
**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY
RESOURCES**
*FINANCIAL STATEMENTS
JUNE 30, 2018*



**ST. LOUIS OFFICE FOR
DEVELOPMENTAL
DISABILITY RESOURCES**

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Independent Auditors' Report

Board of Directors
St. Louis Office for Developmental
Disability Resources

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the St. Louis Office for Developmental Disability Resources (the Organization), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements as listed in the table of contents.

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 opinions 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. 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 auditor's 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of St. Louis Office for Developmental Disability Resources as of June 30, 2018, and the respective changes in financial position, for the year 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 budgetary comparison information and schedules of selected pension information, as listed in the table of contents, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Our opinion on the financial statements is not affected by the missing information.

RubinBrown LLP

November 14, 2018

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**STATEMENT OF NET POSITION
June 30, 2018**

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 699,667
Investments	7,720,036
Taxes receivable	601,394
Targeted case management receivable	163,616
Other accounts receivable	30,961
Prepaid expenses and other assets	6,342
Net pension asset	212,450
Capital assets, net	976,328
Total Assets	10,410,794
Deferred Outflows Of Resources	
Differences between expected and actual actuarial experience - pension	113,478
Change in assumptions - pension	156,760
Difference between projected and actual earnings on pension investments	145,694
Pension contributions made subsequent to measurement date	134,634
Total Deferred Outflows Of Resources	550,566
Liabilities	
Accounts payable	333,022
Accrued liabilities	51,545
Accrued compensated absences	61,142
Long-term medicaid liability due within one year	103,301
Long-term medicaid liability due in more than one year	206,603
Total Liabilities	755,613
Deferred Inflows Of Resources	
Difference between expected and actual earnings on pension investments	178,592
Difference between expected and actual experience - pension	656,694
	835,286
Net Position	
Net investment in capital assets	976,328
Unrestricted	8,394,133
Total Net Position	9,370,461
Total Liabilities And Net Position	\$ 10,961,360

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2018**

	Governmental Activities
Program Expenses	
Disability resource services provided	<u>\$ 7,854,277</u>
Program Revenues	
Intergovernmental support	716,211
Targeted case management	1,905,763
Other	95,324
Total Program Revenues	<u>2,717,298</u>
Net Program Expenses	<u>5,136,979</u>
General Revenues	
Tax revenue	7,046,068
Investment income, net	54,127
Total General Revenues	<u>7,100,195</u>
Change In Net Position	1,963,216
Net Position - Beginning Of Year	<u>7,407,245</u>
Net Position - End Of Year	<u><u>\$ 9,370,461</u></u>

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

BALANCE SHEET - GOVERNMENTAL FUND

June 30, 2018

	<u>General Fund</u>
Assets	
Cash and cash equivalents	\$ 699,667
Investments	7,720,036
Taxes receivable	601,394
Targeted case management receivable	163,616
Other accounts receivable	30,961
Prepaid and other assets	6,342
Total Assets	<u>\$ 9,222,016</u>
Liabilities, Deferred Inflows And Fund Balances	
Liabilities	
Accounts payable	\$ 333,022
Accrued liabilities	51,545
Total Liabilities	<u>384,567</u>
Deferred Inflows of Resources	
Property taxes	<u>504,101</u>
Fund Balances	
Nonspendable:	
Prepaid assets	6,342
Unassigned	8,327,006
Total Fund Balances	<u>8,333,348</u>
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	<u>\$ 9,222,016</u>
Amount Reported For Governmental Activities In The Government-Wide Statement Of Net Position Is Different Because:	
Fund Balances - Governmental Fund	\$ 8,333,348
Property taxes assessed by the City, but not collected within 60 days after year end, are deferred inflows of resources in the fund financial statements. However, revenue for this amount is recognized in the government-wide statements.	504,101
Capital assets used in governmental activities are not reported in the funds.	976,328
Net pension asset is not reported in the fund financial statements.	212,450
Certain changes in the net pension liability are deferred and amortized over time and are not reported in the funds.	(284,720)
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(309,904)
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(61,142)
Net Position Of Governmental Activities	<u>\$ 9,370,461</u>

