

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
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YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020 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, 2021 and 2020 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 32, 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.

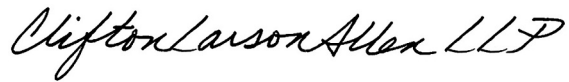
Other Information

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 18, 2021, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

St. Louis, Missouri
November 18, 2021

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 and 2020. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- MHB's net position as of June 30, 2021, increased by \$0.18 million.
- MHB's fiscal year 2021 tax revenues were more than budgeted by \$0.79 million or 6.4%, due to more than expected collections.
- MHB's fiscal year 2021 expenses were less than budgeted by \$0.4 million or 2.5% 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 Office of the Assessor.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020**

STATEMENTS OF NET POSITION

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 | 8,263 | 11,522 | (3,259) | (28.3) |
| Total Assets | <u>22,340</u> | <u>22,066</u> | <u>274</u> | <u>1.2</u> |
| Deferred Outflows of Resources | <u>419</u> | <u>245</u> | <u>174</u> | <u>71.0</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 22,759</u> | <u>\$ 22,311</u> | <u>\$ 448</u> | <u>2.0 %</u> |
| Current Liabilities | \$ 330 | \$ 339 | \$ (9) | (2.7)% |
| Noncurrent Liabilities | 1,019 | 730 | 289 | 39.6 |
| Total Liabilities | <u>1,349</u> | <u>1,069</u> | <u>280</u> | <u>26.2</u> |
| Deferred Inflows of Resources | <u>-</u> | <u>16</u> | <u>(16)</u> | <u>(100.0)</u> |
| Net Position | | | | |
| Investment in Capital Assets | 125 | 65 | 60 | 92.3 |
| Unrestricted | 21,285 | 21,161 | 124 | 0.6 |
| 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>\$ 22,759</u> | <u>\$ 22,311</u> | <u>\$ 448</u> | <u>2.0 %</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) increased from \$21.2 million to \$21.3 million, or an increase of 0.6% 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, 2021 AND 2020**

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 |
| Assigned for Unanticipated Projects | 250 | 100 |
| Assigned for Administration | 1,005 | 1,494 |
| Unreserved, Unassigned | 5,667 | 4,736 |
| Total Unrestricted Net Position | \$ 21,285 | \$ 21,161 |

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

Total assets of MHB are \$22.8 million. This includes cash and cash equivalents of \$5.3 million and investments of \$13.7 million. Total liabilities are \$1.3 million, including 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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020**

The following tables reflect the condensed statements of net position as of June 30, 2020 and 2019:

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

| | 2020 | 2019 | Amount Change | Percent Change |
|---|------------------|------------------|------------------|-------------------|
| Current Assets | \$ 10,544 | \$ 12,050 | \$ (1,506) | (12.5)% |
| Noncurrent Assets | 11,522 | 9,995 | 1,527 | 15.3 |
| Total Assets | <u>22,066</u> | <u>22,045</u> | <u>21</u> | <u>0.1</u> |
| Deferred Outflows of Resources | <u>245</u> | <u>87</u> | <u>158</u> | <u>181.6</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 22,311</u> | <u>\$ 22,132</u> | <u>\$ 179</u> | <u>0.8 %</u> |
| Current Liabilities | \$ 339 | \$ 332 | \$ 7 | 2.1 % |
| Noncurrent Liabilities | 730 | 487 | 243 | 49.9 |
| Total Liabilities | <u>1,069</u> | <u>819</u> | <u>250</u> | <u>30.5</u> |
| Deferred Inflows of Resources | <u>16</u> | <u>31</u> | <u>(15)</u> | <u>(48.4)</u> |
| Net Position | | | | |
| Investment in Capital Assets | 65 | 13 | 52 | 400.0 |
| Unrestricted | <u>21,161</u> | <u>21,269</u> | <u>(108)</u> | <u>(0.5)</u> |
| Total Net Position | <u>21,226</u> | <u>21,282</u> | <u>(56)</u> | <u>(0.3)</u> |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | <u>\$ 22,311</u> | <u>\$ 22,132</u> | <u>\$ 179</u> | <u>0.8 %</u> |

MHB's net position decreased \$0.06 million as a result of this year's operations, resulting in ending net position of \$21.2 million, or a decrease of 0.3%. Unrestricted net position (the part of net position that can be used to finance project services and administrative operations without legal restrictions or obligations) decreased from \$21.3 million to \$21.2 million, or a decrease of 0.5% 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, 2021 AND 2020**

