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**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

**AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015**

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

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**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

DECEMBER 31, 2015

BOARD OF DIRECTORS

Heath Roberts

Gary Steinman

Tom Bradley

Stephen Elliott

Pat Schoenrade

Alan Naylor

Rick White

James Gottstein

ADMINISTRATIVE DIRECTOR

Brian O'Malley

BRUCE D. CULLEY, CPA, PC
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(816) 453-1040

Independent Auditor's Report

The Board of Directors
Developmental Disabilities Resource
Board of Clay County
Liberty, Missouri 64068

I have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Developmental Disabilities Resource Board of Clay County (DDRB) as of and for the year ended December 31, 2015, which collectively comprise DDRB'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 the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 DDRB'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 DDRB's internal control. Accordingly, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of DDRB as of December 31, 2015, the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

Report on Supplementary Information

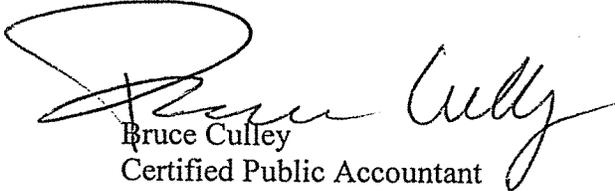
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise DDRB's basic financial statements. The budgetary comparison information presented in the table of contents under the heading Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

Report on Other Information

My audit was conducted for the purpose of forming opinions on the basic financial statements as a whole that collectively comprise DDRB's basic financial statements. The management's discussion and analysis is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Basis of Accounting

I draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.



Bruce Culley
Certified Public Accountant

Gladstone, Missouri
June 30, 2016

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

Management's Discussion and Analysis

December 31, 2015

As management of Developmental Disabilities Resource Board of Clay County (DDRB), we offer readers this narrative overview and analysis of the financial activities of DDRB for the year ended December 31, 2015.

Financial Highlights

- The assets of DDRB exceeded its liabilities at the close of the calendar year by \$7,347,053 (net position). The unrestricted net position was \$1,417,168 at year end. The Board has designated \$3,806,081 as a reserve for future expenditures. The Board has established a policy that 75% of the prior year expenditures are reserved for future expenditures.
- DDRB's net position increased \$271,862. This compares with an increase in net position of \$76,481 in 2014.
- Case management's excess of revenue over expenses totaled \$424,706 in 2015, which compares favorably with 2014 when the excess was \$269,032.
- DDRB's only liabilities consisted of payroll taxes of \$3,535.
- DDRB received \$2,403,140 from the State of Missouri for services provided by the Children's Therapy Center for case management during the year. This was an increase in service fees of \$38,713 over 2014. This was the fourth year that services were provided under the contract.
- The Government Fund Statement of Revenues, Expenditures and Changes in Fund Balance showed an increase of \$385,898 to a total of \$5,223,249.
- Actual revenues were less than budget caused by carryover money in the budget of \$280,135 and decrease in transportation fuels. Expenditures were less than budget primarily because program expenses were less than projected, and the budget was increased for capital purchases by the agencies which had not all been expensed..
- Program expenditures decreased \$260,009 or 5% from 2014.
- No capital assets were purchased during 2015. Depreciation of \$114,036 was recorded during 2015.

Overview of the Financial Statements

This discussion and analysis is provided as an introduction to the basic financial statements. The basic financial statements consist of three components: government-wide financial statements, fund financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are a broad overview of DDRB finances in a manner similar to a private business.

- The defined revenue for training and non-waiver services was added to net position and the fund balance as these obligations to provide service has been met.

The *statement of net position* presents all of DDRB's assets and liabilities with the difference between the two reported as *net position*. Net position is an important measure of DDRB's overall financial health. The increases and decreases in net position can be monitored to determine whether DDRB's financial position is improving or deteriorating.

The *statement of activities* presents information showing how DDRB's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs.

The governmental activities for DDRB include primarily the receipt of taxes from the County and the funding of not-for-profit organizations that provide services to individuals with developmental disabilities. DDRB has no business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. DDRB uses fund accounting to ensure compliance with finance-related requirements. All of DDRB funds are classified as governmental activities.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating DDRB's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds*

with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains certain required supplementary information regarding budgetary data.

