

**CITY OF ST. LOUIS MENTAL HEALTH
BOARD OF TRUSTEES**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2019 AND 2018

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
City of St. Louis Mental Health Board of Trustees
St. Louis, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the City of St. Louis Mental Health Board of Trustees (St. Louis Mental Health Board), which comprise the statements of net position as of June 30, 2019 and 2018 and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the St. Louis Mental Health Board as of June 30, 2019 and 2018 and the change in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of selected pension information, on pages 4 through 11 and page 34, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

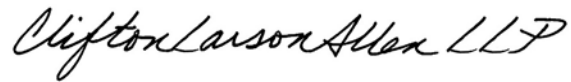
Other Information

The schedule of grants, partnerships, and initiatives to organizations is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
City of St. Louis Mental Health Board of Trustees

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the St. Louis Mental Health Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Louis Mental Health Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Louis Mental Health Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

St. Louis, Missouri
November 22, 2019

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

This section of the City of St. Louis Mental Health Board of Trustees (MHB) annual financial report presents our analysis of MHB's financial performance during the fiscal years that ended on June 30, 2019 and 2018. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- MHB's net position as of June 30, 2019, increased by \$0.48 million.
- MHB's fiscal year 2019 tax revenues were more than budgeted by \$0.17 million or 1.4%, due to more than expected collections.
- MHB's fiscal year 2019 expenses were less than budgeted by \$0.82 million or 5.7% primarily due to reductions in disbursements for contracts and federal direct services of certain agencies related to their actual expenses being less than originally budgeted.

THE FINANCIAL REPORT

MHB's financial statements consist of the following parts:

- Management's Discussion and Analysis (MD&A)
- The basic financial statements, which include the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows, along with the notes to the basic financial statements.
- Additional Information

MHB follows GASB guidance which establishes accounting and financial reporting standards for general purpose external financial reporting.

THE STATEMENTS OF NET POSITION AND THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

These statements help to illustrate the status of MHB resulting from the years' activities. The statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting. In this method, all of the years' revenues and expenses are taken into account regardless of when cash is paid or received.

The majority of MHB's activities are financed from property taxes collected by the City of St. Louis Office of the Assessor.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

STATEMENTS OF NET POSITION

The following tables reflect the condensed statements of net position as of June 30, 2019 and 2018:

**Condensed Statements of Net Position
(In Thousands of Dollars)**

	<u>2019</u>	<u>2018</u>	<u>Amount Change</u>	<u>Percent Change</u>
Current Assets	\$ 12,049	\$ 9,426	\$ 2,624	27.8 %
Noncurrent Assets	9,995	12,522	(2,527)	(20.2)
Total Assets	<u>22,045</u>	<u>21,947</u>	<u>97</u>	<u>0.4</u>
Deferred Outflows of Resources	<u>87</u>	<u>84</u>	<u>3</u>	<u>3.2</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,132</u>	<u>\$ 22,032</u>	<u>\$ 100</u>	<u>0.5 %</u>
Current Liabilities	\$ 332	\$ 715	\$ (383)	(53.6)%
Noncurrent Liabilities	487	503	(16)	(3.2)
Total Liabilities	<u>819</u>	<u>1,218</u>	<u>(400)</u>	<u>(32.8)</u>
Deferred Inflows of Resources	<u>31</u>	<u>12</u>	<u>19</u>	<u>161.4</u>
Net Position				
Investment in Capital Assets	13	23	(10)	(42.3)
Unrestricted	21,269	20,779	490	2.4
Total Net Position	<u>21,282</u>	<u>20,802</u>	<u>480</u>	<u>2.3</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,132</u>	<u>\$ 22,032</u>	<u>\$ 100</u>	<u>0.5 %</u>

MHB's net position increased \$0.48 million as a result of this year's operations, resulting in ending net position of \$21.3 million, or an increase of 2.3%. Unrestricted net position (the part of net position that can be used to finance project services and administrative operations without legal restrictions or obligations) increased from \$20.8 million to \$21.3 million, or an increase of 2.4% at year-end. MHB can use these funds for continuing project services and administrative operations.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

The components of unrestricted net position at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
	<i>(In Thousands)</i>	
Assigned for Grants, Partnerships, and Initiatives	\$ 11,345	\$ 11,301
Nonspendable Forgivable Loans for Mental Health Supported Housing	1,216	1,415
Assigned for Mental Health Supported Housing Loans	1,076	-
Assigned for Unanticipated Projects	100	100
Assigned for Administration	1,648	1,543
Board Designated Contingencies	-	864
Board Designated Long-Term Reserve	-	3,823
Unreserved, Unassigned	5,884	1,733
Total Unrestricted Net Position	<u>\$ 21,269</u>	<u>\$ 20,779</u>

A review of the June 30, 2019 statement of net position reveals the following:

Total assets of MHB are \$22.1 million. This includes cash and cash equivalents of \$5.7 million and investments of \$14.7 million. Total liabilities are \$0.8 million. This includes net pension liability of \$0.49 million. The most significant current liability is accounts and grants payable which totals \$0.24 million.