The components of unrestricted net position at June 30, 2020 and 2019 are as follows:

| | 2020 | 2019 |
|---|-----------------------|-----------|
| | <i>(In Thousands)</i> | |
| Assigned for Grants, Partnerships, and Initiatives | \$ 11,821 | \$ 11,345 |
| Nonspendable Forgivable Loans for Mental Health Supported Housing | 1,520 | 1,216 |
| Assigned for: | | |
| Mental Health Supported Housing Loans | 1,490 | 1,076 |
| Unanticipated Projects | 100 | 100 |
| Administration | 1,494 | 1,648 |
| Unreserved, Unassigned | 4,736 | 5,884 |
| Total Unrestricted Net Position | \$ 21,161 | \$ 21,269 |

A review of the June 30, 2020 statement of net position reveals the following:

Total assets of MHB are \$22.3 million. This includes cash and cash equivalents of \$6.1 million and investments of \$14.0 million. Total liabilities are \$1.1 million. This includes net pension liability of \$0.73 million. The most significant current liability is accounts and grants payable which totals \$0.21 million.

Total net position of MHB is \$21.2 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, 2021 AND 2020**

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, 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 |
| Excess (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 are 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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020**

The following table reflects the revenues and expenses of MHB’s activities for the years ended June 30, 2020 and 2019:

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

| | 2020 | 2019 | Amount Change | Percent Change |
|--|------------------|------------------|------------------|-------------------|
| Operating Revenues | \$ 14,281 | \$ 13,876 | \$ 405 | 2.9% |
| Operating Expenses | 14,337 | 13,396 | 941 | 7.0 |
| Deficit of Operating Revenues Over Expenses | (56) | 480 | (536) | 111.7 |
| Beginning Net Position | 21,282 | 20,802 | 480 | 2.3 |
| Ending Net Position | <u>\$ 21,226</u> | <u>\$ 21,282</u> | <u>\$ (56)</u> | <u>(0.3)%</u> |

A review of the June 30, 2020 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$12.6 million. Property tax revenues represent \$11.8 million of this total. Another major source of revenues is operating grants which consist of federal grants totaling \$0.84 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 2022 budget. Factors include the approved property tax rates and the economy. Property tax rates for the upcoming budget year are \$0.0872 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 decrease by 1.1% in 2022 primarily as a result of CARES funds not being budgeted for 2022.

Total expenses are expected to decrease by 11.7% due to one-time CARES funding in FY21 and no grants currently projected in FY22 for the start-up of the Early Childhood Fund.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEARS ENDED JUNE 30, 2021 AND 2020**

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, 2021 AND 2020**

| | 2021 | 2020 |
|---|-------------------|-------------------|
| ASSETS AND DEFERRED OUTFLOWS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 5,338,948 | \$ 6,102,177 |
| Investments | 7,635,519 | 3,889,323 |
| Receivables: | | |
| Accounts Receivable | 24,215 | 1,215 |
| Grants Receivable and Other Receivables | 266,376 | 151,169 |
| Taxes Receivable | 227,777 | 120,878 |
| Mental Health Supported Housing Loans Receivable | 433,189 | 229,771 |
| Prepaid Expenses and Other Current Assets | 150,340 | 49,381 |
| Total Current Assets | 14,076,364 | 10,543,914 |
| NONCURRENT ASSETS | | |
| Investments | 6,063,164 | 10,111,863 |
| Mental Health Supported Housing Loans Receivable | 2,049,414 | 1,290,103 |
| Other Assets | 25,716 | 55,234 |
| Capital Assets, Net | 124,810 | 64,661 |
| Total Noncurrent Assets | 8,263,104 | 11,521,861 |
| Total Assets | 22,339,468 | 22,065,775 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension Related | 419,065 | 245,185 |
| Total Assets and Deferred Outflows of Resources | \$ 22,758,533 | \$ 22,310,960 |

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|---------------|---------------|
| LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Accounts and Grants Payable | \$ 178,089 | \$ 211,603 |
| Accrued Liabilities | 151,913 | 122,347 |
| Refundable Advance and Other Liabilities | - | 5,000 |
| Total Current Liabilities | 330,002 | 338,950 |
| NONCURRENT LIABILITIES | | |
| Net Pension Liability | 1,018,363 | 730,687 |
| Total Liabilities | 1,348,365 | 1,069,637 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension Related | - | 15,546 |
| NET POSITION | | |
| Investment in Capital Assets | 124,810 | 64,661 |
| Unrestricted | 21,285,358 | 21,161,116 |
| Total Net Position | 21,410,168 | 21,225,777 |
| Total Liabilities, Deferred Inflows of Resources, and Net Position | \$ 22,758,533 | \$ 22,310,960 |

