

CITY OF ST. LOUIS MENTAL HEALTH BOARD OF TRUSTEES

**FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
JUNE 30, 2012 AND 2011**

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Independent Auditors' Report

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

We have audited the balance sheets; statements of revenues, expenses, and changes in fund equity; and the statements of cash flows of the City of St. Louis Mental Health Board of Trustees (Mental Health Board), as of and for the years ended June 30, 2012 and 2011, which collectively comprise the Mental Health Board's basic financial statements. These financial statements are the responsibility of the Mental Health Board's management. 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mental Health Board as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2012 on our consideration of the 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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 audits 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the City of St. Louis Mental Health Board of Trustees. The schedule of appropriations is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of appropriations 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. The schedule has been subjected to the auditing procedures applied in the audits 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 is fairly stated in all material respects in relation to the financial statements as a whole.



November 15, 2012
St. Louis, Missouri

City of St. Louis Mental Health Board of Trustees
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Years Ended June 30, 2012 and 2011

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, 2012 and 2011. Please read it in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

- MHB's net equity as of June 30, 2012, increased by \$0.93 million or 4.1% compared to June 30, 2011.
- MHB's 2012 revenues were less than budgeted by \$0.20 million or 1.6% primarily due to lower property tax revenues as a result of a more significant than expected decline in assessed property values.
- MHB's 2012 expenses were less than budgeted by \$0.30 million or 2.5% primarily due to lower than anticipated funding of grants, partnerships and initiatives.

THE FINANCIAL REPORT

MHB's financial statements consist of the following parts:

- Management's Discussion and Analysis (this part)
- The basic financial statements, which include the balance sheets; the statements of revenues, expenses, and changes in fund equity; and the statements of cash flows, along with the notes to the basic financial statements, and
- Additional Information

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

THE BALANCE SHEETS AND THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

These statements help to illustrate the status of MHB resulting from the years' activities. The statements include all assets and liabilities 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)
For The Years Ended June 30, 2012 and 2011

BALANCE SHEETS

The following tables reflect the condensed balance sheets as of June 30, 2012 and 2011:

Condensed Balance Sheets
(In thousands of dollars)

	FY 2012	FY 2011	Dollar Change	Total Percent Change
Current assets	\$ 23,418	\$ 12,745	\$ 10,673	
Noncurrent assets	604	10,195	(9,591)	
Total Assets	<u>\$ 24.022</u>	<u>\$ 22,940</u>	<u>\$ 1,082</u>	<u>4.7 %</u>
Current liabilities	\$ 557	\$ 403	\$ 154	
Total Liabilities	<u>557</u>	<u>403</u>	<u>154</u>	<u>38.2 %</u>
Fund Equity				
Investment in capital assets	4	-	4	
Unrestricted	<u>23,461</u>	<u>22,537</u>	<u>924</u>	
Total Fund Equity	<u>23,465</u>	<u>22,537</u>	<u>928</u>	<u>4.1 %</u>
Total Liabilities and Fund Equity	<u>\$ 24.022</u>	<u>\$ 22,940</u>	<u>\$ 1,082</u>	<u>4.7 %</u>

Unrestricted fund equity (the part of fund equity that can be used to finance project services and administrative operations) increased to \$23.5 million.

The components of unrestricted fund equity at June 30, 2012 and 2011, are as follows:

	(In thousands of dollars)	
	FY 2012	FY 2011
Appropriated for grants, partnerships and initiatives	\$ 10,323	\$ 9,210
Designated investment in mental health supported housing loans	660	-
Designated for unanticipated projects	170	320
Designated for administration	1,180	993
Designated for future projects	-	3,000
Designated for contingencies	725	659
Designated for long-term reserve	3,212	2,921
Unreserved, undesignated	<u>7,191</u>	<u>5,434</u>
Total Unrestricted Fund Equity	<u>\$ 23,461</u>	<u>\$ 22,537</u>

A review of the 2012 balance sheet reveals the following:

Total assets of MHB are \$24.0 million. This includes cash and cash equivalents of \$7.3 million and investments of \$15.6 million.

City of St. Louis Mental Health Board of Trustees
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Years Ended June 30, 2012 and 2011

Total liabilities are \$0.6 million and are all current. MHB does not have any long-term debt obligations. The most significant liability is grants payable which total \$0.5 million.

