

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021

DRAFT

**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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements City of St. Louis Mental Health Board of Trustees (St. Louis Mental Health Board), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the St. Louis Mental Health Board's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the St. Louis Mental Health Board, as of June 30, 2022 and 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the St. Louis Mental Health Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the St. Louis Mental Health Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 St. Louis Mental Health Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about St. Louis Mental Health Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the schedules of selected pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the St. Louis Mental Health Board’s basic financial statements. The schedule of grants, partnerships, and initiatives to organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the schedule of grants, partnerships, and initiatives to organizations is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the financial summary but does not include the basic financial statements and our auditors’ report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, 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
REPORT DATE

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

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, 2022 and 2021. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- MHB's net position as of June 30, 2022, increased by \$4.35 million.
- MHB's fiscal year 2022 tax revenues were over budget by \$1.25 million or 8.3%, due to greater than expected collections.
- MHB's fiscal year 2022 expenses were less than budgeted by \$1.4 million or 9.1% due to decreases in disbursements for contracts and federal direct services of certain agencies related to their actual expenses being less than originally budgeted. In addition, there was reduced spending in certain operating expense categories due to the COVID-19 pandemic and underspending of professional fees as compared to the amended budget.

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 Collector of Revenue.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

STATEMENTS OF NET POSITION

The following tables reflect the condensed statements of net position as of June 30, 2022 and 2021:

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

	2022	2021	Amount Change	Percent Change
Current Assets	\$ 17,446	\$ 14,077	\$ 3,369	23.9 %
Noncurrent Assets	10,066	8,418	1,648	19.6
Total Assets	<u>27,512</u>	<u>22,495</u>	<u>5,017</u>	<u>22.3</u>
Deferred Outflows of Resources	<u>204</u>	<u>419</u>	<u>(215)</u>	<u>(51.3)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,716</u>	<u>\$ 22,914</u>	<u>\$ 4,802</u>	<u>21.0 %</u>
Current Liabilities	\$ 1,056	\$ 402	\$ 654	162.7 %
Noncurrent Liabilities	684	1,102	(418)	(37.9)
Total Liabilities	<u>1,740</u>	<u>1,504</u>	<u>236</u>	<u>15.7</u>
Deferred Inflows of Resources	<u>217</u>	<u>-</u>	<u>217</u>	<u></u>
Net Position				
Investment in Capital Assets and Right-to-Use Lease Assets	181	280	(99)	(35.4)
Unrestricted	<u>25,578</u>	<u>21,130</u>	<u>4,448</u>	<u>21.1</u>
Total Net Position	<u>25,759</u>	<u>21,410</u>	<u>4,349</u>	<u>20.3</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 27,716</u>	<u>\$ 22,914</u>	<u>\$ 4,802</u>	<u>21.0 %</u>

MHB's net position increased \$4.35 million as a result of this year's operations, resulting in ending net position of \$25.8 million, or an increase of 20.3%. 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 \$21.1 million to \$25.6 million, or an increase of 21.1% 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, 2022 AND 2021**

The components of unrestricted net position at June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
	<i>(In Thousands)</i>	
Assigned for Grants and Partnerships	\$ 13,361	\$ 11,380
Nonspendable Forgivable Loans for Mental Health Supported Housing	2,276	2,483
Assigned for:		
Mental Health Supported Housing Loans	500	500
Emerging Needs	1,171	250
Administration	1,031	1,005
Unreserved, Unassigned	<u>7,239</u>	<u>5,512</u>
Total Unrestricted Net Position	<u>\$ 25,578</u>	<u>\$ 21,130</u>

A review of the June 30, 2022 statement of net position reveals the following:

Total assets of MHB are \$27.7 million. This includes cash and cash equivalents of \$11.8 million and investments of \$12.7 million. Total liabilities are \$1.7 million, including net pension liability of \$0.7 million. The most significant current liability is accounts and grants payable which totals \$0.83 million.

Total net position of MHB is \$25.8 million. This consists mostly of unrestricted net position.

