintain sufficient financial records to identify how BHSA revenues were received, how they were allocated, where expenditures were charged, how investment earnings have accumulated, whether prudent reserve activity has occurred, and whether any balances may warrant additional monitoring due to expenditure timing or reversion considerations or provide information about the timing and nature of expenditures that may need to be considered in Integrated Plan updates.

This guide is intended to assist county behavioral health departments, Auditor-Controllers, and finance professionals in establishing an accounting structure for the Local Behavioral Health Services Fund (Local BHSF) that supports:

- Statutory accountability
- Financial transparency
- Accurate reporting
- Investment earnings allocation
- Prudent reserve administration
- Fiscal-year tracking
- Long-term reversion monitoring

The recommendations contained in this guide are grounded in governmental accounting principles, the State Controller's Office Accounting Standards and Procedures for Counties (ASP Manual), and the operational requirements associated with administration of BHSA funding. This guide is not intended to replace or restate the Department of Health Care Services BHSA Policy Manual. Where specific BHSA policy requirements apply, counties should refer to the BHSA Policy Manual and related DHCS guidance.

Although the Local BHSF is the starting point, accountability for BHSA resources depends on more than the fund itself. In many counties, the costs that BHSA ultimately pays for are first recorded in the General Fund, and much of the information needed for BHSA and Behavioral Health Outcomes, Accountability, and Transparency Report (BHOATR) reporting originates there. For that reason, this guide also addresses the accounting structures that surround the Local BHSF. It presents approaches for organizing the General Fund chart of accounts so that BHSA-eligible expenditures can be identified, accumulated, and supported before they are funded by the Local BHSF. It describes how General Fund costs are settled with Local BHSF revenues through reimbursements, transfers, and year-end reconciliation. It extends these cost accounting concepts to the countywide expenditure reporting required by the BHOATR, which covers all county behavioral health expenditures regardless of funding source and discloses

the funding sources used. Finally, it shows how electronic health record (EHR) claims and Individual Service Level (ISL) encounter data can support the working papers counties use to classify expenditures and attribute funding sources for reporting.

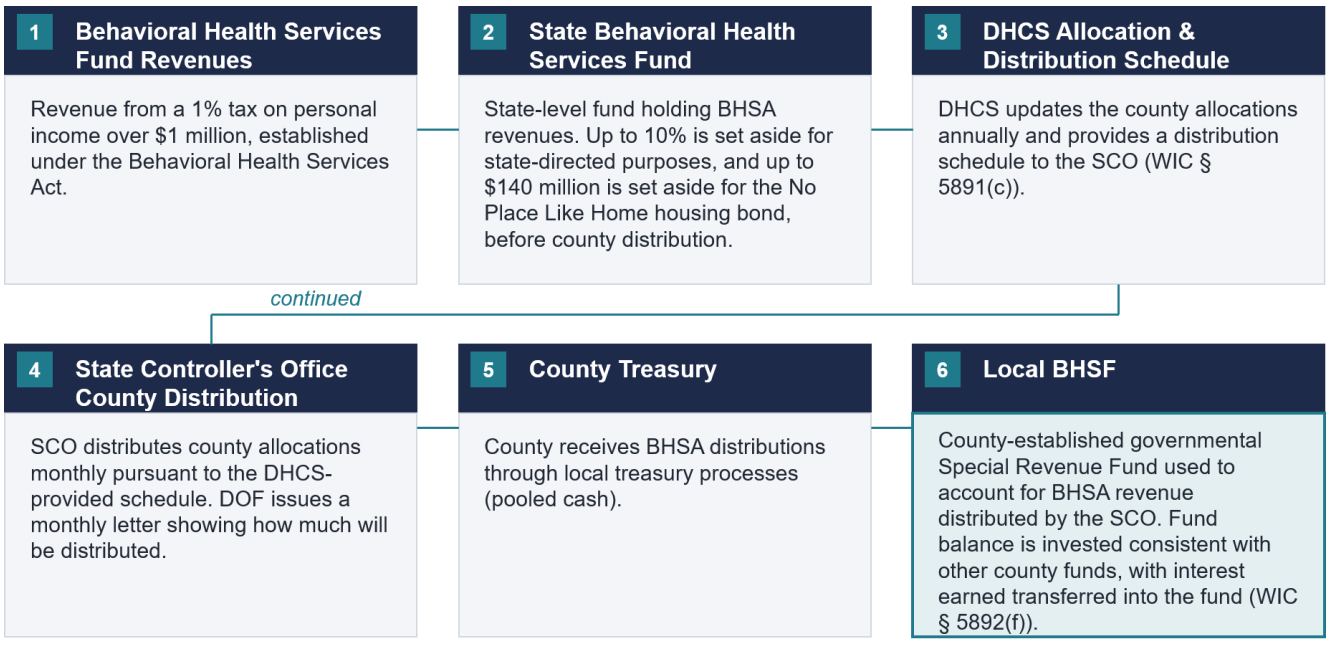
Taken together, the sections in this guide are intended to give counties a connected view of BHSA accounting: from the receipt of BHSA funds in the Local BHSF, to investment earnings tracking, to the recording of costs in the General Fund, to the settlement of those costs, to the classification of expenditures and funding sources reported to DHCS based on the approved Integrated Plan.

How BHSA Funding Flows

Understanding the flow of BHSA funding is fundamental to designing an effective accounting structure.

BHSA funding originates from revenues deposited into the State Behavioral Health Services Fund (State BHSF) and administered through the state allocation process. These revenues are generated by a 1% tax on personal income over $1 million, with up to 10% of State BHSF revenues set aside for state-directed purposes and up to $140 million set aside for the state's No Place Like Home housing bond before funds are distributed to counties. DHCS provides the State Controller's Office (SCO) with the allocation schedule for monthly distribution of funds from the state-level Behavioral Health Services Fund to each county's Local BHSF (WIC section 5891, subdivision (c)). Counties then receive these revenues through their local treasury systems and allocate the funds to the appropriate BHSA components within their Local BHSF. The Local BHSF balance is invested consistent with other county funds, and the interest earned is transferred into the fund and available for distribution in future fiscal years (WIC section 5892, subdivision (f)).

The flow of funding can be summarized as follows:



Receipt of BHSA funding by the county is only the beginning of the county's fiscal and accounting responsibilities. Once funds have been distributed by the SCO and received by the county, the county must administer those revenues in accordance with applicable BHSA policy while maintaining sufficient accounting records to support financial management, reporting, and compliance activities. In this guide, "BHSA revenues" means the funds distributed by the SCO to the Local BHSF, and "BHSA resources" means those revenues together with the investment earnings and fund balance the county holds and administers.

BHSA revenues may remain available over multiple years, generate investment earnings, and be transferred to a Local Prudent Reserve. In addition, the funds are subject to component-specific and suballocation-specific requirements and become subject to expenditure deadlines and reversion provisions.

As a result, counties should design accounting structures that permit ongoing identification and monitoring of BHSA revenues throughout their lifecycle.

At a minimum, counties should be capable of readily identifying:

- BHSA revenues deposited (within a reporting period) and total currently available
- Balances attributable to each BHSA component
- Balances attributable to recommended or locally established subaccounts for suballocations
- Net investment earnings associated with BHSA revenues and allocated to BHSA components
- Local Prudent Reserve deposits, releases, and available balances
- The fiscal year in which BHSA revenues were received
- How much funding remains from each fiscal-year receipt
- Expenditures charged against those balances
- Financial information necessary to support Integrated Plan, Annual Update, Intermittent Update, BHOATR, and related BHSA reporting needs
- Balances that may warrant additional monitoring due to expenditure timing or reversion considerations

The purpose of this guide is not to prescribe a specific county treasury structure, chart of accounts, or local accounting methodology. Rather, it is intended to provide a conceptual framework for designing an accounting structure that maintains accountability for BHSA revenues throughout their lifecycle, from the date funds are received through the date they are invested, expended, reserved, transferred, reverted, or otherwise reported in accordance with applicable BHSA requirements. Appendix C provides a glossary of key terms.

Section II – BHSA Funding from an Accounting and Financial Management Perspective

The BHSA provides counties with a dedicated source of funding for behavioral health services and supports, Full Service Partnerships, and housing interventions. Managing these resources requires more than simply tracking expenditures. Counties must be able to account for how BHSA funds move through the organization over time, from receipt and allocation through expenditure, reserve activity, transfers, and required reporting.

BHSA Funding Is Component-Based

BHSA establishes three primary funding components that form the foundation for local accountability. Although counties generally receive BHSA funding as a single allocation, state law requires those resources to be dedicated across the following components unless an approved transfer, exemption, or other statutory flexibility applies:

- 35% – Behavioral Health Services and Supports (BHSS)
    - Of the BHSS allocation, at least 51% must be used for Early Intervention Programs
    - Of the funds dedicated to Early Intervention Programs, at least 51% must be used to serve individuals age 25 and younger.
- 35% – Full Service Partnerships (FSP)
- 30% – Housing Interventions
    - Of the Housing Intervention allocation, 50% must be used to support housing needs of individuals who are chronically homeless, with a focus on encampments.
    - Of the Housing Intervention allocation, no more than 25% may be used for capital development projects. If a capital development project identifies chronically homeless individuals as a priority population, the project funding will contribute toward the 50% requirement.

Through the Integrated Plan process, counties may request transfers of up to 14% of the total funds allocated to the county in a fiscal year between one or more components, and no component may be decreased by more than 7% of the total funds allocated in a fiscal year. Approved transfers do not change the suballocation requirements or the reversion period of the transferred funds.

From an accounting perspective, counties must be able to identify not only total BHSA revenues, but also the balances attributable to each component and applicable suballocation. The BHSA Policy Manual requires separate subaccounts for the Housing Interventions, FSP, and BHSS components and recommends additional subaccounts, particularly for categories with additional reporting requirements, such as Early Intervention, or distinct reversion periods such as Workforce Education and Training (WET) and Capital Facilities and Technological Needs (CFTN). Counties should also maintain sufficient accounting detail – through subaccounts, program codes, cost centers, or other accounting dimensions – to identify expenditures for the BHSS and Housing Interventions categories they elect to fund. Counties

should also be able to identify any encumbered MHSA Innovation funds they still hold; counties can no longer encumber Innovation funds under the BHSA. Counties should refer to the BHSA Policy Manual for the specific allocation and suballocation requirements, allowable transfers or exemptions, and related policy provisions applicable to each component.

At a practical level, county accounting records should allow finance staff and Auditor-Controller offices to determine:

- What balances are maintained for each BHSA component and applicable suballocation?
- How much has been expended, transferred, reserved, reverted, or remains available within each component and suballocation?
- Whether component-level activity supports compliance with allocation requirements, reporting obligations, and reversion-monitoring needs.

BHSA Funding Accumulates Over Multiple Years

BHSA revenues may remain available across multiple fiscal years. Counties may hold and expend funding from several allocation periods at the same time, while also planning services and expenditures through the three-year Integrated Plan and Annual Update framework. How long each year's funds remain available before reversion depends on county size and fund type: three years for large counties, five years for small counties, and ten years for WET and CFTN funds regardless of county size (see "Aging Funding Balances Require Ongoing Monitoring").

As balances accumulate over time, it becomes increasingly important to maintain accountability for BHSA resources by fiscal-year receipt. Fiscal-year tracking allows counties to distinguish current-year revenues from prior-year revenues, identify the remaining balance associated with each fiscal-year receipt, and support monitoring activities associated with expenditure planning, reporting, and reversion considerations.

Fiscal-year receipt tracking should be understood as an accounting dimension within the Local BHSF, not as a separate fund. This distinction is important because fiscal-year tracking supports financial accountability without requiring the creation of separate funds, bank accounts, or treasury cash accounts for each year's allocation.

Investment Earnings Become Part of Available Resources

Investment earnings from BHSA revenues held within county treasury pools must be accounted for in accordance with applicable BHSA policy. State law requires the Local BHSF balance to be invested consistent with other county funds, with the interest earned transferred into the fund and available for future use (WIC section 5892). In this guide, "net investment earnings" means the interest earned on the Local BHSF balance, net of any investment losses. Because county treasury pools are generally invested conservatively, net losses are not expected to be common, but any that occur should be attributed in the same way as earnings. From a financial management perspective, investment earnings associated with BHSA balances should remain identifiable within the Local BHSF and should be administered consistently with the requirements applicable to BHSA revenues.

This guide does not prescribe a specific method for allocating pooled treasury earnings. However, the county should document the method it uses to attribute earnings to components,

suballocations, the Local Prudent Reserve, and receipt years. It is important to consider that undocumented interest allocation methods have been cited in DHCS fiscal reviews of county MHSA funds in the past. County treasury and investment allocation practices may vary. However, counties should maintain sufficient accounting detail to support tracking, reporting, and administration of investment earnings alongside the related BHSA revenues.

From a practical accounting perspective, investment earnings are not unrestricted county revenue. They become part of the Local BHSF fund balance and should be tracked in a way that preserves visibility into the related BHSA component, applicable subaccount, fiscal-year receipt, and any relevant expenditure timing or reversion considerations.

Prudent Reserves Require Ongoing Monitoring

BHSA permits counties to use Local BHSF money to fund a Local Prudent Reserve, which counties are required to establish and maintain in accordance with the BHSA Policy Manual. However, counties are not required to maintain a minimum reserve balance; state law and the BHSA Policy Manual set only a maximum, which DHCS calculates for each county annually.

From a financial management perspective, money in the Local Prudent Reserve is set aside to protect programs in future years when BHSA revenues fall. It should not be viewed as available for current spending due to specific transfer and expenditure requirements. When a county assesses how much BHSA funding it has available for new programs, expansions, or budget development, reserve balances should be considered separately from funds available to spend, unless those funds are needed to maintain behavioral health services, respond to a local, state, or federally declared emergency, or mitigate unanticipated fiscal constraints.

The county's accounting records should track Local Prudent Reserve activity clearly enough to show that the county is meeting BHSA reserve requirements. At a minimum, counties should be able to see:

- Reserve deposits
- Reserve releases
- Reserve balance, including net investment earnings
- The relationship between reserve balances and applicable DHCS-calculated maximums
- Reserve activity reported through Integrated Plan, Annual Update, Intermittent Update, or BHOATR processes

This guide recommends treating the Local Prudent Reserve as a fund balance classification or subsidiary accounting record within the Local BHSF, rather than as a separate fund. Counties that already maintain the reserve in a separate fund can apply the same tracking principles. In either case, the reserve is not a separate BHSA component. Counties may transfer funds into the reserve from any component through the Integrated Plan, Annual Update, or Intermittent Update, up to the DHCS-calculated maximum, and each component's suballocation requirements must still be met after the transfer.

A county may spend funds from its Local Prudent Reserve only when one of three conditions occurs (WIC section 5892.2, subdivision (c)). First, a county may spend prudent reserve funds during a fiscal year for which DHCS publishes a revised minimum expenditure level pursuant to Welfare and Institutions Code section 5892.2, subdivision (a)(2)(B). Under that provision,

DHCS publishes the revised minimum expenditure level when it is 10% or more below the previously calculated minimum expenditure level. Second, a county may transfer funds out in a year in which the amount of distributed funds is less than the minimum expenditure level DHCS calculates for that year. Third, a county may transfer funds out in a year in which it determines that a change in local behavioral health needs or circumstances makes transfers from the reserve necessary to maintain behavioral health services, respond to a local, state, or federally declared emergency, or mitigate unanticipated fiscal constraints. A county must also spend any balance above its reserve maximum on Housing Interventions, FSP, or BHSS programs. Reserve funds may not be used for Housing Interventions capital development. DHCS calculates reserve maximums annually. Counties should refer to the BHSA Policy Manual for specific requirements related to prudent reserve maximums, assessments, transfers, allowable use, reporting, and related policy requirements.

Aging Funding Balances Require Ongoing Monitoring

One of the more unique accounting and financial management considerations associated with BHSA funding is the need to maintain visibility into when revenues were received and how long they have remained available for expenditure.

From an accounting and compliance perspective, maintaining fiscal-year receipt detail supports monitoring activities associated with expenditure timeframes, reporting requirements, and potential reversion considerations established through BHSA policy. DHCS calculates reversion using a first-in-first-out (FIFO) methodology based on component-level revenues and expenditures reported through the BHOATR process. The reversion periods are summarized in the table below. The reversion period begins in the fiscal year funds are transferred or allocated from the SCO to the Local BHSF, and transferring funds between components does not change it. DHCS calculates reversion by component, and counties are expected to apply any reverted amount equally across that component's suballocations.