Government-wide Financial Analysis

The following table reflects the condensed Schedule of Net position as of December 31:

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Cash and Certificate of Deposit	\$5,226,784	\$4,837,967
Capital Assets, Net of Depreciation	<u>2,123,804</u>	<u>2,237,839</u>
Total Assets	<u>\$7,350,588</u>	<u>\$7,075,806</u>
Current Liabilities	\$ 3,535	\$ 615
Net Position		
Invested in Capital Assets, Net of Debt	2,123,804	2,237,839
Board Designated	3,806,081	3,993,346
Unrestricted	<u>1,417,168</u>	<u>844,006</u>
Total Net Position	<u>7,347,053</u>	<u>7,075,191</u>
Total Net Position and Liabilities	<u>\$7,350,588</u>	<u>\$7,075,806</u>

At the end of the year, DDRB is able to report positive balances in all categories of net position. DDRB's net position increased by \$271,862 from operations.

Capital assets (land, buildings and equipment) represent 29% of the total assets. DDRB uses these capital assets to provide services to consumers; consequently, these assets are not available for future spending. Investments in certificates of deposit represent 50% of the total assets.

A portion of DDRB's net position has been set aside by the Board as in Board Designated.

Changes in Net Position

The following table reflects the revenues and expenses from DDRB's activities for the years ended December 31:

	Governmental Activities		
	2015	2014	Change
Revenues			
Program Revenues			
Operating Grants and Rent	\$ 514,891	\$ 536,453	\$ (21,562)
Case Management Services	2,828,474	2,364,427	464,047
General Revenues			
Property Taxes	4,461,310	4,637,848	(176,538)
Interest	40,127	46,495	(6,368)
Other	<u>19,639</u>	<u>22,612</u>	<u>(2,973)</u>
Total Revenue	<u>7,864,441</u>	<u>7,607,835</u>	<u>256,606</u>
Expenses			
Program Support	4,895,793	5,155,802	(260,009)
Case Management Services	2,403,768	2,095,395	308,373
Administration and Other	<u>293,018</u>	<u>280,157</u>	<u>12,861</u>
Total Expenses	<u>7,592,579</u>	<u>7,531,354</u>	<u>61,225</u>
Increase (Decrease) in Net Position	271,862	76,481	195,381
Net Position, Beginning of Year	<u>7,075,191</u>	<u>6,998,710</u>	<u>126,449</u>
Net Position, End of Year	<u>\$7,347,053</u>	<u>\$7,075,191</u>	<u>\$ 321,830</u>

Governmental activities increased DDRB's net position by \$271,862. Property taxes, the largest governmental revenue category, were \$4,461,310 or 57% of the total revenue. For the calendar year ended December 31, 2015, revenues totaled \$7,864,441 or an increase of \$256,606 over 2014. The largest increase came from Case Management Services.

Financial Analysis of DDRB's Funds

The General Fund is the only operating fund of DDRB. The fund balance of the General Fund at December 31, 2015, was \$5,223,249 or 70% of 2015 expenditures. The larger the fund balance in relation to expenditures, the better DDRB is able to meet future needs of the agencies. DDRB recognizes the need for a large fund balance that can adequately absorb any downturn in economic events to avoid changes and reductions in service levels.

Program Funding

During 2015, DDRB provided funding to the following organizations and/or programs:

Department of Mental Health – State of Missouri

DDRB currently has a contract with the State of Missouri, Department of Mental Health, Division of Developmental Disabilities. Under the Medicaid Waiver Match Contribution Contract DDRB provides 40% matching funds under the Missouri Medicaid Home and Community Based Waiver for:

- Residential habilitation services provided by Concerned Care and Immacolata Manor. Funds paid to the state, as the 40% County match for residential habilitation, were \$587,569.
- Transportation of consumers to the sheltered workshops or day habilitation programs. Under this portion of the agreement, DDRB paid \$22,663 as the 40% match for transportation services provided by Della Lamb Community Services.
- Day habilitation services provided by Immacolata Manor and Easter Seals of Midwest. DDRB paid \$99,696 as the 40% match for day habilitation services.
- Supported employment follow-along services. DDRB paid \$167 as the 40% match for supported employment follow-along services provided by Vocational Services.