Total net position of MHB is \$21.3 million. This consists mostly of unrestricted net position.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

The following tables reflect the condensed statements of net position as of June 30, 2018 and 2017:

**Condensed Statements of Net Position
(In Thousands of Dollars)**

	2018	2017	Amount Change	Percent Change
Current Assets	\$ 9,426	\$ 10,310	\$ (884)	(8.6)%
Noncurrent Assets	12,522	11,466	1,056	9.2
Total Assets	<u>21,948</u>	<u>21,776</u>	<u>172</u>	<u>0.8</u>
Deferred Outflows of Resources	<u>84</u>	<u>221</u>	<u>(137)</u>	<u>(62.0)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,032</u>	<u>\$ 21,997</u>	<u>\$ 35</u>	<u>0.2 %</u>
Current Liabilities	\$ 715	\$ 305	\$ 410	134.4 %
Noncurrent Liabilities	503	588	(85)	(14.4)
Total Liabilities	<u>1,218</u>	<u>893</u>	<u>325</u>	<u>36.4</u>
Deferred Inflows of Resources	<u>12</u>	<u>17</u>	<u>(5)</u>	<u>(29.4)</u>
Net Position				
Investment in Capital Assets	23	35	(12)	(34.3)
Unrestricted	20,779	21,052	(273)	(1.3)
Total Net Position	<u>20,802</u>	<u>21,087</u>	<u>(285)</u>	<u>(1.4)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,032</u>	<u>\$ 21,997</u>	<u>\$ 35</u>	<u>0.2 %</u>

MHB's net position decreased \$0.29 million as a result of this year's operations, resulting in ending net position of \$20.8 million, or a decrease of 1.4%. Unrestricted net position (the part of net position that can be used to finance project services and administrative operations without legal restrictions or obligations) decreased from \$21.1 million to \$20.8 million, or a decrease of 1.3% at year-end. MHB can use these funds for continuing project services and administrative operations.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

The components of unrestricted net position at June 30, 2018 and 2017 are as follows:

	2018	2017
	<i>(In Thousands)</i>	
Assigned for Grants, Partnerships, and Initiatives	\$ 11,301	\$ 11,393
Nonspendable Forgivable Loans for Mental Health Supported Housing	1,415	1,468
Assigned for:		
Unanticipated Projects	100	100
Administration	1,543	1,550
Contingencies	864	851
Long-Term Reserve	3,823	3,770
Unreserved, Unassigned	1,733	1,920
Total Unrestricted Net Position	\$ 20,779	\$ 21,052

A review of the June 30, 2018 statement of net position reveals the following:

Total assets of MHB are \$21.9 million. This includes cash and cash equivalents of \$5.2 million and investments of \$14.8 million. Total liabilities are \$1.2 million. This includes net pension liability of \$0.50 million. The most significant current liability is accounts and grants payable which totals \$0.60 million.

Total net position of MHB is \$20.8 million. This consists mostly of unrestricted net position.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION OPERATING REVENUES AND EXPENSES

MHB classifies all operating and nonoperating revenues and expenses in the same manner that individual transactions are classified for cash flow purposes under GASB guidance.

The following table reflects the revenues and expenses of MHB's activities for the years ended June 30, 2019 and 2018:

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
(In Thousands of Dollars)**

	2019	2018	Amount Change	Percent Change
Operating Revenues	\$ 13,876	\$ 13,370	\$ 506	3.8%
Operating Expenses	13,396	13,655	(259)	(1.9)
Excess (Deficit) of Operating Revenues Over Expenses	480	(285)	765	268.5
Beginning Net Position	20,802	21,087	(285)	(1.4)
Ending Net Position	<u>\$ 21,282</u>	<u>\$ 20,802</u>	<u>\$ 480</u>	<u>2.3 %</u>

A review of the June 30, 2019 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$12.2 million. Property tax revenues represent \$11.3 million of this total. Another major source of revenues are operating grants which consist of federal grants totaling \$1.0 million.

Major expenses relate to projects and grants that provide direct funding to local agencies performing a variety of services in the community.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

The following table reflects the revenues and expenses of MHB's activities for the years ended June 30, 2018 and 2017:

**Condensed Statements of Revenues,
Expenses, and Changes in Net Position
(In Thousands of Dollars)**

	<u>2018</u>	<u>2017</u>	<u>Amount Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 13,370	\$ 12,777	\$ 593	4.6%
Operating Expenses	<u>13,655</u>	<u>13,359</u>	<u>296</u>	<u>2.2</u>
Deficit of Operating Revenues Over Expenses	(285)	(582)	297	51.0
Beginning Net Position	<u>21,087</u>	<u>21,669</u>	<u>(582)</u>	<u>(2.7)</u>
Ending Net Position	<u><u>\$ 20,802</u></u>	<u><u>\$ 21,087</u></u>	<u><u>\$ (285)</u></u>	<u><u>(1.4)%</u></u>

A review of the June 30, 2018 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$11.9 million. Property tax revenues represent \$11.2 million of this total. Another major source of revenues is operating grants which consist of federal grants totaling \$1.3 million.

Major expenses relate to projects and grants that provide direct funding to local agencies performing a variety of services in the community.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

MHB and management considered many factors when setting the fiscal year 2020 budget. Factors include the approved property tax rates and the economy. Property tax rates for the upcoming budget year are \$0.0870 and \$0.1838 per \$100 assessed valuation for the Mental Health Fund and the Community Children's Services Fund, respectively.

BUDGET INFORMATION

Total revenues are expected to decrease by \$0.77 million in 2020 primarily as a result of a grant expiring without a replacement.

Total expenses are expected to increase by \$0.32 million due to expenditures related to community investments and operating expenses.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2019 AND 2018**

FINANCIAL CONTACT

The financial report is designed to provide users with a general overview of MHB's finances and demonstrate MHB's accountability. Any questions regarding the report or requests for additional information should be directed to:

Executive Director
City of St. Louis Mental Health Board of Trustees
333 S. 18th Street, Suite 200
St. Louis, Missouri 63103

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF NET POSITION
JUNE 30, 2019 AND 2018**