Total fund equity of MHB is \$23.5 million. This consists mostly of unrestricted fund equity.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

OPERATING REVENUES AND EXPENSES

MHB classifies all operating and non-operating 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, 2012 and 2011:

**Condensed Statements of Revenues,
Expenses, and Changes in Fund Equity
(In thousands of dollars)**

	FY 2012	FY 2011	Dollar Change	Total Percent Change
Operating Revenues	\$ 12,593	\$ 12,720	\$ (127)	(1.0)%
Operating Expenses	<u>11,665</u>	<u>10,361</u>	<u>1,304</u>	<u>12.6 %</u>
Excess of Operating Revenues Over Expenses	928	2,359	(1,431)	(60.7)%
Beginning Fund Equity	<u>22,537</u>	<u>20,178</u>	<u>2,359</u>	<u>11.7 %</u>
Ending Fund Equity	<u><u>\$ 23,465</u></u>	<u><u>\$ 22,537</u></u>	<u><u>\$ 928</u></u>	<u><u>4.1 %</u></u>

A review of the 2012 statement of revenues, expenses, and changes in fund equity indicates the most significant component of revenues are tax revenues of \$11.2 million. Property tax revenues represent \$10.4 million of this total. Another major source of revenues is operating grants which consist of federal grants totaling \$1.3 million.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

MHB and management considered many factors when setting the Fiscal Year 2013 budget. Factors include the approved property tax rates and the economy. Property tax rates for the upcoming budget year are 8.90 cents and 19 cents per \$100 assessed valuation for the Mental Health Fund and the Community Children's Services Fund, respectively.

City of St. Louis Mental Health Board of Trustees
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For The Years Ended June 30, 2012 and 2011

BUDGET INFORMATION


Total revenues are expected to decrease by \$1.0 million in 2013 primarily as a result of the decreased federal grants funding and a decline in tax revenues.

Total expenses are expected to increase by \$0.6 million primarily due to changes in funding of agency contracts.

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
4144 Lindell Blvd, Suite 300
St. Louis, MO 63108



FINANCIAL STATEMENTS

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

ASSETS

	June 30,	
	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,264,658	\$ 7,072,648
Investments	15,595,859	5,323,481
Receivables		
Grants receivable	336,769	218,785
Taxes receivable	94,834	85,834
Advances to agencies	56,135	44,024
Mental health supported housing loans receivable	70,118	-
Total Current Assets	<u>23,418,373</u>	<u>12,744,772</u>
NONCURRENT ASSETS		
Investments	-	10,193,720
Mental health supported housing loans receivable	590,063	-
Other assets	9,375	1,500
Capital assets, net	4,367	141
Total Noncurrent Assets	<u>603,805</u>	<u>10,195,361</u>
 Total Assets	 <u><u>\$ 24,022,178</u></u>	 <u><u>\$ 22,940,133</u></u>

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES		
Accounts payable	\$ 42,091	\$ 40,203
Accrued liabilities	32,993	54,041
Grants payable	482,194	308,508
Total Current Liabilities	<u>557,278</u>	<u>402,752</u>
FUND EQUITY		
Investment in capital assets	4,368	141
Unrestricted	23,460,532	22,537,240
Total Fund Equity	<u>23,464,900</u>	<u>22,537,381</u>
 Total Liabilities and Fund Equity	 <u><u>\$ 24,022,178</u></u>	 <u><u>\$ 22,940,133</u></u>

City of St. Louis Mental Health Board of Trustees
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY

	For The Years Ended June 30,	
	<u>2012</u>	<u>2011</u>
Operating Revenues:		
Property taxes	\$ 10,389,280	\$ 10,863,563
Manufacturing and institutional taxes	818,634	822,631
Operating grants	1,303,241	942,724
Interest earnings	82,133	91,351
Total Operating Revenues	<u>12,593,288</u>	<u>12,720,269</u>
Operating Expenses:		
Project services	11,253,068	9,944,195
Administration	412,701	417,289
Total Operating Expenses	<u>11,665,769</u>	<u>10,361,484</u>
Excess of Operating Revenues Over Expenses	927,519	2,358,785
Fund Equity, Beginning of year	<u>22,537,381</u>	<u>20,178,596</u>
Fund Equity, End of year	<u>\$ 23,464,900</u>	<u>\$ 22,537,381</u>

