

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2018 AND 2017**

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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the City of St. Louis Mental Health Board of Trustees (St. Louis Mental Health Board), which comprise the statements of net position as of June 30, 2018 and 2017 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 audit. We conducted our audit 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, 2018 and 2017 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.

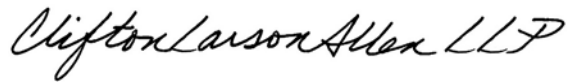
*Other Information*

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 15, 2018, on our consideration of the St. Louis Mental Health Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the St. Louis Mental Health Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering St. Louis Mental Health Board's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
November 15, 2018

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

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, 2018 and 2017. Please read it in conjunction with the financial statements that follow this section.

**FINANCIAL HIGHLIGHTS**

- MHB's net position as of June 30, 2018, decreased by \$0.29 million due to planned reductions in reserves for Community Services.
- MHB's 2018 tax revenues were less than budgeted by \$0.27 million or 2.2%, due to less than expected collections.
- MHB's 2018 expenses were less than budgeted by \$0.916 million or 6.3% primarily due to reductions in disbursements for contracts and federal subawards of certain agencies related to their actual expenses being less than originally budgeted.

**THE FINANCIAL REPORT**

MHB's financial statements consist of the following parts:

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

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

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

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

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

**STATEMENTS OF NET POSITION**

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

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

	2018	2017	Amount Change	Percent Change
Current Assets	\$ 9,426	\$ 10,310	\$ (884)	(8.6)%
Noncurrent Assets	12,522	11,466	1,055	9.2
Total Assets	<u>21,947</u>	<u>21,776</u>	<u>171</u>	<u>0.8</u>
Deferred Outflows of Resources	<u>84</u>	<u>221</u>	<u>(137)</u>	<u>(61.8)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 22,032</u>	<u>\$ 21,997</u>	<u>\$ 35</u>	<u>0.2 %</u>
Current Liabilities	\$ 715	\$ 305	\$ 410	134.3 %
Noncurrent Liabilities	503	588	(85)	(14.5)
Total Liabilities	<u>1,218</u>	<u>893</u>	<u>325</u>	<u>36.4</u>
Deferred Inflows of Resources	<u>12</u>	<u>17</u>	<u>(5)</u>	<u>(28.4)</u>
Net Position				
Investment in Capital Assets	23	35	(12)	(34.3)
Unrestricted	20,779	21,052	(273)	(1.3)
Total Net Position	<u>20,802</u>	<u>21,087</u>	<u>(285)</u>	<u>(1.4)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 22,032</u>	<u>\$ 21,997</u>	<u>\$ 35</u>	<u>0.2 %</u>

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

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

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

A review of the 2018 statement of net position reveals the following:

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

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



**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

The following tables reflect the condensed statements of net position as of June 30, 2017 and 2016:

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

	2017	2016	Amount Change	Percent Change
Current Assets	\$ 10,310	\$ 13,289	\$ (2,979)	(22.4)%
Noncurrent Assets	11,466	9,182	2,284	24.9
Total Assets	<u>21,776</u>	<u>22,471</u>	<u>(695)</u>	<u>(3.1)</u>
Deferred Outflows of Resources	<u>221</u>	<u>300</u>	<u>(79)</u>	<u>(26.3)</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 21,997</u>	<u>\$ 22,771</u>	<u>\$ (774)</u>	<u>(3.4)%</u>
Current Liabilities	\$ 305	\$ 482	\$ (177)	(36.8)%
Noncurrent Liabilities	588	601	(13)	(2.1)
Total Liabilities	<u>893</u>	<u>1,083</u>	<u>(190)</u>	<u>(17.5)</u>
Deferred Inflows of Resources	<u>17</u>	<u>19</u>	<u>(2)</u>	<u>(10.5)</u>
Net Position				
Investment in Capital Assets	35	35	-	-
Unrestricted	<u>21,052</u>	<u>21,634</u>	<u>(582)</u>	<u>(2.7)</u>
Total Net Position	<u>21,087</u>	<u>21,669</u>	<u>(582)</u>	<u>(2.7)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 21,997</u>	<u>\$ 22,771</u>	<u>\$ (774)</u>	<u>(3.4)%</u>