Concerned Care, Inc. – Residential

Concerned Care, Inc. is a not-for-profit organization that operates residential and community services for citizens who are developmentally disabled. Their mission is to maximize the capability of these individuals so that they can manage their own lives and minimize dependence on others. Concerned Care's programs include six group homes, three supervised apartment living programs, a community support program, an individualized supported living program and a community services program which provides youth and adult leisure activities. Some consumers residing in Concerned Care facilities are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding (pages 10 and 11), Department of Mental Health-State of Missouri. Funding provided to Concerned Care, Inc. was as follows:

<u>Description of Service</u>	
Apartment/ISL/ILAP Programs	\$ 506,975
Community Recreation	275,185
Staff Training	6,947
Capital Grant	<u>104,668</u>
	<u>\$ 893,775</u>

TNC Community – Residential

TNC Community is a not-for-profit organization providing residential services, health care oversight, nutritional programs, occupational and physical therapy and community integration for persons with developmental disabilities. They serve six residents in one group home located in Clay County that is staffed 24 hours per day, 7 days per week. Many residents are dually diagnosed; in addition to their developmental disabilities, they have other issues including orthopedic impairments, blindness and seizure disorders. Because many of these individuals are considered medically fragile, they are unable to participate in workshop or day habilitation programs. TNC direct care staff members develop activities that are meaningful such as recreational, entertainment and social outings. TNC also operates two ISL (Individual Supported Living) apartments in Clay County serving a total of 4 persons.

Funding provided to TNC Community is as follows:

<u>Description of Service</u>	
Residential Service Supports	\$ 59,834
Medical Supplies	10,312
Other	2,925
Capital Grant	9,487
	<u>\$ 82,558</u>

Maple Woods Community College – Vocational Training/Education

The program called College Experience for Adults with Developmental Disabilities (CEADD) is located on the campus of The Junior College District of Metropolitan Kansas City, Missouri, on behalf of Maple Woods Community College. The program offers customized vocational training and educational courses designed for adults with developmental disabilities age 19 and older. Funding provided by DDRB was \$46,060.

Vocational Services, Inc. – Employment

Vocational Services, Inc. is a not-for-profit organization providing employment and training opportunities to citizens with developmental disabilities. VSI performs subcontract services for various industries, enabling consumers to become gainfully employed in a sheltered workshop environment. The Supported Employment program provides assistance to individuals with disabilities to obtain and maintain competitive employment through job assessment, job development and follow-along. Some Supported Employment consumers are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding: Department of Mental Health-State of Missouri (pages 10 and 11). The Work and Personal Services Program provides employment and community integration opportunities for consumers who cannot produce at acceptable levels, have disruptive behaviors or whose disabilities have advanced to a point of needing special programming. Funding to Vocational Services was as follows:

Description of Service

Workshop	\$ 744,126
Rehabilitation	195,424
Supported Employment	30,903
Work and Personal Services	518,290
Staff Training	2,730
Capital Grant	<u>93,202</u>
	<u>\$1,584,675</u>

Della Lamb Community Services – Transportation

Della Lamb Community Services is a not-for-profit organization that provides curb-to-curb transportation to three sheltered workshops and two day habilitation programs in Clay County. The organization also provides Supported Employment Transportation for individuals who live in their own homes and work in competitive positions in the community. Some Supported Employment consumers are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding: Department of Mental Health-State of Missouri (pages 10 and 11). These funds along with MEHTAP grants (Missouri Elderly and Handicapped Transportation Assistance Program) are used to offset the cost of transportation services. Funding provided by DDRB was as follows:

Description of Service

Workshop/Day Program Transportation	\$ 616,737
Supported Employment Transportation	105,130
Capital Grant	<u>56,800</u>
	<u>\$ 778,667</u>

Easter Seal Midwest – Day Habilitation

Easter Seal Midwest is a not-for-profit organization that offers adults with developmental disabilities various opportunities and services to enhance and develop their desired level of natural support, independence, self-satisfaction and inclusion within their community. Some Supported Employment consumers are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding: Department of Mental Health-State of Missouri (pages 10 and 11).

Easter Seal Midwest – Developmental Preschool/Special Education

Easter Seal Midwest expanded their programming in 2002 to offer early intervention services for preschool children with developmental disabilities. Services include on-site special education/developmental preschool, nursing support and therapeutic services (occupational, speech and physical therapy). The program also offers therapeutic services to children in family-identified locations.