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For The Year Ended June 30, 2018**

	<u>General Fund</u>
Revenues	
Tax revenue	\$ 7,048,704
Intergovernmental support	716,211
Targeted case management	1,905,763
Investment income	54,127
Other	<u>95,324</u>
Total Revenues	<u><u>9,820,129</u></u>
 Expenditures	
Disability resource services provided	<u>7,792,263</u>
 Net Change In Fund Balances	 2,027,866
 Fund Balances - Beginning Of Year	 <u>6,305,482</u>
 Fund Balances - End Of Year	 <u><u>\$ 8,333,348</u></u>
 Amounts Reported For Governmental Activities In The Statement Of Activities Are Different Because:	
Net Change In Fund Balances - Governmental Fund	\$ 2,027,866
Property tax revenues and other tax revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the fund financial statements since they will be collected several months after year end.	(2,636)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the useful lives of the assets. This is the amount by which depreciation exceeds capital outlays in the current period.	(119,238)
Certain expenses, as reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	\$ 77,656
Pension expense	(116,665)
Medicaid liability	<u>96,233</u>
	<u>57,224</u>
Change In Net Position Of Governmental Activities	<u><u>\$ 1,963,216</u></u>

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2018

1. Summary Of Significant Accounting Policies

Nature Of Organization

St. Louis Office for Developmental Disability Resources (the Organization) is a quasi-governmental not-for-profit corporation, which derives its authority from the County Sheltered Workshops and Developmental Disability Services Law and from the City of St. Louis Ordinance No. 58023. The Organization's purpose is to provide services directly and/or by contract with agencies, which in turn provide programs and services for individuals with developmental disabilities in the City of St. Louis. These facilities, programs, and services may include sheltered workshops, places of residence, employment, social centers or a combination of any such services, which directly support individuals with developmental disabilities.

The City of St. Louis, Missouri (the City) appoints the Organization's governing board, however, the Organization is fiscally independent of the City, and the City is not financially accountable for the Organization.

Reporting Entity

The financial statements of the Organization include the financial activities of the Organization and its component units, if any. The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Statement No. 14, *The Financial Reporting Entity* (GASB 14), as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. The requirements for inclusion as a component unit are based primarily upon whether the Organization is considered financially accountable for or closely related to the potential component unit. The Organization is financially accountable if it appoints a voting majority of a potential component unit's governing body and is able to impose its will on that potential component unit, or there is the potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the Organization. The Organization does not have any component units.

Basis Of Presentation

The accounting policies and financial reporting practices of the Organization conform to generally accepted accounting principles applicable to governmental entities.

The Organization's basic financial statements include both government-wide (reporting the Organization as a whole) and fund financial statements (reporting the Organization's major fund). The following is a summary of the more significant accounting policies.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and interest income are reported as general revenues.

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for the governmental funds. The Organization maintains one governmental fund (general fund) that is designated as a major governmental fund in the fund financial statements. The total fund balance for the governmental fund is reconciled to total net position for the governmental activities as shown on the statement of net position. The net change in fund balance for the governmental fund is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The Organization uses one fund (general fund) to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Of the three categories of funds: governmental, proprietary and fiduciary, the Organization uses only governmental.

Governmental Funds

Governmental funds are those through which governmental functions of the Organization are financed. The acquisition, use and balance of the Organization's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. The Organization has one governmental fund, the general fund, which is used to account for all financial resources related to the Organization's program.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

Measurement Focus And Basis Of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the Organization are included in the statement of net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and other support are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included in the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between government-wide statements and the statements for governmental funds.

Revenues - Exchange And Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Organization receives value without directly giving equal value in return, include various tax revenues, intergovernmental support (i.e., grants, including funds received pursuant to Missouri Revised Statute 94.645) and targeted case management funding. On an accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants and targeted case management funding is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, and expenditure requirements, in which the resources are provided to the Organization on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the Organization, available means expected to be received within 60 days of year end.

The Organization is primarily funded by tax revenues received from a tax of \$.1500 per \$100 of assessed valuation of all taxable personal property, real estate, manufacturing, and institutional properties in the City of St. Louis. 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 the Organization.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement *(Continued)*

Expenses/Expenditures

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences, are recorded only when payment is due (i.e. matured).