MHB's net position decreased \$0.58 million as a result of this year's operations, resulting in ending net position of \$21.1 million, or a decrease of 2.7%. 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 \$21.6 million to \$21.1 million, or a decrease of 2.7% 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, 2018 AND 2017**

The components of unrestricted net position at June 30, 2017 and 2016 are as follows:

	2017	2016
	<i>(In Thousands)</i>	
Appropriated for Grants, Partnerships, and Initiatives	\$ 11,393	\$ 11,042
Investment in Mental Health Supported Housing Loans	1,468	1,127
Designated for:		
Unanticipated Projects	100	100
Administration	1,550	2,077
Contingencies	851	855
Long-Term Reserve	3,770	3,784
Unreserved, Undesignated	1,920	2,649
Total Unrestricted Net Position	\$ 21,052	\$ 21,634

A review of the 2017 statement of net position reveals the following:

Total assets of MHB are \$21.8 million. This includes cash and cash equivalents of \$5.3 million and investments of \$14.6 million. Total liabilities are \$0.9 million. This includes net pension liability of \$0.59 million. The most significant current liability is accounts and grants payable which totals \$0.2 million.

Total net position of MHB is \$21.1 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, 2018 AND 2017**

**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, 2018 and 2017:

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

	2018	2017	Amount Change	Percent Change
Operating Revenues	\$ 13,370	\$ 12,777	\$ 593	4.6%
Operating Expenses	13,655	13,359	296	2.2
Excess (Deficit) of Operating Revenues Over Expenses	(285)	(582)	297	50.9
Beginning Net Position	21,087	21,669	(582)	(2.7)
Ending Net Position	<u>\$ 20,802</u>	<u>\$ 21,087</u>	<u>\$ (285)</u>	<u>(1.4)%</u>

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

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

The following table reflects the revenues and expenses of MHB's activities for the years ended June 30, 2017 and 2016:

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

	<u>2017</u>	<u>2016</u>	<u>Amount Change</u>	<u>Percent Change</u>
Operating Revenues	\$ 12,777	\$ 12,641	\$ 136	1.1%
Operating Expenses	<u>13,359</u>	<u>13,201</u>	<u>158</u>	<u>1.2</u>
Excess (Deficit) of Operating Revenues Over Expenses	(582)	(560)	(22)	(3.9)
Beginning Net Position	<u>21,669</u>	<u>22,229</u>	<u>(560)</u>	<u>(2.5)</u>
Ending Net Position	<u>\$ 21,087</u>	<u>\$ 21,669</u>	<u>\$ (582)</u>	<u>(2.7)%</u>

A review of the 2017 statement of revenues, expenses, and changes in net position indicates the most significant component of revenues is tax revenues of \$11.5 million. Property tax revenues represent \$10.8 million of this total. Another major source of revenues is operating grants which consist of federal grants totaling \$1.2 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 2019 budget. Factors include the approved property tax rates and the economy. Property tax rates for the upcoming budget year are \$.0893 and \$.1886 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 \$0.10 million in 2019 primarily as a result of an anticipated increase in tax revenues.