City of St. Louis Mental Health Board of Trustees
STATEMENTS OF CASH FLOWS

	For The Years Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from property and other taxes	\$ 11,198,914	\$ 11,689,417
Interest received	82,133	91,351
Proceeds from other support	1,173,146	852,265
Cash paid for projects	(11,167,777)	(9,386,731)
Cash paid for salaries and employee benefits	(810,226)	(724,587)
Cash paid for other operating activities	(200,251)	(220,380)
Net Cash Provided by Operating Activities	<u>275,939</u>	<u>2,301,335</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(78,658)	(15,517,201)
Purchase of capital assets	(5,271)	-
Net Cash Used in Investing Activities	<u>(83,929)</u>	<u>(15,517,201)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	192,010	(13,215,866)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>7,072,648</u>	<u>20,288,514</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 7,264,658</u>	<u>\$ 7,072,648</u>
RECONCILIATION OF EXCESS OF REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Excess of revenues over expenses	\$ 927,519	\$ 2,358,785
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	1,045	1,957
Forgiveness of mental health supported housing loans receivable	41,000	-
Change in assets and liabilities:		
Increase in grants receivable	(117,984)	(88,893)
(Increase) decrease in taxes receivable	(9,000)	3,223
Increase in advances to agencies	(12,111)	(1,566)
Increase in mental health supported housing loans receivable	(701,181)	-
Increase in other assets	(7,875)	-
Decrease in accounts payable and accrued liabilities	(19,160)	(26,660)
Increase in grants payable	<u>173,686</u>	<u>54,489</u>
Net Cash Provided by Operating Activities	<u>\$ 275,939</u>	<u>\$ 2,301,335</u>

City of St. Louis Mental Health Board of Trustees
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

A. 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 not-for-profit 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.

CCSF has been established as a legally separate entity. However, because MHB is effectively the same as the governing body of the CCSF, MHB's ability to significantly influence operations and MHB's accountability for fiscal matters, the CCSF is reported as if it were part of MHB. Separate financial statements for the CCSF are not available.

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.

MHB is fiscally independent of the City; therefore, the City is not financially accountable for MHB.

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."

City of St. Louis Mental Health Board of Trustees
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

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.

Appropriations

MHB appropriates funds for specific projects and programs to be expended for the following year's program service funding period July 1 to June 30. 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 until used in the accompanying financial statements. All other accrued sick leave is lost upon termination and accordingly is not recorded in the financial statements.

Statements of Cash Flows

For purposes of the statements of cash flows, cash and cash equivalents is defined as all cash and short-term investments with an original maturity of three months or less at the time of purchase.

Components of Fund Equity

Investment in Capital Assets

Investment in capital assets consists of the cost of office furniture, equipment, and leasehold improvements, net of the related accumulated depreciation and amortization expense.

Unrestricted

Appropriated for Grants, Partnerships and Initiatives - Funds committed for specific grants, project expenditures and collaborative programs in the fiscal year 2013 are designated as appropriations.

Designated Investment in Mental Health Supported Housing Loans - Loans issued to agencies for mental health housing projects expected to be forgiven in future years.

City of St. Louis Mental Health Board of Trustees
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

Designated for Unanticipated Projects - Funds designated by MHB for grants, project expenditures and collaborative programs in the fiscal year 2013 which have not yet been appropriated for specific agencies/projects.

Designated for Administration - Funds designated for administration of projects in fiscal year 2013.

Designated for Future Projects - Funds designated by MHB for services and/or capital projects which have not yet been appropriated for specific agencies/projects.

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 percent of annual non-federal expenditures. The policy currently states that the contingency and long-term reserve shall be 7 and 31 percent, respectively, of annual non-federal expenditures.

Operating Revenues and Expenses

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

Reclassifications

Certain amounts in the 2011 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

Subsequent Events

Subsequent events were evaluated through November 15, 2012, which is the date the financial statements were available to be issued. It was concluded there were no events or transactions occurring during this period that required recognition or disclosure in the financial statements.