Funding provided to Easter Seal Midwest for adult day habilitation and early intervention services was as follows:

<u>Description of Service</u>	
Therapy Programs	\$ 93,551
Special Education/Developmental Preschool	156,339
Staff Training	15,399
Family Support Funds	15,335
DMH Trust Fund	<u>25,658</u>
	<u>\$ 306,282</u>

Immacolata Manor – Day Habilitation

Immacolata Manor's My Day program was designed for adults with developmental disabilities who need or prefer a special, individualized program, such as those who have retired from workshops, competitive employment and/or other day programs. Some Supported Employment consumers are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding: Department of Mental Health-State of Missouri (pages 10 and 11). Other funding to Immacolata Manor was as follows:

Capital Grant	\$ 30,000
Van Purchase	<u>10,459</u>
	<u>\$ 40,459</u>

Immacolata Manor – Residential

Immacolata Manor provides residential services for citizens of Clay County who are developmentally disabled. The organization's programs are designed to maximize individual development, enabling each resident to live as independently as possible. Some Supported Employment consumers are funded with a Medicaid Waiver Match Contribution Contract with the Department of Mental Health as explained under Program Funding: Department of Mental Health-State of Missouri (pages 10 and 11).

Northland Early Education Center – Developmental Preschool/Special Education

Northland Early Education Center is a not-for-profit organization that offers educational and therapeutic services (occupational, speech and physical therapy) to children birth to five years with developmental disabilities within an inclusive setting. The program teaches social and motor skills in preparation for regular school. Funding provided to Northland Early Education Center was as follows:

<u>Description of Service</u>	
Therapy Programs	\$ 30,512
Special Education /Developmental Preschool	216,294
Special Instruction	3,621
Staff Training	<u>7,482</u>
	<u>\$ 257,909</u>

Alphapointe Association for the Blind

Alphapointe is a not-for-profit organization that assists legally blind, visually impaired and developmentally disabled individuals to maintain dignity and independence by providing employment and support services. The program for support of up to eight individuals in Clay County started January 1, 2009. Funding provided to Alphapointe was as follows:

Description of Service

Work Adjustment Center	<u>\$ 10,847</u>
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Children's Center for the Visually Impaired

The Children's Center for the Visually Impaired is a not-for-profit organization that prepares children with visual impairments to function at their highest potential in the sighted world. The program for support of up to fifty individuals in Clay County started January 1, 2010. Funding provided to Children's Center for the Visually Impaired was as follows:

Description of Service

Therapy	\$ 24,905
Capital Grant	<u>5,000</u>
	<u>\$ 29,905</u>

Rehabilitation Institute of Kansas City

The Rehabilitation Institute of Kansas City is a not-for-profit provider of extended employment, vocational rehabilitation and outpatient medical services. The program support individuals in Clay County.

Description of Service

Sheltered Workshop	<u>\$ 9,697</u>
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Children's Therapy Center

The targeted case management program was started in 2011 with the receipt of Federal funds. DDRB contracted with the Missouri Department of Mental Health Division of Developmental Disabilities to provide targeted case management (TCM) for people with developmental disabilities in Clay County and sub-contracted with Children's Therapy Center, Sedalia, Missouri, to provide this service. Children's Therapy Center personnel perform the services at the administrative facility owned by DDRB. While transitioning nearly 955 clients from the Kansas City Regional Office TCM in 2015 DDRB received \$2,828,474 for case management services.

Northland Therapeutic Riding

The Northland therapeutic Riding provides a horseback riding experience for children and adults on a farm in Clay County. Support for the operations totaled \$30,654.

Requests for Information

This financial report is designed to provide the reader a general overview of DDRB's finances. Questions or requests for more information concerning any of the information provided in this report should be directed to Brian O'Malley, Administrative Director, Developmental Disabilities Resource Board of Clay County, 920 South Kent, Suite B, Liberty, Missouri 64068.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2015**

Governmental

ASSETS	
Cash and Cash Equivalents	\$ 1,509,411
Certificates of Deposit	3,717,373
Capital Assets, Net of Depreciation	<u>2,123,804</u>
Total Assets	<u>7,350,588</u>
LIABILITIES	
Payroll Taxes	<u>3,535</u>
Total Liabilities	<u>3,535</u>
NET POSITION	
Invested in Capital Assets, Net of Related Debt	2,123,804
Restricted for:	
Board Designated	3,806,081
Unrestricted	<u>1,417,168</u>
Total Net Position	<u>\$ 7,347,053</u>