Total expenses are expected to increase by \$0.56 million primarily due to expenditures related to partnerships and initiatives.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)  
YEARS ENDED JUNE 30, 2018 AND 2017**

**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  
St. Louis, Missouri 63103

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
STATEMENTS OF NET POSITION  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>ASSETS AND DEFERRED OUTFLOWS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 5,220,558	\$ 5,281,609
Investments	3,550,771	4,483,555
Receivables		
Accounts Receivable	28,781	-
Grants Receivable and Other Receivables	159,342	129,607
Taxes Receivable	108,424	105,666
Mental Health Supported Housing Loans Receivable	239,790	208,390
Prepaid Expenses and Other Current Assets	118,054	100,957
Total Current Assets	9,425,720	10,309,784
<b>NONCURRENT ASSETS</b>		
Investments	11,278,934	10,130,049
Mental Health Supported Housing Loans Receivable	1,175,381	1,259,768
Other Assets	44,155	41,025
Capital Assets, Net	23,244	35,379
Total Noncurrent Assets	12,521,714	11,466,221
 Total Assets	 21,947,434	 21,776,005
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related	84,494	221,363
 Total Assets and Deferred Outflows of Resources	 \$ 22,031,928	 \$ 21,997,368

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2018 AND 2017**

	2018	2017
<b>LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts and Grants Payable	\$ 599,304	\$ 198,259
Accrued Liabilities	86,032	71,640
Refundable Advance and Other Liabilities	30,000	35,443
Total Current Liabilities	715,336	305,342
<b>NONCURRENT LIABILITIES</b>		
Net Pension Liability	502,750	587,960
Total Liabilities	1,218,086	893,302
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related	11,910	16,635
 <b>NET POSITION</b>		
Investment in Capital Assets	23,244	35,379
Unrestricted	20,778,688	21,052,052
Total Net Position	20,801,932	21,087,431
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,031,928	\$ 21,997,368

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, 2018 AND 2017**

	2018	2017
<b>OPERATING REVENUES</b>		
Property Taxes		
Mental Health Fund	\$ 3,587,489	\$ 3,464,973
Community Children's Services Fund	7,577,366	7,316,278
Manufacturing, Institutional, and Other Taxes		
Mental Health Fund	247,037	229,643
Community Children's Services Fund	519,879	483,467
Operating Grants - Federal	1,311,049	1,193,116
Investment Return, Net of Fees	87,042	78,384
Miscellaneous Income	39,710	11,444
Total Operating Revenues	13,369,572	12,777,305
<b>OPERATING EXPENSES</b>		
Grants, Partnerships, and Initiatives	11,606,159	11,293,624
Forgiveness of Mental Health Supported Housing Loans	219,987	158,389
Direct Project Expenses	1,155,140	1,185,415
Administration	673,785	721,536
Total Operating Expenses	13,655,071	13,358,964
<b>DEFICIT OF OPERATING REVENUES OVER EXPENSES</b>	(285,499)	(581,659)
Net Position - Beginning of Year	21,087,431	21,669,090
<b>NET POSITION - END OF YEAR</b>	\$ 20,801,932	\$ 21,087,431

See accompanying Notes to Financial Statements.



**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Property and Other Taxes	\$ 764,158	\$ 11,475,301
Interest and Dividends Received	257,980	235,643
Proceeds from Other Support	1,321,024	1,230,429
Cash Paid for Projects	(823,872)	(12,603,153)
Cash Paid for Salaries and Employee Benefits	(936,167)	(922,367)
Cash Paid for Other Operating Activities	(258,642)	(307,351)
Net Cash Provided (Used) by Operating Activities	324,481	(891,498)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of Capital Assets	-	(11,302)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	(5,200,532)	(8,418,508)
Sales of Investments	4,815,000	8,929,374
Net Cash Provided (Used) by Investing Activities	(385,532)	510,866
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(61,051)	(391,934)
Cash and Cash Equivalents - Beginning of Year	5,281,609	5,673,543
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 5,220,558	\$ 5,281,609
<b>RECONCILIATION OF DEFICIT OF OPERATING REVENUES OVER EXPENSES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Deficit of Operating Revenues Over Expenses	\$ (285,499)	\$ (581,659)
Adjustments to Reconcile Deficit of Operating Revenues Over Expenses to Net Cash Used by Operating Activities:		
Depreciation	12,135	11,177
Forgiveness of Mental Health Supported Housing Loans	219,987	158,389
Unrealized Gain/Loss	169,431	163,136
Change in Assets and Liabilities:		
Increase in Accounts Receivable	(28,781)	-
(Increase) Decrease in Grants Receivable	(29,735)	25,869
Increase in Taxes Receivable	(2,758)	(19,060)
Increase in Mental Health Supported Housing Loans Receivable	(167,000)	(500,000)
Increase in Prepaid Expenses and Other Assets	(20,227)	(36,287)
Decrease in Deferred Outflows	136,869	78,966
Increase (Decrease) in Accounts and Grants Payable and Accrued Liabilities	415,437	(211,802)
Increase (Decrease) in Refundable Advances	(5,443)	35,443
Decrease in Deferred Inflows	(4,725)	(2,008)
Decrease in Net Pension Liability	(85,210)	(13,662)
Net Cash Provided (Used) by Operating Activities	\$ 324,481	\$ (891,498)