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, 2021 AND 2020**

| | 2021 | 2020 |
|---|---------------|---------------|
| OPERATING REVENUES | | |
| Property Taxes: | | |
| Mental Health Fund | \$ 3,928,120 | \$ 3,776,756 |
| Community Children's Services Fund | 8,301,928 | 7,978,857 |
| Manufacturing, Institutional, and Other Taxes: | | |
| Mental Health Fund | 275,741 | 286,081 |
| Community Children's Services Fund | 582,702 | 604,304 |
| Operating Grants - Federal | 3,424,891 | 885,326 |
| Operating Grants - Nonfederal | 113,223 | 136,210 |
| Investment Return, Net of Fees | 41,720 | 571,992 |
| Miscellaneous Income | 151,216 | 41,702 |
| Total Operating Revenues | 16,819,541 | 14,281,228 |
| OPERATING EXPENSES | | |
| Grants, Partnerships, and Initiatives | 14,414,100 | 12,144,497 |
| Forgiveness of Mental Health Supported Housing Loans | 148,271 | 272,507 |
| Direct Project Expenses | 1,213,498 | 1,150,999 |
| Administration | 859,281 | 769,550 |
| Total Operating Expenses | 16,635,150 | 14,337,553 |
| EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES | 184,391 | (56,325) |
| Net Position - Beginning of Year | 21,225,777 | 21,282,102 |
| NET POSITION - END OF YEAR | \$ 21,410,168 | \$ 21,225,777 |

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

| | 2021 | 2020 |
|---|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash Received from Property and Other Taxes | \$ 12,981,592 | \$ 12,598,476 |
| Interest and Dividends Received | 301,433 | 343,513 |
| Proceeds from Other Support | 3,551,123 | 1,158,414 |
| Cash Paid for Projects | (15,772,907) | (13,009,436) |
| Cash Paid for Salaries and Employee Benefits | (1,246,011) | (1,127,297) |
| Cash Paid for Other Operating Activities | (534,603) | (404,151) |
| Net Cash Used by Operating Activities | (719,373) | (440,481) |
| CASH FLOWS FROM CAPITAL ACTIVITIES | | |
| Purchases of Capital Assets | (80,977) | (61,271) |
| Proceeds from Sale of Capital Assets | 200 | - |
| Net Cash Used by Capital Activities | (80,777) | (61,271) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of Investments | (4,246,079) | (9,503,407) |
| Sales of Investments | 4,283,000 | 10,410,000 |
| Net Cash Provided by Investing Activities | 36,921 | 906,593 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (763,229) | 404,841 |
| Cash and Cash Equivalents - Beginning of Year | 6,102,177 | 5,697,336 |
| CASH AND CASH EQUIVALENTS - END OF YEAR | \$ 5,338,948 | \$ 6,102,177 |
| RECONCILIATION OF EXCESS (DEFICIT) OF OPERATING REVENUES OVER EXPENSES TO NET CASH USED BY OPERATING ACTIVITIES: | | |
| Excess (Deficit) of Operating Revenues Over Expenses | \$ 184,391 | \$ (56,325) |
| Adjustments to Reconcile Excess (Deficit) of Operating Revenues Over Expenses to Net Cash Used by Operating Activities: | | |
| Depreciation and Amortization | 19,361 | 10,011 |
| Forgiveness of Mental Health Supported Housing Loans | 148,271 | 272,507 |
| Unrealized (Gain)/Loss | 265,582 | (225,244) |
| Loss on sale of Capital Assets | 1,267 | - |
| Change in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | (23,000) | 37,356 |
| (Increase) Decrease in Grants Receivable | (115,207) | 57,821 |
| Increase in Taxes Receivable | (106,899) | (47,522) |
| Increase in Mental Health Supported Housing Loans Receivable | (1,111,000) | (576,001) |
| (Increase) Decrease in Prepaid Expenses and Other Assets | (71,441) | 9,344 |
| Increase in Deferred Outflows | (173,880) | (157,955) |
| Increase (Decrease) in Accounts and Grants Payable and Accrued Liabilities | (3,948) | 7,096 |
| Decrease in Refundable Advances | (5,000) | - |
| Decrease in Deferred Inflows | (15,546) | (15,587) |
| Increase in Net Pension Liability | 287,676 | 244,018 |
| Net Cash Used by Operating Activities | \$ (719,373) | \$ (440,481) |

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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, 2021 AND 2020

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, 2021 to June 30, 2022. 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 \$227,777 and \$120,878 in 2021 and 2020, 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, 2021 AND 2020**

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, 2021 AND 2020**

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, Partnerships, and Initiatives – Funds authorized and budgeted for specific grants, project expenditures, and collaborative programs in the fiscal year 2022.