	2019	2018
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 5,697,336	\$ 5,220,558
Investments	5,742,900	3,550,771
Receivables		
Accounts Receivable	38,571	28,781
Grants Receivable and Other Receivables	208,990	159,342
Taxes Receivable	73,356	108,424
Mental Health Supported Housing Loans Receivable	233,088	239,790
Prepaid Expenses and Other Current Assets	55,229	118,054
Total Current Assets	12,049,470	9,425,720
NONCURRENT ASSETS		
Investments	8,939,635	11,278,934
Mental Health Supported Housing Loans Receivable	983,292	1,175,381
Other Assets	58,730	44,155
Capital Assets, Net	13,401	23,244
Total Noncurrent Assets	9,995,058	12,521,714
 Total Assets	 22,044,528	 21,947,434
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	87,230	84,494
 Total Assets and Deferred Outflows of Resources	 \$ 22,131,758	 \$ 22,031,928

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2019 AND 2018**

	2019	2018
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts and Grants Payable	\$ 235,104	\$ 599,304
Accrued Liabilities	91,750	86,032
Refundable Advance and Other Liabilities	5,000	30,000
Total Current Liabilities	331,854	715,336
NONCURRENT LIABILITIES		
Net Pension Liability	486,669	502,750
Total Liabilities	818,523	1,218,086
DEFERRED INFLOWS OF RESOURCES		
Pension Related	31,133	11,910
NET POSITION		
Investment in Capital Assets	13,401	23,244
Unrestricted	21,268,701	20,778,688
Total Net Position	21,282,102	20,801,932
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,131,758	\$ 22,031,928

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Property Taxes		
Mental Health Fund	\$ 3,619,414	\$ 3,587,489
Community Children's Services Fund	7,644,318	7,577,366
Manufacturing, Institutional, and Other Taxes		
Mental Health Fund	290,442	247,037
Community Children's Services Fund	613,003	519,879
Operating Grants - Federal	1,032,790	1,311,049
Investment Return, Net of Fees	539,835	87,042
Miscellaneous Income	136,037	39,710
Total Operating Revenues	<u>13,875,839</u>	<u>13,369,572</u>
OPERATING EXPENSES		
Grants, Partnerships, and Initiatives	11,311,579	11,606,159
Forgiveness of Mental Health Supported Housing Loans	198,790	219,987
Direct Project Expenses	1,253,157	1,155,140
Administration	632,143	673,785
Total Operating Expenses	<u>13,395,669</u>	<u>13,655,071</u>
EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES	480,170	(285,499)
Net Position - Beginning of Year	<u>20,801,932</u>	<u>21,087,431</u>
NET POSITION - END OF YEAR	<u><u>\$ 21,282,102</u></u>	<u><u>\$ 20,801,932</u></u>

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Property and Other Taxes	\$ 938,514	\$ 764,158
Interest and Dividends Received	336,951	257,980
Proceeds from Other Support	1,119,179	1,321,024
Cash Paid for Projects	(1,006,538)	(823,872)
Cash Paid for Salaries and Employee Benefits	(1,054,014)	(936,167)
Cash Paid for Other Operating Activities	(216,633)	(258,642)
Net Cash Provided by Operating Activities	117,459	324,481
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Capital Assets	(2,659)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(3,885,022)	(5,200,532)
Sales of Investments	4,247,000	4,815,000
Net Cash Provided (Used) by Investing Activities	361,978	(385,532)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	476,778	(61,051)
Cash and Cash Equivalents - Beginning of Year	5,220,558	5,281,609
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 5,697,336	\$ 5,220,558
RECONCILIATION OF EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess (Deficit) of Operating Revenues Over Expenses	\$ 480,170	\$ (285,499)
Adjustments to Reconcile Excess (Deficit) of Operating Revenues Over Expenses to Net Cash Provided by Operating Activities:		
Depreciation	12,502	12,135
Forgiveness of Mental Health Supported Housing Loans	198,790	219,987
Unrealized Gain/Loss	(214,808)	169,431
Change in Assets and Liabilities:		
Increase in Accounts Receivable	(9,790)	(28,781)
Increase in Grants Receivable	(49,648)	(29,735)
Decrease (Increase) in Taxes Receivable	35,068	(2,758)
Decrease (Increase) in Mental Health Supported Housing Loans Receivable	1	(167,000)
Decrease (Increase) in Prepaid Expenses and Other Assets	48,250	(20,227)
Decrease (Increase) in Deferred Outflows	(2,736)	136,869
Increase (Decrease) in Accounts and Grants Payable and Accrued Liabilities	(358,482)	415,437
Decrease in Refundable Advances	(25,000)	(5,443)
Increase (Decrease) in Deferred Inflows	19,223	(4,725)
Decrease in Net Pension Liability	(16,081)	(85,210)
Net Cash Provided by Operating Activities	\$ 117,459	\$ 324,481

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Reporting Entity

The City of St. Louis Mental Health Board of Trustees (MHB) is a public authority which derives its authority from RSMo. 205.975-205.990, effective January 2, 1991. MHB uses Mental Health Fund (MHF) receipts to provide services directly and/or by contract with any public facilities or nonprofit corporations which in turn provide programs and services to promote the mental health of residents of the City of St. Louis, Missouri by enhancing the availability and accessibility of essential community mental health and substance abuse programs. The passage of Proposition K by City of St. Louis voters in November 2004 created the Community Children's Services Fund (CCSF). CCSF's focus is to fund a wide range of programs and services which give children in the City of St. Louis a safe environment and opportunities to succeed in accordance with RSMo. 210-860-201.861.

CCSF has been established as a legally separate entity. However, because by statute the MHB acts as the governing body of the CCSF, the CCSF is reported as if it were part of MHB. Separate financial statements for the CCSF are not available. MHF and CCSF have the same governance board.

The City of St. Louis, Missouri (the City) has accountability for MHB because it appoints MHB's governing board. As such, MHB is considered a related organization of the City for financial reporting purposes. However, MHB is fiscally independent of the City. Therefore, the City is not financially accountable for MHB, and MHB is not a component unit of the City.

MHB continues to report under the governmental nonprofit reporting model as a business-type activities governmental entity allowed under GASB 29 and GASB 34.