Cash And Cash Equivalents

The Organization has defined cash and equivalents to include cash on hand, demand deposits and all highly liquid investments with a maturity of three months or less when purchased.

Investments

The Organization accounts for its investments at fair value. The Organization categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles pursuant to GASB Statement No. 72. 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.

Capital Assets

Capital assets, which include land, building, furniture and fixtures, purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Contributed assets are recorded at acquisition value at the time the asset is considered operational. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets, except land, is provided on the straight-line basis over the following estimated useful lives:

Buildings	25 - 30 years
Improvements	7 - 12 years
Equipment, furniture and fixture	3 - 7 years

The Organization reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the property to the standard market value of the property. If the property is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the property exceeds the fair value of such property. No impairment loss was recognized for the year ended June 30, 2018.

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement (*Continued*)

Accrued Compensated Absences

Paid Time Off (PTO) expense is recorded in the period earned and accrued as a liability in the full accrual government-wide financial statements. The maximum amount of PTO allowed to be carried over at calendar year end is 80 hours, and annual PTO earned is determined by years of employment. In the governmental fund financial statements, the cost of PTO benefits, sick leave and compensatory time off are not expected to be liquidated with expendable, available financial resources and, therefore, are not recorded as a liability in the fund financial statements unless the amount is due at year end and payable with current resources. Compensated absences are liquidated by the general fund.

A summary of compensated absences as of June 30, 2018 is as follows:

	Balance - July 1, 2017	Additions	Reductions	Balance - June 30, 2018	Amounts Due Within One Year
Governmental Activity					
Compensated absences	\$ 138,798	\$ 14,253	\$ (91,909)	\$ 61,142	\$ 61,142

Long-Term Liabilities

In the government-wide financial statements, long-term liabilities are reported as liabilities in the statement of net position.

Accounts Receivable

All accounts receivable are considered collectible. Thus, no allowance has been established.

Fund Balance Classifications

As of June 30, 2018, fund balances of the general fund are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Unassigned - All other spendable amounts.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

The Organization does not have any restricted, committed or assigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the Organization considers restricted net position to have been spent first. When an expenditure is incurred in circumstances where committed, assigned, or unassigned fund balances are available, the Organization considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Organization or the Board of Directors has provided otherwise in its commitment or assignment actions.

Deferred Outflows Of Resources And Deferred Inflows Of Resources

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources consist of the consumption of net position that is applicable to a future reporting period and so will not be recognized as an outflow of resource until then. The pension related items relate to certain actuarial differences and changes that are amortized over future periods and differences between expected and actual earnings on pension investments that are amortized over future periods.

In addition to liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period or periods and so will not be recognized as an inflow of resources until then. Any resources received before time requirements are met are reported as deferred inflows of resources. The pension related items relate to certain actuarial differences and changes that are amortized over future periods and differences between expected and actual earnings on pension investments that are amortized over future periods. In the governmental fund financial statements, taxes receivable that will not be collected within the available period have been reported as deferred inflows of resources.

Pensions

Pension-related expenses, liabilities, deferred outflows of resources and deferred inflows of resources have been determined on the same basis as they are reported by the Missouri Local Government Employees Retirement System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

In the government-wide financial statements, net position is displayed in two components:

Net Investment In Capital Assets - This consists of capital assets, net of accumulated depreciation.

Unrestricted - This consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

Estimates And Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from estimates.

Income Tax Status

The Organization is exempt from federal income tax on related exempt income under Section 501(c)(3) of the Internal Revenue Code as an organization exclusively for charitable and educational purposes. It is not classified as a private foundation.

2. Deposits And Investments

A summary of deposits and investments as of June 30, 2018 is as follows:

	<u>Fair Value</u>
Governmental Activities:	
Cash	\$ 699,667
Certificates of deposit	<u>7,720,036</u>
	<u>\$ 8,419,703</u>

The Organization complies with the Missouri Secretary of State Policy on Investments, which permits governmental agencies to only invest in U.S. Government or U.S. Government agency securities, repurchase agreements, certificates of deposit, bankers' acceptances or commercial paper.