See accompanying Notes to Financial Statements.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**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  
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**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, 2018 to June 30, 2019. 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 \$108,424 in 2018. For 2017, there was \$105,666 in undistributed taxes including those from both property taxes and license.

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

**Cash and Cash Equivalents**

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

**Investments**

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

**Fair Value Measurements**

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets**

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

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

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

**Components of Net Position**

**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**

**Appropriated for Grants, Partnerships, and Initiatives** – Funds committed for specific grants, project expenditures and collaborative programs in the fiscal year 2019 are designated as appropriations.

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

**Designated for Unanticipated Projects** – Funds designated by MHB for grants, project expenditures, and collaborative programs in the fiscal year 2019 which have not yet been appropriated for specific agencies/projects.

**Designated for Administration** – Funds designated for administration of projects in fiscal year 2019.

**Designated for Contingencies and Long-Term Reserve** – MHB has established a fiscal policy which requires maintaining a reserve for emergency or unanticipated needs (contingencies) and a reserve that may be used for unusual expenses or operational shortfalls (long-term reserve). Under the policy MHB shall maintain aggregate contingency and long-term reserve funds of between 25% and 100% of annual nonfederal expenditures. The contingency and long-term reserves currently total approximately 38% of nonfederal expenditures for both June 30, 2018 and 2017, which is in compliance with MHB's stated policy.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no effect on change in net position.

**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, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Agency Securities	\$ -	\$ 3,765,157	\$ -	\$ 3,765,157
Certificates of Deposit	-	11,064,548	-	11,064,548
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 14,829,705</u>	<u>\$ -</u>	<u>\$ 14,829,705</u>
	2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Agency Securities	\$ -	\$ 2,938,037	\$ -	\$ 2,938,037
Certificates of Deposit	-	11,675,567	-	11,675,567
Total Investments at Fair Value	<u>\$ -</u>	<u>\$ 14,613,604</u>	<u>\$ -</u>	<u>\$ 14,613,604</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
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**NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)**

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

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash and cash equivalents and investments at June 30, 2018 and 2017 consisted of the following:

Included in the accompanying statements of net position as:

	<u>2018</u>	<u>2017</u>
Cash and Cash Equivalents	\$ 5,220,558	\$ 5,281,609
Investments - Current	3,550,771	4,483,555
Investments - Noncurrent	11,278,934	10,130,049
Total Cash and Cash Equivalents and Investments	<u>\$ 20,050,263</u>	<u>\$ 19,895,213</u>

Maturities of debt securities at June 30 are as follows:

	<u>2018</u>		<u>2017</u>	
	Cost	Fair Value	Cost	Fair Value
One Year or Less	\$ 3,590,026	\$ 3,550,771	\$ 4,489,525	\$ 4,483,555
After One Through Five Years	11,466,855	11,278,934	10,202,602	10,130,049
Total	<u>\$ 15,056,881</u>	<u>\$ 14,829,705</u>	<u>\$ 14,692,127</u>	<u>\$ 14,613,604</u>

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**NOTE 3 CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