Assigned for Unanticipated Projects – Funds budgeted by MHB for grants, project expenditures, and collaborative programs in the fiscal year 2022 which have not yet been assigned for specific agencies/projects.

Assigned for Administration – Funds budgeted for administration of projects in fiscal year 2022.

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.

Reclassifications

Certain reclassifications have been made to the 2020 financial statement presentation to correspond to the current year's format. Net position and deficit of operating revenues over expenses are unchanged due to these reclassifications.

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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, 2021 and 2020:

| | 2021 | | | |
|---------------------------------|-------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Agency Securities | \$ - | \$ 3,727,996 | \$ - | \$ 3,727,996 |
| Certificates of Deposit | - | 9,970,687 | - | 9,970,687 |
| Total Investments at Fair Value | <u>\$ -</u> | <u>\$ 13,698,683</u> | <u>\$ -</u> | <u>\$ 13,698,683</u> |
| | | | | |
| | 2020 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Agency Securities | \$ - | \$ 672,175 | \$ - | \$ 672,175 |
| Certificates of Deposit | - | 13,329,011 | - | 13,329,011 |
| Total Investments at Fair Value | <u>\$ -</u> | <u>\$ 14,001,186</u> | <u>\$ -</u> | <u>\$ 14,001,186</u> |

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents and investments at June 30, 2021 and 2020 consisted of the following:

Included in the accompanying statements of net position as:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Cash and Cash Equivalents | \$ 5,338,948 | \$ 6,102,177 |
| Investments - Current | 7,635,519 | 3,889,323 |
| Investments - Noncurrent | 6,063,164 | 10,111,863 |
| Total Cash and Cash Equivalents and Investments | <u>\$ 19,037,631</u> | <u>\$ 20,103,363</u> |

Maturities of debt securities at June 30 are as follows:

| | 2021 | | 2020 | |
|------------------------------|----------------------|----------------------|----------------------|----------------------|
| | Cost | Fair Value | Cost | Fair Value |
| One Year or Less | \$ 7,630,771 | \$ 7,635,519 | \$ 3,862,633 | \$ 3,889,323 |
| After One Through Five Years | 6,036,743 | 6,063,164 | 9,859,414 | 10,111,863 |
| Total | <u>\$ 13,667,514</u> | <u>\$ 13,698,683</u> | <u>\$ 13,722,047</u> | <u>\$ 14,001,186</u> |

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

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

| | AAA | AA | A | BBB | Unrated |
|-------------------------|-------------|---------------------|-------------|-------------|---------------------|
| 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> |

Credit ratings of debt securities at June 30, 2020 are as follows:

| | AAA | AA | A | BBB | Unrated |
|-------------------------|-------------|-------------------|-------------|-------------|----------------------|
| Agency Securities | \$ - | \$ 672,175 | \$ - | \$ - | \$ - |
| Certificates of Deposit | - | - | - | - | 13,329,011 |
| Total Debt Securities | <u>\$ -</u> | <u>\$ 672,175</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,329,011</u> |

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

| | 2021 | 2020 |
|---|------------------|-------------------|
| Interest and Dividend Income, Net of Fees | \$ 307,302 | \$ 346,748 |
| Unrealized Gain(Loss) | (265,582) | 225,244 |
| Total Investment Return, Net of Fees | <u>\$ 41,720</u> | <u>\$ 571,992</u> |

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, eleven 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 2021 and 2020, loans made to the Agencies amounted to \$1,250,000 and \$586,000, 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, 2021 and 2020 totaled \$2,482,603 and \$1,519,874, 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 2031.