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**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

The following tables reflect the condensed statements of net position as of June 30, 2021 and 2020:

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

	2021	2020	Amount Change	Percent Change
Current Assets	\$ 14,077	\$ 10,544	\$ 3,533	33.5 %
Noncurrent Assets	8,418	11,522	(3,104)	(26.9)
Total Assets	<u>22,495</u>	<u>22,066</u>	429	1.9
Deferred Outflows of Resources	<u>419</u>	<u>245</u>	174	71.0
Total Assets and Deferred Outflows of Resources	<u>\$ 22,914</u>	<u>\$ 22,311</u>	<u>\$ 603</u>	<u>2.7 %</u>
Current Liabilities	\$ 402	\$ 339	\$ 63	18.6 %
Noncurrent Liabilities	1,102	730	372	51.0
Total Liabilities	<u>1,504</u>	<u>1,069</u>	435	40.7
Deferred Inflows of Resources	<u>-</u>	<u>16</u>	<u>(16)</u>	<u>(100.0)</u>
Net Position				
Investment in Capital Assets and Right-to-Use Lease Assets	280	65	215	330.8
Unrestricted	<u>21,130</u>	<u>21,161</u>	<u>(31)</u>	<u>(0.1)</u>
Total Net Position	<u>21,410</u>	<u>21,226</u>	<u>184</u>	<u>0.9</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,914</u>	<u>\$ 22,311</u>	<u>\$ 603</u>	<u>2.7 %</u>

MHB's net position increased \$0.18 million as a result of this year's operations, resulting in ending net position of \$21.4 million, or an increase of 0.9%. 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 \$21.16 million to \$21.13 million, or a decrease of 0.1% 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, 2022 AND 2021**

The components of unrestricted net position at June 30, 2021 and 2020 are as follows:

	2021	2020
	<i>(In Thousands)</i>	
Assigned for Grants, Partnerships, and Initiatives	\$ 11,380	\$ 11,821
Nonspendable Forgivable Loans for Mental Health Supported Housing	2,483	1,520
Assigned for:		
Mental Health Supported Housing Loans	500	1,490
Unanticipated Projects	250	100
Administration	1,005	1,494
Unreserved, Unassigned	5,512	4,736
Total Unrestricted Net Position	\$ 21,130	\$ 21,161

A review of the June 30, 2021 statement of net position reveals the following:

Total assets of MHB are \$22.9 million. This includes cash and cash equivalents of \$5.3 million and investments of \$13.7 million. Total liabilities are \$1.5 million. This includes net pension liability of \$1.0 million. The most significant current liability is accounts and grants payable which totals \$0.18 million.

Total net position of MHB is \$21.4 million. This consists mostly of unrestricted net position.

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**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

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, 2022 and 2021:

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

	<u>2022</u>	<u>2021</u>	<u>Amount Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 18,394	\$ 16,820	\$ 1,574	9.4%
Operating Expenses	<u>14,046</u>	<u>16,636</u>	<u>(2,590)</u>	<u>(15.6)</u>
Excess (Deficit) of Operating Revenues Over Expenses	4,348	184	4,164	(2,258.0)
Beginning Net Position	<u>21,410</u>	<u>21,226</u>	<u>184</u>	<u>0.9</u>
Ending Net Position	<u><u>\$ 25,758</u></u>	<u><u>\$ 21,410</u></u>	<u><u>\$ 4,348</u></u>	<u><u>20.3 %</u></u>

A review of the June 30, 2022 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$16.3 million. Property tax revenues represent \$15.1 million of this total. Another major source of revenues are operating grants which consist of federal grants totaling \$2.1 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, 2022 AND 2021**

The following table reflects the revenues and expenses of MHB’s activities for the years ended June 30, 2021 and 2020:

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

	2021	2020	Amount Change	Percent Change
Operating Revenues	\$ 16,820	\$ 14,281	\$ 2,539	17.8%
Operating Expenses	16,636	14,337	2,299	16.0
Deficit of Operating Revenues Over Expenses	184	(56)	240	428.6
Beginning Net Position	21,226	21,282	(56)	(0.3)
Ending Net Position	<u>\$ 21,410</u>	<u>\$ 21,226</u>	<u>\$ 184</u>	<u>0.9 %</u>

A review of the June 30, 2021 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$13.1 million. Property tax revenues represent \$12.2 million of this total. Another major source of revenues is operating grants which consist of federal grants totaling \$3.4 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 2023 budget. Factors include the approved property tax rates and the economy. Property tax rates for the upcoming budget year are \$0.0888 and \$0.2443 per \$100 assessed valuation for the Mental Health Fund and the Community Children’s Services Fund, respectively.