As of June 30, 2018, all of the Organization's funds were invested in demand deposits and marketable certificates of deposit and were in compliance with the Organization's Policy.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Organization's policy does not address credit quality standards for investments of the Organization.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The Organization's policy limits investments to fixed income securities.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

The following table provides information at June 30, 2018 on the credit ratings and maturities of investments of the Organization:

	<u>Cost</u>	<u>Market Value</u>	<u>Maturities</u>	<u>Credit Rating</u>
Marketable Certificates of Deposit	\$ 6,153,183	\$ 6,140,467	Within 1 year	N/A
Marketable Certificates of Deposit	1,597,047	1,579,569	1-5 years	N/A
Total	<u>\$ 7,750,230</u>	<u>\$ 7,720,036</u>		

Concentration Of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Organization's investment in a single issuer. The Organization's policy places no limits on the amount the Organization may invest in any one issuer with respect to any approved type of investment. However, at June 30, 2018 the Organization did not hold more than 5% of its investments with any single issuer.

Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Organization will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The Organization's policy does not specifically address custodial credit risk.

For deposits, custodial credit risk is the risk that in the event of bank failure, the Organization's deposits may not be returned to it. Protection of the Organization's deposits is provided by the Federal Deposit Insurance Corporation. At June 30, 2018, the Organization's uninsured and uncollateralized deposits amounted to \$65,962.

3. Fair Value Measurement And Application

The Organization has the following recurring fair value measurements as of June 30, 2018:

Marketable certificates of deposit of approximately \$7.7 million that are valued using a market approach to measuring fair value that considers relevant information generated by market transactions involving identical or similar assets or groups of assets. (Level 2 inputs).

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement *(Continued)*

4. Risk Management

The Organization participates in a limited risk management program for directors' and officers' insurance. The risk pool's liability for the ultimate net loss of any participant is \$1,000,000 for any one occurrence. Premiums are paid by the general fund into a public entity risk management fund to pay claims, claim reserves, and administrative costs of the program.

The Organization continues to carry commercial coverage for comprehensive liability and workers' compensation and has had no significant reduction in insurance coverage from prior years. The Organization had no settlements that exceeded insurance coverage for the past three years.

5. Capital Program Grants

The Organization may provide grants to agencies for the purpose of purchasing equipment, buildings and capital improvements. The Organization retains an ownership interest in the equipment, buildings and capital improvements per a schedule in the service contract. The equipment, buildings and capital improvements may not be disposed of without written approval from the Organization.

6. Capital Assets

Capital assets consist of the following:

	Balance - June 30, 2017	Additions/ Reclassifications	Disposals/ Reclassifications	Balance - June 30, 2018
Capital assets not being depreciated:				
Land	\$ 318,505	\$ —	\$ —	\$ 318,505
Idle and held for sale building	—	254,322	—	254,322
Total capital assets not being depreciated	318,505	254,322	—	572,827
Capital assets being depreciated:				
Buildings and improvements	2,212,229	—	(612,736)	1,599,493
Furniture and fixtures	381,113	—	—	381,113
Total capital assets being depreciated	2,593,342	—	(612,736)	1,980,606
Less accumulated depreciation	(1,816,281)	(119,238)	358,414	(1,577,105)
Total capital assets being depreciated, net	777,061	(119,238)	(254,322)	403,501
Capital assets - net	\$ 1,095,566	\$ 135,084	\$ (254,322)	\$ 976,328

Depreciation expense charged to program expenses in the statement of activities for the year ended June 30, 2018 was \$119,238.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement (*Continued*)

The Organization entered into an agreement with a real estate broker to sell the Organization's buildings and land located at 2217, 2229, 2337 and 2345 Pine and 2334 Olive, all located in St. Louis, Missouri. See Note 11. The buildings located at 2217, 2229 and 2337 Pine are no longer in service at June 30, 2018. Fair value for the idle and held for sale building was determined by reference to the offering prices per the listing agreement. The fair value of the idle and held for sale building exceeds the carrying amount therefore no impairment loss is recorded.