County size	Population (most recent)	Reversion period
Large county	200,000 or more	3 years
Small county	Less than 200,000	5 years
WET and CFTN funds	Any county size	10 years

Counties should maintain accounting structures that can show when BHSA revenues were received and how much remains available from each fiscal-year receipt. These structures should also show how activity during the year, such as revenues, investment earnings, and expenditures, changes those balances over time. Transfers to the Local Prudent Reserve should be separately identified and reflected consistent with applicable BHSA policy and reporting requirements.

The BHOATR Is How Counties Demonstrate Accountability

Each year, counties must submit the Behavioral Health Outcomes, Accountability, and Transparency Report (BHOATR) to DHCS. The BHOATR is the primary report through which DHCS evaluates how counties used their BHSA funds, including whether expenditures met component and suballocation requirements. DHCS also uses the BHOATR to calculate any funds subject to reversion. The first BHOATR covers FY 2026-27. A one-time draft is due

January 30, 2028, and the first final BHOATR is due January 30, 2029. Later reports are due each January 30.

The BHOATR also reaches beyond BHSA. It requires counties to report behavioral health expenditures across the Care Continuum, regardless of funding source. Section VII of this guide explains this broader reporting in more detail. The accounting practices described throughout this guide are intended to produce and support the information the BHOATR requires.

Information Needed to Support Effective BHSA Administration

Taken together, these characteristics make BHSA funding different from many other governmental revenue sources. Counties are responsible not only for accounting for revenues and expenditures, but also for maintaining visibility into component subaccounts, recommended suballocation subaccounts, investment earnings, prudent reserve activity, fiscal-year receipt, and other necessary information to support administration of BHSA resources.

As a result, county accounting structures should provide sufficient information to support budgeting, financial reporting, operational decision-making, Integrated Plan development, BHOATR reporting, and administration of BHSA funding in accordance with applicable policy requirements.

At a minimum, county leadership, finance staff, and Auditor-Controller offices should be able to readily answer the following questions:

- What BHSA revenues are currently available?
- Which BHSA component do those revenues belong to?
- Are any suballocations associated with those revenues?
- How much investment income has been attributed to those revenues?
- What portion of available revenues has been designated as Local Prudent Reserve?
- When were the revenues received?
- How much funding remains available from each fiscal-year receipt?
- What expenditures have been charged against those revenues?
- Are there balances that may require additional monitoring due to age, expenditure timing, or other BHSA policy considerations?

The recommendations that follow are intended to support these objectives while maintaining a single Local BHSF organized as a governmental Special Revenue Fund and avoiding unnecessary proliferation of funds, bank accounts, treasury cash accounts, or other structures that are not needed to maintain accountability.

Section III – Accounting Environment and Structural Considerations

Before presenting recommended accounting structures, this section describes the accounting environment the recommendations are based on.

County accounting structures vary considerably. Fund structures, charts of accounts, treasury practices, and cost allocation methods may differ from one county to another. As a result, the recommendations in this guide should not be interpreted as the only acceptable approach to accounting for BHSA resources.

The Accounting Model Assumed in This Guide

The recommendations that follow are based on a county accounting model commonly used throughout California. Under this model, BHSA resources are accounted for in a governmental Special Revenue Fund, while payroll, accounts payable, and other operational accounting activities are administered through the General Fund. Expenditures are accumulated in General Fund cost centers throughout the year, and the Local BHSF then reimburses the General Fund for eligible BHSA-related costs through the periodic and year-end settlement process described in Section VI.

What "Local BHSF" Means from This Point Forward

Earlier sections used the term Local BHSF broadly to describe the BHSA revenues a county receives and administers. From this point forward, the term refers specifically to the county's governmental Special Revenue Fund established to account for those revenues. State law requires each county to deposit all funds received from the State Behavioral Health Services Fund into its Local Behavioral Health Services Fund (WIC section 5892, subdivision (f)). Consistent with the ASP Manual, this fund serves as the primary fund-level accounting entity for BHSA revenues, and later references to Local BHSF fund balance, reimbursements, or other activity refer to this fund.

What Is a Special Revenue Fund?

A special revenue fund is a governmental fund used to account for revenues that are restricted or committed to specific purposes. The Local BHSF is a special revenue fund because BHSA revenues are restricted by state law.

BHSA Reporting Documentation

Regardless of how a county structures its General Fund chart of accounts, this guide assumes some level of working papers will be needed to support BHSA reporting. Working papers are documented calculations, maintained outside the General Ledger, that distribute costs to BHSA reporting categories when the accounting structure does not capture those distinctions directly. The county's EHR provides a strong basis for those calculations because it records who was served and what services they received. It could contain both Medi-Cal claims and Individual Service Level (ISL) encounters, which record services not reimbursed through Medi-Cal. Appendix A illustrates this approach, and Appendix B summarizes additional BHOATR requirements that depend on working papers.

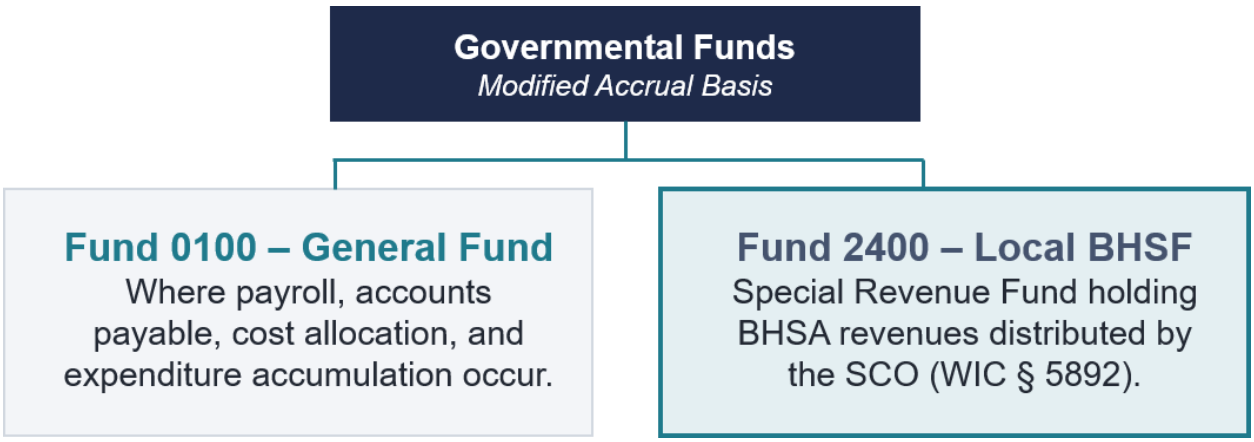
How the Following Sections Build on This Model

Section IV describes the recommended structure of the Local BHSF itself. Section V describes how BHSA-related costs can be organized in the General Fund before they are funded by the Local BHSF. Section VI explains how the two funds are settled and reconciled. Section VII then extends these structures to countywide BHOATR expenditure reporting; the BHOATR requirements summarized in Section II are the reason the Local BHSF and General Fund structures are organized as they are. Counties that use different accounting processes can adapt the concepts in this guide to their own accounting environments.

Section IV – Recommended Accounting Structure: Local BHSF Special Revenue Fund

Establishment of the Local BHSF as a Special Revenue Fund

This guide recommends that counties establish the Local BHSF as a single governmental Special Revenue Fund used to account for BHSA revenues. For purposes of illustration, this guide refers to this fund as *Fund 2400, Local BHSF*. The specific fund number is illustrative only and should be aligned with each county's locally adopted chart of accounts. Counties that already account for these resources in more than one fund can apply the same accountability principles to that structure. Examples include a separate fund for the Local Prudent Reserve, or the separate fund accounts DHCS permits for encumbered MHSA Innovation funds (counties can no longer encumber Innovation funds under the BHSA, so this applies only to funds encumbered under the MHSA) and for WET and CFTN funds.



The purpose of this structure is to maintain one governmental Special Revenue Fund for BHSA revenues while preserving sufficient subsidiary accounting detail to support:

- Required component subaccounts.
- Recommended suballocation subaccounts.
- Fiscal-year receipt tracking.
- Local Prudent Reserve administration.
- Investment earnings accountability.
- Integrated Plan and BHOATR reporting.
- Expenditure timing and reversion monitoring.
- Fund balance analysis.

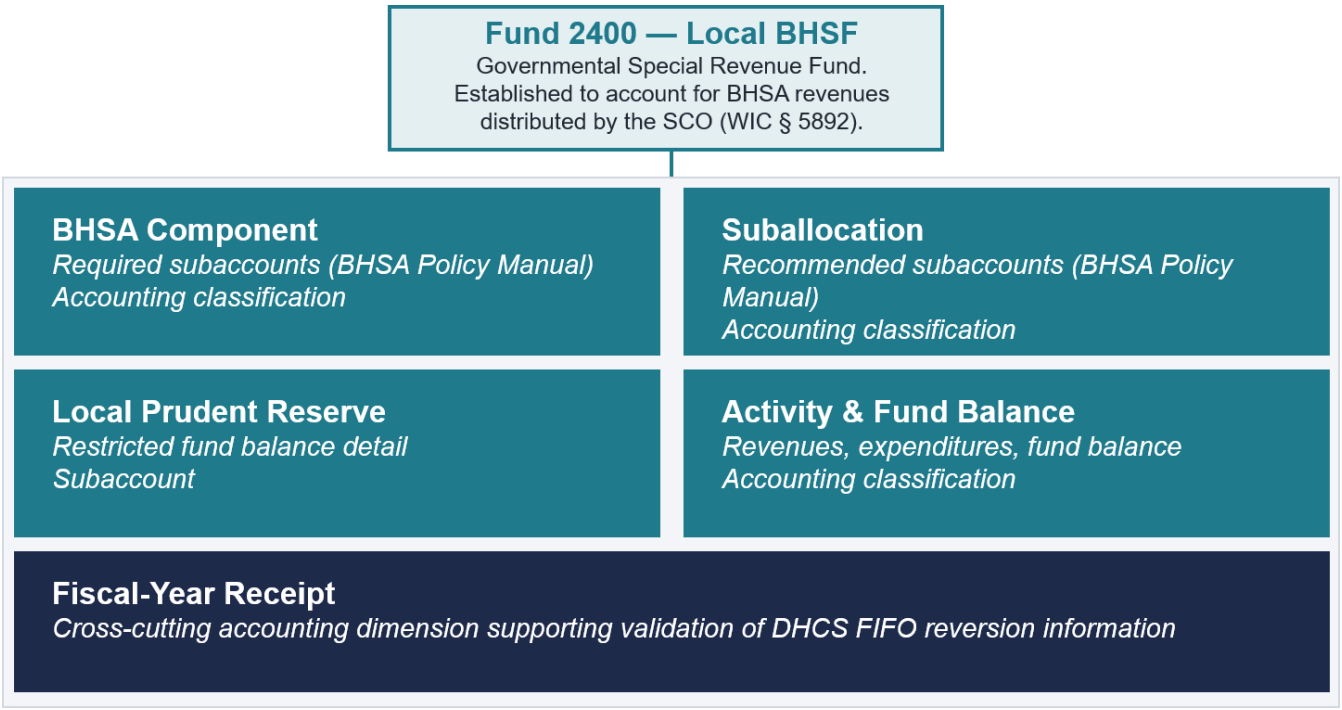
All of these elements can be managed within a single Local BHSF. Governmental accounting standards direct governments to establish only the minimum number of funds consistent with legal and operating requirements, and BHSA policy calls for subaccounts within the Local BHSF rather than separate funds. In practice, the Local BHSF holds its share of the county's pooled treasury cash, and the treasurer apportions investment earnings to the fund as it would for any other county fund. Subsidiary accounting detail within the fund, made up of the county's

subaccounts and accounting codes, then divides that single balance by component, suballocation, reserve, and receipt year. Because every transaction carries these classifications, the county can report what was received, spent, and remains available for each purpose without moving cash between separate accounts.

Recommended Subsidiary Accounting Detail Within the Local BHSF

Within the Local BHSF, counties should maintain accounting classifications, subaccounts, or subsidiary accounting records sufficient to identify BHSA revenues across the following dimensions:

- BHSA component subaccounts – accounting classification
- Recommended suballocation subaccounts – accounting classification
- Local Prudent Reserve subaccount – accounting classification
- Accounting activity and fund balance detail – accounting classification
- Fiscal-year receipt classification – cross-cutting accounting dimension



BHSA Component Subaccounts

The Local BHSF should maintain accounting detail sufficient to identify BHSA revenues by component. The BHSA Policy Manual requires counties to establish and maintain subaccounts for each funding component within their Local BHSF.

At a minimum, component subaccounts should include:

- Behavioral Health Services and Supports (BHSS)
- Full Service Partnerships (FSP)
- Housing Interventions

In practice, each component is assigned an accounting code that is used on every transaction affecting that component. When a monthly distribution is received, the county assigns it to the component subaccounts using the required component percentages, adjusted for any approved transfers. Expenditures, investment earnings, and reserve activity are then recorded against the component they belong to.

Designed this way, each component subaccount produces its own roll-forward: beginning balance, plus revenue and earnings, minus expenditures and transfers, equals ending balance. This roll-forward is the basis for component-level reporting on the BHOATR and for the reversion analysis DHCS performs by component. When an approved transfer moves funds between components, it should be recorded between the component subaccounts while keeping the original receipt year, since the transfer does not change the reversion period.

Suballocation Subaccounts

The BHSA Policy Manual recommends subaccounts for suballocations, particularly those with additional reporting requirements or longer reversion periods. Suballocation subaccounts designate, at the time funds are received, the portion of each component that must be spent toward each suballocation requirement. Early Intervention, the age 25 and younger share of Early Intervention, and the chronic homelessness share of Housing Interventions are minimums, so the designated amount represents the least the county must spend, not a limit. Capital development is a maximum and is tracked through expenditures rather than designated at receipt. Counties should also be able to track Innovative Behavioral Health Pilots and Projects costs that may be included in each component; because the Integrated Plan budget allows these to be listed separately within each component, counties may add a subaccount or other accounting code for them (see the innovative pilot and project accounts in the Section V charts of accounts). Suballocation subaccounts should therefore allow the county to compare expenditures against each designated amount throughout the year, not just at year-end.

The Local BHSF structure should support separate identification of the following suballocations:

Under BHSS:

- Early Intervention (EI) (51% minimum)
- Early Intervention services for individuals age 25 and younger (51% minimum of EI)
- Workforce Education and Training (WET)
- Capital Facilities and Technological Needs (CFTN)

Under Housing Interventions:

- Activities serving individuals experiencing chronic homelessness (50% minimum)
- Capital development activity, if applicable (25% maximum)

Illustrative Local BHSF Subaccount Structure

Fund 2400 – Local BHSF

- **2410 Housing Interventions**
  - **2411** Chronic Homelessness, 50% minimum
  - **2412** Capital Development, 25% maximum
- **2420 Full Service Partnerships (FSP)**
- **2430 Behavioral Health Services and Supports (BHSS)**
  - **2431** Early Intervention (EI), 51% minimum
  - **2432** EI – Age 25 and Younger, 51% minimum of EI
  - **2433** Workforce Education and Training (WET)
  - **2434** Capital Facilities and Technological Needs (CFTN)
- **2440 Encumbered MHSA Innovation Funds, legacy**
- **2490 Local Prudent Reserve**

Legend

- Required component subaccounts
- Recommended suballocation subaccounts
- Legacy Innovation / Local Prudent Reserve

2440 – legacy Innovation funds
2440 is limited to funds encumbered under the MHSA. Counties can no longer encumber Innovation funds under the BHSA.

Fiscal-Year Receipt
A cross-cutting accounting dimension applied across these subaccounts. It is not a subaccount.

Subaccount numbers are illustrative and should align with each county's locally adopted chart of accounts.

Some suballocations, such as services for individuals age 25 and younger or individuals experiencing chronic homelessness, depend on who was served. These are often supported through EHR data and working papers rather than transaction coding, as illustrated in Appendix A.