BUDGET INFORMATION

Total revenues are expected to increase by 15% in fiscal year 2023 primarily due to the following: ARPA funding of \$2 million for Supporting Providers of Early Childhood Education and Childcare Tuition Assistance, SAMHSA funding of \$0.6 million (\$0.45 million of which is expected to be recognized in fiscal year 2023) supporting the Violence Prevention Commission’s Gun Violence Response Network with Mental Health Access and a non-Federal, Violence Prevention Commission grant of \$0.7 million (\$0.475 million of which is expected to be recognized in fiscal year 2023) supporting the National League of Cities Institute’s Municipalities Reimagining Community Safety Initiative.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2022 AND 2021**

Total expenses are expected to increase by 52% in fiscal year 2023 primarily due to the following: expenditures related to ARPA funding Supporting Providers of Early Childhood Education and Childcare Tuition Assistance, SAMHSA funding supporting the Violence Prevention Commission's Gun Violence Response Network with Mental Health Access, funding for the National League of Cities Institute's Municipalities Reimagining Community Safety Initiative and ARPA funding supporting the Violence Prevention Commission's Youth Safe Spaces initiative. Additionally, Community Investment grants and personnel expenses related to the Early Childhood Fund will commence in fiscal year 2023. The fiscal year 2023 budget also includes \$0.5 million for Permanent Supporting Housing projects.

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

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**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 11,787,828	\$ 5,338,948
Investments	4,656,006	7,635,519
Receivables:		
Accounts Receivable	78,580	24,215
Grants Receivable and Other Receivables	263,787	266,376
Taxes Receivable	112,215	227,777
Mental Health Supported Housing Loans Receivable	442,343	433,189
Prepaid Expenses and Other Current Assets	104,635	150,340
Total Current Assets	17,445,394	14,076,364
NONCURRENT ASSETS		
Investments	8,025,696	6,063,164
Mental Health Supported Housing Loans Receivable	1,834,143	2,049,414
Other Assets	25,959	25,716
Capital Assets, Net	97,495	124,810
Right-to-Use Lease, net	83,015	155,101
Total Noncurrent Assets	10,066,308	8,418,205
Total Assets	27,511,702	22,494,569
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related	204,186	419,065
Total Assets and Deferred Outflows of Resources	\$ 27,715,888	\$ 22,913,634

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2022 AND 2021**

	2022	2021
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Accounts and Grants Payable	\$ 838,860	\$ 178,089
Accrued Liabilities	145,883	151,913
Current Lease Liability	70,937	72,121
Total Current Liabilities	1,055,680	402,123
NONCURRENT LIABILITIES		
Net Pension Liability	672,392	1,018,363
Non-Current Lease Liability	12,044	82,980
Total Noncurrent Liabilities	684,436	1,101,343
 Total Liabilities	 1,740,116	 1,503,466
DEFERRED INFLOWS OF RESOURCES		
Pension Related	217,249	-
NET POSITION		
Investment in Capital Assets	180,509	279,911
Unrestricted	25,578,014	21,130,257
Total Net Position	25,758,523	21,410,168
 Total Liabilities, Deferred Inflows of Resources, and Net Position	 \$ 27,715,888	 \$ 22,913,634

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, 2022 AND 2021**

	2022	2021
OPERATING REVENUES		
Property Taxes:		
Mental Health Fund	\$ 4,011,120	\$ 3,928,120
Community Children's Services Fund	11,109,039	8,301,928
Manufacturing, Institutional, and Other Taxes:		
Mental Health Fund	297,367	275,741
Community Children's Services Fund	833,011	582,702
Operating Grants - Federal	2,140,246	3,424,891
Operating Grants - Nonfederal	195,595	113,223
Investment Return, Net of Fees	(268,711)	41,720
Miscellaneous Income	76,705	151,216
Total Operating Revenues	18,394,372	16,819,541
OPERATING EXPENSES		
Grants, Partnerships, and Initiatives	11,746,332	14,414,100
Forgiveness of Mental Health Supported Housing Loans	196,119	148,271
Direct Project Expenses	1,122,509	1,213,498
Administration	981,057	859,281
Total Operating Expenses	14,046,017	16,635,150
EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES	4,348,355	184,391
Net Position - Beginning of Year (as restated)	21,410,168	21,225,777
NET POSITION - END OF YEAR	\$ 25,758,523	\$ 21,410,168