7. Lease Commitments

Lease As Lessor

The Organization leased office space owned by the Organization to third parties during 2018. Lease agreements that expired during 2018 were not renewed. Rent revenue received under various agreements was \$92,229 in 2018.

8. Retirement Plans

Missouri Local Government Employees Retirement System

General Information About The Pension Plan

Plan description. The Organization's defined benefit pension plan provides certain retirement, disability and death benefits to plan members and beneficiaries. The Organization participates in the Missouri Local Government Employees Retirement System (LAGERS). LAGERS is an agent multiple-employer, statewide public employee pension plan established in 1967 and administered in accordance with RSMo. 70.600-70.755. As such, it is LAGERS' responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and is tax exempt. The responsibility for the operations and administration of LAGERS is vested in the LAGERS Board of Trustees consisting of seven persons. LAGERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by accessing the LAGERS website at www.molagers.org.

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement (*Continued*)

Benefits provided. LAGERS provides retirement, death and disability benefits. Benefit provisions are adopted by the governing body of the employer, within the options available in the state statutes governing LAGERS. All benefits vest after 5 years of credited service. Employees who retire on or after age 60 (55 for police and fire) with 5 or more years of service are entitled to an allowance for life based upon the benefit program information provided below. Employees may retire with an early retirement benefit with a minimum of 5 years of credited service and after attaining age 55 (50 for police and fire) and receive a reduced allowance. Benefit terms provide for annual post retirement adjustments to each member's retirement allowance subsequent to the member's retirement date. The annual adjustment is based on the increase in the Consumer Price Index and is limited to 4% per year.

Employees covered by benefit terms. As of February 28, 2017, the most recent actuarial valuation date, following employees were covered by the benefit terms:

Active employees	38
Retirees and beneficiaries currently receiving benefits	13
Terminated employees entitled to benefits, but not yet receiving them	<u>19</u>
	<u><u>70</u></u>

Contributions. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by LAGERS. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance an unfunded accrued liability. Full-time employees of the employer do not contribute to the pension plan. Employer contribution rates are 8.0% of annual covered payroll.

Net Pension Liability (Asset)

The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of February 28, 2017 and a measurement date as of June 30, 2017. At June 30, 2018, the Organization reported the following:

Total pension liability	\$ 3,916,722
Plan fiduciary net position	<u>4,129,172</u>
Organization's net pension liability (asset)	<u><u>\$ (212,450)</u></u>
Plan fiduciary net position as a percentage of total pension liability	105.42%

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement (*Continued*)

The total pension liability in the February 28, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	February 28, 2017
Actuarial cost method	Entry age normal and modified terminal funding
Asset Valuation Method	5-Year smoothed market
Amortization Method	Level percentage payroll, closed
Investment rate of return	7.25%
Projected salary increases	3.25% to 6.55%, including inflation
Inflation rate	3.25% wage inflation; 2.50% price inflation

Mortality rates were based on the applicable RP-2014 Mortality Tables for both males and females.

The assumptions for wage inflation, price inflation and salary increases were reduced by 0.25%, 0.50% and 0.25%, respectively, for the February 28, 2017 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a model method in which the best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return 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>
Equity	43.00%	5.00%
Fixed Income	26.00%	3.00%
Real Assets	21.00%	3.25%
Strategic Investments	10.00%	5.60%

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement *(Continued)*

Discount Rate

The discount rate used to measure the total pension liability is 7.25%. The projection of cash flows used to determine the discount rate assumes that employer and employee contributions will be made at the rates agreed upon for employees and the actuarially determined rates for employers. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to pay all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

Changes In The Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balances at 6/30/2017	\$ 4,358,258	\$ 3,710,546	\$ 647,712
Changes For The Year:			
Service cost	192,834	—	192,834
Interest	315,023	—	315,023
Differences between expected and actual actuarial experiences	(729,858)	—	(729,858)
Employer contributions	—	195,895	(195,895)
Net investment income	—	489,722	(489,722)
Benefit payments	(219,535)	(219,535)	—
Administration expenses	—	(5,395)	5,395
Other changes - transfers	—	(42,061)	42,061
Net Changes	(441,536)	418,626	(860,162)
Balances at 6/30/2018	\$ 3,916,722	\$ 4,129,172	\$ (212,450)