B. CASH AND CASH EQUIVALENTS AND INVESTMENTS

MHB accounts for its investments in accordance with guidance established by GASB. Under this guidance, investments are presented at fair value, excluding investments in certain debt instruments with remaining maturity of one year or less at time of purchase, which are reported at amortized cost.

City of St. Louis Mental Health Board of Trustees
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

Cash and cash equivalents and investments at June 30, 2012 and 2011, consisted of the following:

	2012		2011	
	Cost	Fair Value	Cost	Fair Value
Certificates of deposit	\$15,595,859	\$ 15,595,859	\$ 15,517,201	\$ 15,517,201
Cash deposits	<u>7,264,658</u>	<u>7,264,658</u>	<u>7,072,648</u>	<u>7,072,648</u>
Total Cash and Cash Equivalents and Investments	<u>\$22,860,517</u>	<u>\$ 22,860,517</u>	<u>\$ 22,589,849</u>	<u>\$ 22,589,849</u>

Included in the accompanying balance sheets as:

	2012	2011
Cash and cash equivalents	\$ 7,264,658	\$ 7,072,648
Investments - current	15,595,859	5,323,481
Investments - noncurrent	-	10,193,720
Total Cash and Cash Equivalents and Investments	<u>\$ 22,860,517</u>	<u>\$ 22,589,849</u>

All cash accounts are either covered by federal depository insurance or by collateral held by MHB's agent in MHB's name.

MHB complies with the Missouri Secretary of State Policy on Investments, which permits governmental agencies to invest only in U.S. Government or U.S. Government agency securities.

The certificates of deposit are considered nonnegotiable and are held by MHB's agent in MHB's name. In accordance with GASB guidance, MHB must evaluate and disclose common areas of investment risk, when applicable.

C. MENTAL HEALTH SUPPORTED HOUSING LOANS RECEIVABLE

In January 2010, MHB established 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. Three agencies (the "Agencies") were approved to receive support from the funds allocated by MHB for the Housing Project. As a part of the Housing Project, MHB committed to provide 10 year interest-free forgivable loans for the total amount of \$701,181 to the Agencies. 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. On each one year anniversary of the loans, one tenth of the outstanding principal balance, plus all accrued interest at 4 percent, 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 in April and August 2021.

During 2012, \$41,000 was forgiven on mental health supported housing loans receivable. This expense is included in the project services expenses in the statements of revenue, expenses, and changes in fund equity.

City of St. Louis Mental Health Board of Trustees
NOTES TO FINANCIAL STATEMENTS
June 30, 2012 and 2011

D. CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and equipment	\$ 41,298	\$ 5,271	\$ -	\$ 46,569
Leasehold improvements	77,179	-	-	77,179
	118,477	5,271	-	123,748
Less accumulated depreciation and amortization	(118,336)	(1,045)	-	(119,381)
Total Capital Assets, Net	<u>\$ 141</u>	<u>\$ 4,226</u>	<u>\$ -</u>	<u>\$ 4,367</u>

Capital asset activity for the year ended June 30, 2011, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Furniture and equipment	\$ 41,298	\$ -	\$ -	\$ 41,298
Leasehold improvements	77,179	-	-	77,179
	118,477	-	-	118,477
Less accumulated depreciation and amortization	(116,379)	(1,957)	-	(118,336)
Total Capital Assets, Net	<u>\$ 2,098</u>	<u>\$ (1,957)</u>	<u>\$ -</u>	<u>\$ 141</u>

Depreciation expense totaled \$1,045 and \$1,957 for the years ended June 30, 2012 and 2011, respectively.

E. COMMITMENTS AND CONTINGENCIES

MHB is committed under a lease agreement for its office facilities through December 31, 2012. Lease expense totaled \$42,011 and \$38,064 for the years ended June 30, 2012 and 2011, respectively. As of June 30, 2012, future minimum lease payments were \$22,218. These payments will be made in 2013.