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Property and Other Taxes	\$ 16,366,099	\$ 12,981,592
Interest and Dividends Received	246,676	301,433
Proceeds from Other Support	2,414,160	3,551,123
Cash Paid for Projects	(11,466,485)	(15,772,907)
Cash Paid for Salaries and Employee Benefits	(1,221,059)	(1,246,011)
Cash Received (Paid) for Other Operating Activities	(407,743)	(534,603)
Net Cash Provided (Used) by Operating Activities	5,931,648	(719,373)
CASH FLOWS FROM CAPITAL ACTIVITIES		
Purchases of Capital Assets	(5,900)	(80,977)
Proceeds from Sale of Capital Assets	50	200
Net Cash Used by Capital Activities	(5,850)	(80,777)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Investments	(7,473,918)	(4,246,079)
Sales of Investments	7,997,000	4,283,000
Net Cash Provided by Investing Activities	523,082	36,921
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,448,880	(763,229)
Cash and Cash Equivalents - Beginning of Year	5,338,948	6,102,177
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,787,828	\$ 5,338,948
RECONCILIATION OF EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES TO NET CASH USED BY OPERATING ACTIVITIES:		
Excess of Operating Revenues Over Expenses	\$ 4,348,355	\$ 184,391
Adjustments to Reconcile Excess (Deficit) of Operating Revenues Over Expenses to Net Cash Used by Operating Activities:		
Depreciation and Amortization	33,215	19,361
Amortization of ROU Assets	72,086	72,085
Forgiveness of Mental Health Supported Housing Loans	196,119	148,271
Unrealized (Gain)/Loss	493,899	265,582
(Gain) Loss on Sale of Capital Assets	(50)	1,267
Change in Assets and Liabilities:		
Increase in Accounts Receivable	(54,365)	(23,000)
(Increase) Decrease in Grants Receivable	2,589	(115,207)
(Increase) Decrease in Taxes Receivable	115,562	(106,899)
Right of Use Assets	(72,120)	(72,085)
(Increase) Decrease in Mental Health Supported Housing Loans Receivable	9,998	(1,111,000)
(Increase) Decrease in Prepaid Expenses and Other Assets	45,462	(71,441)
(Increase) Decrease in Deferred Outflows	214,879	(173,880)
Increase (Decrease) in Accounts and Grants Payable and Accrued Liabilities	654,741	(3,948)
Decrease in Refundable Advances	-	(5,000)
Increase (Decrease) in Deferred Inflows	217,249	(15,546)
Increase (Decrease) in Net Pension Liability	(345,971)	287,676
Net Cash Provided (Used) by Operating Activities	\$ 5,931,648	\$ (719,373)

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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, 2022 AND 2021**

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, 2022 to June 30, 2023. 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 \$112,215 and \$227,777 in 2022 and 2021, 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.

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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued)

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.

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.

MHB's 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.

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

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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Components of Net Position (Continued)

Unrestricted (Continued)

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 and Partnerships – Funds authorized and budgeted for specific grants, project expenditures, and collaborative programs in the fiscal year 2023.

Assigned for Emerging Needs – Funds budgeted by MHB for grants, project expenditures, and collaborative programs in the fiscal year 2023 which have not yet been assigned for specific agencies/projects.

Assigned for Administration – Funds budgeted for administration of projects in fiscal year 2023.

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.

Adoption of New Accounting Standards:

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

MHB adopted the requirements of the GASB Statement No. 87 guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the earliest comparative period presented.

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. Total net position and net income are unchanged due to these reclassifications.

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, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
U.S. Treasuries	-	473,983	-	\$ 473,983
Agency Securities	\$ -	\$ 6,564,632	\$ -	\$ 6,564,632
Certificates of Deposit	-	5,643,087	-	5,643,087
Total Investments at Fair Value	\$ -	\$ 12,681,702	\$ -	\$ 12,681,702
	2021			Total
	Level 1	Level 2	Level 3	
Investments:				
Agency Securities	\$ -	\$ 3,727,996	\$ -	\$ 3,727,996
Certificates of Deposit	-	9,970,687	-	9,970,687
Total Investments at Fair Value	\$ -	\$ 13,698,683	\$ -	\$ 13,698,683

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments at June 30, 2022 and 2021 consisted of the following:

Included in the accompanying statements of net position as:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 11,787,828	\$ 5,338,948
Investments - Current	4,656,006	7,635,519
Investments - Noncurrent	8,025,696	6,063,164
Total Cash and Cash Equivalents and Investments	<u>\$ 24,469,530</u>	<u>\$ 19,037,631</u>

Maturities of debt securities at June 30 are as follows:

	<u>2022</u>		<u>2021</u>	
	Cost	Fair Value	Cost	Fair Value
One Year or Less	\$ 4,755,566	\$ 4,656,006	\$ 7,630,771	\$ 7,635,519
After One Through Five Years	8,310,821	8,025,696	6,036,743	6,063,164
Total	<u>\$ 13,066,387</u>	<u>\$ 12,681,702</u>	<u>\$ 13,667,514</u>	<u>\$ 13,698,683</u>

Credit ratings of debt securities at June 30, 2022 are as follows:

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
U.S. Treasuries	\$ -	\$ -	\$ -	\$ -	\$ 473,983
Agency Securities	-	6,564,632	-	-	-
Certificates of Deposit	-	-	-	-	5,643,087
Total Debt Securities	<u>\$ -</u>	<u>\$ 6,564,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,117,070</u>

Credit ratings of debt securities at June 30, 2021 are as follows:

	<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Unrated</u>
Agency Securities	\$ -	\$ 3,727,996	\$ -	\$ -	\$ -
Certificates of Deposit	-	-	-	-	9,970,687
Total Debt Securities	<u>\$ -</u>	<u>\$ 3,727,996</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,970,687</u>

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

	<u>2022</u>	<u>2021</u>
Interest and Dividend Income, Net of Fees	\$ 225,188	\$ 307,302
Unrealized Gain(Loss)	(493,899)	(265,582)
Total Investment Return, Net of Fees	<u>\$ (268,711)</u>	<u>\$ 41,720</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

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. During the fiscal year ended June 30, 2022, fifteen projects were supported 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 2022 and 2021, loans made to the Agencies amounted to \$-0- and \$1,250,000, 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, 2022 and 2021 totaled \$2,276,486 and \$2,482,603, 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 July 2033.

During 2022 and 2021, \$196,119 and \$148,271 were forgiven on mental health supported housing loans receivable, respectively.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and Equipment	\$ 22,997		\$ (1,330)	\$ 21,667
Leasehold Improvement	9,055	-	-	9,055
Software	116,927	5,900		122,827
Less: Accumulated Depreciation and Amortization	(24,169)	(33,215)	1,330	(56,054)
Total Capital Assets, Net.	<u>\$ 124,810</u>	<u>\$ (27,315)</u>	<u>\$ -</u>	<u>\$ 97,495</u>

Capital asset activity for the year ended June 30, 2021 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and Equipment	\$ 27,861	\$ 10,045	\$ (14,909)	\$ 22,997
Leasehold Improvement	9,055	-	-	9,055
Software	88,995	70,932	(43,000)	116,927
Less: Accumulated Depreciation and Amortization	(61,250)	(19,361)	56,442	(24,169)
Total Capital Assets, Net.	<u>\$ 64,661</u>	<u>\$ 61,616</u>	<u>\$ (1,467)</u>	<u>\$ 124,810</u>

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 LEASES

MHB leases equipment as well as an office facility for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through the fiscal year-end 2025.

Activity on the right of use assets for the year ended June 30, 2022, is as follows:

	2021			
	(as restated)	Additions	Deductions	2022
Right of Use Asset - Equipment	\$ 14,385	\$ -	\$ -	\$ 14,385
Right of Use Asset - Buildings	212,801	-	-	212,801
Less: accumulated amortization	(72,085)	(72,086)	-	(144,171)
Total Right of Use Assets	<u>\$ 155,101</u>	<u>\$ (72,086)</u>	<u>\$ -</u>	<u>\$ 83,015</u>

Activity on the right of use assets for the year ended June 30, 2021, is as follows:

	2021			
	2020	Additions	Deductions	(as restated)
Right of Use Asset - Equipment	\$ -	\$ 14,385	\$ -	\$ 14,385
Right of Use Asset - Buildings	-	212,801	-	212,801
Less: accumulated amortization	-	(72,085)	-	(72,085)
Total Right of Use Assets	<u>\$ -</u>	<u>\$ 155,101</u>	<u>\$ -</u>	<u>\$ 155,101</u>

Total future minimum lease payments under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 70,937	\$ 85	\$ 71,022
2024	11,805	2	11,807
2025	239	-	239
Total minimum lease payments	<u>\$ 82,981</u>	<u>\$ 87</u>	<u>\$ 83,068</u>

NOTE 7 COMMITMENTS AND CONTINGENCIES

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 \$13,361,184 to fund programs and service contracts with various organizations for fiscal year 2023. The Board of Trustees of MHB approved the commitments during fiscal year 2022 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, 2022 AND 2021**

NOTE 8 PENSION PLAN

Plan Description

MHB contributes to the Employees Retirement System of the City of St. Louis (the Plan) which is a cost-sharing multiemployer 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, 2022 and 2021 were 15.34% and 13.11% 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, 2022 and 2021 were \$121,508 and \$122,574, respectively.