Basis of Presentation and Method of Accounting

The financial statements of MHB have been prepared on the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles.

MHB's financial statements are presented in accordance with the provisions of GASB guidance that establishes the manner in which MHB records transactions and presents financial information. GASB guidance also requires that the financial statements be accompanied by a narrative introduction and analytical overview of the entity's financial activities in the form of "management's discussion and analysis."

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Appropriations

MHB appropriates funds for specific projects and programs to be expended for the following year's program service funding period July 1, 2019 to June 30, 2020. These funds are to be distributed to various agencies which then provide programs and services to eligible persons of the City of St. Louis.

Compensated Absences

Accumulated unpaid vacation expense and a portion of the Executive Director's sick leave are reported in the period earned and are accrued in the accompanying financial statements until used. All other accrued sick leave is lost upon termination and, accordingly, is not recorded in the financial statements.

Property Tax Collections and Expenses

MHB's principal source of revenue is property taxes levied and collected by the City on MHB's behalf. Taxes collected in one month are often distributed to MHB in the subsequent month. Consequently, property taxes are recognized as revenue only to the extent they have been collected by the City's collector of revenue. Undistributed taxes are included in taxes receivable. Undistributed property taxes totaled \$73,356 and \$108,424 in 2019 and 2018, respectively.

MHB has adopted a fiscal year that begins July 1 each year. Property taxes are collected several months prior to the start of the fiscal year. This creates a balance in cash and cash equivalents, and investments at the end of the fiscal year that will be used to pay for the services approved for the fiscal year beginning July 1. The amount of these approved services is part of unrestricted net position.

Cash and Cash Equivalents

MHB considers all short-term investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Investments

Investments are presented at fair value in accordance with GASB guidelines. Unrealized gains and losses are included in the statements of revenues, expenses, and changes in net position.

Fair Value Measurements

MHB categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets are stated at cost. Major additions and improvements are capitalized, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

The estimated lives for computing depreciation on capital assets are three to seven years.

Components of Net Position

In the fiscal year ended June 30, 2019, the Board approved a restructuring of the unrestricted components of net position to ensure the intentions of the Board were appropriately reflected in the classifications. Since the Assigned funds allow for approximately twelve months of operations and program funding, it was decided that the Contingencies and Long-Term Reserves be combined with the Unrestricted, Unassigned balance.

Investment in Capital Assets

Investment in capital assets consists of the cost of furniture and equipment, and software, net of the related accumulated depreciation expense.

Unrestricted

Nonspendable Forgivable Loans for Mental Health Supported Housing – Loans issued to agencies for housing projects expected to be forgiven in future years.

Assigned for Mental Health Supported Housing Loans – Funds authorized to be used to increase the supply of safe, sanitary housing to assist in the rehabilitation of persons experiencing behavioral health disorders, including drug and alcohol addiction.

Assigned for Grants, Partnerships, and Initiatives – Funds authorized and budgeted for specific grants, project expenditures, and collaborative programs in the fiscal year 2020.

Assigned for Unanticipated Projects – Funds budgeted by MHB for grants, project expenditures, and collaborative programs in the fiscal year 2020 which have not yet been assigned for specific agencies/projects.

Assigned for Administration – Funds budgeted for administration of projects in fiscal year 2020.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Components of Net Position (Continued)

Unrestricted (Continued)

Designated for Contingencies and Long-Term Reserve – MHB had established a fiscal policy which required maintaining a reserve for emergency or unanticipated needs (contingencies) and a reserve that could be used for unusual expenses or operational shortfalls (long-term reserve). Under the former policy MHB maintained aggregate contingency and long-term reserve funds of between 25% and 100% of annual nonfederal expenditures. The contingency and long-term reserves totaled approximately 38% of nonfederal expenditures for June 30, 2018, which was in compliance with MHB's stated policy. Due to the aforementioned restructuring of unrestricted components of net position, this policy is not in effect for the fiscal year ending June 30, 2019.

Operating Revenues and Expenses

MHB classifies all operating and nonoperating revenues and expenses in the same manner that individual transactions are classified for cash flow purposes under GASB guidance.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will periodically report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

In addition to liabilities, the statement of financial position will periodically report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 2 FAIR VALUE MEASUREMENTS

The following table presents the fair value measurements of investments recognized in the accompanying statements of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements are categorized at June 30, 2019 and 2018:

	2019			
	Level 1	Level 2	Level 3	Total
Investments:				
Agency Securities	\$ -	\$ 3,234,618	\$ -	\$ 3,234,618
Certificates of Deposit	-	11,447,917	-	11,447,917
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 14,682,535</u>	<u>\$ -</u>	<u>\$ 14,682,535</u>
	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Agency Securities	\$ -	\$ 3,765,157	\$ -	\$ 3,765,157
Certificates of Deposit	-	11,064,548	-	11,064,548
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 14,829,705</u>	<u>\$ -</u>	<u>\$ 14,829,705</u>

Level 2 – Investments consist of agency securities and certificates of deposit with maturities longer than three months. These investments are valued using evaluated pricing, which incorporates modeling techniques, information from extensive market sources, observed transaction data, credit quality information, perceived market movements, news, and other relevant information.

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments at June 30, 2019 and 2018 consisted of the following:

Included in the accompanying statements of net position as:

	2019	2018
Cash and Cash Equivalents	\$ 5,697,336	\$ 5,220,558
Investments - Current	5,742,900	3,550,771
Investments - Noncurrent	8,939,635	11,278,934
Total Cash and Cash Equivalents and Investments	<u>\$ 20,379,871</u>	<u>\$ 20,050,263</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Maturities of debt securities at June 30 are as follows:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
One Year or Less	\$ 5,767,956	\$ 5,742,900	\$ 3,590,026	\$ 3,550,771
After One Through Five Years	8,885,718	8,939,635	11,466,855	11,278,934
Total	<u>\$ 14,653,674</u>	<u>\$ 14,682,535</u>	<u>\$ 15,056,881</u>	<u>\$ 14,829,705</u>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. MHB has a formal investment policy that limits investment maturities to five years as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk of Debt Securities: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. MHB has a formal investment policy that limits its investment choices.