During 2021 and 2020, \$148,271 and \$272,507 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, 2021 AND 2020**

NOTE 5 CAPITAL ASSETS

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 | (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> |

Capital asset activity for the year ended June 30, 2020 is as follows:

| | Beginning Balances | Increases | Decreases | Ending Balances |
|--------------------------------|-----------------------|------------------|-------------|--------------------|
| Furniture and Equipment | \$ 21,640 | \$ 6,221 | - | \$ 27,861 |
| Leasehold Improvement | - | 9,055 | - | 9,055 |
| Software | 43,000 | 45,995 | - | 88,995 |
| Less: Accumulated Depreciation | (51,239) | (10,011) | - | (61,250) |
| Total Capital Assets, Net. | <u>\$ 13,401</u> | <u>\$ 51,260</u> | <u>\$ -</u> | <u>\$ 64,661</u> |

NOTE 6 COMMITMENTS AND CONTINGENCIES

MHB is committed under a lease agreement for its office facilities through September 2024. Lease expense totaled \$76,172 and \$77,805 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments as of June 30, 2021, are as follows:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2022 | \$ 71,699 |
| 2023 | 67,972 |
| 2024 | 11,807 |
| 2025 | 144 |
| Total | <u>\$ 151,622</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 \$11,380,000 to fund programs and service contracts with various organizations for fiscal 2022. The Board of Trustees of MHB approved the commitments during fiscal 2021 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, 2021 AND 2020**

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 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, 2021 and 2020 were 13.11% and 12.18% 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, 2021 and 2020 were \$122,574 and \$104,512, respectively.

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

At June 30, 2021 and 2020, MHB reported a liability of \$1,018,363 and \$730,687, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020 and 2019, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of October 1, 2019 and 2018, 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, 2020 and 2019, MHB's proportion was 0.35879% and 0.3357%, respectively.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 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, 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:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference Between Expected and Actual Experience | \$ 15,932 | \$ - |
| Changes of Assumptions | 108,489 | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 147,727 | - |
| Changes in Proportion | 57,184 | - |
| MHB Contributions Subsequent to the Measurement Date | 89,733 | - |
| Total | <u>\$ 419,065</u> | <u>\$ -</u> |

For the year ended June 30, 2020, MHB recognized pension expense of \$174,990. At June 30, 2020, MHB reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Difference Between Expected and Actual Experience | \$ - | \$ 15,546 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 112,062 | - |
| Changes in Proportion | 56,240 | - |
| MHB Contributions Subsequent to the Measurement Date | 76,883 | - |
| Total | <u>\$ 245,185</u> | <u>\$ 15,546</u> |

The 2021 amount of \$89,733 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2020 measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The \$76,883 of deferred outflows of resources resulting from MHB's contributions subsequent to the September 30, 2019 measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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> |
|-----------------------------|-------------------|
| 2022 | \$ 139,095 |
| 2023 | 131,859 |
| 2024 | 47,561 |
| 2025 | 10,818 |
| Total | <u>\$ 329,333</u> |

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------|--|
| Valuation Date | October 1, 2019 for the year ended September 30, 2020, and October 1, 2018 for the year ended September 30, 2019 |
| 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 |
| 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 | 7.50% |
| Inflation | 2.50% |
| Salary Increases | 3.00% plus merit component based on years of service |
| Mortality | RP-2000 Healthy Mortality |

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 | 100.00 % | |

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 7 PENSION PLAN (CONTINUED)

Discount Rate and Other Key Assumptions for Total Pension Liability

The discount rate used to measure the total pension liability was 7.25% and 7.50%, as of September 30, 2020 and 2019, respectively. 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 2.21%.

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, 2020 and 2019 calculated using an assumed long-term expected rate of return of 7.25% 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, 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 |
| | September 30, 2019 | | |
| | One Percent Decrease 6.50% | Discount Rate 7.50% | One Percent Increase 8.50% |
| MHB's Proportionate Share of Net Pension Liability | \$ 1,062,300 | \$ 730,687 | \$ 446,564 |

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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 FUNDING (CONTINUED)

The actual set rates sometimes differ from the maximum allowed due to deductions, exemptions, and other valuation adjustments. As such, tax levy rates of \$0.0870 and \$0.1838, respectively, for MHF and CCSF were established for fiscal year 2020. For fiscal year 2021 the rates were \$0.0872 for MHF and \$0.1843 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.

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

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|----------------------|----------------------|
| Real Estate Tax | \$ 9,827,730 | \$ 9,472,809 |
| Personal Property Tax | 2,402,318 | 2,282,804 |
| Total Property Tax | <u>12,230,048</u> | <u>11,755,613</u> |
| Manufacturing and Other Taxes | 858,443 | 890,385 |
| Total | <u>\$ 13,088,491</u> | <u>\$ 12,645,998</u> |

NOTE 9 UNRESTRICTED NET POSITION

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

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|------------------|
| | <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 |
| Assigned for Unanticipated Projects | 250 | 100 |
| Assigned for Administration | 1,005 | 1,494 |
| Unreserved, Unassigned | 5,667 | 4,736 |
| Total Unrestricted Net Position | <u>\$ 21,285</u> | <u>\$ 21,161</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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 10 TAX ABATEMENTS (CONTINUED)

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.