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

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

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

Credit ratings of debt securities at June 30, 2017 are as follows:

	AAA	AA	A	BBB	Unrated
Agency Securities	\$ -	\$ 2,790,088	\$ -	\$ -	\$ 147,949
Certificates of Deposit	-	-	-	-	11,675,567
Total Debt Securities	<u>\$ -</u>	<u>\$ 2,790,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,823,516</u>

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

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

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

	2018	2017
Interest and Dividend Income, Net of Fees	\$ 256,476	\$ 241,520
Unrealized Gain(Loss)	(169,434)	(163,136)
Total Investment Return, Net of Fees	<u>\$ 87,042</u>	<u>\$ 78,384</u>

Investment fees for the years ended June 30, 2018 and 2017 totaled \$14,967 and \$15,290, respectively.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 MENTAL HEALTH SUPPORTED HOUSING LOANS RECEIVABLE**

MHB maintains a Housing Acquisition Initiative (Housing Project) in order to increase the quality and quantity of housing available for persons with serious mental illness and those completing substance abuse treatment who need subsidized housing. Currently, nine agencies (the Agencies) have received support from the funds allocated by MHB for the Housing Project. As a part of the Housing Project, MHB committed to provide 10-year forgivable loans to the Agencies. In 2018 and 2017, loans made to the Agencies amounted to \$167,000 and \$500,000, 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, 2018 and 2017 totaled \$1,415,171 and \$1,468,158, respectively.

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

During 2018 and 2017, \$219,987 and \$158,389 were forgiven on mental health supported housing loans receivable, respectively.

**NOTE 5 CAPITAL ASSETS**

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

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

Capital asset activity for the year ended June 30, 2017 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and Equipment	\$ 53,747	\$ 11,302	\$ (46,069)	\$ 18,980
Software	43,000	-	-	43,000
Less: Accumulated Depreciation	(61,493)	(11,177)	46,069	(26,601)
Total Capital Assets, Net.	<u>\$ 35,254</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 35,379</u>



**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 6 COMMITMENTS AND CONTINGENCIES**

MHB is committed under a lease agreement for its office facilities through August 2023. Lease expense totaled \$78,040 and \$70,186 for the years ended June 30, 2018 and 2017, respectively.

Future minimum lease payments as of June 30, 2018, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2019	\$ 73,331
2020	72,469
2021	71,870
2022	71,125
2023	67,397
Thereafter	11,233
Total	<u>\$ 367,425</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 \$11,301,000 to fund programs and service contracts with various organizations for fiscal 2019. The Board of Trustees of MHB approved the commitments during fiscal 2018 board meetings. The payments to the organizations are contingent on the services being performed.

**NOTE 7 PENSION PLAN**

**Plan Description**

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

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 7 PENSION PLAN (CONTINUED)**

**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, 2018 and 2017 were 12.13% and 12.43% 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, 2018 and 2017 were \$83,348 and \$85,938, respectively.

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

At June 30, 2018 and 2017, MHB reported a liability of \$502,750 and \$587,960, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2017 and 2016, respectively, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of October 1, 2016 and 2015, 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, 2017, MHB's proportion was 0.2894% which was an increase of 0.0084% from its proportion measured as of September 30, 2016.

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

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**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, 2017, MHB recognized pension expense of \$149,232. At June 30, 2017, 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	\$ -	\$ 11,851
Changes of Assumptions	-	4,784
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	110,443	-
Changes in Proportion	47,980	-
MHB Contributions Subsequent to the Measurement Date	62,940	-
Total	<u>\$ 221,363</u>	<u>\$ 16,635</u>

The 2018 amount of \$60,095 of deferred outflows of resources resulting from MHB's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The \$62,940 of deferred outflows of resources resulting from MHB's contributions subsequent to the fiscal year 2016 measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2018. 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>
2019	\$ 26,910
2020	28,142
2021	(25,029)
2022	(17,534)
Total	<u>\$ 12,489</u>