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

MHB committed approximately \$10,322,000 to fund programs and service contracts with various organizations for fiscal 2013. The Board of Trustees of MHB approved the commitments during fiscal 2012 and 2013 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, 2012 and 2011

F. RETIREMENT PLAN

The employees of MHB participate in the Employee's Retirement System of the City of St. Louis. Participation in the Plan is immediate upon employment. MHB contributed the required amounts of \$67,217 and \$59,767 on behalf of its employees in 2012 and 2011, respectively. The City of St. Louis Retirement System is a multi-employer plan and 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.

G. 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. Tax levy rates of \$0.0851 and \$0.19, respectively for MHF and CCSF were established for fiscal year 2012. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31.

The City collects the property tax and remits it to MHB. Tax revenues for the years ended June 30, 2012 and 2011, were as follows:

	2012	2011
Real estate tax	\$ 8,445,779	\$ 8,895,413
Personal property tax	1,943,501	1,968,150
Total property tax	10,389,280	10,863,563
Manufacturing and other taxes	715,179	810,669
Institutional tax	103,455	11,962
	<u>\$ 11,207,914</u>	<u>\$ 11,686,194</u>

H. UNRESTRICTED FUND EQUITY

The components of unrestricted fund equity at June 30, 2012 and 2011, are as follows:

	2012	2011
Appropriated for grants, partnerships and initiatives	\$ 10,322,469	\$ 9,209,524
Designated investment in mental health supported housing loans	660,181	-
Designated for unanticipated projects	170,000	320,000
Designated for administration	1,180,000	993,000
Designated for future projects	-	3,000,000
Designated for contingencies	725,268	659,492
Designated for long-term reserve	3,211,904	2,920,605
Unreserved, undesignated	7,190,710	5,434,619
Total Unrestricted Fund Equity	<u>\$ 23,460,532</u>	<u>\$ 22,537,240</u>

**Independent Auditors' Report
on
Additional Information**

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

We have audited the financial statements of St. Louis Mental Health Board as of and for the year ended June 30, 2012, and have issued our report thereon dated November 15, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of appropriations is presented for the purposes of additional analysis 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. 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

November 15, 2012

City of St. Louis Mental Health Board of Trustees
SCHEDULES OF APPROPRIATIONS
June 30, 2012 and 2011

Appropriations for Grants, Partnerships and Initiatives

	2012	2011
22nd Judicial Court	\$ 425,547	\$ 425,343
Afterschool Partnership	225,000	225,000
Aging out of Foster Care Partnership	30,000	30,000
Almost Home	-	150,000
ALM Hopewell Center	99,993	-
ARCHS	651,292	587,000
BJC Behavioral Health Services	-	46,086
Big Brothers Big Sisters of Eastern Missouri	225,000	153,800
Bi-Lingual International Assistant Services	128,146	66,800
Boys and Girls Town of Missouri	-	92,000
Bullying Prevention Lutheran/Incarnate Word Partnership	25,000	25,000
Catholic Family Services	40,000	-
Center for Survivors of Torture & War Trauma	18,000	38,744
Character Plus	37,281	-
Child Day Care Association	201,469	199,222
Children's Advocacy of Greater St. Louis	442,528	87,231
Children's Home Society	111,973	-
City of St. Louis, Department of Human Services	196,224	195,817
College Bound - Lutheran Foundation	52,253	52,253
Committed Caring Faith Communities	-	12,000
Community Women Against Hardship	-	63,000
Community Mini Grants Lutheran Foundation/Incarnate Word Partnership	11,500	11,500
Covenant House	357,661	355,393
DMH - Adolescent Drug Treatment	300,000	300,000
Discovering Options	-	77,528
Employment Connection	200,237	386,030
Epworth Children and Family Services	307,032	43,965
Family Care Health Centers	164,383	161,160
Family Resource Center	159,990	253,359
Family Support Network	-	104,698
Father's Support Center	292,376	198,000
Foster and Adoptive Care Coalition	283,033	78,764
Fostering Faithful Families	5,000	5,000
Funders Group - Support for Vision for Children at Risk	-	25,000
Grace Hill Neighborhood Health Centers, Inc.	152,417	150,000
Great Circle	154,179	-
Horizon North Housing	-	59,000
Humanitri	-	61,440
Independence Center	189,309	185,601
International Institute of Metropolitan St. Louis	46,000	-
Kids in the Middle	249,114	245,495
Legal Services of Eastern Missouri	131,500	70,370
Loosen the Leash	-	121,139
Lutheran Family and Children's Services of Missouri	124,785	58,013
Marion Middle School	76,331	78,221
Maternal, Child and Family Health Coalition	416,551	96,275
Mayor's Community Service Team	37,483	27,000