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Program Support Expenditures	\$ (4,895,793)	\$ 214,003	\$ -	\$ (4,681,790)
Case Management Services	(2,403,768)	2,828,474	-	424,706
Payroll and Benefits	(81,375)	-	-	(81,375)
Administrative and Other	(46,073)	-	-	(46,073)
Insurance	(19,209)	-	-	(19,209)
Property Expenses	(32,325)	-	-	(32,325)
Depreciation	(114,036)	-	-	(114,036)
Total Governmental Activities	(7,592,579)	3,042,477	-	(4,550,102)
GENERAL REVENUES				
County Taxes				4,461,310
Interest				40,127
Rent				300,888
Other				19,639
Total General Revenues and Transfers				4,821,964
Change in Net Position				271,862
Net Position, Beginning of Year				7,075,191
Net Position, End of Year				\$ 7,347,053

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
GOVERNMENTAL FUND BALANCE SHEET
MODIFIED CASH BASIS
DECEMBER 31, 2015**

ASSETS	
Cash and Cash Equivalents	\$ 1,509,411
Certificates of Deposit	<u>3,717,373</u>
Total Assets	<u><u>\$ 5,226,784</u></u>
LIABILITIES	
Payroll Taxes	\$ 3,535
Total Liabilities	<u>3,535</u>
FUND BALANCES	
Restricted	
Board Designated	3,993,346
Unassigned	<u>1,229,903</u>
Total Fund Balances	<u>5,223,249</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,226,784</u></u>

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF
NET POSITION – MODIFIED CASH BASIS
DECEMBER 31, 2015**

Fund Balances - Total Governmental Funds	\$ 5,223,249
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	<u>2,123,804</u>
Net Position of Governmental Activities	<u>\$ 7,347,053</u>

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2015**

REVENUES	
County Taxes	\$ 4,461,310
Case Management Services	2,828,474
Transportation	214,003
Rent	300,888
Interest	40,127
Other	<u>19,639</u>
Total Revenues	7,864,441
 EXPENDITURES	
Program Support Expenditures	4,895,793
Case Management	2,403,768
Administrative and Other	46,073
Payroll and Benefits	81,375
Insurance	19,209
Property Expenses	<u>32,325</u>
Total Expenditures	<u>7,478,543</u>
Excess of Revenue Over (Under) Expenditures	385,898
Fund Balance, Beginning of Year as Restated	<u>4,837,351</u>
Fund Balance, End of Year	<u><u>\$ 5,223,249</u></u>

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
RECONCILIATION OF THE CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE CHANGE IN NET POSITION IN
STATEMENT OF ACTIVITIES – MODIFIED CASH BASIS
DECEMBER 31, 2015**

Net Change in Fund Balances - Total Governmental Funds \$ 385,898

Amounts reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. The following is the detail of the amount by which additions to fixed assets exceeded depreciation or the amount by which depreciation exceeded additions to fixed assets in the current period:

Depreciation (114,036)

Change in Net Position of Governmental Activities
as Noted in the Statement of Activities \$ 271,862

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Developmental Disabilities Resource Board of Clay County, Missouri, established under the authority of Missouri State statutes, is a component unit of Clay County, Missouri, and is governed by a nine-member board of directors who are appointed by the Clay County Commissioners.

DDRB was organized to distribute funds for the delivery of services to citizens of Clay County who are developmentally disabled. DDRB has chosen to enter into agreements with existing not-for-profit agencies to provide these services.

Measurement Focus

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified cash basis of accounting.

In the fund financial statements, the current financial resources measurement focus or the economic resources measurement focus, as applied to the modified cash basis of accounting, is used. All governmental funds utilize a current financial resources measurement focus within the limitations of the modified cash basis of accounting. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting, which is a basis of accounting other than GAAP as established by GASB. This basis of accounting involves modifications to the cash basis of accounting to report in the statements of net position or balance sheets cash transactions or events that provide a benefit or result in an obligation that covers a period greater than the period in which the cash transaction or event occurred. Such reported balances include investments, interfund receivables and payables, capital assets and related depreciation, and short-term and long-term liabilities arising from cash transactions or events.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Accounting-Continued

This modified cash basis of accounting differs from GAAP primarily because certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected and other accrued revenue and receivables) and certain liabilities and their related expenses or expenditures (such as accounts payable and expenses for goods or services received but not yet paid and other accrued expenses and liabilities) are not recorded in these financial statements. In addition, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If DDRB utilized the basis of accounting recognized as generally accepted in the United States, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

The majority of tax revenue is received from Clay County the year after it has been assessed because the taxes are not due until December 31. Because DDRB reports property taxes on a cash basis, the taxes receivable and the offsetting entry to property tax revenue are not reported on the books. The amounts due for delinquent taxes that were assessed beyond the previous year are also not recorded on the books.