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

At June 30, 2022 and 2021, MHB reported a liability of \$672,392 and \$1,018,363, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021 and 2020, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of October 1, 2020 and 2019, 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, 2021 and 2020, MHB's proportion was 0.38666% and 0.35879%, respectively.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2022, MHB recognized pension expense of \$207,665. At June 30, 2022, 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	\$ 8,154	\$ 11,561
Changes of Assumptions	58,458	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	205,688
Changes in Proportion	53,175	-
MHB Contributions Subsequent to the Measurement Date	84,399	-
Total	<u>\$ 204,186</u>	<u>\$ 217,249</u>

For the year ended June 30, 2021, MHB recognized pension expense of \$220,824. At June 30, 2021, 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	\$ 15,986	\$ -
Changes of Assumptions	108,489	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-
Changes in Proportion	147,673	-
MHB Contributions Subsequent to the Measurement Date	57,184	-
Total	<u>\$ 419,065</u>	<u>\$ -</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 PENSION PLAN (CONTINUED)

The 2022 amount of \$84,399 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2021 measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. The \$89,733 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2020 measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>
2023	\$ 72,405
2024	(17,311)
2025	(70,449)
2026	(82,107)
Total	<u>\$ (97,462)</u>

Actuarial Assumptions

The total pension liability in the September 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	October 1, 2020 for the year ended September 30, 2021, and October 1, 2019 for the year ended September 30, 2020
Timing	Actuarially determined contributions rates are calculated based on the actuarial valuation at the beginning of the plan year.
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	5-year smoothing
Amortization Method	Fixed 20-year period as of October 1, 2015 as a level percentage of payroll. Future gains and losses and changes in actuarial assumptions will be amortized in layers over separate 20-year periods.
Discount Rate	7.25%
Inflation	2.50%
Salary Increases	3.00% plus merit component based on years of service
Mortality (Active)	135% of the Pub-2010 General Employee Below-Median Income Weighted mortality for males and 155% for females projected with generational mortality improvements from 2010 using Scale MP-2019
Mortality (Healthy)	125% of the Pub-2010 General Retiree Below-Median Income Weighted mortality for males and 120% for females projected with generational mortality improvements from 2010 using Scale MP-2019
Mortality (Disabled)	120% of the Pub-2010 Non-Safety Disabled Retiree mortality for males and 110% for females projected with generational mortality improvements from 2010 using Scale MP-2019

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 PENSION PLAN (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	25.00 %	7.27 %
Mid Cap	7.50	7.60
Small Cap	7.50	7.90
International Large Cap	12.00	7.47
Emerging Markets	3.00	8.10
Bank Loans	5.00	6.10
Fixed Income	10.00	3.30
International Fixed Income	5.00	5.80
Core Real Estate	10.00	6.60
Infrastructure	5.00	7.50
Private Equity	5.00	10.80
Hedge Funds	5.00	6.70
Total	<u>100.00 %</u>	

Discount Rate and Other Key Assumptions for Total Pension Liability

The discount rate used to measure the total pension liability was 7.25% as of September 30, 2021 and 2020. 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 7.25%. Inflation assumed to be 2.5%. Bond Yield assumed to be 2.26%.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 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 for September 30, 2021 and 2020 calculated using an assumed long-term expected rate of return of 7.25% 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, 2021		
	One Percent Decrease 6.25%	Discount Rate 7.25%	One Percent Increase 8.25%
	MHB's Proportionate Share of Net Pension Liability	\$ 1,098,338	\$ 672,393
	September 30, 2020		
	One Percent Decrease 6.25%	Discount Rate 7.25%	One Percent Increase 8.25%
MHB's Proportionate Share of Net Pension Liability	\$ 1,412,387	\$ 1,018,363	\$ 683,074

NOTE 9 FUNDING

Major funding for MHB is from tax revenues received from a tax levy that authorizes maximum rates of \$0.09 and \$0.2443 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 \$0.0872 and \$0.1843, respectively, for MHF and CCSF were established for fiscal year 2021. For fiscal year 2022 the rates were \$0.0888 for MHF and \$0.2443 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 time.