Credit ratings of debt securities at June 30, 2019 are as follows:

	AAA	AA	A	BBB	Unrated
Agency Securities	\$ -	\$ 3,234,618	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	11,447,917
Total Debt Securities	<u>\$ -</u>	<u>\$ 3,234,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,447,917</u>

Credit ratings of debt securities at June 30, 2018 are as follows:

	AAA	AA	A	BBB	Unrated
Agency Securities	\$ -	\$ 3,765,157	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	11,064,548
Total Debt Securities	<u>\$ -</u>	<u>\$ 3,765,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,064,548</u>

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the bank or counterparty, MHB will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Protection of MHB's investments is provided by the Federal Deposit Insurance Corporation, or by an irrevocable letter of credit established by the financial institution for the benefit of MHB.

Concentration of Credit Risk: Concentration of credit risk is the risk of a loss attributed to the magnitude of MHB's investment in a single issuer. MHB's investment policy prohibits investment in bankers' acceptances and commercial paper by the same issuer in excess of 5% of the total market value of the portfolio. MHB also established a set of diversification standards by security type and by issuer as a means of limiting its exposure to concentration of credit risk.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Investment income for the years ended June 30 is as follows:

	2019	2018
Interest and Dividend Income, Net of Fees	\$ 325,027	\$ 256,476
Unrealized Gain(Loss)	214,808	(169,434)
Total Investment Return, Net of Fees	\$ 539,835	\$ 87,042

Investment fees for the years ended June 30, 2019 and 2018 totaled \$16,346 and \$14,967, respectively.

NOTE 4 MENTAL HEALTH SUPPORTED HOUSING LOANS RECEIVABLE

MHB maintains a Housing Acquisition Initiative (Housing Project) in order to increase the quality and quantity of housing available for persons with serious mental illness and those completing substance abuse treatment who need subsidized housing. Currently, nine agencies (the Agencies) have received support from the funds allocated by MHB for the Housing Project. As a part of the Housing Project, MHB committed to provide 10-year forgivable loans to the Agencies. In 2019 and 2018, loans made to the Agencies amounted to \$-0- and \$167,000, respectively. The proceeds of these loans were used to finance renovation and improvement of residential properties, which are owned by the Agencies, into affordable housing for the mentally ill. Housing loans outstanding as of June 30, 2019 and 2018 totaled \$1,216,380 and \$1,415,171, respectively.

On each anniversary of the loans, one tenth of the outstanding principal balance, plus all accrued interest at 4%, will be forgiven. Also, upon the maturity date of the loan, the remaining principal balance and accrued interest shall be deemed satisfied and discharged. The loans mature through May 2028.

During 2019 and 2018, \$198,790 and \$219,987 were forgiven on mental health supported housing loans receivable, respectively.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and Equipment	\$ 18,980	\$ 2,660	\$ -	\$ 21,640
Software	43,000	-	-	43,000
Less: Accumulated Depreciation	(38,736)	(12,503)	-	(51,239)
Total Capital Assets, Net.	<u>\$ 23,244</u>	<u>\$ (9,843)</u>	<u>\$ -</u>	<u>\$ 13,401</u>

Capital asset activity for the year ended June 30, 2018 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and Equipment	\$ 18,980	\$ -	\$ -	\$ 18,980
Software	43,000	-	-	43,000
Less: Accumulated Depreciation	(26,601)	(12,135)	-	(38,736)
Total Capital Assets, Net.	<u>\$ 35,379</u>	<u>\$ (12,135)</u>	<u>\$ -</u>	<u>\$ 23,244</u>

NOTE 6 COMMITMENTS AND CONTINGENCIES

MHB is committed under a lease agreement for its office facilities through September 2024. Lease expense totaled \$74,413 and \$78,040 for the years ended June 30, 2019 and 2018, respectively.

Future minimum lease payments as of June 30, 2019, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 73,181
2021	72,445
2022	71,699
2023	67,972
2024	11,807
Thereafter	144
Total	<u>\$ 297,248</u>

Financial awards from the federal government in the form of grants are subject to special oversights and audits. These audits could result in claims against MHB for disallowed costs. No provisions have been made for any liabilities that may result from such audits since the amounts, if any, cannot be determined.

MHB has committed \$11,345,000 to fund programs and service contracts with various organizations for fiscal 2020. The Board of Trustees of MHB approved the commitments during fiscal 2019 board meetings. The payments to the organizations are contingent on the services being performed.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 PENSION PLAN

Plan Description

MHB contributes to the Employees Retirement System of the City of St. Louis (the Plan) which is a cost-sharing multi-employer defined benefit retirement plan. The Plan is administered by a separate board of trustees, members of which are appointed by City officials and Plan participants. All nonuniformed employees of the City and certain other public entities funded by or providing services to residents of the City become members of the Plan upon employment with the exception of employees hired after attaining age 60.

The Plan issues a publicly available annual report that includes financial statistics, an actuarial valuation, and the required supplementary information. That report may be obtained by writing to the City of St. Louis Employees' Retirement System, Room 900, 1114 Market St., St. Louis, Missouri 63101.

Benefits

The Plan provides for defined benefit payments for retirement, death, or disability to eligible employees or their beneficiaries based upon creditable service, final average compensation, and a benefit compensation base.

