ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

FINANCIAL STATEMENTS

JUNE 30, 2017

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

Contents

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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, 2017, 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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, 2017, 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

January 4, 2018

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

STATEMENT OF NET POSITION
June 30, 2017

	Governmental Activities
Assets	
Cash and cash equivalents	$ 2,456,964
Investments	4,228,042
Taxes receivable	602,190
Targeted case management receivable	319,861
Other accounts receivable	83,117
Prepaid expenses and other assets	7,838
Capital assets, net	1,095,564
Total Assets	8,793,576
Deferred Outflows of Resources	
Differences between expected and actual experience - pension	126,797
Change in assumptions - pension	175,159
Net difference between projected and actual earnings on pension plan investments	194,258
Pension contributions made subsequent to measurement date	195,895
Total Deferred Outflows of Resources	692,109
Liabilities	
Accounts payable	834,264
Accrued liabilities	51,529
Accrued compensated absences	138,798
Net pension liability	647,712
Long-term medicaid liability due within one year	103,301
Long-term medicaid liability due in more than one year	302,836
Total Liabilities	2,078,440
Net Position	
Net investment in capital assets	1,095,564
Unrestricted	6,311,681
Total Net Position	$ 7,407,245

ST. LOUIS OFFICE FOR
DEVELOPMENTAL DISABILITY RESOURCES

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2017

	Governmental Activities
Program Expenses	
Disability resource services provided	$ 10,667,580
Program Revenues	
Intergovernmental support	704,370
Targeted case management	1,983,068
Other	78,466
Total Program Revenues	2,765,904
Net Program Expenses	7,901,676
General Revenues	
Tax revenue	6,367,088
Investment income, net	56,982
Total General Revenues	6,424,070
Change In Net Position	(1,477,606)
Net Position - Beginning Of Year	8,884,851
Net Position - End Of Year	$ 7,407,245

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2017

		General Fund
Assets		
Cash and cash equivalents	$	2,456,964
Investments		4,228,042
Taxes receivable		602,190
Targeted case management receivable		319,861
Other accounts receivable		83,117
Prepaid and other assets		7,838
Total Assets	$	7,698,012
Liabilities, Deferred Inflows And Fund Balances		
Liabilities		
Accounts payable	$	834,264
Accrued expenditures		51,529
Total Liabilities		885,793
Deferred Inflows of Resources		
Property taxes		506,737
Fund Balances		
Nonspendable:		
Prepaid assets		7,838
Unassigned		6,297,644
Total Fund Balances		6,305,482
Total Liabilities, Deferred Inflows of Resources And Fund Balances	$	7,698,012
Amount Reported For Governmental Activities In The Government-Wide Statement Of Net Position Is Different Because:		
Fund Balances - Governmental Fund	$	6,305,482
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.		506,737
Capital assets used in governmental activities are not reported in the funds.		1,095,564
Net pension liability is not due and payable in the current period and therefore is not reported as a liability in the fund financial statements.		(647,712)
Certain changes in the net pension liability are deferred and amortized over time and are not reported in the funds.		692,109
Certain long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(406,137)
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		(138,798)
Net Position Of Governmental Activities	$	7,407,245

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
For The Year Ended June 30, 2017

		General Fund
Revenues		
Tax revenue		$ 6,396,306
Intergovernmental support		704,370
Targeted case management		1,983,068
Interest income		56,982
Other		78,466
Total Revenues		9,219,192
Expenditures		
Disability resource services provided		10,453,236
Net Change In Fund Balances		(1,234,044)
Fund Balances - Beginning Of Year		7,539,526
Fund Balances - End Of Year		$ 6,305,482

Amounts Reported For Governmental Activities In The Statement Of Activities Are Different Because:

Net Change In Fund Balances - Governmental Fund		$ (1,234,044)
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.		(29,218)
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.		(133,948)
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	$ 129,846	
Pension expense	195,895	
Medicaid liability expense	(406,137)	
		(80,396)
Change In Net Position Of Governmental Activities		$ (1,477,606)

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.

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.

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 o 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.

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 $1,000 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 it 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. The Organization's property is not impaired as of June 30, 2017.

Accrued Compensated Absences

Vacation expense is recorded in the period earned and accrued as a liability in the full accrual government-wide financial statements. The maximum amount of vacation allowed to be carried is the vacation earned by an employee in 24 months, and annual vacation earned is determined by years of employment. In the governmental fund financial statements, the cost of vacation 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, 2017 is as follows:

	Balance - July 1, 2016	Additions	Reductions	Balance - June 30, 2017	Amounts Due Within One Year
Governmental Activity					
Compensated absences	$ 268,644	$ 265,288	$ (395,134)	$ 138,798	$ 138,798

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, 2017, 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.

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 may 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 will sometimes 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. 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."

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, 2017 is as follows:

	Fair Value
Governmental Activities:	
Cash	$ 2,456,964
Certificates of deposit	4,228,042
	$ 6,685,006

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, 2017, 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.

The following table provides information at June 30, 2017 on the credit ratings and maturities of investments of the Organization:

	Cost	Market Value	Maturities	Credit Rating
Marketable Certificates of Deposit	$ 25,968	$ 25,061	Within 1 year	N/A
Marketable Certificates of Deposit	4,221,290	4,202,981	1-5 years	N/A
Total	$ 4,247,258	$ 4,228,042		

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, 2017 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, 2017, the Organization's uninsured and uncollateralized deposits amounted to $1,292,587.

3. Fair Value Measurement and Application

The Organization has the following recurring fair value measurements as of June 30, 2017:

Marketable certificates of deposit of approximately $4.2 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).