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 FUNDING (CONTINUED)

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

	<u>2022</u>	<u>2021</u>
Real Estate Tax	\$ 12,162,713	\$ 9,827,730
Personal Property Tax	<u>2,957,446</u>	<u>2,402,318</u>
Total Property Tax	15,120,159	12,230,048
Manufacturing and Other Taxes	<u>1,130,378</u>	<u>858,443</u>
Total	<u><u>\$ 16,250,537</u></u>	<u><u>\$ 13,088,491</u></u>

NOTE 10 UNRESTRICTED NET POSITION

The components of unrestricted net position at June 30 are as follows:

	<u>2022</u>	<u>2021</u>
	<i>(In Thousands)</i>	
Assigned for Grants and Partnerships	\$ 13,361	\$ 11,380
Nonspendable Forgivable Loans for Mental Health		
Supported Housing	2,276	2,483
Assigned for:		
Mental Health Supported Housing Loans	500	500
Emerging Needs	1,171	250
Administration	1,031	1,005
Unreserved, Unassigned	<u>7,239</u>	<u>5,512</u>
Total Unrestricted Net Position	<u><u>\$ 25,578</u></u>	<u><u>\$ 21,130</u></u>

NOTE 11 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, 2022 AND 2021

NOTE 11 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.

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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered into by St. Louis City (Continued)

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, 2022 AND 2021**

NOTE 11 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 \$.0872 per \$100 and CCSF's tax rate of \$.2443 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2022.

	June 30, 2022	
	Gross Dollar of Reduced Tax Revenues	MHB Reduced Tax Revenues
Chapter 353 Residential	\$ 2,279,784	\$ 91,559
Chapter 353 Residential PILOT	2,843,445	114,197
Chapter 353 Commercial	3,711,700	124,359
Chapter 353 Commercial PILOT	2,447,231	81,993
Chapter 99 Residential	5,609,417	225,282
Chapter 99 Residential PILOT	568,108	22,816
Chapter 99 Commercial	4,134,727	138,532
Chapter 99 Commercial PILOT	402,823	13,496
Chapter 100 - Planned Industrial Expansion Authority	178,808	5,991
Enhanced Enterprise Zone	454,104	15,215
Enhanced Enterprise Zone PILOT	239,727	8,032
Industrial Revenue Bond Transactions - Earnings Tax Incentive Credits	2,388,479	-
Industrial Revenue Bond Transactions - Real Property	173,851	6,982
Industrial Revenue Bond Transactions - Personal Property	3,347,529	159,296
Tax Increment Financing PILOT	24,966,691	1,022,934
Tax Increment Financing (EATS)	11,354,788	-
	<u>\$ 65,101,212</u>	<u>\$ 2,030,684</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 11 TAX ABATEMENTS (CONTINUED)

Tax Abatements Entered into by St. Louis City (Continued)

The amount of MHB's tax revenues calculated at MHF's tax rate of \$.0872 per \$100 and CCSF's tax rate of \$.1843 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2021.

	June 30, 2021	
	Gross Dollar of Reduced Tax Revenues	MHB Reduced Tax Revenues
Chapter 353 - Residential	\$ 3,675,048	\$ 121,826
Chapter 353 - Residential PILOT	1,944,444	64,457
Chapter 353 - Commercial	6,206,356	171,413
Chapter 353 - Commercial PILOT	1,828,978	50,514
Chapter 99 - Residential	4,470,841	148,206
Chapter 99 - Residential PILOT	243,743	8,080
Chapter 99 - Commercial	4,273,460	118,029
Chapter 99 - Commercial PILOT	247,603	6,839
Chapter 100 - Planned Industrial Expansion Authority	197,390	5,452
Enhanced Enterprise Zone	580,110	16,022
Enhanced Enterprise Zone PILOT	694,907	19,193
Industrial Revenue Bond Transactions - Earnings Tax Incentive Credits	1,956,699	-
Industrial Revenue Bond Transactions - Real Property	231,040	7,659
Industrial Revenue Bond Transactions - Personal Property	2,754,431	108,345
Tax Increment Financing PILOT	29,927,771	1,012,371
Tax Increment Financing (EATS)	9,701,058	-
	<u>\$ 68,933,879</u>	<u>\$ 1,858,406</u>