Suballocation subaccounts also support two other policy requirements. When DHCS calculates reversion for a component, counties are expected to apply the reverted amount equally across that component's suballocations, and suballocation requirements must still be met after any transfer to the Local Prudent Reserve. WET and CFTN are BHSS categories rather than percentage suballocations, but they are included here because they carry a ten-year reversion period and transfers into them are irrevocable. Counties are not required to allocate BHSA funds to WET and CFTN. Counties should refer to the BHSA Policy Manual for specific percentage requirements, expenditure limitations, and reporting requirements.

The illustration, “Illustrative Allocation Math: Coding a Monthly SCO Distribution at Receipt,” shows how this works for a single monthly distribution. When the funds are received, the county records them across the component subaccounts and designates the minimum amounts that must be spent toward each suballocation. These designations do not move cash or create separate funds; they establish, from the start, how much of each receipt the county must direct toward each requirement.

Local Prudent Reserve Classification

The Local Prudent Reserve should be identifiable within the Local BHSF. The Local Prudent Reserve is not a separate BHSA component, but prudent reserve activity should be classified in a manner that allows the county to identify:

- Reserve deposits
- Reserve releases
- Reserve balance, including net investment earnings
- How close the reserve balance is to the maximum DHCS allows – DHCS calculates each county's maximum every year, and any amount above it must be spent on BHSA programs.

LOCAL PRUDENT RESERVE

Restricted fund balance detail

Classified within the Local BHSF as a restricted fund balance component, separate from spendable BHSA component and suballocation balances.

Funded and drawn down according to county policy and BHSA Policy Manual guidance; activity is tracked in its own subaccount, not a separate fund.

Under this guide's recommended approach, the Local Prudent Reserve is a subaccount within the Local BHSF. Because BHSA revenues are restricted by state law, reserve amounts are generally reported as part of restricted fund balance and shown separately in fund balance detail. This allows the county to distinguish BHSA resources available for current programming from resources set aside for future fiscal stability.

Because the reserve sits within the same fund, moving money into or out of it is considered a reclassification of fund balance, not an expenditure or an interfund transfer. For example, when the county transfers funds into the reserve through the Integrated Plan, Annual Update, or Intermittent Update, the amount moves from the contributing component subaccount to the reserve subaccount. From that point, it is tracked as a reserve balance rather than as component or receipt-year funding. When funds are released, they move back to the

component subaccount where they will be spent, and the reversion period begins. Counties that keep the reserve in a separate fund would record the same movements as interfund transfers.

At a minimum, the reserve subaccount should allow the county to confirm that transfers in do not exceed the DHCS-calculated maximum and that releases occur only when permitted. It should also show whether any balance above the maximum has been identified for spending, and how investment earnings on the reserve balance have been attributed. Counties should refer to the BHSA Policy Manual for specific requirements governing reserve maximums, assessments, allowable uses, and reporting.

Fiscal-Year Receipt Classification

In addition to component, suballocation, and prudent reserve classifications, the Local BHSF should maintain accounting detail sufficient to identify the fiscal year in which BHSA revenues were received.

For the BHSA implementation period, this may include receipt years such as:

- Receipt years before FY 2026-27, for unspent MHSA funds that converted to BHSA on July 1, 2026, and keep their original reversion periods
- FY 2026-27
- FY 2027-28
- FY 2028-29
- Future fiscal-year receipt years

Fiscal-year receipt classification should apply across BHSA revenues, investment earnings, interfund transfers, interfund reimbursements, expenditures, and ending balances to the greatest extent practicable.



Aligning the Receipt Year With the Reversion Start Date

Because DHCS begins the reversion period in the fiscal year funds are transferred or allocated from the SCO, counties should document how their receipt-year assignment aligns with that date, particularly where year-end accruals record a distribution in a different period than it was received.

Fiscal-year receipt tracking is best understood as a cross-cutting accounting dimension within the Local BHSF. Fiscal-year tracking allows the county to identify the age of available funding, the remaining balance associated with each fiscal-year receipt, and balances that may warrant additional monitoring due to expenditure timelines or reversion considerations established through BHSA policy.

This accounting dimension is particularly important because DHCS calculates reversion using a first-in-first-out methodology based on component-level revenues and expenditures reported

through BHOATR. County accounting records should support the county's ability to understand and validate the information used for that analysis, while recognizing that DHCS performs the official reversion calculation.

Accounting Activity and Fund Balance Detail

Once established, the Local BHSF should support ongoing accounting activity associated with the full lifecycle of BHSA revenues. This includes:

- Recording SCO distributions.
- Recording net investment earnings and attributing them to the appropriate classifications, consistent with county treasury practices and BHSA policy.
- Recording expenditures funded by BHSA, including the interfund reimbursements or transfers used to settle General Fund costs.
- Tracking Local Prudent Reserve deposits, releases, and balances, including net investment earnings.
- Maintaining component, suballocation, and receipt-year balance detail.
- Supporting Integrated Plan, Annual Update, Intermittent Update, and BHOATR reporting, including monitoring of expenditure timing and potential reversion exposure.

Taken together, the structures described in this section show how one Local BHSF can manage every dimension of BHSA accountability. Component and suballocation subaccounts, the Local Prudent Reserve, and receipt-year tracking all operate as subsidiary accounting detail within a single fund. Because each transaction carries these classifications, the county can show what it received, where those revenues belong, what happened to them, and what remains available. This is one way to structure the Local BHSF, and counties can adapt it to their own chart of accounts. The following pages illustrate the recommended Local BHSF Special Revenue Fund structure.

Recommended Local BHSF Special Revenue Fund Structure

One governmental Special Revenue Fund with subsidiary accounting detail, not separate funds or separate treasury cash accounts

Governmental Funds
Modified Accrual Basis

Fund 0100 - General Fund
Countywide operational accounting environment where payroll, accounts payable, cost allocation, and expenditure accumulation may occur.

Fund 2400 - Local BHSF
Governmental Special Revenue Fund. Established to account for BHSA revenues distributed by the SCO (WIC § 5892).

Subsidiary Accounting Detail Within the Local BHSF *(subaccounts and subsidiary records within one fund)*

BHSA Component *Required subaccounts (BHSA Policy Manual)*	**Suballocation** *Recommended subaccounts (BHSA Policy Manual)*	**Local Prudent Reserve** *Restricted / committed fund balance detail*	**Activity & Fund Balance** *Revenues, expenditures, fund balance*	**Fiscal-Year Receipt** *Supports validation of DHCS FIFO reversion monitoring*
– Behavioral Health Services and Supports (BHSS) (2430) – Full Service Partnerships (FSP) (2420) – Housing Interventions (HI) (2410)	**Housing Interventions (HI)** – Chronic homelessness / encampment set-aside (2411), 50% minimum – Capital development activity (2412), 25% maximum, if applicable **BHSS** – Early Intervention (EI) (2431) – EI, age 25 and younger (2432) – Workforce Education and Training (WET) (2433) – Capital Facilities and Technological Needs (CFTN) (2434)	**Subaccount 2490** – Reserve deposits (transfers in) – Reserve releases (transfers out) – Reserve balance vs. DHCS maximum	– SCO distributions / BHSA revenues – Investment (interest) earnings – Expenditures by component – Interfund transfers & reimbursements – Ending fund balance	FY 2026-27 FY 2027-28 FY 2028-29 Future fiscal-year receipt years *Applies across components, suballocations, revenues, earnings, transfers, expenditures, and ending balance.*

Subaccount numbers are illustrative only.

Illustrative Allocation Math: Coding a Monthly SCO Distribution at Receipt

Recorded within one fund (Fund 2400 – Local BHSF). Amounts are coded to subaccounts when received.

Line	Local BHSF Subaccount	Amount	
Monthly SCO BHSA distribution	—	**$1,000,000**	
Split across three BHSA components (these tie to the total):			
FSP — 35% of total	**FSP**	**$350,000**	
BHSS — 35% of total	*Component total*	**$350,000**	
of which Early Intervention — at least 51% of BHSS	*EI subtotal (BHSS-EI + BHSS-EI25)*	$178,500	Minimum
of which age 25 and younger — at least 51% of EI	*BHSS-EI25*	*$91,035*	Minimum
remainder of EI	*BHSS-EI*	*$87,465*	
remainder of BHSS	BHSS	$171,500	
Housing Interventions — 30% of total	*Component total*	**$300,000**	
of which chronic homelessness — at least 50% of HI	*HI-CHRONIC*	*$150,000*	Minimum
remainder of HI	HI	$150,000	
Sum of the three components (FSP + BHSS + HI)	—	**$1,000,000**	

- Only lines with a subaccount code are recorded. Together they total $1,000,000.
- Indented "of which" lines break a parent down. Do not add them to the components; they already sit inside the component above.
- Designated amounts are minimum spending targets, not limits. Spending above a target draws from the remainder of the same component.
- Component percentages reflect any approved transfers between components.
- Capital development is a maximum (no more than 25% of HI) and is tracked through expenditures, not designated at receipt.
- Each month's coding carries that month's receipt year, supporting reversion tracking.

Section V – General Fund Cost Accounting Foundation for Drawing Down Local BHSF

As described in Section III, this guide assumes that day-to-day behavioral health program costs, such as payroll, benefits, and contract payments, are first recorded in the General Fund, and that the Local BHSF later reimburses the General Fund for eligible BHSA-related costs. In this guide, "drawing down" the Local BHSF refers to this reimbursement. This section presents a General Fund accounting structure designed to capture BHSA-related costs before they are drawn down.

To support that process, General Fund cost centers should capture costs in enough detail to identify BHSA-funded activity and align it to the applicable BHSA components and suballocations. When organized this way, the General Fund record becomes the audit trail that supports the reimbursement, the year-end reconciliation, and the amounts the county reports on the BHOATR. The remainder of this section walks through the accounting dimensions needed to build that structure, shows how they come together in an accounting string, and offers an illustrative General Fund chart of accounts counties can adapt to their own systems.

General Fund Accounting Fundamentals Used in This Guide

Every accounting string is built from a small set of dimensions, and each one answers a different question about a cost. Defining those dimensions first makes it easier to see how they work together in the recommended structure that follows.

- Fund – Identifies the broad accounting entity in which the transaction is recorded, such as the General Fund, Special Revenue Fund, etc.
- Department – Identifies the organizational unit responsible for the expenditure, such as the county behavioral health department.
- Cost Center – Identifies the operating unit, program grouping, service area, initiative, clinic, team, network, or other cost objective where expenditures are accumulated and managed.
- Activity Code – Adds a more specific service, program, statutory, or reporting distinction within a cost center when the county can administer that coding reliably.
- Project Code – Adds another targeted dimension when needed to identify a defined population, suballocation, specialized initiative, capital project, time-limited effort, or other distinct reporting objective.
- Object Code – Identifies the nature of the expenditure, such as salaries, benefits, contracted services, client support, facility costs, or supplies.
- Sub-Object Code – Provides additional detail beneath the object code where the county uses it.

Fund, department, cost center, activity code, and project code are the dimensions that inform the recommended BHSA-oriented structure later in this section. Object and sub-object codes round out a complete accounting string, but this guide does not build an extensive recommended object-code table, since these codes are generally standardized county-wide (e.g., object codes for salary, benefits, professional services, utilities, etc.).

County accounting systems and terminology vary widely. The concepts presented here are intended to illustrate accounting functions, not prescribe specific segment names, coding

conventions, or chart of accounts structures. Counties may organize and label these elements differently while achieving the same objective.

General Fund Accounting Dimensions

Fund	Department	Cost Center	Activity Code	Project Code	Object Code	Sub-Object Code
Broad accounting entity, such as the General Fund	Organizational unit responsible for the spending	Operating unit or program where expenditures accumulate	Service, program, or reporting distinction within a cost center, when coding can be administered reliably	Targeted dimension for a population, suballocation, or initiative	Nature of the expenditure, such as salaries or supplies	Added detail beneath the object code, where used

Inform the recommended BHSA structure
Fund, department, cost center, activity code, and project code

Round out a complete accounting string
Generally standardized county-wide (e.g., salary, benefits, professional services, utilities), so this guide does not build an object-code table

Illustrative General Fund Accounting String

The dimensions above come together in a single accounting string that a county's financial system can post to. The codes below are illustrative only and locally adaptable; a county's actual segment values, lengths, and order will follow its own chart of accounts.

A core illustrative string might look like this:

0100-275-5300-A313-P025-6105

- Fund 0100 = General Fund
- Department 275 = Behavioral Health Department
- Cost Center 5300 = BHSS cost center
- Activity Code A313 = Early Intervention activity
- Project Code P025 = Services for individuals age 25 and younger
- Object 6105 = Regular Salaries

Not every county needs all six segments, and the order above is illustrative, not required. A county may use fewer dimensions when the cost objective is already clear from the cost center alone or add dimensions locally when a program needs closer tracking.

Chart of Accounts for Counties That Use Cost Centers, Activity Codes, & Project Codes

The illustrative General Fund chart of accounts below brings together the dimensions and string logic described above. For counties whose accounting systems support activity codes and project codes alongside cost centers, this is the structure this guide recommends. It allows a county to accumulate BHSA-related costs in a way that supports both Local BHSF draw down and component-level reporting, with less reliance on working papers outside the General Ledger.

The structure uses one cost center for each BHSA component (BHSS, FSP, and Housing Interventions), plus a cost center for administration and cross-cutting activities that support all

three. Activity codes and project codes then add the details needed for suballocations and other BHSA reporting requirements. The Intended Accounting or Reporting Purpose column explains what each code is meant to capture and flags where working papers may still be needed. Counties should adapt the specific codes to their own operating structures. For counties that rely on cost centers alone, the following section presents an alternative approach that achieves the same objectives with a simpler structure.

Illustrative BHSA General Fund Chart of Accounts – Cost Center/Activity Code/Project Code

Fund	Department	Cost Center	Activity Code	Project Code	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5300 – BHSS	A301 – Children's System of Care	—	Accumulate BHSS costs for children and youth programs (age 25 and younger)
0100 – GF	275 – Behavioral Health	5300 – BHSS	A302 – Adult and Older Adult System of Care	—	Accumulate BHSS costs for adult and older adult programs (age 26 and older)
0100 – GF	275 – Behavioral Health	5300 – BHSS	A313 – Early Intervention	—	Identify Early Intervention activity within the BHSS cost center, supporting the 51% BHSS-to-Early-Intervention requirement
0100 – GF	275 – Behavioral Health	5300 – BHSS	A313 – Early Intervention	P025 – Individuals age 25 and younger	Identify the portion of Early Intervention activity serving individuals age 25 and younger, supporting the 51% youth requirement
0100 – GF	275 – Behavioral Health	5300 – BHSS	A314 – Outreach and Engagement	—	Accumulate BHSS outreach and engagement activity, distinct from direct Early Intervention services
0100 – GF	275 – Behavioral Health	5300 – BHSS	A315 – Coordinated Specialty Care for First Episode Psychosis (CSC-FEP)	—	Track CSC-FEP activity required under Early Intervention
0100 – GF	275 – Behavioral Health	5300 – BHSS	A320 – Workforce Education and Training (WET)	—	Accumulate WET activity; WET funds carry a ten-year reversion period, and transfers into WET are irrevocable
0100 – GF	275 – Behavioral Health	5300 – BHSS	A321 – MHSA Workforce Education and Training (WET) – Prior-Year Funds	—	Accumulate activity funded by unspent MHSA WET funds that converted to BHSA on July 1, 2026, so it can be tracked separately from BHSA WET funds and against the original reversion period

Fund	Department	Cost Center	Activity Code	Project Code	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5300 – BHSS	A330 – Capital Facilities and Technological Needs (CFTN)	—	Accumulate CFTN activity as a single pool; CFTN funds carry a ten-year reversion period, and transfers into CFTN are irrevocable
0100 – GF	275 – Behavioral Health	5300 – BHSS	A331 – MHSA Capital Facilities and Technological Needs (CFTN) – Prior-Year Funds	—	Accumulate activity funded by unspent MHSA CFTN funds that converted to BHSA on July 1, 2026, so it can be tracked separately from BHSA CFTN funds and against the original reversion period
0100 – GF	275 – Behavioral Health	5300 – BHSS	A340 – Innovative BHSS Pilots and Projects	(pilot-specific)	Track innovative BHSS pilot or project activity separately from ongoing programs
0100 – GF	275 – Behavioral Health	5300 – BHSS	A350 – Component Administrative Costs	—	Identify BHSS-specific administrative costs
0100 – GF	275 – Behavioral Health	5400 – FSP	A410 – Assertive Community Treatment (ACT)	—	Track ACT activity required under FSP
0100 – GF	275 – Behavioral Health	5400 – FSP	A411 – Forensic ACT (FACT)	—	Track FACT activity required under FSP
0100 – GF	275 – Behavioral Health	5400 – FSP	A412 – FSP Intensive Case Management (ICM)	—	Track FSP ICM activity required under FSP
0100 – GF	275 – Behavioral Health	5400 – FSP	A413 – High Fidelity Wraparound (HFW)	—	Track HFW activity required under FSP
0100 – GF	275 – Behavioral Health	5400 – FSP	A414 – Individual Placement and Support (IPS) Supported Employment	—	Track IPS supported-employment activity required under FSP