City of St. Louis Mental Health Board of Trustees
SCHEDULES OF APPROPRIATIONS
June 30, 2012 and 2011

MERS/Goodwill	-	54,813
Neighborhood Houses	84,759	50,026
Non-Public Schools Mini Grants	3,500	5,200
North Grand Neighborhood Services	54,983	52,671
North Side Community Center	365,688	199,238
Nurses for Newborns	-	100,520
One Hope United	97,906	93,858
Our Little Haven	222,000	222,000
Places for People	1,010,813	890,017
Preferred Family Healthcare	220,000	220,000
Redevelopment Opportunities for Women	55,489	-
Queen of Peace Center	-	165,203
Safe Connections	96,288	-
Society of St. Vincent dePaul	78,108	76,577
SouthSide Early Childhood Center	99,000	-
St. Louis Art Works	101,113	-
St. Louis Crisis Nursery	99,770	79,438
St. Louis Internship Program	142,617	-
St. Patrick Center	129,000	126,480
Sts. Teresa and Bridget Church	29,985	25,400
The Spot	281,585	-
United Way	180,000	130,000
Urban Expressions - Holy Trinity Church	5,000	5,000
Voices for Children	183,467	180,137
Wesley House	112,811	78,664
Other partnerships and projects	100,000	-
Total appropriated for grants, partnerships and initiatives:	<u>\$ 10,322,469</u>	<u>\$ 8,357,489</u>

City of St. Louis Mental Health Board of Trustees
SCHEDULES OF APPROPRIATIONS
June 30, 2012 and 2011

Appropriations for Capital Improvements Projects

	<u>2012</u>	<u>2011</u>
Annie Malone Children and Family Ctr	\$ -	\$ 18,262
Big Brothers Big Sisters of Eastern Missouri	-	56,814
Boys Hope Girls Hope	-	3,936
Bridgeway Behavioral Health	-	16,120
Center for Survivors of Torture & War Trauma	-	2,400
Covenant House	-	102,215
Employment Connection	-	100,000
Family Court-Juvenile Division	-	25,634
Family Resource Center	-	20,493
Humanitri	-	134,785
Neighborhood Houses	-	17,446
New Beginnings C-STAR, Inc.	-	16,716
North Grand Neighborhood Services	-	21,668
North Side Community Center	-	22,721
Nurses for Newborns	-	6,394
Our Lady's Inn	-	19,860
Places for People	-	92,960
Preferred Family Healthcare	-	25,831
Queen of Peace Center	-	19,840
Shalom House	-	12,016
South Side Day Nursery	-	16,195
St. Patrick Center	-	20,188
Sts. Teresa and Bridget Church	-	49,852
The Women's Safe House	-	8,972
Voices for Children	-	20,717
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Total appropriated for capital improvement projects:	\$ -	\$ 852,035
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Total appropriated for grants, partnerships and initiatives:	\$ 10,322,469	\$ 9,209,524

City of St. Louis Mental Health Board of Trustees
SCHEDULE OF FUND EQUITY BY FUND
June 30, 2012

	<u>MHF</u>	<u>CCSF</u>	<u>Total</u>
Appropriated for grants, partnerships and initiatives	\$ 3,289,571	\$ 7,032,898	\$ 10,322,469
Designated investment in mental health supported housing loans	660,181	-	660,181
Designated for unanticipated projects	54,000	116,000	170,000
Designated for administration	<u>531,000</u>	<u>649,000</u>	<u>1,180,000</u>
Total project services and administrative expenses	<u>4,534,752</u>	<u>7,797,898</u>	<u>12,332,650</u>
Designated for contingencies			725,268
Designated for long-term reserve			<u>3,211,904</u>
Total Board designated reserves			<u>3,937,172</u>
Appropriated and designated fund equity			16,269,822
Unreserved, undesignated			<u>7,190,710</u>
Total Unrestricted Fund Equity			<u>\$ 23,460,532</u>