Government-wide and Fund Financial Statements

The basic financial statements include both the government-wide (the Statement of Net Position and the Statement of Activities) and fund financial statements.

Government-wide Financial Statements: The government-wide statements display information about the primary government unit. Governmental activities are supported by taxes, case management service, rental income and grants. In the government-wide Statement of Net Position, the governmental activities are each consolidated and presented on the modified cash basis of accounting. The consolidated presentation incorporates long-term assets and obligations and it provides valuable information for greater analysis and comparability.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The government-wide Statement of Net Position presents a comparison between direct expenses and program revenues for each function of DDRB's governmental activities. Direct expenses are those that are specifically associated with a program or a function. Program revenues include grants and contributions that are restricted to meet operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Separate fund financial statements report information on DDRB's governmental funds. The emphasis of fund financial statements is on major governmental activities.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Consequently, the emphasis on near-term inflows and outflows of resources do not present the long-term impact of transactions. Therefore, reconciliations have been provided following the Governmental Funds Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance identifying categories that required conversion from the fund statements. DDRB reports all of its funds in the General Fund. This fund is DDRB's primary operating fund and accounts for all financial resources of the general government.

Assets, Liabilities and Net Position or Equity

Deposits and Investments

Missouri state statutes authorize DDRB to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of state and local government entities, certificates of deposit and repurchase agreements. Missouri state statutes authorize DDRB, with certain restrictions, to deposit funds in open accounts and certificates of deposit. Missouri state statutes also require that collateral pledged must have fair market value equal to 100% of the funds on deposit, less amounts insured by federal deposit insurance. Collateral securities must be held by DDRB or a disinterested third party and may include U.S. Government and government agency bonds and securities; general obligation bonds of any of the 50 states; general obligation bonds of any Missouri county, certain cities and special districts and revenue bonds of certain Missouri agencies. Obligations pledged to secure deposits are delivered to the bank's joint custody accounts at the custodial bank. Investments for DDRB are reported at fair value on quoted market prices.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Assets, Liabilities and Net Position or Equity – Continued

Property Tax Revenue Recognition

Property tax revenue is recognized as income in the year received. The tax levy for a given year is finalized in late summer. The tax bills are normally mailed in November and are due December 31. Taxes for that year are normally remitted to DDRB by the County after January 1.

Capital Assets

Capital assets include land, buildings, improvements and equipment and are included in the applicable governmental columns in the government-wide financial statements. Capital assets, excluding land, are defined by DDRB as assets with a cost of \$1,000 or greater and an estimated useful life of at least one year. All land purchases are capitalized regardless of cost. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant, equipment and infrastructure are depreciated using the straight-line method over the following estimated lives:

	Years
Primary government:	
Buildings	40
Improvements Other Than Buildings	15 to 40
Office Furniture and Equipment	5 to 7

Fund Balance Classifications

The Governmental Accounting Standards Board (GASB) released Statement 54 – “Fund Balance Reporting and Governmental Fund Type Definitions” (GASB 54) on March 11, 2009 which is effective for DDRB’s fiscal year ending December 31, 2014. This Statement is intended to improve the usefulness of the amounts reported in fund balance by providing more structured classifications. Under GASB 54, fund balance is reported under the following five classifications:

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance Classifications – Continued

Nonspendable Fund Balance – consists of amounts that are not in a spendable form or are required to be maintained intact.

Restricted Fund Balance – consists of amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally, or through enabling legislation.

Committed Fund Balance – consists of amounts that can be used only for the specific purposes determined by a formal action of the DDRB’s highest level of decision-making authority (the Board) and do not lapse at year end. The committed fund balance consists of general board reserves.

Assigned Fund Balance – consists of amounts intended for a specific purpose by the Board that has been delegated authority to assign amounts. This fund balance classification reflects funds assigned for specific projects.

Unassigned Fund Balance – consists of any remaining fund balance that has not been reported in any other classification.

Net Position

DDRBR has only a restricted fund balance and unassigned fund balances.

In the government-wide financial statements net position is displayed in three components as follows:

Invested in Capital Assets, Net of Related Debt – this consists of capital assets, net of accumulated depreciation.

Restricted-Board Designated – this consists of net position designated by the Board for specific purposes.

Unrestricted – this consists of net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Event

Subsequent events have been evaluated through June 30, 2016, which is the date the financial statements were issued.