Fund	Department	Cost Center	Activity Code	Project Code	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5400 – FSP	A415 – Assertive Field-Based Initiation for SUD Treatment	—	Track field-based SUD initiation activity required under FSP
0100 – GF	275 – Behavioral Health	5400 – FSP	A416 – FSP Outreach and Engagement	—	Track FSP enrollment-related outreach activity
0100 – GF	275 – Behavioral Health	5400 – FSP	A417 – Other FSP Mental Health or Supportive Services	—	Track additional FSP mental health or supportive service activity not already captured above
0100 – GF	275 – Behavioral Health	5400 – FSP	A418 – Other FSP Substance Use Disorder Services	—	Track additional FSP substance use disorder service activity not already captured above, including primary SUD FSPs
0100 – GF	275 – Behavioral Health	5400 – FSP	A419 – Innovative FSP Pilots and Projects	(pilot-specific)	Track innovative FSP pilot or project activity separately from ongoing FSP models
0100 – GF	275 – Behavioral Health	5400 – FSP	A420 – Component Administrative Costs	—	Identify FSP-specific administrative costs
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A510 – Permanent Settings: Rental Subsidies	—	Track rental subsidy activity in non-time-limited permanent settings
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A511 – Permanent Settings: Operating Subsidies	—	Track operating subsidy activity in permanent settings
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A512 – Permanent Settings: Bundled Rental and Operating Subsidies	—	Track bundled subsidy activity in permanent settings

Fund	Department	Cost Center	Activity Code	Project Code	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A513 – Interim Settings: Rental Subsidies	—	Track rental subsidy activity in time-limited interim settings
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A514 – Interim Settings: Operating Subsidies	—	Track operating subsidy activity in interim settings
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A515 – Interim Settings: Bundled Rental and Operating Subsidies	—	Track bundled subsidy activity in interim settings
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A516 – Landlord Outreach and Mitigation	—	Track landlord engagement and risk-mitigation activity
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A517 – Participant Assistance	—	Track direct participant assistance activity
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A518 – Housing Transition Navigation and Tenancy-Sustaining Services	—	Track navigation and tenancy-sustaining service activity
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A519 – Housing Outreach and Engagement	—	Track housing-specific outreach and engagement activity
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A520 – Capital Development	P520 – Capital development	Identify capital development activity subject to the capital development limitation
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A521 – Innovative Housing Intervention Pilots and Projects	(pilot-specific)	Track innovative housing pilot or project activity

Fund	Department	Cost Center	Activity Code	Project Code	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5500 – Housing Interventions	A522 – Component Administrative Costs	—	Identify Housing-specific administrative costs
0100 – GF	275 – Behavioral Health	5900 – Administration Activities	A910 – BHSA Administration	—	Accumulate direct and indirect costs that are allocable to performing BHSA administration not already captured under A911 – A914 or under other BHSA components. The county will develop a consistent, documented methodology to serve as the basis for further allocating these administrative costs to each component (WIC section 5892, subdivision (e), and section 5963, subdivision (c)).
0100 – GF	275 – Behavioral Health	5900 – Administration Activities	A911 – Plan Improvement and Monitoring	—	Track improvement and monitoring activity, such as plan operations, quality, outcomes, fiscal and programmatic data reporting on the BHOATR, and subcontract compliance and oversight for all county behavioral health programs (WIC section 5892, subdivision (e)(2)). Costs that exceed 2% of the county's annual BHSA revenues (4% for small counties) can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5900 – Administration Activities	A912 – New and Ongoing Administrative Activities	—	Track new and ongoing administrative activity associated with implementing the BHSA not already captured under A911, A913, or A914 (WIC section 5963, subdivision (c)). Costs can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5900 – Administration Activities	A913 – Integrated Plan/Annual Updates & Community Planning Process (CPP)	—	Track community planning process costs, including stakeholder engagement and public review (WIC section 5892, subdivision (e)(1)). Costs that exceed 5% of the county's annual BHSA revenues can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5900 – Administration Activities	A914 – Individual Service Level (ISL)	—	Accumulate the costs incurred to implement ISL reporting (WIC section 5892, subdivision (e)(2)). Costs that exceed 2% of the county's annual BHSA revenues (4% for small counties) can be claimed on Form MH 1982 B.

You may notice that the illustrative chart does not include a dedicated cost center, activity code, or project code for the Housing Interventions suballocations serving individuals experiencing chronic homelessness or individuals with a substance use disorder only. This is intentional. Unlike BHSS Early Intervention, where the BHOATR includes a specific expenditure line for the youth-focused suballocation, the Housing Interventions suballocations are reported as supplemental classifications of expenditures already reported within the main Housing Interventions table. Because of this, counties generally do not need to capture these distinctions at the transaction level within their General Ledger. Instead, counties can use EHR data, ISL reporting, or other supporting documentation to determine what portion of reported Housing Interventions expenditures is attributable to the chronically homeless and SUD-only populations for BHOATR reporting purposes.

Applying This Structure to Operationally Organized Cost Centers

Many counties organize cost centers around how programs are operated and managed, such as a clinic, team, or contracted provider network, rather than around BHSA components. The chart of accounts above is organized by component to illustrate the concepts, but the same coding logic applies to operational cost centers.

For example, a county may have a cost center for an adult integrated clinic that is funded with BHSS and provides both outpatient services and outreach and engagement. The county can keep that cost center intact, so fiscal staff can budget for and evaluate the clinic's costs as a whole. Activity codes within the cost center then identify the BHSA purpose of each cost:

Fund	Department	Cost Center	Activity Code	Object Code	Description
0100	275	5310	A302	6105	Adult integrated clinic, Adult and Older Adult System of Care, regular salaries
0100	275	5310	A314	6105	Adult integrated clinic, Outreach and Engagement, regular salaries

In this way, the cost center supports operational management, while the activity and project codes support BHSA reporting.

Chart of Accounts for Counties That Use Cost Centers Only

Some counties keep the cost center as the most detailed level of General Fund tracking, without activity codes or project codes. This approach keeps the chart of accounts simpler to maintain and is often a better fit for counties with smaller programs or accounting systems that do not easily support additional segments. For counties operating this way, this guide recommends the chart of accounts below. It uses cost centers to capture the core BHSA distinctions directly and relies on working papers, using EHR, ISL encounter, or other service data, to divide costs further where reporting requires it.

For example, a dedicated BHSS Early Intervention cost center can capture Early Intervention costs directly, which supports the requirement that at least 51% of BHSS funds go to Early Intervention. To support the requirement that at least 51% of Early Intervention funds serve individuals age 25 and younger, the county would use working papers that divide the costs in that cost center by age, based on EHR or ISL data. Appendix A walks through this approach in detail.

Illustrative BHSA General Fund Chart of Accounts – Cost Center

Fund	Department	Cost Center	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5300 – BHSS	Serve as the BHSS catch-all cost center, accumulating outreach and engagement, Workforce Education and Training (WET), Capital Facilities and Technological Needs (CFTN), and any other BHSS-eligible costs not captured in a more specific BHSS cost center
0100 – GF	275 – Behavioral Health	5301 – BHSS Children's System of Care	Accumulate children and youth program costs (age 25 and younger) that are planned in part or in whole to be funded by BHSS
0100 – GF	275 – Behavioral Health	5302 – BHSS Adult and Older Adult System of Care	Accumulate adult and older adult program costs (age 26 and older) that are planned in part or in whole to be funded by BHSS
0100 – GF	275 – Behavioral Health	5303 – BHSS Early Intervention	Accumulate the cost of Early Intervention activities rendered to individuals age 25 and younger and age 26 and older. The county will use analytic methodologies with EHR, ISL, and/or other similar data sets as the basis for developing working papers that will calculate and attribute the portion of costs that are 26+ and 25 and younger
0100 – GF	275 – Behavioral Health	5304 – BHSS Coordinated Specialty Care for First Episode Psychosis (CSC-FEP)	Accumulate the costs for CSC-FEP attributable activities
0100 – GF	275 – Behavioral Health	5310 – 5319 series – BHSS Innovative Pilots and Projects (specific cost center created per pilot/project)	Accumulate innovative BHSS pilot or project costs separately from ongoing programs; a new cost center is established as each pilot or project begins
0100 – GF	275 – Behavioral Health	5400 – FSP	Serve as the FSP catch-all cost center, accumulating outreach and engagement, Other Mental Health Supportive Services, and Other Substance Use Disorder Supportive Services
0100 – GF	275 – Behavioral Health	5401 – Forensic Assertive Community Treatment (FACT)	Capture the unique budget for a FACT team, whether county-operated or contracted. **If the county contracts for FACT services, use this cost center to accumulate the contract costs so FACT costs remain identifiable without additional working papers.**

Fund	Department	Cost Center	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5402 – Assertive Community Treatment (ACT)	Capture the unique budget for an ACT team, whether county-operated or contracted. **If the county contracts for ACT services, use this cost center to accumulate the contract costs so ACT costs remain identifiable without additional working papers.**
0100 – GF	275 – Behavioral Health	5403 – High Fidelity Wraparound (HFW)	Capture the unique budget for an HFW program, whether county-operated or contracted. **If the county contracts for HFW services, use this cost center to accumulate the contract costs so HFW costs remain identifiable without additional working papers.**
0100 – GF	275 – Behavioral Health	5404 – Individual Placement and Support (IPS) / Supported Employment	Capture the unique budget for an IPS program, whether county-operated or contracted. **If the county contracts for IPS services, use this cost center to accumulate the contract costs so IPS costs remain identifiable without additional working papers.**
0100 – GF	275 – Behavioral Health	5405 – Assertive Field-Based Initiation for SUD Treatment	Capture the unique budget for an AFBSS program, whether county-operated or contracted. **If the county contracts for AFBSS services, use this cost center to accumulate the contract costs so AFBSS costs remain identifiable without additional working papers.**
0100 – GF	275 – Behavioral Health	5410 – 5419 series – FSP Innovative Pilots and Projects (specific cost center created per pilot/project)	Accumulate innovative FSP pilot or project costs separately from ongoing programs; a new cost center is established as each pilot or project begins
0100 – GF	275 – Behavioral Health	5500 – Rental, Operating, and Bundled Subsidies	Accumulate the cost of rental, operating, and bundled subsidies provided in permanent and interim settings. The county will use analytic methodologies with EHR, ISL, and/or other similar data sets as the basis for developing working papers that will calculate and attribute the portion of costs allocable to permanent settings and interim settings *and* the chronically unhoused *and* individuals with SUD-only diagnosis.
0100 – GF	275 – Behavioral Health	5502 – Landlord Outreach and Mitigation, Participant Assistance, Housing Transition Navigation and Tenancy Sustaining Services, and Housing Outreach and Engagement	Accumulate the cost of landlord outreach and mitigation, participant assistance, housing transition navigation and tenancy sustaining services, and housing outreach and engagement activities. The county will use analytic methodologies with EHR, ISL, and/or other similar data sets as the basis for developing working papers that will calculate and attribute the portion of costs allocable to the chronically unhoused *and* individuals with SUD-only diagnosis.

Fund	Department	Cost Center	Intended Accounting or Reporting Purpose
0100 – GF	275 – Behavioral Health	5510 – 5519 series – Housing Interventions Capital Development (specific cost center created per project)	Accumulate costs for capital development projects planned to be funded with Housing Interventions; a new cost center is established as each project begins.
0100 – GF	275 – Behavioral Health	5900 – BHSA Administration	Accumulate direct and indirect costs that are allocable to performing BHSA administration not already captured under 5901 – 5904 or under other BHSA components. The county will develop a consistent, documented methodology to serve as the basis for further allocating these administrative costs to each component (WIC section 5892, subdivision (e), and section 5963, subdivision (c)). Indirect costs should be allocated using a documented method consistent with 2 CFR 200.
0100 – GF	275 – Behavioral Health	5901 – Integrated Plan/Annual Updates & Community Planning Process (CPP)	Track community planning process costs, including stakeholder engagement and public review (WIC section 5892, subdivision (e)(1)). Costs that exceed 5% of the county's annual BHSA revenues can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5902 – Plan Improvement and Monitoring	Track improvement and monitoring activity, such as plan operations, quality, outcomes, fiscal and programmatic data reporting on the BHOATR, and subcontract compliance and oversight for all county behavioral health programs (WIC section 5892, subdivision (e)(2)). Costs that exceed 2% of the county's annual BHSA revenues (4% for small counties) can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5903 – Individual Service Level (ISL)	Accumulate the costs incurred to implement ISL reporting (WIC section 5892, subdivision (e)(2)). Costs that exceed 2% of the county's annual BHSA revenues (4% for small counties) can be claimed on Form MH 1982 B.
0100 – GF	275 – Behavioral Health	5904 – New and Ongoing Administrative Activities	Track new and ongoing administrative activity associated with implementing the BHSA not already captured under 5901, 5902, or 5903 (WIC section 5963, subdivision (c)). Costs can be claimed on Form MH 1982 B.

Applying This Structure to Operationally Organized Cost Centers

Like counties that use activity codes, many counties that use cost centers only organize cost centers around clinics, teams, or provider networks. Without activity codes, a clinic that serves more than one BHSS purpose raises a design question: should its costs be divided across BHSA-aligned cost centers, or kept together in one?

Dividing the clinic, for example, by charging adult outpatient costs to 5302 and outreach and engagement costs to 5300, places the BHSA distinction directly in the General Ledger. It also has drawbacks. Clinic managers lose a single view of the clinic's budget, and shared costs such as rent and supervision must be split when they are recorded. A general cost center like 5300 can also become a mix of activity from many programs that are difficult to manage or analyze.

For most counties, a better approach is to keep the clinic as its own cost center and assign it to the BHSA component that funds it, either by numbering it within that component's range (for example, 5305 – Adult Integrated Clinic) or by placing it under that component in the county's cost center hierarchy. This preserves the operational view while keeping the component visible in the General Ledger. Working papers based on EHR or ISL service data then divide the clinic's costs between BHSS categories, such as Adult and Older Adult System of Care and Outreach and Engagement, using the approach illustrated in Appendix A.

A separate cost center is worth creating when a distinction affects a funding requirement, not just reporting detail. Examples include activity that counts toward a suballocation, such as Early Intervention; activity funded by a different component, such as FSP; and activity with a different reversion period, such as WET. In those cases, a dedicated cost center gives the county direct General Ledger support for the requirement. Distinctions that only affect how costs are categorized on the BHOATR can generally be supported through working papers. Appendix A shows how and when to apply BHSA cost centers to a facility with several activity types.