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 7 PENSION PLAN (CONTINUED)**

**Actuarial Assumptions**

The total pension liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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	17.00 %	7.30 %
Small cap	4.00	7.00
International large cap	15.30	7.30
Emerging markets	6.20	9.30
High Yield	5.00	5.30
Master limited partnerships	7.50	10.80
Private equity	5.00	9.80
Core fixed income	12.50	3.80
International fixed income	4.00	3.50
Core real estate	10.00	6.50
Treasury inflation protected securities	3.50	3.50
Hedge funds	10.00	5.00
Total	100.00 %	

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
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**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 7.50%, as of September 30, 2017 and 2016. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rate. Based on these assumptions, the Plan's net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on the Plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of investment expenses but without reduction for administrative expenses at 7.50%. Inflation assumed to be 2.5%. Bond Yield assumed to be 3.64%.

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

The following presents MHB's proportionate share of the net pension liability at September 30, 2017 and 2016 calculated using an assumed long-term expected rate of return of 7.50% and 7.50%, respectively, as well as what MHB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	September 30, 2017		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
MHB's Proportionate Share of Net Pension Liability	\$ 789,086	\$ 502,750	\$ 257,769
	September 30, 2016		
	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
MHB's Proportionate Share of Net Pension Liability	\$ 864,997	\$ 587,960	\$ 351,164

**NOTE 8 FUNDING**

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

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

The actual set rates sometimes differ from the maximum allowed due to deductions, exemptions, and other valuation adjustments. As such, tax levy rates of \$0.09 and \$0.19, respectively, for MHF and CCSF were established for fiscal year 2017. For 2018 the rates were \$0.0883 for MHF and \$0.1865 for CCSF.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
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**NOTE 8 FUNDING (CONTINUED)**

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, 2018 and 2017 were as follows:

	2018	2017
Real Estate Tax	\$ 8,912,544	\$ 8,560,520
Personal Property Tax	2,252,311	2,220,731
Total Property Tax	11,164,855	10,781,251
Manufacturing and Other Taxes	766,916	713,110
Total	\$ 11,931,771	\$ 11,494,361

**NOTE 9 UNRESTRICTED NET POSITION**

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

	2018	2017
Appropriated for Grants, Partnerships, and Initiatives	\$ 11,301,000	\$ 11,393,000
Investment in Mental Health Supported Housing Loans	1,415,171	1,468,158
Designated for Unanticipated Projects	100,000	100,000
Designated for Administration	1,543,000	1,550,000
Designated for Contingencies	864,000	851,000
Designated for Long-Term Reserve	3,823,000	3,770,000
Unreserved, Undesignated	1,732,517	1,919,894
Total Unrestricted Net Position	\$ 20,778,688	\$ 21,052,052

**NOTE 10 TAX ABATEMENTS**

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

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

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 10 TAX ABATEMENTS (CONTINUED)**

Tax Abatements Entered Into By St. Louis City

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

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

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

Chapter 99 – Residential and Chapter 99 – Commercial: 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.

Enhanced Enterprise Zone Tax Incentives: 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.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
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**NOTE 10 TAX ABATEMENTS (CONTINUED)**

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

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.

Chapter 100 – 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.

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

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



**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

**NOTE 10 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 \$.09 per \$100 and CCSF's tax rate of \$.19 per \$100 of assessed value that were abated by St. Louis City are reported in the following table for the year ended June 30, 2017.