Targeted Case Management Service Contract

During the 2012 fiscal year, DDRB entered into a contract with Children’s Therapy Center of Pettis County, Inc. (CTC) to perform targeted case management services to residents of Clay County. Under the arrangement, the Missouri Department of Mental Health hired DDRB to perform the targeted case management service. DDRB, in turn, subcontracted with CTC for performance of services. The services are performed by CTC personnel at DDRB headquarters building in Clay County. Office space, including telephones and furniture, are provided to CTC personnel. DDRB pays a rate per billable hour for the services. DDRB, in turn, is paid under the Medicaid program by Missouri Health Net Division, a Missouri state agency that administers the Medicaid program in Missouri. The initial term of the contract was from July 1, 2012, to June 30, 2014. The current contract has been renewed through June 30, 2016.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (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. Actual results could differ from those estimates.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

Deposits and Investments

As of December 31, 2015, DDRB had the following deposits and investments:

	Reported Amount/ Fair Value
Certificates of Deposit	\$ 3,717,373
Bank Checking	1,662,605
Total Deposits	\$ 5,379,978

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. DDRB has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. It is DDRB's practice to place operating funds in certificates of deposit with relative short-term maturities. All investments have maturities from a few months to three years. These consist of funds that are unlikely to be needed prior to maturity.

Credit Risk

Missouri statutes prohibit government agencies from investing in derivative, leveraged, or speculative securities. DDRB agents invest funds in certificates of deposit and interest bearing checking accounts.

Custodial Credit Risk -- Deposits

In the case of deposits, this is the risk that, in the event of a bank failure, DDRB's deposits may not be returned. DDRB bank balances of deposits were covered by federal depository insurance except for \$39,683 on certain certificates of deposit exceeding \$250,000. It is DDRB's practice to require banks to provide collateral equal to any deposited amounts exceeding federal depository insurance limits.

Custodial Credit Risk-Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, DDRB will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At December 31, 2015, DDRB's investments were not exposed to custodial credit risk.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Assets

Capital asset activity for the year ended December 31, 2015 is as follows:

	<u>Governmental Activities</u>			Ending Balance 12-31-15
	Beginning Balance 12-31-14	Additions	Subtractions	
Non-depreciable Capital Assets				
Land	\$ 157,500	\$ -	\$ -	\$ 157,500
Depreciable Capital Assets				
Buildings	1,786,154	-	-	1,786,154
Improvements	1,308,494	-	-	1,308,494
Furniture, Fixtures and Equipment	<u>179,485</u>	<u>-</u>	<u>-</u>	<u>179,485</u>
Total Land/Depreciable Capital Assets	3,431,633	-	-	3,431,633
Less Accumulated Depreciation				
Buildings	854,810	43,094	-	897,904
Improvements Other than Buildings	270,086	45,622	-	315,708
Furniture, Fixtures and Equipment	<u>68,897</u>	<u>25,320</u>	<u>-</u>	<u>94,217</u>
Total Accumulated Depreciation	<u>1,193,793</u>	<u>114,036</u>	<u>-</u>	<u>1,307,829</u>
Total Depreciable Capital Assets	<u>\$2,237,840</u>	<u>\$(114,036)</u>	<u>\$ -</u>	<u>\$2,123,804</u>
Depreciation expense was charged as follows				
General Government				<u>\$ 114,036</u>

NOTE 3 – PROPERTIES

Since its formation in 1971, DDRB has acquired ten homes and sold four homes. In addition, DDRB completed construction of administrative offices in 1995. The following is a list of the remaining homes:

<u>House Location</u>	<u>Date Acquired</u>
7109 –11 North Park, Gladstone, Missouri	1973
6711 North Flora, Gladstone, Missouri	1979
1525 S. Birmingham, Liberty, Missouri	1987
5017 NE Chouteau, Kansas City, Missouri	2001
1119 Ridgeway Dr., Liberty, Missouri	2003
1484 Hampton Ct., Liberty, Missouri	2007

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 3 – PROPERTIES – CONTINUED

All of the homes have been leased to Concerned Care, Inc. since purchase. Concerned Care, Inc. has been provided funds from DDRB for the furnishings, equipment and the maintenance and repair of the homes.

NOTE 4 – COUNTY TAX LEVY

The residents of Clay County have authorized a separate property tax levy to provide services to County citizens with mental retardation/developmental disabilities. Funds received from the levy are collected by the County and remitted to DDRB. Clay County's property tax is levied on November 1 of each year on the assessed value listed as of the prior January 1 for all property located in the County and appropriate taxing districts.