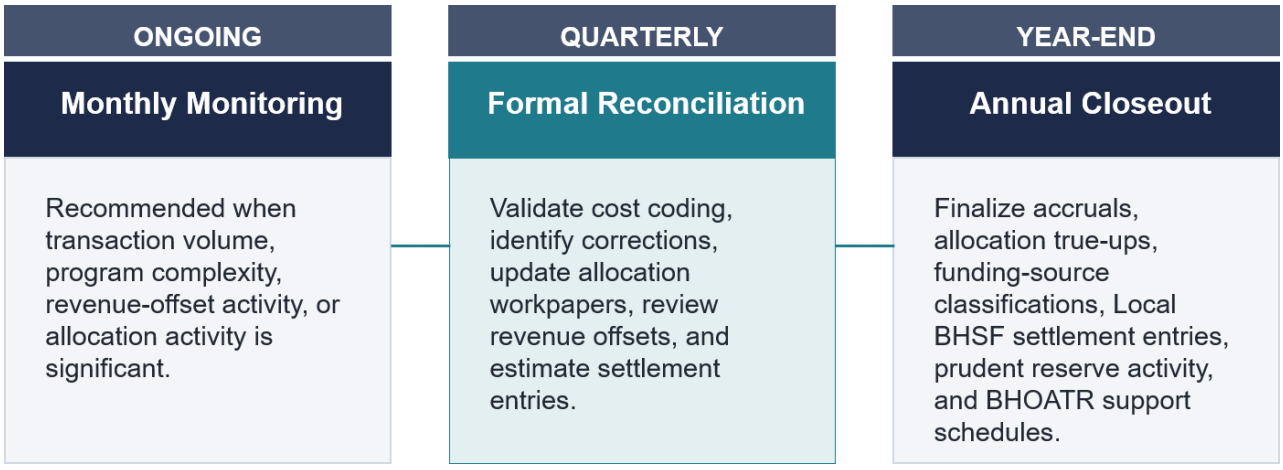
Section VI – The Relationship Between the General Fund and the Local BHSF

This section brings together the General Fund cost structure described in Section V and the Local BHSF structure described in Section IV. It explains how General Fund costs are settled with Local BHSF revenues, the step this guide refers to as drawing down the Local BHSF. In this sense, the section serves as the reconciliation bridge between the county's operating accounting environment and the restricted fund that pays for BHSA-eligible costs.

Periodic Settlement and Year-End Reconciliation

Counties should perform a periodic reconciliation process for General Fund costs expected to be settled with the Local BHSF. At a minimum, counties should consider a quarterly, formal reconciliation and a final closeout at year-end. Monthly monitoring may be useful and is recommended when transaction volume, program complexity, revenue-offset activity, or allocation activity is significant. The periodic process should begin with General Fund expenditure and revenue detail and should identify direct charges, allocated support costs, revenue offsets, coding corrections, funding-source classifications, and preliminary interfund reimbursement or transfer amounts.

The quarterly reconciliation can help validate cost coding, identify needed corrections, update allocation working papers (see Appendix A), review revenue offsets, and estimate settlement entries before issues accumulate at year-end. The annual closeout should finalize accruals, allocation true-ups, funding-source classifications, Local BHSF settlement entries, prudent reserve activity where applicable, and BHOATR support schedules. Where Local BHSF component, suballocation, fiscal-year receipt, prudent reserve, or administrative classifications are needed, those classifications should be documented as part of the settlement support rather than embedded into every General Fund transaction.



Interfund Reimbursements and Transfers

Counties should distinguish interfund reimbursements from interfund transfers when settling General Fund costs with the Local BHSF. An interfund reimbursement is appropriate when the General Fund has incurred allowable BHSA-related costs and the Local BHSF reimburses the General Fund for those costs. The reimbursement should be supported by General Fund expenditure detail, allocation working papers, revenue offsets, funding-source documentation,

and any required eligibility or reporting support. As presented in the financial statements, a reimbursement is reported as an expenditure of the Local BHSF and a reduction of expenditure in the General Fund, so the cost is reported once, in the fund that ultimately pays for it. This describes financial statement presentation, not the journal entry itself; counties should record the transaction under their own procedures and the ASP Manual. The revenue offset schedule is where the county shows that Medi-Cal and other applicable payer revenue was applied before BHSA. That is consistent with DHCS expectations that counties bill Medi-Cal and make a good-faith effort to bill commercial insurance for covered services, and with the BHSA non-supplantation requirement.

An interfund transfer should be used when the county is moving revenues between funds rather than reimbursing a specific General Fund expenditure. Transfers should identify the purpose, authority, amount, affected funds, timing, component or reporting treatment, and whether the entry represents funding movement rather than a direct expenditure. Transfer entries should not replace the need to maintain General Fund expenditure support for the costs ultimately funded by BHSA revenues. A transfer is reported as an 'other financing source' in the receiving fund and an 'other financing use' in the sending fund, and the related expenditures remain in the fund where they were incurred.

Settling General Fund Costs with the Local BHSF

Interfund Reimbursement	Interfund Transfer
When to use: The General Fund incurred allowable BHSA-related costs, and the Local BHSF reimburses the General Fund for those costs. **Required support:** General Fund expenditure detail, revenue offset schedule, allocation workpaper, eligibility support, approval, reconciliation. **How it is reported:** Expenditure of the Local BHSF; reduction of expenditure in the General Fund. The cost is reported once.	**When to use:** The county is moving revenues between funds for a documented funding purpose or reserve action (for example, to a separate fund that holds the Local Prudent Reserve), not reimbursing one specific General Fund expenditure. **Required support:** Purpose, authority, amount, affected funds, timing, approval, accounting entry, and documentation of funding activity. **How it is reported:** Other financing source in the receiving fund and other financing use in the sending fund. Expenditures stay in the fund where they were incurred. Moves between subaccounts within the Local BHSF are reclassifications, not transfers.

For clarity and audit support, the settlement file should clearly identify whether each entry is a reimbursement, transfer, revenue offset, or other adjusting entry. This distinction supports financial statement consistency, helps avoid double-counting expenditures, and creates a clear audit trail between the General Fund operating records and Local BHSF fund-level activity.

Examples of Interfund Reimbursements and Transfers

- **Interfund reimbursement –** Example: the General Fund pays behavioral health staff salaries, benefits, provider invoices, or allocated support costs during the quarter. After revenue offsets are applied, the Local BHSF reimburses the General Fund for the allowable net BHSA-related cost. Required support: General Fund expenditure detail, revenue offset schedule, allocation working paper, eligibility support, approval, and reconciliation to the reimbursement entry. Funds the General Fund receives from outside departments or funds, such as AB 109 funds from the Probation Department or funds from Child Welfare Services, are not interfund reimbursements from the Local BHSF; they should be identified as their own funding sources (see Section VII) and recorded under the county's procedures for interdepartmental revenue.
- **Interfund transfer –** Example: the county moves revenues between the Local BHSF and another fund (for example, a separate fund that holds the Local Prudent Reserve, WET and CFTN funds, or encumbered MHSA Innovation funds, as described in Section IV) for a documented funding purpose, reserve action (where the Local Prudent Reserve is held in a separate fund), or settlement entry that is not tied to reimbursing one specific General Fund expenditure. Required support: purpose, authority, amount, affected funds, timing, approval, accounting entry, and documentation showing whether the movement is funding activity rather than a direct expenditure. Moves between subaccounts within the Local BHSF are not interfund transfers; they are reclassifications of fund balance (see Section IV).

Prudent Reserve Considerations for General Fund Settlement

Amounts transferred to the prudent reserve should be separately identified and removed from component-level and fiscal-year receipt tracking for available Local BHSF spending. Once transferred, the balance should be maintained as prudent reserve activity rather than as continuing expenditure authority of the original component or fiscal-year receipt. Where the reserve is maintained as a subaccount within the Local BHSF, these movements are recorded as reclassifications of fund balance rather than as interfund transfers, as described in Section IV.

The county should maintain subsidiary prudent reserve records showing additions, releases, balances compared to the DHCS-calculated maximum, authority for the reserve action, and the related accounting entries. DHCS has indicated it will issue additional guidance addressing reserve release procedures, including the process and expenditure timeframes that will apply when counties release reserve funds under the conditions described in Section II. Because that guidance has not yet been issued, this guide does not prescribe how released amounts should be attributed to a fiscal-year receipt; DHCS has indicated that the reversion period begins when funds are released, and counties should apply DHCS guidance once available. In the interim, released amounts should be assigned to the component subaccount where they will be spent, and counties should maintain records sufficient to support whatever receipt-year and reversion treatment DHCS ultimately directs.

Recommended Year-End Control File

Counties should maintain a year-end control file that ties the General Fund and Local BHSF together. This file should include General Fund expenditure extracts, allocation working

papers, EHR or other service-data extracts used as allocation bases, investment earnings apportionment and attribution support, Medi-Cal claims and remittance support where applicable, interfund reimbursement or transfer entries, Local BHSF revenue and expenditure summaries, component and suballocation crosswalks, fiscal-year receipt support for available Local BHSF spending, funding-source support, prudent reserve activity schedules, administrative cost schedules, and BHOATR reconciliation schedules. Because the BHOATR is due to DHCS annually on January 30 (see Section II), and DHCS may withhold 25% of monthly distributions until a complete and accurate report is submitted, the year-end close and control file should be scheduled to support that deadline.

Year-End Control File – Ties the General Fund and Local BHSF Together		
General Fund Records	**Local BHSF Records**	**Settlement & Reserve Activity**
Expenditure extracts	Revenue and expenditure summaries	Interfund reimbursement / transfer entries
Allocation workpapers	Component and suballocation crosswalks	Prudent reserve activity schedules
EHR / service-data extracts	Fiscal-year receipt support	Administrative cost schedules
Medi-Cal claims & remittance support	Funding-source support	BHOATR reconciliation schedules

The objective is to create and maintain a clear and auditable bridge between where costs are incurred and managed operationally and where BHSA revenues are reported at the fund level. A well-supported year-end reconciliation helps the county demonstrate that General Fund expenditures funded by the Local BHSF were accumulated, allocated, charged, reimbursed, transferred, and reported consistently with the county's chart-of-accounts structure and BHOATR support needs.

Section VII – Countywide BHOATR Expenditure Classification

The Behavioral Health Services Act (BHSA) requires counties to track not only BHSA component expenditures inside the Local BHSF, but also their full behavioral health expenditures using a new classification structure DHCS has introduced called the Behavioral Health Care Continuum (Care Continuum).

The General Fund structure presented in Section V provides the foundation for tracking BHSA-related costs and drawing down the Local BHSF. That foundation is essential to demonstrating that funds were spent appropriately and to managing and avoiding the reversion of unspent funds, including funds whose expenditure is insufficiently documented. Counties can build on the same structure to support the broader cost accounting required for Behavioral Health Outcomes, Accountability, and Transparency Report (BHOATR) reporting.

Extending the Cost Accounting Framework Beyond BHSA

The cost accounting concepts presented in Section V were developed primarily to help counties organize expenditures that may ultimately be funded with revenues from the Local BHSF. However, counties should recognize that the same underlying concepts can support a much broader objective: the countywide expenditure reporting requirements of the BHOATR.

Under the BHOATR, counties are asked to report all of their behavioral health expenditures across the full spectrum of behavioral health services, supports, and housing activities through the Care Continuum view. As a result, counties should consider whether their broader cost accounting structure provides sufficient information to support the expenditure classifications reported on the BHOATR Care Continuum view. Because the BHOATR template is still being finalized, this guide refers to its sections by view name rather than tab number. From an accounting and reporting perspective, the Care Continuum view is organized as a matrix. Its rows list the Care Continuum service categories, and its columns list funding sources. Read together, the matrix answers two fundamental questions about behavioral health expenditures:

- What type of service, support, or housing activity was provided?
- What funding source(s) paid for that activity?

The Care Continuum service categories listed in the matrix rows, which classify the type of service, support, or housing activity (for example, primary prevention, early intervention, outpatient, and intensive outpatient services), answer the first question. The funding source classifications reported in the columns answer the second.

Taken together, these classifications establish the structure through which counties report their behavioral health expenditures. Counties should therefore consider whether their General Fund accounting environment can support both dimensions of reporting.

Designing Cost Centers to Support Care Continuum Reporting

The Care Continuum is intended to organize behavioral health expenditures according to the type of services, supports, and housing activities provided.

For this reason, counties may find it helpful to evaluate whether their behavioral health cost centers are organized around meaningful service delivery or operational objectives that can be easily cross walked to a Care Continuum service area(s). Cost centers organized around clinics, clinical teams, initiatives, service models, housing interventions, or other identifiable operating units will likely prove to be a stronger foundation to meet reporting needs around the Care Continuum view, rather than organizing cost centers around funding sources.

As counties evaluate their accounting structures, they should consider:

- Whether each behavioral health cost center can be reasonably associated with a Care Continuum category.
- Whether expenditures accumulated within a cost center generally represent a consistent service or operational purpose.
- Whether supporting documentation exists when a single cost center contains expenditures attributable to multiple Care Continuum categories. Counties should evaluate the data sources available to support a reasonable and defensible allocation methodology that can serve as the basis for working papers used to distribute costs across multiple Care Continuum categories.
- Whether future cost center design decisions improve or reduce reporting visibility.

The objective is not necessarily to create a separate cost center for every Care Continuum category. Rather, the objective is to maintain sufficient information to support a reasonable and auditable methodology for assigning expenditures to the appropriate categories reported through the BHOATR.

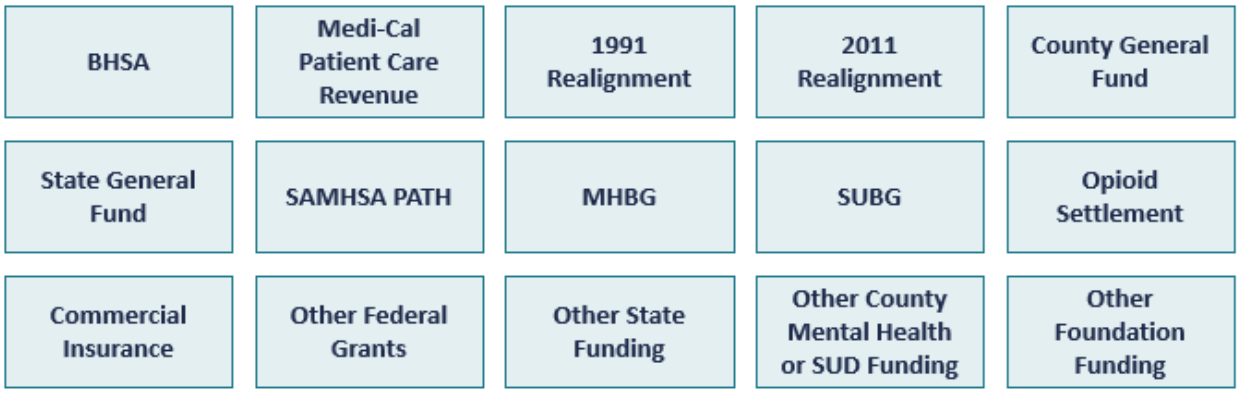
Designing Cost Centers to Support Funding Source Reporting

The previous section focused on organizing cost centers around service delivery and operational objectives so expenditures can be reasonably associated with one or more Care Continuum categories. While this supports the service classification dimension of BHOATR reporting, counties must also be able to identify the funding sources used to finance those expenditures.

BHOATR reporting therefore requires counties to answer a second question in addition to what services were provided: what funding source(s) were used to finance those services?

After organizing cost centers around operational and service-delivery objectives, funding source attribution can then be layered onto those expenditures through the use of revenue

source coding. At a minimum, counties should maintain sufficient accounting and supporting detail to identify the funding source or combination of funding sources used to finance reported expenditures. The specific funding-source classifications should align with the applicable BHOATR reporting instructions and template. Where a cost center is financed by more than one funding source, the county should maintain documented working papers that attribute expenditures among those funding sources and reconcile the attributed amounts to the total expenditures reported for the cost center. Counties will be expected to report expenditures across the following funding source categories:



Establishing a Countywide Expenditure Crosswalk

As counties prepare for BHOATR reporting, it may be useful to develop and maintain a countywide expenditure crosswalk that links General Fund accounting structures to BHOATR reporting classifications.

At a minimum, counties should consider maintaining documentation identifying:

- The Care Continuum Service Category or Categories associated with each cost center.
- Any allocation methodology used when costs must be distributed across multiple Care Continuum categories.
- The methodology used to identify funding sources supporting reported expenditures.
- The supporting data sources used for allocations, such as EHR records, ISL submissions, claims data, utilization records, staff time studies, or other operational data.

This crosswalk should be reviewed periodically and updated whenever cost centers are created, retired, reorganized, merged, or materially changed.

Key Takeaways

The following points summarize the guide for counties. They are a quick reference, not a substitute for the sections they summarize.