**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, 2022 AND 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

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

	2021	2020	2019	2018	September 30, 2017	2016	2015	2014
MHB's Proportion Percentage of the Net Pension Liability	0.3867 %	0.3588 %	0.3357 %	0.2877 %	0.2894 %	0.2810 %	0.2649 %	0.2399 %
MHB's Proportionate Share of the Net Pension Liability	\$ 672,393	\$ 1,018,363	\$ 730,687	\$ 486,669	\$ 502,750	\$ 587,960	\$ 601,622	\$ 370,851
MHB's Covered Payroll	\$ 926,368	\$ 881,731	\$ 812,250	\$ 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	72.6 %	115.5 %	90.0 %	70.1 %	72.0 %	87.7 %	91.0 %	64.0 %
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	84.1 %	73.8 %	78.6 %	83.0 %	82.5 %	78.5 %	76.2 %	83.5 %

Schedule of the Trustees' Contributions

	2022	2021	2020	2019	June 30, 2018	2017	2016	2015
Required Contribution	\$ 121,508	\$ 122,574	\$ 104,512	\$ 96,192	\$ 83,348	\$ 85,938	\$ 88,585	\$ 93,124
Contribution in Relation to the Required Contribution	\$ 121,508	\$ 122,574	\$ 104,512	\$ 96,192	\$ 83,348	\$ 85,938	\$ 88,585	\$ 93,124
MHB's Covered Payroll	\$ 792,099	\$ 934,966	\$ 858,062	\$ 783,965	\$ 687,121	\$ 691,371	\$ 639,143	\$ 634,450
Contributions as a Percentage of Covered Payroll	15.34 %	13.11 %	12.18 %	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 in benefits during the years ended September 30, 2021 and 2020.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF GRANTS, PARTNERSHIPS, AND
INITIATIVES TO ORGANIZATIONS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

<u>Organization</u>	<u>Amount</u>
Alive & Well Communities	\$ 50,000
Area Resources for Community and Human Services	608,323
Behavioral Health Network	230,050
Behavioral Health Response, Inc.	543,696
Better Family Life, Inc.	113,317
Big Brothers Big Sisters of Eastern Missouri, Inc.	265,301
Bilingual International Assistant Services	538,570
Boys & Girls Clubs of Greater St. Louis	159,906
CASA of St. Louis	298,163
Center for Behavioral Health - UMSL	251,597
CHADS Coalition for Mental Health	91,981
Children's Advocacy Services of Greater St. Louis - UMSL	691,844
City of St. Louis Department of Human Services	251,660
22nd Judicial Court of Missouri, Family Court-Juvenile Division	325,121
Covenant House Missouri	404,105
Criminal Justice Ministry	118,346
Employment Connection	185,330
Epworth Children & Family Services, Inc.	174,775
Family Care Health Centers	534,555
FamilyForward	289,138
Fathers and Families Support Center	93,475
Foster and Adoptive Care Coalition	238,937
Gene Slay's Girls & Boys Club of St. Louis	98,090
Generate Health STL	124,997
Girl Scouts of Eastern Missouri, Inc.	32,115
Great Circle	54,178
Healing Action Network	221,303
International Institute of St. Louis	100,884
Kids Win Missouri	5,000
Legal Services of Eastern Missouri, Inc.	505,483
LifeWise STL	208,811
Lutheran Family and Children's Services of Missouri	154,770
Missouri Department of Mental Health	75,000
Nurses for Newborns	286,262
City of St. Louis - Office of the Mayor, Commission on Children, Youth, and Families	55,000
Our Little Haven	286,500
Places for People, Inc.	496,818
Preferred Family Healthcare, Inc.	96,249
PreventEd	92,646
Queen of Peace Center	158,197
Safe Connections	344,730
Saint Louis Crisis Nursery	197,539
Sherwood Forest Camp, Inc.	137,921
St. Francis Community Services	79,491
St. Louis Community Foundation	10,000
St. Louis Public Schools Foundation	24,619
St. Louis City Senior Citizens Services Fund	41,075
United 4 Children	237,096
Unleashing Potential	66,508
Vision for Children at Risk	437,102

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF GRANTS, PARTNERSHIPS, AND
INITIATIVES TO ORGANIZATIONS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

<u>Organization</u>	<u>Amount</u>
The Washington University - The SPOT	229,975
Youth in Need	85,885
Youth Pop-Up Events	19,168
Safe Space Programming	25,000
Other Strategic Initiatives	299,730
Total	<u>\$ 11,746,332</u>

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