Contributions

The Plan's funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits due. If contributions are necessary, level percentage of payroll employer contribution rates are determined using the projected unit credit actuarial cost method. Employer contribution rates are established annually by the board of trustees of the Plan based on an actuarial study. MHB's actuarially determined contribution rates for the years ended June 30, 2019 and 2018 were 12.27% and 12.13% of covered payroll, respectively. The actuarially determined contribution rate is calculated based on the actuarial valuation at the beginning of the plan year. MHB's contributions to the Plan for the years ended June 30, 2019 and 2018 were \$96,192 and \$83,348, respectively.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2019 and 2018, MHB reported a liability of \$486,669 and \$502,750, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018 and 2017, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of October 1, 2017 and 2016, respectively. MHB's proportion of the net pension liability was based on a projection of MHB's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At September 30, 2018, MHB's proportion was 0.2876% which was a decrease of 0.0018% from its proportion measured as of September 30, 2017.

For the year ended June 30, 2019, MHB recognized pension expense of \$96,595. At June 30, 2019, MHB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 31,133
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	10,466	-
Changes in Proportion	4,934	-
MHB Contributions Subsequent to the Measurement Date	71,830	-
Total	\$ 87,230	\$ 31,133

For the year ended June 30, 2018, MHB recognized pension expense of \$130,282. At June 30, 2018, MHB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ -	\$ 11,910
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,473	-
Changes in Proportion	18,926	-
MHB Contributions Subsequent to the Measurement Date	60,095	-
Total	\$ 84,494	\$ 11,910

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 PENSION PLAN (CONTINUED)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The 2019 amount of \$71,830 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2018 measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. The \$60,095 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2017 measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2020	\$ 20,908
2021	(31,968)
2022	(11,049)
2023	6,378
Total	<u>\$ (15,731)</u>

Actuarial Assumptions

The total pension liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	October 1, 2017 for the year ended September 30, 2018, and October 1, 2016 for the year ended September 30, 2017
Timing	Actuarially determined contributions rates are calculated based on the actuarial valuation at the beginning of the year.
Actuarial Cost Method	Entry age normal
Asset Valuation Method	5-year smoothing
Amortization Method	Fixed 20-year period as of October 1, 2015 as a leverage percentage of payroll. Future gains and losses and changes in actuarial assumptions will be amortized in layers over separate 20-year periods.
Discount Rate	7.50%
Inflation	2.50%
Salary Increases	3.00% plus merit component based on years of service
Mortality	RP-2000 Healthy Mortality

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

The target allocation and best estimate of arithmetic real rate of return on Plan investments for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	19.00 %	7.00 %
Small cap	4.50	7.30
International large cap	17.30	7.30
Emerging markets	6.70	8.50
High Yield	5.00	6.00
Master limited partnerships	7.50	8.00
Core fixed income	12.50	4.00
International fixed income	4.00	3.80
Core real estate	10.00	6.80
Treasury inflation protected securities	3.50	3.80
Hedge funds	10.00	5.50
Total	100.00 %	

Discount Rate and Other Key Assumptions for Total Pension Liability

The discount rate used to measure the total pension liability was 7.50%, as of September 30, 2018 and 2017. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate. Based on these assumptions, the Plan's net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of investment expenses but without reduction for administrative expenses at 7.50%. Inflation assumed to be 2.5%. Bond Yield assumed to be 4.18%.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 7 PENSION PLAN (CONTINUED)

Sensitivity of MHB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents MHB's proportionate share of the net pension liability at September 30, 2018 and 2017 calculated using an assumed long-term expected rate of return of 7.50% and 7.50%, respectively, as well as what MHB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	September 30, 2018		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
	MHB's Proportionate Share of Net Pension Liability	<u>\$ 769,709</u>	<u>\$ 486,669</u>
	September 30, 2017		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
MHB's Proportionate Share of Net Pension Liability	<u>\$ 789,086</u>	<u>\$ 502,750</u>	<u>\$ 257,769</u>

NOTE 8 FUNDING

Major funding for MHB is from tax revenues received from a tax levy that authorizes maximum rates of \$0.09 and \$0.19 per \$100 for the MHF and the CCSF, respectively, of assessed valuation of all taxable personal property, real estate, and manufacturing properties in the City of St. Louis.

Taxes are levied annually in November based on the assessed valuation of all real and personal property located in the City as of the previous January 1 and use is first permitted the following fiscal year.

The actual set rates sometimes differ from the maximum allowed due to deductions, exemptions, and other valuation adjustments. As such, tax levy rates of \$0.0883 and \$0.1865, respectively, for MHF and CCSF were established for fiscal year 2018. For fiscal year 2019 the rates were \$0.0893 for MHF and \$0.1886 for CCSF.

Taxes are billed in November and are due and collectible December 31. All unpaid taxes become delinquent on January 1 of the following year and attach as an enforceable lien on the related party at that.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 8 FUNDING (CONTINUED)

The City collects the property tax and remits it to MHB. Tax revenues for the years ended June 30, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Real Estate Tax	\$ 8,993,319	\$ 8,912,544
Personal Property Tax	<u>2,270,413</u>	<u>2,252,311</u>
Total Property Tax	11,263,732	11,164,855
Manufacturing and Other Taxes	<u>903,445</u>	<u>766,916</u>
Total	<u><u>\$ 12,167,177</u></u>	<u><u>\$ 11,931,771</u></u>

NOTE 9 UNRESTRICTED NET POSITION

The components of unrestricted net position at June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
	<i>(In Thousands)</i>	
Assigned for Grants, Partnerships, and Initiatives	\$ 11,345	\$ 11,301
Nonspendable Forgivable Loans for		
Mental Health Supported Housing	1,216	1,415
Assigned for Mental Health Supported Housing Loans	1,076	-
Assigned for Unanticipated Projects	100	100
Assigned for Administration	1,648	1,543
Board Designated Contingencies	-	864
Board Designated Long-Term Reserve	-	3,823
Unreserved, Unassigned	<u>5,884</u>	<u>1,733</u>
Total Unrestricted Net Position	<u><u>\$ 21,269</u></u>	<u><u>\$ 20,779</u></u>