- **Hold BHSA revenues in one Local BHSF Special Revenue Fund.** Use subaccounts and subsidiary records, not separate funds, bank accounts, or treasury cash accounts.
- **Component subaccounts (BHSS, FSP, and Housing Interventions) are required by the BHSA Policy Manual;** suballocation subaccounts are recommended.
- **Track the fiscal year of receipt on every transaction** so you can monitor aging balances and reversion: three years for large counties, five years for small counties, and ten years for WET and CFTN.
- **Keep net investment earnings identifiable,** document how pooled treasury earnings are attributed, and treat them as part of the Local BHSF fund balance, not unrestricted county revenue.
- **Treat the Local Prudent Reserve as a subaccount.** Moving funds into or out of it is a reclassification of fund balance, not an expenditure or an interfund transfer.
- **Record costs in the General Fund** using cost centers (and activity and project codes where your system supports them), then draw down the Local BHSF through documented interfund reimbursements. Use interfund transfers only to move revenues between funds.
- **Reconcile quarterly and at year-end,** and keep a year-end control file that ties the General Fund and the Local BHSF together.
- **The BHOATR covers all county behavioral health expenditures regardless of funding source.** Organize cost centers around services, and use EHR claims and ISL utilization data in documented working papers; the General Ledger remains the authoritative source of actual expenditures.

Appendix A: Connecting EHR Program Data to Cost Accounting and BHOATR Reporting

The accounting structures presented in this guide establish where behavioral health expenditures are accumulated. However, the General Ledger does not always contain the service-level information needed to distribute those expenditures across the reporting categories required by the BHOATR. To support the allocation of payroll, benefits, provider payments, facility costs, supplies, and other expenditures associated with cost-accounting records, the county may need additional operational data to make informed decisions. The county's Integrated Plan budget, which describes planned spending by component and funding source, is part of the same picture: actual expenditures accumulated in the General Ledger and classified through the working papers described here should be compared with the budget, as well as reported on the BHOATR, so the planning, accounting, and reporting pieces of BHSA stay connected.

The combination of Medi-Cal claims and ISL encounter data should serve as the foundational resource for counties to establish cost allocation-based working papers to support BHOATR reporting. While there is no requirement that ISL data is managed in the county's EHR, CalMHSA believes this is the best practice.

When EHR Program Names are consistently structured and connected to claims and ISL encounter records, those records can serve as the operational link between service delivery activity and the county's accounting structure. Program Names may be cross walked to cost centers, activity codes, project codes, contracts, or other accounting dimensions, allowing counties to use service-level data to support documented working papers that allocate expenditures across BHOATR reporting classifications (service categories, BHSA components, and funding sources). Whether the county maintains a highly detailed accounting structure or a broader cost center framework, a maintained Program Name crosswalk can provide a consistent basis for connecting operational and financial data.

Program Inventory Results as the Connection Between Service and Cost Data

CalMHSA's Stop, Start, Continue Program Inventory process helps counties identify the services and activities associated with each EHR program. An important part of this process is evaluating how those programs align with Care Continuum and BHSA reporting classifications and determining whether program configurations should be modified to better support annual BHOATR reporting.

Once program mapping concludes, fiscal staff can use the completed inventory as a reference point for connecting operational activity to the county's accounting structure. Documenting these relationships can help establish a clear connection between service delivery activity and the expenditures accumulated within the General Ledger.

The specific approach used may vary by county. Counties often organize their accounting structures using different combinations of cost centers, activity codes, project codes, and other accounting dimensions. Regardless of how those structures are configured, EHR claims and ISL encounter data can help establish a supportable connection between service delivery activity and accumulated expenditures. Maintaining that connection can assist counties in developing documented working papers and allocation methodologies to support BHOATR reporting.

How EHR Data Supports Different Cost Accounting Structures

The county's General Ledger remains the authoritative source of actual expenditures. Claims and ISL encounter data do not replace the General Ledger and should not be expected to reconcile directly to actual expenditures, because they measure service activity (such as service minutes) rather than cost, are recorded on a different basis and timing than the General Ledger, and do not capture costs that are not tied to a specific service. Instead, service data may provide information that supports expenditure classification decisions for BHOATR reporting. The manner in which counties use these data may vary depending on how their accounting structures are organized. The following examples will illustrate how these data may support counties that primarily use 1) cost centers only, and 2) cost centers, activity codes and project code strings.

Counties Primarily Using Cost Centers

In some counties, cost centers serve as the primary accounting structure used to accumulate expenditures throughout the fiscal year. Because these cost centers may contain expenditures associated with multiple programs, services, populations, or reporting categories, the accounting record alone may not provide sufficient information to support every BHOATR reporting classification. In these situations, claims, ISL encounter data, and other operational information can help counties evaluate how expenditures accumulated within a broader cost center should be classified at year end for reporting purposes.

The general process may be understood as follows:

1. **Accumulate actual expenditures.**
   Salaries, benefits, provider payments, supplies, facility costs, and other expenditures are accumulated within the applicable cost center.
2. **Identify the associated EHR programs and ISL encounters.**
   The county maintains documentation identifying which EHR programs, including those that record ISL encounters, are represented within the cost center.
3. **Extract relevant operational data.**
   The county obtains claims, ISL encounter data, or other supporting information associated with the applicable programs.

4. **Develop an allocation methodology.**
   The county selects an allocable basis that bears a reasonable relationship to the expenditures being distributed.
5. **Prepare supporting working papers.**
   The county develops documentation supporting the distribution of expenditures across applicable reporting classifications.
6. **Reconcile the allocation.**
   The allocated amounts reconcile to the cost pool being distributed, subject to documented exclusions or adjustments.

Counties Using Additional Accounting Dimensions

Some counties use activity codes, project codes, contracts, or other accounting dimensions in addition to cost centers. These structures allow certain reporting distinctions to be incorporated directly into the accounting record as expenditures are incurred and recorded throughout the fiscal year. As a result, operational data may play a broader role in informing how expenditures are coded, distributed, and monitored over time, rather than being used primarily to support year-end classification of costs that have already accumulated within a broader expenditure pool.

In these environments, EHR data may help inform payroll distributions, invoice coding decisions, expenditure classifications, reconciliations, and other fiscal processes that occur throughout the year.

Examples may include:

Supporting payroll coding and time-study activities

Employees whose work supports multiple programs may be required to distribute their time across applicable accounting dimensions (e.g., completing a timecard may involve selecting various cost center and activity code combinations). Claims and ISL encounter data may help employees decide how to complete their timecard based on their recorded service activities.

Another way ISL and claims are useful in this context is that counties may use these data as a reconciling backdrop to assess how staff payroll has been distributed over a defined period (e.g., quarterly or semi-annually) to compare that payroll activity against EHR activity. This is helpful to determine whether payroll cost assignments make sense and seem to correspond with the data. Incorporating routine reconciling reviews like the example below will ensure that staff activities are charged appropriately.

Example: Payroll Reconciling Review

A clinician time studies to 5300-A302 (BHSS – Adult Sys of Care), but the data shows that the same clinician only provided services to clients open to FSP-ICM programs. This is a signal that the clinician's timecard entries and subsequent payroll allocations may be off.

Applying these practices can help ensure that personnel expenditures accumulated within the county's accounting structure may be used directly as inputs to various BHOATR reporting requirements. Even when accounting dimensions are designed to align with specific reporting categories, counties should consider how operational data may be used to validate that expenditures were consistently assigned to the accounting objectives most representative of the services delivered.

Informing provider invoice processing

When contract expenditures are recorded, fiscal staff may need to determine which accounting dimensions should receive the expenditure. This can be particularly important when a provider operates multiple programs under the same contract. Claims and ISL encounter data may help staff understand the distribution of service activity during the invoicing period and inform how invoice costs are assigned across the county's accounting structure.

Claims and ISL encounter data may also be used as part of periodic reconciliation activities. Counties may compare provider expenditures against service activity over a defined period to evaluate whether invoice costs were distributed in a manner that reasonably reflects the services delivered.

Example: Provider Invoice Reconciliation

A provider's expenditures are primarily charged to an Adult System of Care objective, but service activity indicates most encounters were associated with FSP programs. The county may determine that revisions to its coding practices, allocation methodology, or program-to-accounting crosswalk are warranted.

Common Theme Across Accounting Structures

The role of EHR data differs somewhat depending on how a county organizes its accounting structure, but the underlying objective remains the same.

For some counties, EHR data may primarily support periodic cost allocation methodologies after expenditures have accumulated within broader cost centers.

For others, EHR data may help inform more real time, ongoing payroll coding, invoice processing, expenditure classification, and reconciliation activities throughout the fiscal year.

In either case, the General Ledger remains the authoritative source of actual expenditures, while EHR claims and ISL encounter data provide operational information that helps counties understand what services were delivered, through which programs, and how expenditures may be reasonably attributed to the reporting classifications required for BHOATR reporting.

Example: North County Supportive Housing Program

This example shows how a county that uses cost centers only, without activity code or project code strings, accumulates expenditures within a single operationally organized cost center and then develops the working papers needed to support both BHOATR reporting and Local BHSF reimbursement from the same underlying claims and ISL encounter data. The example also illustrates how a single cost center may be financed by more than one funding source, each of which must be separately identified and reported.

The cost center, its activities, and the underlying claims and ISL encounter data are the same throughout this example. The county uses that same information to answer three connected questions:

1. Expenditure classification. What portion of the cost center's expenditures is attributable to Housing Interventions, and what portion is attributable to Behavioral Health Services and Supports (BHSS)?
2. Funding source attribution. What funding sources are financing those expenditures?
3. Local BHSF reimbursement. How much should be reimbursed from the Local BHSF to the General Fund through an interfund reimbursement?

The remainder of this example works through a single, integrated set of working papers that answers all three questions using the same underlying data.

Scope of This Example

This example is scoped to BHSA component view reporting and Local BHSF drawdown. The focus is how the example cost center and its expenditures are classified as Housing Interventions or BHSS, which funding sources finance them, and how much is reimbursed from the Local BHSF. This guide's focus is BHSA reporting and Local BHSF accounting from end to end. Counties also have a concurrent, equally necessary obligation to map these same cost center expenditures to the Care Continuum view required elsewhere on the BHOATR, consistent with Section VII. That secondary mapping is not illustrated in this example. However, the same underlying concepts demonstrated here, organizing cost pools, using claims and ISL data to develop a defensible allocation methodology, and documenting working papers, apply equally when a county performs that Care Continuum allocation.

Scenario and Assumptions

The county maintains cost center 5520 – North County Supportive Housing Program (referred to herein as "the Site") within its General Fund. The cost center does not use activity codes or project codes. The Site is a county-operated supportive housing location serving adults with serious mental illness and co-occurring substance use disorders. The Site combines on-site housing with on-site behavioral health care, consistent with a Housing First, recovery-oriented service model. The Site provides permanent supportive housing: residents' tenancy is not time-limited, which distinguishes it from an interim or bridge housing setting for BHOATR reporting purposes.

Because the program is managed operationally as a single unit, with one site director, one budget, and co-located staff, the county accumulates all its costs in this single cost center. For the fiscal year, cost center 5520 accumulated $3,000,000 in actual expenditures, including:

- Salaries and benefits for property management, housing navigation, and clinical staff
- Facility costs, utilities, property maintenance, and security
- Contract expenditures, reimbursed on a cost-reimbursement basis, for a community-based organization (CBO) providing homeless outreach and engagement
- Participant assistance expenditures
- Administrative support expenditures

The Site's physical facility totals 10,000 square feet. A dedicated wing of 3,000 square feet is used specifically to deliver behavioral health services, consisting of individual therapy rooms, a group therapy room, and dedicated space for clinical staff documentation. The remaining 7,000 square feet supports housing operations, including resident units, common areas, and housing administrative space.

The Site's direct service staff consist of 10.0 FTE clinical and behavioral health staff, who deliver the BHSS activities described below, and 5.0 FTE housing navigators, who deliver Housing Transition Navigation and Tenancy Sustaining Services. The Site's facilities, maintenance, and security staff are coded to distinct job classifications and can be mapped directly to a single BHOATR line without additional data, whereas the clinical and housing navigator staff divide their time across both components, so classifying their costs requires service-level data on what they actually did. These FTE counts are reflected in the Program Services Staff cost pool described in Step 1 and are also used as the allocation basis for administrative support staff costs.

Operationally, the Site is managed as a single operation. For BHOATR reporting, however, the county must separate the cost center's expenditures across two components:

- Housing Interventions. At the Site, this includes Operating Subsidies (reported as a permanent setting, since the Site is not time-limited), Participant Assistance, Housing Transition Navigation and Tenancy Sustaining Services, and Housing Outreach and Engagement.
- Behavioral Health Services and Supports (BHSS). At the Site, this includes Peer Support Services, Rehabilitation, Group Services, Individual Services, Case Management, and Recovery Supports, all of which the county determined should be reported under Adult and Older Adult System of Care.

The county must also identify which funding sources financed those expenditures. Four funding sources support cost center 5520 during the fiscal year:

- Funding Source 1 – BHSA Housing Interventions.
- Funding Source 2 – BHSA Behavioral Health Services and Supports (BHSS).
- Funding Source 3 – Medi-Cal Patient Care Revenue, generated from Medi-Cal claims associated with billable activities delivered at the Site.
- Funding Source 4 – PATH funding, received under SAMHSA's Projects for Assistance in Transition from Homelessness program (part of the McKinney-Vento Homeless Assistance Act), passed through to a contracted community-based organization (CBO).

- Note to PATH Funds: SAMHSA PATH funds a narrow menu of services for individuals with serious mental illness who are experiencing homelessness or are at risk of homelessness, primarily street outreach, engagement, and case management that are not otherwise supported by mainstream behavioral health programs. PATH funding is not a general-purpose revenue source and should not be used to fund rent, ongoing clinical treatment, or other costs outside that eligible menu. In this example, the county contracts with a CBO to provide PATH-funded outreach and engagement to individuals experiencing homelessness in the surrounding community, including individuals not yet enrolled at the Site. The CBO's contract, invoices, and PATH grant reporting keep this funding source separately identifiable, even though its expenditures are recorded in the same cost center as the county's own housing and clinical operations.

The county has also established the following for its data:

- Each activity provided at the Site, including the CBO's contracted outreach and engagement, has been cross walked to the EHR programs that capture its service activity.
- The CBO submits its PATH-funded outreach and engagement activity through the county's EHR using ISL encounter records, so the county has the same service-level detail for the contracted activity that it has for its own staff.
- The General Ledger is the authoritative source of actual expenditures. Claims and ISL utilization data (service minutes) are used only as an allocation basis and are not expected to reconcile to expenditures.

Step 1: Identify and Organize the Cost Pools Within the Cost Center

The county's first task is to separate cost center 5520 into cost pools that can be reasonably attributed to the two BHOATR components. Some of these pools can be identified directly from the General Ledger because they are tied to a distinct contract, position type, or object code. Others require an allocation methodology, whether based on square footage, FTE headcount, or claims and ISL encounter data, because the same space, staff, or both support both Housing Interventions and BHSS activities. The county organizes the $3,000,000 in cost center 5520 into six pools:

- PATH-Funded Outreach and Engagement Contract – $300,000, reimbursed on a cost-reimbursement basis. This pool is billed through a single CBO contract and is therefore already segmented within the cost center through the contract's invoices and payments, in the same way that a dedicated provider contract is directly identifiable in the General Ledger.
- Property Management and Housing Operations Staff – $400,000. This pool consists of salaries and benefits for staff whose duties are dedicated exclusively to operating and maintaining the Site's housing function, such as property management, maintenance, and security staff. Because these positions are coded to distinct job classifications, the county can identify this pool directly from payroll and object-code detail without using claims or ISL data. Because the Site is permanent supportive housing, this entire pool is classified as Operating Subsidies in a permanent setting, with no interim-setting allocation required.
- Facility Costs – $500,000. This pool consists of utilities, building maintenance contracts, and security contract costs for the Site as a whole. Because the dedicated behavioral health wing and the rest of the Site share the same utilities and maintenance contracts, this

pool cannot be directly identified by contract or object code. The county allocates it using square footage rather than claims or ISL data.

- Participant Assistance – $150,000. This pool consists of direct financial assistance to participants, such as move-in costs and household goods. Because the county records these disbursements to a dedicated object code, this pool is also directly identifiable from the General Ledger.
- Program Services Staff – $1,350,000. This pool consists of salaries and benefits for housing navigators and clinical staff who divide their time across both BHSS activities (peer support, rehabilitation, group services, individual services, case management, and recovery supports) and Housing Interventions activities (Housing Transition Navigation and Tenancy Sustaining Services). Because these staff are not coded to separate activity or project strings, the county needs claims and ISL encounter data to divide this pool between the two components.
- Administrative Support Staff – $300,000. This pool consists of salaries and benefits for the Site's two administrative FTEs (a site manager and an office assistant), whose duties support both the housing and BHSS functions of the Site rather than either exclusively. Because these positions are not coded to a single component, the county allocates this pool using the FTE headcount of direct service staff described above (10.0 FTE clinical and behavioral health staff and 5.0 FTE housing navigators) as a reasonable proxy for the relative demand each component places on administrative support.

