
MHDS Regional Operational Guidance 2021-02
December 3, 2021 (revised)

TO: Mental Health and Disability Services Regions
FROM: Iowa Department of Human Services, Division of Mental Health and Disability Services
SUBJECT: Region and County Changes Related to SF 619
EFFECTIVE: July 1, 2021

Organizational Changes

Iowa Code changes as a result of SF 619 include the elimination of the MHDS tax levy and elimination of the county MHDS fund (Fund 10) except for Polk County.

Regions with staff whose employer of record is a county may choose to transition those county employees to regional employees or may choose to have those individuals remain as county employees. If staff will remain as county employees, it is recommended that regions and member counties consult their legal counsel and develop a 28E agreement to prescribe the terms of the contractual service. This may include considerations such as office space and vehicle usage in addition to employee costs and functions. To the extent that this may affect your budget, the region may need to submit an amended FY 2022 Annual Service and Budget Plan (ASBP).

In those instances where some of an employee's duties are regional functions and other duties are county functions, the region will need to reimburse the county for the portion related to regional duties. Reimbursable contractual services need to be clearly defined and tracked to comply with audit requirements, including use of detailed time sheets to fully determine cost share. Time studies should be redone periodically to determine whether the cost share has changed, and the 28E agreement updated accordingly.

Employee-related outstanding liability (e.g., accrued vacation, withheld payroll taxes, health insurance contributions, retirement fund contributions, etc.) should be captured by the employer of record.

For any assets that may be shared between a region and a county (e.g., county vehicles purchased with region funds, county office equipment used by the region, etc.) decisions about which entity would need to record the asset will need to be determined locally. When this is not immediately clear, standards set by the Governmental Accounting Standards Board (GASB) instruct to look first to which entity holds title to the asset and secondarily, to who maintains it.

Chart of Accounts

For tracking when there is a contract for county employees to perform regional functions, the county finance committee recommends the use of a subfund of the General Fund.

A new function code, *9040 - Reimbursable MHDS Direct Expenses*, has been added to the Chart of Accounts under Service Area 9 (Administrative) to track county revenue and expenditures. When counties receive reimbursement from the region, they should use revenue code *2545 - Payments from MHDS Fiscal Agent to MHDS Regional Members*. The Uniform Chart of Accounts has been updated with these changes and is posted at: <https://dom.iowa.gov/document/uniform-county-chart-accounts>.

Budget Impact

SF 619 requires counties to deposit the remainder of the balance held in any county MHDS fund to their regional combined account at the end of FY 2022. Because service area 4 and fund 0010 will no longer be in use as of July 1, 2022, counties will be required to disburse these funds prior the end of FY 2022. Because the disbursement of the Fund 0010 fund balance was not originally budgeted for FY22, a budget amendment may be required.

Counties are allowed to use the subfund of the General Fund prior to FY 2023. In order to deposit the remainder of the balance held in any county MHDS to their region, the subfund[s] will need to set up prior to July 1, 2022. County expenditures out of the newly added 9040 Reimbursable MHDS Direct Expenses during FY22 would not have been budgeted, therefore may likely trigger the need for a budget amendment to amend Service Area 9 for FY2022. County Budget Instructions and technical assistance related to county finances are available from the Iowa Department of Management.

When a county collects back taxes between July 1, 2022 and June 30, 2023 that would previously have gone into fund 0010, the recipient county shall track the amount and pay it to the region. The county treasurer will need to cut a check directly to the region so that the funds do not effect a county budget. After FY 2023, past due amounts should be minimal, and the county should put them in their general fund, not sending monies to the region.

After 6/30/22 there will be no accruals for county fund 0010. The region shall work with the counties to determine an amount of "start up" cash flow required in the subfund to cover unpaid FY 2022 reimbursable expenses as defined in the 28E. That agreement shall also outline the method by which the region will reimburse the county for actual costs and replenish the funds in the subfund of the General Fund on an ongoing, reoccurring basis.

INQUIRIES:

For further information, contact Rob Aiken at raiken@dhs.state.ia.us or 515-669-8002 or Don Gookin at dgookin@dhs.state.ia.us or (515) 669-8001.