	June 30, 2017	
	Gross Dollar Of Reduced Tax Revenues	MHB Reduced Tax Revenues
Chapter 353 - Residential	\$ 954,000	\$ 32,000
Chapter 353 - Residential PILOT	88,000	3,000
Chapter 99 - Residential	1,634,000	55,000
Chapter 99 - Commercial	6,159,000	206,000
Chapter 353 - Commercial	4,873,000	162,000
Chapter 353 - Commercial PILOT	129,000	4,000
Chapter 100 - Industrial Revenue Bonds/Merchants and Manufacturer's Tax Credit	995,000	40,000
Enhanced Enterprise Zone Tax Incentives	1,859,000	62,000
Planned Industrial Expansion (PIE)	152,000	5,000
	\$ 16,843,000	\$ 569,000

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
SCHEDULES OF SELECTED PENSION INFORMATION –  
EMPLOYEES RETIREMENT SYSTEM OF THE CITY OF ST. LOUIS  
JUNE 30, 2018 AND 2017  
(SEE INDEPENDENT AUDITORS' REPORT)**

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

	September 30,			
	2017	2016	2015	2014
MHB's Proportion Percentage of the Net Pension Liability	0.2894 %	0.2810 %	0.2649 %	0.0240 %
MHB's Proportionate Share of the Net Pension Liability	\$ 502,750	\$ 587,960	\$ 601,622	\$ 370,851
MHB's Covered Payroll	\$ 698,050	\$ 670,441	\$ 661,377	\$ 583,862
MHB's Proportionate Share of the Net Pension Liability as a Percentage of MHB's Covered Payroll	72.0 %	87.7 %	91.0 %	64.0 %
Plan's Fiduciary Net Position as a Percentage of Total Pension Liability	82.5 %	78.5 %	76.2 %	83.5 %

**Schedule of the Trustees' Contributions**

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

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

**Changes of Benefit Terms or Assumptions**

There were no changes to benefit terms in the Plan or changes to assumptions in valuation reports for the years ended September 30, 2017 and 2016.

**CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES  
SCHEDULE OF GRANTS, PARTNERSHIPS,  
AND INITIATIVES TO ORGANIZATIONS  
YEAR ENDED JUNE 30, 2018  
(SEE INDEPENDENT AUDITORS' REPORT)**

22nd Judicial Court of Missouri, Family Court-Juvenile Division	\$ 353,626
Aim High St. Louis	90,195
Alive and Well	80,000
Annie Malone Children and Family Center	40,411
Area Resources for Community and Human Services (ARCHS)	665,935
Behavioral Health Response, Inc.	256,413
Big Brothers Big Sisters of Eastern Missouri	200,717
Bilingual International Assistant Services	710,323
CareSTL Health	114,273
Center for Behavioral Health UMSL	114,264
Children's Advocacy Services of Greater St. Louis	605,639
City of St. Louis Dept. of Human Services	261,891
Covenant House of Missouri	337,005
Employment Connection	276,237
Epworth Children & Family Services, Inc.	211,983
Family Care Health Centers	531,972
FamilyForward	386,617
Fathers' Support Center, St. Louis	238,706
Foster and Adoptive Care Coalition	337,034
FUSE Corps	2,500
Generate Health STL	500,000
Great Circle	147,553
Greater Saint Louis Community Foundation - Shut It Down Initiative	10,000
Independence Center	207,710
International Institute of St. Louis	123,516
Kids In The Middle	198,527
Legal Services of Eastern Missouri	266,958
Lutheran Family and Children's Services of Missouri	131,990
Marian Middle School	90,933
MERS/Missouri Goodwill Industries	48,720
Missouri Department of Mental Health	225,000
Northside Youth And Senior Service Center, Inc.	188,047
Nurses for Newborns	118,674
Our Little Haven	265,830
Places for People, Inc.	725,154
Preferred Family Healthcare, Inc.	332,142
Queen of Peace Center	331,763
Safe Connections	264,503
Saint Louis University	196,042
St. Francis Community Services	91,393
St. Louis County Children's Service Fund	1,500
St. Louis Internship Program	154,524
St. Louis Public Schools Foundation	25,000
United 4 Children	486,463
United Way of Greater St. Louis, Inc.	50,000
Vision for Children at Risk	32,808
Voices for Children	292,418
Washington University - The SPOT	248,250
Youth Mini Grants	5,000
YWCA Metro Saint Louis	30,000
Total	\$ 11,606,159