Three of these pools, totaling $850,000 (PATH-Funded Outreach and Engagement Contract, Property Management and Housing Operations Staff, and Participant Assistance), are classified without an allocation methodology because the accounting record already isolates them by contract, position type, or object code. The remaining three shared pools require allocation methodologies, but not the same methodology. Facility Costs are allocated using square footage, Administrative Support Staff costs are allocated using FTE headcount, and Program Services Staff costs are allocated using claims and ISL service minutes. For counties using a cost-center-only accounting structure, each shared cost pool should be allocated using the basis that best reflects the underlying cost driver, whether that is space, headcount, or service time.

Step 2: Extract and Prepare Medi-Cal Claims and ISL Encounter Data

For the Program Services Staff pool, the county extracts two data sets for the fiscal year, using the EHR programs cross walked to this cost center:

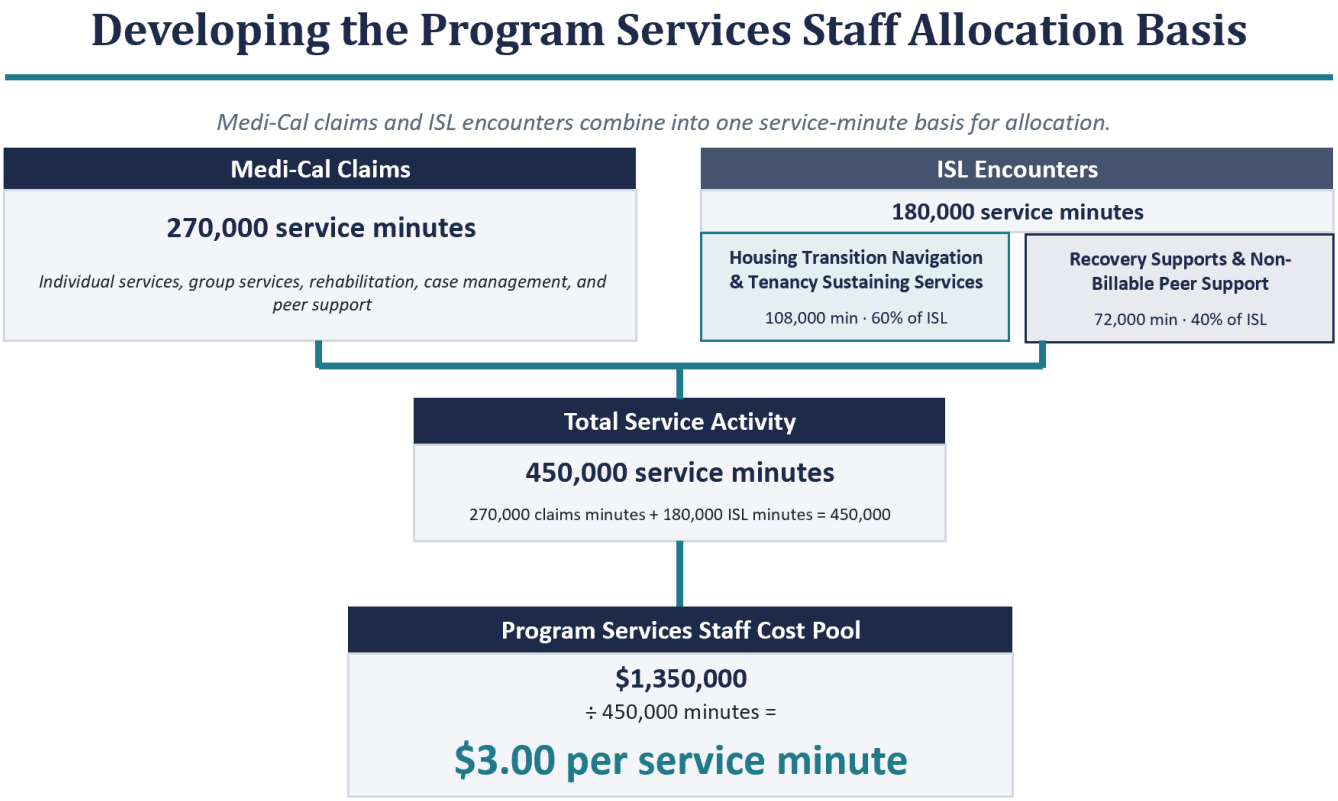
- Medi-Cal claims data for BHSS services claimed to Medi-Cal on a fee-for-service basis, including individual services, group services, rehabilitation, case management, and peer support.
- ISL encounter data for activities that are not claimed to Medi-Cal, including recovery supports and non-billable peer support (BHSS), and Housing Transition Navigation and Tenancy Sustaining Services (Housing Interventions).

Each record includes the client identifier, date of service, EHR program, and service minutes. Because the Program Services Staff pool is driven primarily by staff time, the county selects service minutes as its allocation basis, consistent with the approach used for similar staff-driven cost pools elsewhere in this guide.

Step 3: Develop the Allocation Methodology

The illustrative data show 450,000 total service minutes for the fiscal year associated with the Program Services Staff pool: 270,000 minutes from Medi-Cal claims and 180,000 minutes from ISL encounters. That produces an average cost of $3.00 per service minute ($1,350,000 ÷ 450,000). The county applies this cost per minute to classify the pool by service type in Step 4. Because a single cost per minute applies across the whole pool, the same result can be reached by applying each service type's share of total minutes to the $1,350,000 pool: 270,000 ÷ 450,000 = 60% ($810,000); 108,000 ÷ 450,000 = 24% ($324,000); and 72,000 ÷ 450,000 = 16% ($216,000).

Of the 180,000 ISL minutes, 108,000 minutes (60%) are associated with Housing Transition Navigation and Tenancy Sustaining Services, and 72,000 minutes (40%) are associated with recovery supports and non-billable peer support. The county documents service minutes as the allocation basis because it bears a reasonable relationship to staff effort, which drives the cost of this pool, and because a single basis across the pool keeps the methodology consistent and easier to reconcile.



Step 4: Allocate Expenditures Between Housing Interventions and BHSS

Applying the $3.00 cost per minute, the Medi-Cal claims minutes (270,000 minutes) attribute $810,000 of the Program Services Staff pool to BHSS, because individual services, group services, rehabilitation, case management, and peer support are BHSS activities regardless of whether they are claimed. Of the ISL minutes, the 108,000 minutes associated with Housing Transition Navigation and Tenancy Sustaining Services attribute $324,000 to Housing

Interventions, and the 72,000 minutes associated with recovery supports and non-billable peer support attribute $216,000 to BHSS.

Combining these results, the Program Services Staff pool divides as $1,026,000 to BHSS ($810,000 in Medi-Cal claimed services plus $216,000 in ISL recovery supports and non-billable peer support) and $324,000 to Housing Interventions (ISL Housing Transition Navigation and Tenancy Sustaining Services).

Adding in the remaining pools from Step 1 – the three pools identified directly, plus Facility Costs and Administrative Support Staff allocated using square footage and FTE headcount, respectively – the county's full BHOATR component view of cost center 5520 is shown in the table below. Housing Interventions totals $1,624,000, and BHSS, reported under Adult and Older Adult System of Care, totals $1,376,000.

Together, these amounts reconcile to the $3,000,000 recorded in cost center 5520.

Allocating Cost Center 5520 Between Housing Interventions and BHSS

All six cost pools are classified or allocated using a driver tied to the underlying cost.

Cost Pool	Amount	Allocation Basis	Housing Interventions	BHSS
PATH-Funded Outreach and Engagement Contract	$300,000	Directly identified by contract	**$300,000**	**$0**
Property Management and Housing Operations Staff	$400,000	Directly identified by position type	**$400,000**	**$0**
Facility Costs	$500,000	Sq ft: 7,000/10,000 HI = $350,000; 3,000/10,000 BHSS = $150,000	**$350,000**	**$150,000**
Participant Assistance	$150,000	Directly identified by object code	**$150,000**	**$0**
Program Services Staff	$1,350,000	Minutes: 108,000 × $3.00 = $324,000 HI; 342,000 × $3.00 = $1,026,000 BHSS	**$324,000**	**$1,026,000**
Administrative Support Staff	$300,000	FTEs: 5/15 HI = $100,000; 10/15 BHSS = $200,000	**$100,000**	**$200,000**

Housing Interventions	BHSS
$1,624,000	**$1,376,000**

$1,624,000 + $1,376,000 = $3,000,000

Step 5: Identify and Attribute Funding Sources

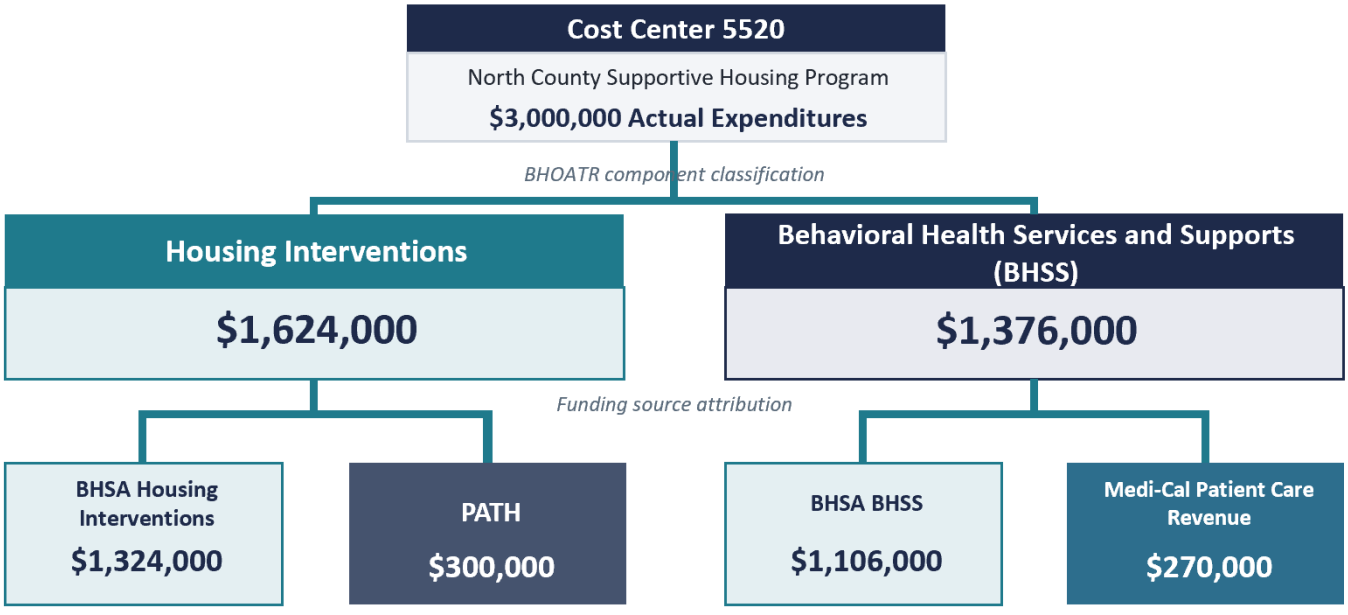
With expenditures classified by BHSA component, the county next identifies which funding source financed each dollar. This example adds the following funding assumptions:

- The PATH-funded CBO contract ($300,000) is financed entirely by Funding Source 4 (PATH), because it is a distinct, separately budgeted contract dedicated to PATH-eligible outreach and engagement services.
- The Program Services Staff pool's Medi-Cal claimed services generated $270,000 in Medi-Cal Patient Care Revenue (Funding Source 3) during the fiscal year. For purposes of this illustration, the full $270,000 is applied as a revenue offset against the BHSS expenditures accumulated in the cost center.
- BHSA Housing Interventions (Funding Source 1) finances all remaining Housing Interventions expenditures not supported by PATH: $1,624,000 − $300,000 = $1,324,000.
- BHSA Behavioral Health Services and Supports (Funding Source 2) finances all remaining BHSS expenditures not supported by Medi-Cal Patient Care Revenue: $1,376,000 − $270,000 = $1,106,000.

Expressed as a funding source waterfall, the $3,000,000 recorded in cost center 5520 is financed as follows: $300,000 PATH, $270,000 Medi-Cal Patient Care Revenue, $1,106,000 BHSA BHSS, and $1,324,000 BHSA Housing Interventions, for a total of $3,000,000.

One Cost Center, Two Reporting Components, Four Funding Sources

Cost center 5520 is classified into two BHOATR components and financed by four funding sources.



Figures are illustrative for the North County Supportive Housing Program example.

$1,324,000 + $300,000 + $1,106,000 + $270,000 = $3,000,000

Step 6: Determine Local BHSF Reimbursement Amounts

The General Fund initially pays for all $3,000,000 of cost center 5520's expenditures, including the portions ultimately financed by PATH, Medi-Cal Patient Care Revenue, and BHSA. PATH funding and Medi-Cal Patient Care Revenue are received as General Fund revenue, based on the county's accounting records and revenue recognition policies, and offset the expenditures they are associated with. The BHSA-funded portions, however, are settled through an interfund reimbursement from the Local BHSF to the General Fund, consistent with the interfund reimbursement process described in Section VI.

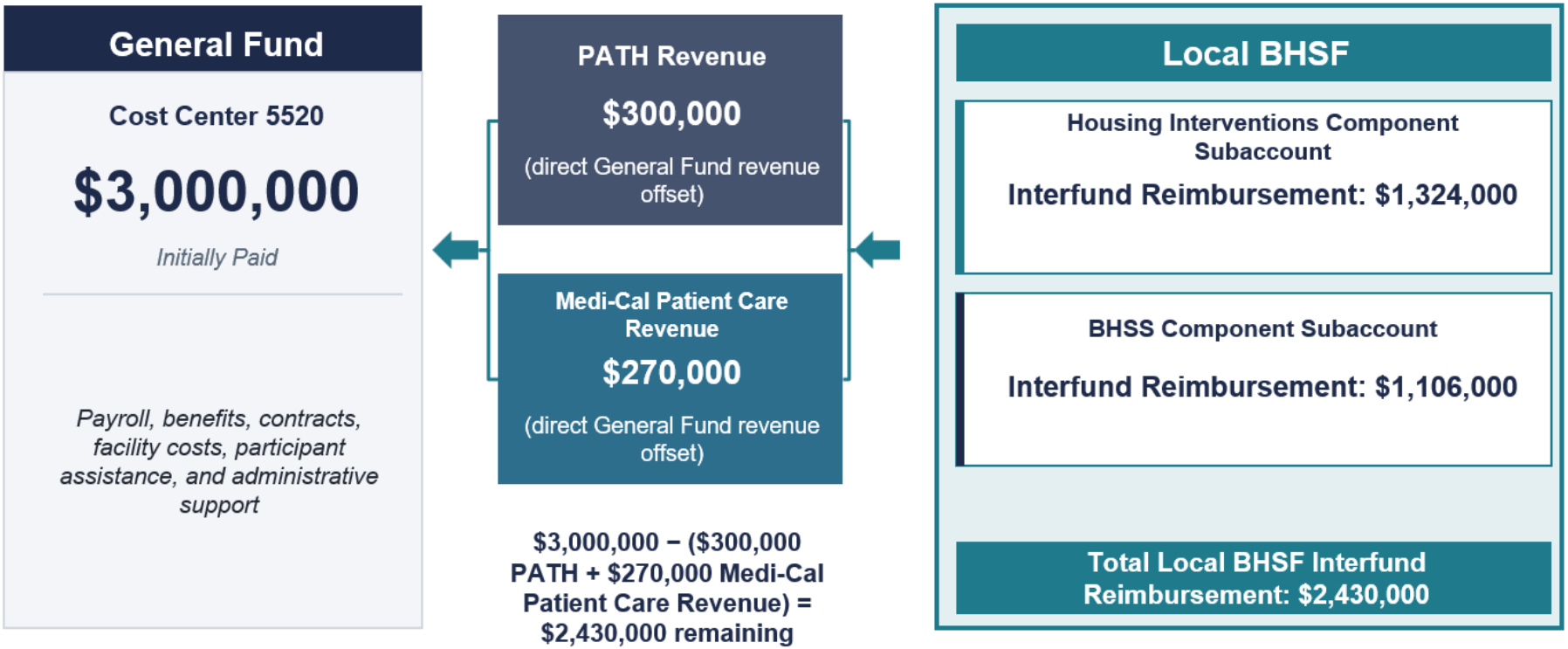
Using the funding source attribution from Step 5, the county calculates two interfund reimbursement amounts:

- BHSA Housing Interventions reimbursement: $1,324,000, reimbursed from the Housing Interventions component subaccount of the Local BHSF to the General Fund.
- BHSA Behavioral Health Services and Supports reimbursement: $1,106,000, reimbursed from the BHSS component subaccount of the Local BHSF to the General Fund.
- **Total Local BHSF interfund reimbursement for cost center 5520: $2,430,000.**

These are the same figures, built from the same allocation working papers, that the county will use to populate the BHOATR in Step 8. The county is not preparing one calculation to support the BHOATR and a separate calculation to support its Local BHSF drawdown. The working papers developed in Steps 1 through 5 serve both purposes.