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, 2021 AND 2020**

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, 2021 AND 2020**

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 \$.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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

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 \$.0870 per \$100 and CCSF's tax rate of \$.1838 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2020.

| | June 30, 2020 | |
|--|--|--------------------------------|
| | Gross Dollar of Reduced Tax Revenues | MHB Reduced Tax Revenues |
| Chapter 353 - Residential | \$ 3,901,500 | \$ 129,448 |
| Chapter 353 - Residential PILOT | 2,097,633 | 69,597 |
| Chapter 353 - Commercial | 6,419,071 | 177,343 |
| Chapter 353 - Commercial PILOT | 2,112,532 | 58,364 |
| Chapter 99 - Residential | 5,661,481 | 187,842 |
| Chapter 99 - Residential PILOT | 68,331 | 2,267 |
| Chapter 99 - Commercial | 5,932,045 | 163,888 |
| Chapter 99 - Commercial PILOT | 66,544 | 1,838 |
| Chapter 100 - Planned Industrial Expansion Authority | 67,436 | 1,863 |
| Enhanced Enterprise Zone Tax Incentives | 1,610,299 | 44,489 |
| Industrial Revenue Bond Transactions - Earnings Tax Incentive Credits | 2,361,752 | - |
| Industrial Revenue Bond Transactions - Real Property | 596,092 | 19,778 |
| Industrial Revenue Bond Transactions - Personal Property | 2,062,085 | 81,191 |
| Tax Increment Financing | 12,511,951 | - |
| Tax Increment Financing PILOT | 24,867,323 | 842,001 |
| | <u>\$ 70,336,075</u> | <u>\$ 1,779,909</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, 2021 AND 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

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

| | 2020 | 2019 | 2018 | September 30, 2017 | 2016 | 2015 | 2014 |
|--|--------------|------------|------------|-----------------------|------------|------------|------------|
| MHB's Proportion Percentage of the Net Pension Liability | 0.3588 % | 0.3357 % | 0.2877 % | 0.2894 % | 0.2810 % | 0.2649 % | 0.0240 % |
| MHB's Proportionate Share of the Net Pension Liability | \$ 1,018,363 | \$ 730,687 | \$ 486,669 | \$ 502,750 | \$ 587,960 | \$ 601,622 | \$ 370,851 |
| MHB's Covered Payroll | \$ 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 | 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 | 73.8 % | 78.6 % | 83.0 % | 82.5 % | 78.5 % | 76.2 % | 83.5 % |

Schedule of the Trustees' Contributions

| | 2021 | 2020 | 2019 | June 30, 2018 | 2017 | 2016 | 2015 |
|---|------------|------------|------------|------------------|------------|------------|------------|
| Required Contribution | \$ 122,574 | \$ 104,512 | \$ 96,192 | \$ 83,348 | \$ 85,938 | \$ 88,585 | \$ 93,124 |
| Contribution in Relation to the Required Contribution | \$ 122,574 | \$ 104,512 | \$ 96,192 | \$ 83,348 | \$ 85,938 | \$ 88,585 | \$ 93,124 |
| MHB's Covered Payroll | \$ 934,966 | \$ 854,453 | \$ 783,965 | \$ 687,121 | \$ 691,371 | \$ 639,143 | \$ 634,450 |
| Contributions as a Percentage of Covered Payroll | 13.11 % | 12.23 % | 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, 2020 and 2019. However, assumption changes since the last measurement date increased the Total Pension Liability approximately \$162,734. Approximately \$55,245 of that increase was recognized as an increase in the collective pension expense in the current year and an identical amount will be recognized in each of the next two years, resulting in a collective deferred outflow of resources as of September 30, 2020 of \$108,489.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF GRANTS, PARTNERSHIPS, AND
INITIATIVES TO ORGANIZATIONS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