Property taxes are due by December 31, following the levy date. During 2015 DDRB received \$4,461,310 property tax revenue related to 2015 and prior years. DDRB's tax levy on November 1, 2014, (which generated the property tax revenue) was \$.1191 per \$100 of assessed valuation. The adjusted assessed valuation of property in the county was \$3,582,077,750.

NOTE 5 – FUND BALANCE – BOARD RESERVED

During fiscal 2005 the Board of Directors changed the overall policy for reserving funds. Prior to 2005, the Board had reserved funds for Group Home Reserve, Building Reserve, Emergency Reserve, Escrow Reserve, Program Placement Reserve and Insurance Reserve. These reserves were eliminated and a new policy of reserving nine months of operating expenses was established during 2005. The Board of Directors is required to maintain nine months of operating expenses in a reserve, which for 2015 amounted to \$3,806,081. Expenses associated with case management and depreciation are not considered when calculating the required reserve. The Board of Directors designated reserve is calculated as follows:

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2015**

NOTE 5 – FUND BALANCE – BOARD RESERVED (CONTINUED)

Total Governmental Expenses	\$7,592,579
Case Management Services	(2,403,768)
Depreciation	<u>(114,036)</u>
	5,074,775
	<u>x .75</u>
	<u>\$3,806,081</u>

Balance, December 31, 2014	\$3,993,346
Required Change, Increase (Decrease)	<u>(187,265)</u>
Balance, December 31, 2015	<u>\$3,806,081</u>

NOTE 6 – SIGNIFICANT CONCENTRATIONS

Approximately 57% of the revenue was received from property taxes during 2015 which was a decrease from 61% in 2014. The major reason for the decrease was the new source of fee revenue from the Children’s Therapy Center. Property taxes decreased \$176,538 in 2015 from 2014 (3.8%).

NOTE 7 – RISK MANAGEMENT

DDRB is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God. DDRB maintains commercial insurance for significant insurable risks. There will be no claim on any of the commercial coverage during the year.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

The reported budgetary data represent the final approved budget after amendments as adopted by the Board of Directors. Amendments to the original budget were for capital improvements for the agencies. The basis of accounting is the same for both budgeting and financial reporting purposes. The Board of Directors utilizes the following procedures in establishing the budgetary data reflected in the general-purpose financial statements.

Prior to the beginning of the year, the Board of Directors meet with the various agencies to review their request for funds. The overall administrative costs of DDRB are added to the various agencies' request for funds. The operating budget provides a complete financial plan of all funds and activities for the upcoming fiscal year. In no event shall the total proposed expenditures exceed the estimated revenues to be received plus any unencumbered cash reserves estimated to be on hand at the beginning of the budget year. The budget is legally adopted through DDRB prior to January 1.

The actual revenues exceeded the budgeted revenues primarily because actual tax collections exceeded the budget. Program support expenditures were less than the budget primarily because of the purchase of service contracts. Under these contracts amounts are billed based upon actual units of services performed by the agencies. The number of service units provided was less than budgeted.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND
YEAR ENDED DECEMBER 31, 2015**

	Original Budget	Budget Changes	Final Budget	Actual	Variance Positive (Negative)
INCOME					
County Tax Receipts	\$ 4,535,064	-	\$ 4,535,064	\$ 4,461,310	\$ (73,754)
Rent	313,728	-	313,728	300,888	(12,840)
Transportation	791,836	-	791,836	214,003	(577,833)
Interest	42,453	-	42,453	40,127	(2,326)
Other Income	22,585	-	22,585	19,639	(2,946)
Carryover	280,135	-	280,135	-	(280,135)
Total Income	5,985,801	-	5,985,801	5,035,967	(949,834)
EXPENDITURES					
Program Support Expenditures	5,228,075	500,000	5,728,075	4,895,793	832,282
Administrative and Other	40,783	-	40,783	46,073	(5,290)
Payroll and Benefits	84,655	-	84,655	81,375	3,280
Insurance	18,289	-	18,289	19,209	(920)
Property Expenses	39,520	-	39,520	32,325	7,195
Total Expenditures	5,411,322	500,000	5,911,322	5,074,775	836,547
Income Over (Under) Expenditure	<u>\$ 574,479</u>	<u>\$ (500,000)</u>	<u>\$ 74,479</u>	<u>\$ (38,808)</u>	<u>\$ (113,287)</u>

NOTE: The budget comparison schedule does not contain the activity for Case Management.