From General Fund Expenditures to Local BHSF Reimbursement

Direct revenue offsets apply first; the Local BHSF reimburses the remaining BHSA-funded cost.



$300,000 + $270,000 direct revenue offsets + $2,430,000 Local BHSF reimbursement = $3,000,000

Step 7: Prepare Reconciliation Working Papers

Before the amounts are used for interfund reimbursement or BHOATR reporting, the county reconciles its working papers. The BHOATR component view, the funding source attribution, and the Local BHSF reimbursement calculation must each reconcile to the $3,000,000 recorded in cost center 5520. The working papers should document:

- The data sources used, extract dates, and the fiscal year parameters applied.
- The EHR programs cross walked to the cost center, including the CBO's PATH-funded outreach and engagement program.
- The cost pools identified directly from the General Ledger (PATH-funded contract, Property Management and Housing Operations Staff, Participant Assistance) and the basis for treating them as directly identifiable.
- The allocation basis selected for each shared pool – square footage for Facility Costs, FTE headcount for Administrative Support Staff, and service minutes for the Program Services Staff pool – and why each basis bears a reasonable relationship to the costs being distributed.
- The BHOATR component classification applied to each cost pool and each data source.
- The basis for classifying the Site's Operating Subsidies as a permanent setting rather than an interim setting, since the BHOATR requires this distinction to be reported separately.
- The funding source attribution applied to each component, including the federal share assumption used to draw down Medi-Cal Patient Care Revenue.
- The resulting interfund reimbursement amounts and their agreement with the BHOATR component totals.
- Any exclusions or adjustments, such as records with missing identifiers, and how they were treated.

Step 8: Populate the BHOATR

With the working papers complete, the county populates the BHOATR using the figures developed in Steps 4 through 6. On the Housing Interventions section, the county reports:

- Operating Subsidies – Permanent Settings: $850,000, financed by BHSA Housing Interventions.
- Participant Assistance: $150,000, financed by BHSA Housing Interventions.
- Housing Outreach and Engagement: $300,000, financed entirely by PATH funding rather than BHSA, so it is recorded in the All Other Funding Sources Actual Expenditures column of the Housing Interventions component view.
- Housing Transition Navigation and Tenancy Sustaining Services: $324,000, financed by BHSA Housing Interventions.

On the BHSS component view, reported under Adult and Older Adult System of Care, the county reports $1,376,000 in total expenditures, consisting of $1,106,000 financed by BHSA Behavioral Health Services and Supports and $270,000 financed by Medi-Cal Patient Care Revenue, recorded in the All Other Funding Sources Actual Expenditures column.
Across both components, the county reports $2,430,000 in BHSA-funded expenditures on the BHOATR. This figure equals the total interfund reimbursement calculated in Step 6, because both figures are drawn from the same underlying working papers developed in Steps 1 through 5.

Illustrative BHOATR Reporting Crosswalk: Housing Interventions and BHSS

The same working papers populate the BHOATR component expenditure views.

Housing Interventions Component Expenditures

Program / Service	BHSA Actual Expenditures	All Other Funding Sources Actual Expenditures
Non-Time Limited Permanent Settings		
Rental Subsidies	$-	$-
Operating Subsidies	$850,000	$-
Bundled Rental and Operating Subsidies	$-	$-
Time Limited Interim Settings		
Rental Subsidies	$-	$-
Operating Subsidies	$-	$-
Bundled Rental and Operating Subsidies	$-	$-
Other Housing Interventions		
Landlord Outreach and Mitigation Funds	$-	$-
Participant Assistance Funds	$150,000	$-
Housing Transition Navigation Services and Housing Tenancy Sustaining Services	$324,000	$-
Outreach and Engagement	$-	$300,000
Capital Development Projects	$-	$-
BHSA Innovative Housing Intervention Pilots and Projects	$-	$-
MHSA INN Projects	$-	$-
Component Administrative Costs	$-	$-
Total Actual Housing Intervention Expenditures	**$1,324,000**	**$300,000**

PATH

Behavioral Health Services and Supports Component Expenditures

Program / Service	BHSA Expenditures	All Other Funding Source Expenditures
Children's System of Care, Non-FSP	$-	$-
Adult and Older Adult System of Care, Non-FSP	$1,106,000	$270,000
Early Intervention Expenditures	$-	$-
Youth-Focused Early Intervention Expenditures	$-	$-
Coordinated Specialty Care for First Episode Psychosis	$-	$-
Outreach and Engagement	$-	$-
Innovative BHSS Pilots and Projects	$-	$-
MHSA INN Projects	$-	$-
Workforce Education and Training	$-	$-
Capital Facilities and Technological Needs	$-	$-
Component Administrative Costs	$-	$-
Total Component Expenditures	**$1,106,000**	**$270,000**

Medi-Cal Patient Care Revenue

Reconciling Service Utilization and Expenditure Distributions

The BHOATR also reports unduplicated individuals served, separately from expenditures. At the Site, the county reports that 140 unduplicated individuals received a Housing Intervention activity during the fiscal year, reflecting every resident housed at the Site, while 95 unduplicated individuals received a BHSS activity, reflecting residents who engaged in peer support, group services, individual services, case management, or recovery supports. Counties should expect this kind of difference between service utilization and expenditure distribution. It does not indicate an error in either view.

Unduplicated individuals served measures reach: how many people received an activity. The allocation basis used to distribute expenditures measures effort: how much staff time those people received. At this site, every housed resident receives some level of Housing Intervention activity simply by residing there, which is reflected in the broad reach of Operating Subsidies, Participant Assistance, and housing navigation. BHSS activities reach fewer residents, but those residents often receive more intensive, longer-duration services, which is reflected in the BHSS component's larger share of the Program Services Staff pool's service minutes relative to its share of individuals served.

Counties should not adjust their expenditure allocation to match the utilization distribution. The allocation basis should remain the one that bears the most reasonable relationship to the costs being distributed. Counties should, however, compare the two distributions each year as a reasonableness check, and should be able to explain a large or unexpected difference using program data, such as differences in service intensity, enrollment length, or program design.

This example illustrates the central theme of this guide. The county first accumulates expenditures within an operationally organized General Fund cost center, as described in Section V. It then uses claims data, ISL encounter data, funding source information, and documented working papers, consistent with Sections VI and VII, to determine how those expenditures should be classified for BHOATR reporting, which funding sources financed them, and how much should be reimbursed from the Local BHSF. The BHOATR component view, the funding source attribution, and the Local BHSF interfund reimbursement are each built from the same underlying working papers. A county that maintains these working papers consistently will find that its BHOATR reporting and its Local BHSF drawdown activity are two uses of one set of numbers, not two separate processes.

Appendix B: Working Papers Needed Beyond the Cost Accounting Structure

The accounting structures in this guide are designed to capture actual expenditures in the General Ledger and connect them to BHSA components, suballocations, and Local BHSF draw down. The BHOATR also asks for information that a General Ledger cannot produce on its own, because it depends on claims activity, payment timing, or individual client records. This appendix summarizes those requirements so counties can plan for them now. It describes what the working papers need to accomplish, not how to build them. Tab references reflect the current draft BHOATR template and the tab order or numbers may change.

Non-Federal Share Expenditures

When a county pays a provider or its own staff to deliver a Medi-Cal service, that payment is the actual expenditure, and it is recorded in the General Ledger. Separately, the county transfers the non-federal share of approved claims to its County Fund Account (CFA) through the intergovernmental transfer (IGT) process. The transfer itself is not an expenditure. For BHSA funds, the non-federal share is considered expended when DHCS releases payment for the approved claim, which is the point used to determine expenditure for reversion (see BHIN 23-026, pages 10 and 11). That activity appears in CFA statements rather than in the General Ledger. Counties that also use 1991 Realignment or 2011 Realignment funds as the non-federal share may find it reasonable to track non-federal share expenditures the same way in their own records but should confirm with DHCS before treating that approach as required for other funding sources. Counties should not count the same service twice, once as the provider's payment and again as the non-federal share. The General Ledger remains the basis for actual expenditure.

The BHOATR nonetheless asks counties to report the non-federal share separately. The FSP and BHSS expenditure tabs ask for Medi-Cal expenditures by program, split between BHSA and other funding sources. Working papers supporting these amounts typically draw on approved claims data, CFA statements, and the county's records of which funding sources supplied each transfer.

Federal Financial Participation Generated

Tab 1b asks counties to report total actual expenditures alongside the total federal financial participation (FFP) revenue generated within each Care Continuum category. Because FFP is earned through approved claims, working papers must link claims payment data to Care Continuum categories using the same program crosswalks that support expenditure reporting.

Unduplicated Individuals Served

Several tabs ask for counts of unduplicated individuals, and some ask for related expenditures:

- Tab 2a asks for unduplicated individuals and actual expenditures for adults (21 and older) and children and youth (20 and younger), separately for mental health, substance use disorder, and housing intervention services.
- Tab 2b asks for Medi-Cal and non-Medi-Cal clients within each Care Continuum category.

- The component utilization tabs (Tabs 3b, 4b, and 5b) ask for unduplicated individuals by program for adults (26 and older) and children and transition-age youth (25 and younger).

These requirements use two different age conventions, so working papers should calculate age at the date of service under both. Associating expenditures with individuals also requires a documented method for attributing costs to clients, typically using the same service-unit basis used for cost allocation. Counties should establish consistent rules for counting unduplicated clients across programs, data sources, and providers.

Administrative and Other County Expenditures

Tab 7 asks for administrative and other county expenditures, including Integrated Plan administration and monitoring, capital infrastructure, workforce investment, and quality and accountability activities. The illustrative charts of accounts in Section V include cost centers and activity codes designed to capture many of these costs directly. Working papers are needed to support these expenditures, especially where a county's accounting structure or system does not.

Preparing Now

Counties can begin building toward these requirements by confirming which data sources they will use, including Medi-Cal claims and remittance data, ISL encounters, CFA statements, IGT records, and vendor contracts and invoices. They can also confirm that EHR programs are consistently cross walked to cost centers and reporting categories, and adopt written rules for age calculation, unduplication, and cost attribution. The cost accounting structures in this guide provide the foundation; these working papers will complete the information the BHOATR requires.

Appendix C: Glossary of Key Terms

This glossary defines terms used in the guide. The definitions summarize how the guide uses each term for newer staff; they do not replace the BHSA Policy Manual or statute.

Term	Definition
Activity code	A General Fund accounting segment that adds a service, program, statutory, or reporting distinction within a cost center.
Annual Update	A yearly update to the county's Integrated Plan. Counties may request transfers between components, and into the Local Prudent Reserve, through the Integrated Plan, an Annual Update, or an Intermittent Update.
ASP Manual	The State Controller's Office Accounting Standards and Procedures for Counties, which sets uniform accounting procedures for California counties.
BHOATR	Behavioral Health Outcomes, Accountability, and Transparency Report. The annual report through which DHCS evaluates how counties used BHSA funds; it also requires counties to report all behavioral health expenditures by Care Continuum category and funding source.
BHSA	Behavioral Health Services Act, which succeeded the Mental Health Services Act (MHSA).
BHSA revenues and BHSA resources	"BHSA revenues" are the funds distributed by the SCO to the Local BHSF. "BHSA resources" are those revenues together with the investment earnings and fund balance the county holds and administers.
BHSS	Behavioral Health Services and Supports, a BHSA funding component (35% of funds).
Care Continuum	The classification structure DHCS has introduced for reporting behavioral health expenditures by type of service, support, or housing activity (the Behavioral Health Care Continuum).
CFA	County Fund Account, to which counties transfer the non-federal share of approved Medi-Cal claims through the IGT process.
CFTN	Capital Facilities and Technological Needs, a BHSS category with a ten-year reversion period. Counties are not required to allocate BHSA funds to it.
Cost center	A General Fund accounting segment that identifies the operating unit, program grouping, service area, clinic, team, or other cost objective where expenditures are accumulated and managed.

Term	Definition
DHCS	California Department of Health Care Services, which calculates county allocations, reversion, and Local Prudent Reserve maximums and receives the BHOATR.
Early Intervention (EI)	A BHSS suballocation: at least 51% of BHSS, of which at least 51% must serve individuals age 25 and younger.
EHR	Electronic health record, the county's record of who was served and what services they received, including Medi-Cal claims and, in some counties, ISL encounters.
FFP	Federal financial participation, the federal share of Medi-Cal reimbursement.
FIFO	First-in-first-out, the method DHCS uses to calculate reversion, applying expenditures against the oldest funds first.
Fiscal-year receipt (receipt year)	The fiscal year in which BHSA revenues were received (transferred or allocated from the SCO), tracked as a cross-cutting accounting dimension within the Local BHSF.
FSP	Full Service Partnership, a BHSA funding component (35% of funds).
General Ledger	The county's accounting records and the authoritative source of actual expenditures.
Housing Interventions (HI)	A BHSA funding component (30% of funds) with a 50% chronic homelessness minimum and a 25% capital development maximum.
IGT	Intergovernmental transfer, the process counties use to transfer the non-federal share of approved Medi-Cal claims.
Integrated Plan	The county's three-year plan for behavioral health services and spending, updated through Annual Updates and Intermittent Updates.
Interfund reimbursement	A payment from the Local BHSF to the General Fund for allowable BHSA-related costs the General Fund has already paid.
Interfund transfer	A movement of revenues between funds that is not a reimbursement of a specific General Fund expenditure; reported as an other financing source in the receiving fund and an other financing use in the sending fund.
ISL	Individual Service Level encounter records, which record services not reimbursed through Medi-Cal.

Term	Definition
Local BHSF	Local Behavioral Health Services Fund, the county's governmental Special Revenue Fund established to account for BHSA revenues distributed by the SCO.
Local Prudent Reserve	An amount set aside within the Local BHSF to protect programs in future years when BHSA revenues fall; DHCS calculates each county's maximum annually.
MHSA	Mental Health Services Act, the predecessor of the BHSA. Unspent MHSA funds converted to BHSA on July 1, 2026 and keep their original reversion periods.
Net investment earnings	Interest earned on the Local BHSF balance, net of any investment losses.
Reversion	The return of unspent funds after the applicable period: three years for large counties, five years for small counties, and ten years for WET and CFTN funds.
SCO	State Controller's Office, which distributes BHSA revenues from the State BHSF to each county's Local BHSF on the schedule DHCS provides.
Special revenue fund	A governmental fund used to account for revenues that are restricted or committed to specific purposes.
State BHSF	State Behavioral Health Services Fund, the state-level fund that holds BHSA revenues before distribution.
Subaccount	An accounting subdivision within the Local BHSF used to track component, suballocation, or Local Prudent Reserve balances without creating a separate fund.
Suballocation	A requirement within a component, such as Early Intervention, services for individuals age 25 and younger, chronic homelessness, or capital development.
WET	Workforce Education and Training, a BHSS category with a ten-year reversion period. Counties are not required to allocate BHSA funds to it.
Working papers	Documented calculations, maintained outside the General Ledger, that distribute costs to BHSA reporting categories when the accounting structure does not capture those distinctions directly.