Sensitivity Of The Net Pension Liability (Asset) To Changes In The Discount Rate

The following presents the net pension liability of the Organization, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25% percent) or 1-percentage-point higher (8.25% percent) than the current rate:

	1% Decrease	Current	1% Increase
Discount Rate	6.25%	7.25%	8.25%
Net Pension Liability (Asset)	\$ 591,261	\$ (212,450)	\$ (840,637)

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement *(Continued)*

Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

For the year ended June 30, 2018, the employer recognized pension expense of \$312,560. The employer reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	\$ 113,478	\$ 656,694
Change in assumptions	156,760	—
Net difference between projected and actual earnings on pension investments	145,694	178,592
Contributions made subsequent to the measurement date	134,634	—
	\$ 550,566	\$ 835,286

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a decrease (an increase) in the net pension liability (asset) for the year ending June 30, 2019. Other amounts reported as deferred related to pensions will be recognized in pension expense as follows:

Year	Deferred Outflows Amount	Deferred Inflows Amount
2019	\$ 80,283	\$ 117,812
2020	80,283	117,812
2021	80,283	117,812
2022	31,719	117,812
2023	31,719	73,164
Thereafter	111,645	290,874
	\$ 415,932	\$ 835,286

Payable To The Pension Plan

The Organization did not report any payables to the Plan for the year ended June 30, 2018.

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Notes To Basic Financial Statement *(Continued)*

403(b) Plan

The Organization has a 403(b) Plan, which allows for voluntary employer and employee contributions. No contributions were made by the Organization to the 403(b) Plan during the year ended June 30, 2018.

9. Long-Term Medicaid Liability

The Targeted Case Management (TCM) program is funded through a contract with the Department of Mental Health, Division of Developmental Disabilities (DMH). The Organization provides the TCM services to Medicaid eligible and non-Medicaid eligible clients. The Organization submits electronic invoices to MO HealthNet Division for TCM services. The billings will reflect eligible services provided to eligible clients at rates established in the contract.

The Organization uses a software program that was designed to facilitate the billing process accurately. During 2013, MO HealthNet's billing codes changed. The Organization was not aware that the codes had changed, and the software codes used by the Organization were not adjusted to reflect the changes. The Organization continued to bill using the same codes and did not realize that non-eligible services were being billed as eligible services. This computer error continued through 2014, 2015, and a few months in the year ending June 30, 2016. The Organization's staff realized that this error occurred and informed DMH and MO HealthNet of the error and overbilling.

During 2017, the Organization entered into an agreement with the Missouri Medicaid Audit and Compliance Unit to repay \$406,137, the amount determined to have been overbilled, over a 48-month period beginning with the first payment due on July 15, 2017.

The scheduled maturities on the agreement at June 30, 2018 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 103,301
2020	103,301
2021	103,302
	<u>\$ 309,904</u>

**ST. LOUIS OFFICE FOR DEVELOPMENTAL
DISABILITY RESOURCES**

Notes To Basic Financial Statement *(Continued)*

10. Concentrations

For the year ending June 30, 2018, approximately 72 percent of the Organization's revenue was received from the City of St. Louis, Missouri in the form of taxes.

11. Subsequent Events

As of the date of this report, the Organization has entered into a sales contract for \$575,000 for the buildings and land located at 2229 and 2217 Pine, and the expected close date is November 15, 2018. As of the date of this report, the Organization has entered into a sales contract for \$385,000 for the building and land located at 2345 Pine.