NOTE 10 TAX ABATEMENTS

Tax abatements, as defined by Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures (GASB 77)*, are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

Since MHB does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the City of St. Louis, that has reduced MHB's tax revenues.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered Into By St. Louis City

MHB's property tax revenues were reduced through the following programs that are utilized by the City of St. Louis. Summaries of those programs are as follows:

Chapter 353 – Residential and Chapter 353 – Commercial: provides tax abatement incentive to improve blighted property, under State Statute Section 353.010-353.190 RSMo, determined by the governing body in the area that is blighted. The Municipality must hold a public hearing and adopt an ordinance approving the Development Plan and may approve the Development Agreement. The property must be transferred to an Urban Redevelopment Corporation for a moment in time. The tax is calculated based on Land assessments based on the year prior to the Urban Redevelopment Corporation transfer.

Chapter 353 – Residential PILOT and Chapter 353 – Commercial PILOT: provides tax abatement incentive to improve blighted property, under State Statute Section 353.010-353.190 RSMo, determined by the governing body in the area that is blighted. The Municipality must hold a public hearing and adopt an ordinance approving the Development Plan and may approve the Development Agreement. The property must be transferred to an Urban Redevelopment Corporation for a moment in time. The amount abated is determined by the amount of Chapter 353 payments in lieu of taxes (PILOTs) established by city ordinance.

Chapter 99 – Residential, Chapter 99 – Residential PILOT, Chapter 99 – Commercial, and Chapter 99 – Commercial PILOT: provides tax abatement incentive to improve blighted property and possibly assist in property acquisition and issuance of bonds, under State Statute Sections 99.700 to 99.715 RSMo or Sections 353.010 to 353.190 RSMo; City Ordinance 45977 approved on February 18, 1952. Establishment of a Land Clearance for Redevelopment Authority (LCRA) is required. The abatement is determined by the governing board of the area that is blighted. The LCRA adopts a redevelopment plan and the Municipality must hold public hearing and adopt an ordinance approving the redevelopment plan. Abatement goes into effect through either title transfer or affidavit. The tax is calculated based on assessment of land at predeveloped level.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered Into By St. Louis City (Continued)

Chapter 100 – Planned Industrial Expansion (PIE): provides tax abatement incentive to improve blighted property and possibly assist in property acquisition and issuance of bonds, under State Statute Sections 353.010 to 353.190 RSMo; City Ordinance 54788 approved on December 11, 1967. Establishment of a Land Clearance for Redevelopment Authority (LCRA) is required. The abatement is determined by the governing board of the area that is blighted. The LCRA adopts a redevelopment plan and the Municipality must hold public hearing and adopt an ordinance approving the redevelopment plan. Abatement goes into effect through either title transfer or affidavit. The tax is calculated based on Land assessments based on the year prior to the transfer.

Enhanced Enterprise Zone Tax Incentives and Enhanced Enterprise Zone Tax Incentives PILOT: provides tax credits and/or real estate tax abatement to new or expanding businesses in the Enhanced Enterprise Zone, under State Statute Sections 135.950 to 135.973, RSMo and City Ordinance 67350 approved on December 11, 2006. An Enhanced Enterprise Zone Board (EEZB) is established by the governing body, the EEZB then recommends a project to the governing body. The governing body then adopts a resolution authorizing the project/abatement. The EEZB enters into a redevelopment agreement with the redeveloper. The City authorizing resolution shall specify the percent of the exemption to be granted, the duration of the exemption to be granted, and the political subdivisions to which such exemption is to apply, and any other terms, conditions or stipulations otherwise required.

Industrial Revenue Bonds/Merchants & Manufacturer's Tax Credit: provides tax abatement incentive to provide economic development benefits to municipality for Personal and/or Real Property taxes, under State Statute Sections 100.010 to 100.200 RSMo. Abatements are obtained through preparation and approval of an Industrial Development Plan by the governing body of the municipality. The tax is abated by transferring the title of the real or personal property to be abated to the tax-exempt governmental body.

Missouri's Real Property Tax Increment Allocation Redevelopment Act enables cities to finance certain redevelopment costs with the revenue generated from (i) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment, and (ii) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (TIF) plan is adopted, real estate taxes in the redevelopment are frozen at their current level. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax "increment" is produced. The real estate tax increments are referred to as payments in lieu of taxes, or PILOTs, and are deposited in a special allocation fund.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered Into By St. Louis City (Continued)

The amount of MHB's tax revenues calculated at MHB's tax rate of \$.0893 per \$100 and CCSF's tax rate of \$.1886 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2019.

	(21,247,432)	(20,757,909)
	June 30, 2019	
	Gross Dollar Of Reduced Tax Revenues	MHB Reduced Tax Revenues
Chapter 353 - Residential	\$ 3,850,000	\$ 127,000
Chapter 353 - Residential PILOT	1,875,000	62,000
Chapter 353 - Commercial	6,104,000	169,000
Chapter 353 - Commercial PILOT	2,683,000	74,000
Chapter 99 - Residential	5,601,000	185,000
Chapter 99 - Commercial	8,963,000	248,000
Chapter 99 - Commercial PILOT	5,000	-
Chapter 100 - Planned Industrial Expansion Authority	69,000	2,000
Enhanced Enterprise Zone Tax Incentives	2,682,000	74,000
Enhanced Enterprise Zone Tax Incentives PILOT	195,000	5,000
Industrial Revenue Bond Transactions - Earnings Tax Incentive Credits	1,265,000	-
Industrial Revenue Bond Transactions - Real Property	507,000	17,000
Industrial Revenue Bond Transactions - Personal Property	1,228,000	48,000
Tax Increment Financing	23,577,000	794,000
	<u>\$ 58,604,000</u>	<u>\$ 1,805,000</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018**

NOTE 10 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered Into By St. Louis City (Continued)

The amount of MHB's tax revenues calculated at MHB's tax rate of \$.0883 per \$100 and CCSF's tax rate of \$.1865 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2018.