| <u>Organization</u> | <u>Amount</u> |
|---|---------------|
| 22nd Judicial Court of Missouri, Family Court-Juvenile Division | \$ 364,994 |
| ALC Bevo, LLC | 49,500 |
| Alive & Well Communities | 50,000 |
| Area Resources for Community and Human Services | 700,000 |
| Auntie Margaret's Daycare Inc. | 47,839 |
| Auntie's House Daycare | 14,217 |
| Baden Christian Child Care Center, Inc. | 49,500 |
| Beginning Futures LLC | 49,500 |
| Behavioral Health Response, Inc. | 543,696 |
| Behaviorial Health Network | 327,500 |
| Better Family Life, Inc. | 128,261 |
| Big Brothers Big Sisters of Eastern Missouri, Inc. | 260,100 |
| Bilingual International Assistant Services | 525,275 |
| Boys & Girls Clubs of Greater St. Louis formerly St. Louis Internship Program | 166,152 |
| Brighter Futures Day Care | 49,500 |
| Burning for Learning In Home Childcare | 20,700 |
| CASA of St. Louis | 309,709 |
| Center for Behavioral Health - UMSL | 246,665 |
| CHADS Coalition for Mental Health | 61,439 |
| Children Are Unique Academy LLC | 35,861 |
| Children's Advocacy Services of Greater St. Louis - UMSL | 720,429 |
| Christian Faith House Childcare | 49,083 |
| Circle of Light Associates | 49,500 |
| City of St. Louis - Director of Children, Youth, and Families | 65,000 |
| City of St. Louis Department of Human Services | 268,651 |
| Constantly Growing Home Daycare | 22,200 |
| Cornerstone Center for Early Learning, Inc. | 49,500 |
| Covenant House Missouri | 396,269 |
| Criminal Justice Ministry | 116,025 |
| D.U.M.A.S. Bi-Lingual Child Development Center | 49,500 |
| Deaconess Foundation | 10,000 |
| Delightful Days | 28,288 |
| Denise C. Gilford | 32,195 |
| Diave' Daye Care Center LLC | 49,500 |
| Discovery Children's Center Inc. | 48,031 |
| Downtown Children's Center | 49,500 |
| Elevated Learning Academy LLC | 49,500 |
| Employment Connection | 229,447 |
| Epworth Children & Family Services, Inc. | 220,114 |
| Family Care Health Centers | 530,628 |
| FamilyForward | 283,469 |
| Fathers' and Families Support Center | 95,023 |
| First Impressions Pre-School and Learning Center | 48,068 |
| Flnce Early Learning Center | 49,500 |
| Foster and Adoptive Care Coalition | 269,292 |
| Gateway Region Young Men's Christian Association | 49,500 |
| Gene Slay's Girls & Boys Club of St. Louis | 104,015 |
| Generate Health STL | 250,000 |
| Geraldine Riley | 9,787 |
| Gifted Minds Academy, LLC | 21,862 |

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF GRANTS, PARTNERSHIPS, AND
INITIATIVES TO ORGANIZATIONS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)**

| <u>Organization</u> | <u>Amount</u> |
|---|---------------|
| Girl Scouts of Eastern Missouri, Inc. | \$ 31,485 |
| Good Shepherd Infant and Toddler Center | 49,500 |
| Great Circle | 54,131 |
| Guidepost ALLC | 31,841 |
| Healing Action Network | 243,031 |
| Honey Bear Home Daycare | 13,980 |
| International Institute of St. Louis | 29,493 |
| JUZ Kidz Nursery | 48,905 |
| Kare A Lot Child Development Center LLC | 49,500 |
| Kiddie Kaboose Daycare, LLC | 21,032 |
| Kids In Mind Academy | 22,489 |
| Kolors Learning Center # 1 LLC | 44,830 |
| La' Place Enrichment Center | 17,800 |
| Lamb's Bride Child Care Center | 49,482 |
| Legal Services of Eastern Missouri, Inc. | 504,494 |
| LifeWise STL | 204,717 |
| Little Precious Angels Child Care 2 LLC | 49,500 |
| Little Rascal Learning Academy 7 Days a Week LLC | 42,100 |
| Lutheran Family and Children's Services of Missouri | 201,326 |
| Magical Minds Childcare LLC | 11,654 |
| Mess Pats Daycare | 49,500 |
| Missouri Department of Mental Health | 112,500 |
| Neighborhood Leadership Fellows | 3,929 |
| New Day Child Care Center Inc. | 49,500 |
| Nurses for Newborns | 280,649 |
| Our Little Haven | 330,408 |
| Our Time To Grow Learning Center | 49,500 |
| Peace of Mind Child Development Center, LLC | 49,500 |
| Places for People, Inc. | 556,693 |
| Precious Steps Childcare Facility LLC | 18,322 |
| Preferred Family Healthcare, Inc. | 125,028 |
| PreventEd | 90,874 |
| Queen of Peace Center | 202,612 |
| Renate's Childcare Academy | 24,716 |
| Round-About Childcare | 38,170 |
| S.T.A.R For Early Childhood Educators, Inc. | 12,250 |
| Sacred Hearts Daycare | 49,500 |
| Safe Connections | 372,724 |
| Saint Louis Crisis Nursery | 193,757 |
| Saint Louis University | 189,224 |
| Set to Learn Childcare Home | 49,500 |
| Sherwood Forest Camp, Inc. | 135,217 |
| SouthSide Early Childhood Center | 49,500 |
| St. Francis Community Services | 78,662 |
| St. Louis ArtWorks | 6,854 |
| St. Louis Integrated Health Network | 6,800 |
| St. Louis Public Schools Foundation | 25,000 |
| St. Lucas Early Childhood Center | 34,104 |
| Step By Step Preschool | 49,416 |
| The Christian Academy Too LLC | 49,500 |