Required Supplementary Information

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**BUDGETARY COMPARISON INFORMATION - GENERAL FUND
For The Year Ended June 30, 2018**

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Tax revenue	\$ 6,525,000	\$ 6,525,000	\$ 7,048,704	\$ 523,704
Intergovernmental support	670,000	670,000	716,211	46,211
Targeted case management	2,190,000	2,190,000	1,905,763	(284,237)
Interest Income	50,000	50,000	54,127	4,127
Other	72,000	72,000	95,324	23,324
Total Revenues	9,507,000	9,507,000	9,820,129	313,129
Expenditures				
Disability resource services provided	9,244,866	9,296,354	7,792,263	1,504,091
Total Expenditures	9,244,866	9,296,354	7,792,263	1,504,091
Net Change In Fund Balances	262,134	210,646	2,027,866	1,817,220
Fund Balances - Beginning Of Year	6,305,482	6,305,482	6,305,482	—
Fund Balances - End Of Year	\$ 6,567,616	\$ 6,516,128	\$ 8,333,348	\$ 1,817,220

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

NOTES TO BUDGETARY COMPARISON INFORMATION
June 30, 2018

Explanation Of Budgetary Process

The Organization followed the procedures outlined below in establishing the budgetary data reflected in the financial statements:

- a. The 2018 budget was developed in May 2017. The Executive Director and Chief Financial Officer were responsible for developing a draft budget for 2018, based on the revenue and expenditures projected for 2017.
- b. The proposed budget was reviewed by the Board's Finance Committee. The Finance Committee submitted the proposed 2018 budget with a recommendation to approve the proposed budget to the Organization's Board.
- c. At the Organization's Board's September 14, 2017 meeting, the Board approved the recommended budget for the fiscal year beginning July 1, 2017 and ending June 30, 2018.

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM**

June 30, 2018

Schedule Of Changes In Net Pension Liability (Asset) And Related Ratios

<i>Fiscal year ending June 30,</i>	2018	2017	2016
Total Pension Liability			
Service cost	\$ 192,834	\$ 213,557	\$ 212,302
Interest on the total pension liability	315,023	267,433	243,284
Difference between expected and actual experience	(729,858)	140,116	(55,752)
Assumption changes	—	193,558	—
Benefit payments	(219,535)	(79,058)	(56,072)
Net Change In Total Pension Liability	(441,536)	735,606	343,762
Total Pension Liability Beginning	4,358,258	3,622,652	3,278,889
Total Pension Liability Ending	\$ 3,916,722	\$ 4,358,258	\$ 3,622,651
Plan Fiduciary Net Position			
Contributions-employer	\$ 195,895	\$ 283,108	\$ 274,686
Pension plan net investment income	489,722	17,891	64,743
Benefit payments	(219,535)	(79,058)	(56,072)
Pension plan administrative expense	(5,395)	(6,903)	(7,550)
Other	(42,061)	(7,233)	70,579
Net Change In Plan Fiduciary Net Position	418,626	207,805	346,386
Plan Fiduciary Net Position Beginning	3,710,546	3,502,741	3,156,355
Plan Fiduciary Net Position Ending	\$ 4,129,172	\$ 3,710,546	\$ 3,502,741
Employer Net Pension Liability (Asset)	\$ (212,450)	\$ 647,712	\$ 119,910
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	105.42%	85.14%	96.69%
Covered Payroll	\$ 2,448,686	\$ 3,370,336	\$ 3,194,024
Employer's Net Pension Liability As A Percentage Of Covered Payroll	-8.68%	19.22%	3.75%

Notes To Schedule:

The above schedules are intended to show information for 10 years.
Additional years will be displayed as they become available.

**ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES**

**REQUIRED SUPPLEMENTARY INFORMATION
LAGERS RETIREMENT SYSTEM**

June 30, 2018

Schedule Of Employer Contributions

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 195,895	\$ 283,108	\$ 274,686
Contributions in relation to the actuarially determined contribution	<u>195,895</u>	<u>283,108</u>	<u>274,686</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered payroll	\$2,448,686	\$3,370,336	\$3,194,024
Contributions as a percentage of covered payroll	8%	8.40%	8.60%

Notes To Schedule

The above schedules are intended to show information for 10 years.

Additional years will be displayed as they become available.

Valuation Date:

Actuarially determined contribution rates are calculated as of February 28/29 in the fiscal year prior to the current fiscal year, therefore the actuarially determined contribution amounts disclosed above were contributed by the Organization in the prior fiscal year.