	June 30, 2018	
	Gross Dollar Of Reduced Tax Revenues	MHB Reduced Tax Revenues
Chapter 353 - Residential	\$ 2,752,000	\$ 91,000
Chapter 353 - Residential PILOT	1,142,000	38,000
Chapter 99 - Residential	4,895,000	162,000
Chapter 99 - Commercial	8,290,000	230,000
Chapter 353 - Commercial	5,325,000	148,000
Chapter 353 - Commercial PILOT	3,809,000	106,000
Chapter 100 - Planned Industrial Expansion Authority	68,000	2,000
Enhanced Enterprise Zone Tax Incentives	3,385,000	94,000
Industrial Revenue Bond Transactions - Earnings Tax Incentive Credits	821,000	-
Industrial Revenue Bond Transactions - Real Property	374,000	12,000
Industrial Revenue Bond Transactions - Personal Property	906,000	36,000
	\$ 31,767,000	\$ 919,000

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULES OF SELECTED PENSION INFORMATION –
EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS
JUNE 30, 2019 AND 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

Schedule of the Trustees' Proportionate Share of the Net Pension Liability

	2018	September 30, 2017	2016	2015	2014
MHB's Proportion Percentage of the Net Pension Liability	0.2877 %	0.2894 %	0.2810 %	0.2649 %	0.0240 %
MHB's Proportionate Share of the Net Pension Liability	\$ 486,669	\$ 502,750	\$ 587,960	\$ 601,622	\$ 370,851
MHB's Covered Payroll	\$ 693,975	\$ 698,050	\$ 670,441	\$ 661,337	\$ 583,862
MHB's Proportionate Share of the Net Pension Liability as a Percentage of MHB's Covered Payroll	70.1 %	72.0 %	87.7 %	91.0 %	64.0 %
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	83.0 %	82.5 %	78.5 %	76.2 %	83.5 %

Schedule of the Trustees' Contributions

	2019	June 30, 2018	2017	2016	2015
Required Contribution	\$ 96,192	\$ 83,348	\$ 85,938	\$ 88,585	\$ 93,124
Contribution in Relation to the Required Contribution	\$ 96,192	\$ 83,348	\$ 85,938	\$ 88,585	\$ 93,124
Contribution Deficiency	-	-	-	-	-
MHB's Covered Payroll	\$ 783,965	\$ 687,121	\$ 691,371	\$ 639,143	\$ 634,450
Contributions as a Percentage of Covered Payroll	12.27 %	12.13 %	12.43 %	13.86 %	14.68 %

Note: Above schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Benefit Terms or Assumptions

There were no changes to benefit terms in the Plan or changes to assumptions in valuation reports for the years ended September 30, 2018 and 2017.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF GRANTS, PARTNERSHIPS,
AND INITIATIVES TO ORGANIZATIONS
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)**

22nd Judicial Court of Missouri, Family Court-Juvenile Division	\$ 310,428
Alive & Well Communities	50,000
Annie Malone Children and Family Center	90,033
Area Resources for Community and Human Services	594,132
Behavioral Health Response, Inc.	257,000
Better Family Life, Inc.	125,746
Big Brothers Big Sisters of Eastern Missouri, Inc.	250,000
Bilingual International Assistant Services	477,937
CareSTL Health	116,329
CASA of St. Louis formerly Voices for Children	297,682
Center for Behavioral Health - UMSL	324,466
CHADS Coalition for Mental Health	101,247
Children's Advocacy Services of Greater St. Louis - UMSL	542,653
City of St. Louis (FUSE Corps)	4,000
City of St. Louis Dept. of Human Services	228,883
Covenant House of Missouri	304,276
Employment Connection	217,693
Epworth Children & Family Services, Inc.	215,798
Family Care Health Centers	534,356
FamilyForward	408,602
Fathers' Support Center, St. Louis	91,333
Foster and Adoptive Care Coalition	378,819
Gene Slay's Girls & Boys Club of St. Louis	100,000
Generate Health STL	489,067
Girl Scouts of Eastern Missouri, Inc.	30,263
Great Circle	52,029
Independence Center	211,449
International Institute of St. Louis	97,278
Legal Services of Eastern Missouri, Inc.	426,176
LifeWise STL formerly Kingdom House	200,000
Lutheran Family and Children's Services of Missouri	147,731
MERS/Missouri Goodwill Industries	49,595
Missouri Department of Mental Health	150,000
National Council on Alcoholism and Drug Abuse - St. Louis Area	87,514
Nurses for Newborns	269,751
Our Little Haven	270,000
Places for People, Inc.	454,609
Preferred Family Healthcare, Inc.	260,474
Queen of Peace Center	347,626
Safe Connections	302,335
Saint Louis Crisis Nursery	186,382
Saint Louis University	203,600
Sherwood Forest Camp, Inc.	130,338
St. Louis Internship Program	159,757
St. Louis Public Schools Foundation	25,500
United 4 Children	254,510
United Way of Greater St. Louis, Inc.	50,000
Unleashing Potential	67,411
Vision for Children at Risk	33,702
Washington University - The SPOT	218,661
YouthBridge Community Foundation	4,000
Youth in Need	80,908
Youth Mini-Grants (Regional Funders Collaborative)	29,500
Total	<u>\$ 11,311,579</u>