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
 SCHEDULE OF GRANTS, PARTNERSHIPS, AND
 INITIATIVES TO ORGANIZATIONS
 YEAR ENDED JUNE 30, 2021
 (SEE INDEPENDENT AUDITORS' REPORT)**

| <u>Organization</u> | <u>Amount</u> |
|--|----------------------|
| The Washington University - The SPOT | \$ 228,068 |
| United 4 Children | 264,935 |
| Unleashing Potential | 118,259 |
| Vision for Children at Risk | 403,889 |
| VOYCE | 50,000 |
| Youth in Need | 84,203 |
| Youth Mini-Grants (Regional Funders Collaborative) | 45,263 |
| Total | <u>\$ 14,414,100</u> |

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

SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2021

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
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YEAR ENDED JUNE 30, 2021**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of City of St. Louis Mental Health Board of Trustees (MHB), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise MHB's basic financial statements, and have issued our report thereon date November 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MHB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MHB's internal control. Accordingly, we do not express an opinion on the effectiveness of MHB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

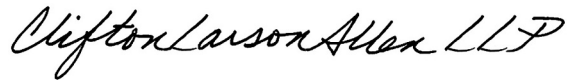
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MHB’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

St. Louis, Missouri
November 18, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER
COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited City of St. Louis Mental Health Board of Trustees (MHB) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MHB's major federal programs for the year ended June 30, 2021. MHB's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of MHB's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MHB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MHB's compliance.

Opinion on Each Major Federal Program

In our opinion, MHB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of MHB is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MHB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MHB's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, material weaknesses may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of MHB as of and for the year ended June 30, 2021, and the related notes to the financial statements. We have issued our report thereon dated November 18, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the 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 financial statements.

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

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 18, 2021

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes x no

Identification of Major Federal Programs

CFDA Number(s)

21.019

Name of Federal Program or Cluster

Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000 / \$187,500

Auditee qualified as low-risk auditee?

 x yes _____ no

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with Government Auditing Standards.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

| Federal Grantor/Pass-Through Grantor/ Program or Cluster Title | Federal CFDA Number | Grant or Award Number | Passed Through To Subrecipients | Federal Expenditures |
|--|---------------------------|--------------------------|---------------------------------------|-------------------------|
| MAJOR PROGRAM: | | | | |
| Department of Treasury | | | | |
| Coronavirus Relief Fund | 21.019 | N/A | \$ - | \$ 2,180,023 |
| OTHER FEDERAL ASSISTANCE: | | | | |
| Department of Health and Human Services | | | | |
| Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances | 93.104 | 5H79SM082197 | 715,329 | 891,280 |
| Substance Abuse and Mental Health Service Projects | 93.243 | N/A | | 51,606 |
| Total Department of Health and Human Services | | | <u>\$ 715,329</u> | <u>\$ 942,886</u> |
| Department of Housing and Urban Development | | | | |
| Continuum of Care Homeless Services | 14.267 | N/A | - | 75,506 |
| Total Expenditures of Federal Awards | | | <u>\$ 715,329</u> | <u>\$ 3,198,415</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of St. Louis Mental Health Board of Trustees under programs of the federal government for the fiscal year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the entity, it is not intended to and does not present the financial position, changes in net position, or cash flows of the entity.

The Schedule designates federal awards as direct and pass through. Direct awards represent federal funding awarded directly to the entity by a federal agency, pass-through awards are federal awards passed through a nonfederal entity. Pass-through identifying information is presented when available and when applicable.

NOTE 2 BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal awards included in the accompanying schedule of expenditures of federal awards are reported as operating grants in MHB's basic financial statements.

NOTE 4 INDIRECT COST

MHB has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance for all programs except the Coronavirus Relief Funds.