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, 2016	Additions	Disposals	Balance - June 30, 2017
Land	$ 318,505	$ —	$ —	$ 318,505
Buildings and improvements	2,208,087	4,140	—	2,212,227
Furniture and fixtures	381,113	—	—	381,113
Less accumulated depreciation	(1,678,193)	(138,088)	—	(1,816,281)
Capital assets - net	$ 1,229,512	$ (133,948)	$ —	$ 1,095,564

Depreciation expense charged to program expenses in the statement of activities for the year ended June 30, 2017 was $138,088.

7. Lease Commitments

Lease As Lessor

The Organization routinely enters into lease agreements to lease office space owned by the Organization. The Organization entered into an agreement in July 2015 and the lease provided for monthly payments to be made to the Organization in the amount of $3,407. The lease expired in June 2017. Rent revenue under the agreement was $46,700 in 2017. In June 2017, the Organization entered into a new agreement that provides monthly rental payments in the amount of $5,000 through the expiration date of March 31, 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.

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 29, 2016, the most recent actuarial valuation date, following employees were covered by the benefit terms:

Active employees	63
Retirees and beneficiaries currently receiving benefits	8
Terminated employees entitled to benefits, but not yet receiving them	8
	79

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 8.4% of annual covered payroll.

Net Pension Liability

At June 30, 2017, the Organization reported a net pension liability of $647,712. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of February 29, 2016 and a measurement date as of June 30, 2016.

	June 30, 2017
Total pension liability	$ 4,358,258
Plan fiduciary net position	3,710,546
Organization's net pension liability	$ 647,712
Plan fiduciary net position as a percentage of total pension liability	85.14%

The total pension liability in the February 29, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	February 29, 2016
Actuarial cost method	Entry age normal
Asset Valuation Method	5-Year soothed 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 actuarial assumptions used in the February 29, 2016 valuation were based on the results of an actuarial experience study for the period March 1, 2010 through February 28, 2015.

The assumptions for wage inflation, price inflation and salary increases were reduced by 0.25%, 0.50% and 0.25%, respectively, for the February 29, 2016 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	48.50%	5.00%
Fixed Income	25.00%	2.50%
Real Assets	20.00%	4.00%
Strategic Assets	6.50%	5.00%

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 (a)-(b)**
Balances at 6/30/2016	$ 3,622,652	$ 3,502,741	$ 119,911
Changes For The Year:			
Service cost	213,557	—	213,557
Interest	267,433	—	267,433
Differences between expected and actual experiences	140,116	—	140,116
Changes in assumptions	193,558	—	193,558
Employer contributions	—	283,108	(283,108)
Net investment income	—	17,891	(17,891)
Benefit payments	(79,058)	(79,058)	—
Administration expenses	—	(6,903)	6,903
Other changes - transfers	—	(7,233)	7,233
Net Changes	735,606	207,805	527,801
Balances at 6/30/2017	$ 4,358,258	$ 3,710,546	$ 647,712

Sensitivity Of The Net Pension Liability 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)	$ 1,586,993	$ 647,712	$ (85,281)

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

For the year ended June 30, 2017, the employer did not recognize any pension expense. The employer reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources
Differences between expected and actual experience	$ 126,797
Change in assumptions	175,159
Net difference between projected and actual earnings on pension plan investments	194,258
Contributions made subsequent to the measurement date	195,895
	$ 692,109

The amount reported as deferred outflows of resources resulting from contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability for the year ending June 30, 2018. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year	Deferred Outflows Amount
2018	$ 80,283
2019	80,283
2020	80,283
2021	80,283
2022	31,719
Thereafter	143,363
	$ 496,214

Payable To The Pension Plan

The Organization did not report any payables to the Plan for the year ended June 30, 2017.

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, 2017.

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 for a rate established in the contract for $103 per service hour.

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 the year ended June 30, 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, 2017 are as follows:

Year	Amount
2018	$ 103,301
2019	103,301
2020	103,301
2021	96,234
	$ 406,137

10. Concentrations

For the year ending June 30, 2017, approximately 69 percent of the Organization's revenue was received from the City of St. Louis, Missouri in the form of taxes.

11. Subsequent Events

The Organization has 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. The Organization has not received a signed sales contract as of the date of this report.

Required Supplementary Information

ST. LOUIS OFFICE FOR DEVELOPMENTAL DISABILITY RESOURCES

BUDGETARY COMPARISON INFORMATION - GENERAL FUND
For The Year Ended June 30, 2017

	Original And Final Budget	Actual	Variance Positive (Negative)
Revenues			
Tax revenue	$ 6,338,000	$ 6,396,306	$ 58,306
Intergovernmental support	714,755	704,370	(10,385)
Targeted case management	2,278,150	1,983,068	(295,082)
Interest Income	195,924	56,982	(138,942)
Other	41,700	78,466	36,766
Total Revenues	9,568,529	9,219,192	(349,337)
Expenditures			
Disability resource services provided	13,294,393	10,453,236	2,841,157
Total Expenditures	13,294,393	10,453,236	2,841,157
Net Change In Fund Balances	(3,725,864)	(1,234,044)	2,491,820
Fund Balances - Beginning Of Year	7,539,526	7,539,526	—
Fund Balances - End Of Year	$ 3,813,662	$ 6,305,482	$ 2,491,820

See the accompanying notes to budgetary comparison information.

NOTES TO BUDGETARY COMPARISON INFORMATION
June 30, 2017

Explanation Of Budgetary Process

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

a. The 2017 budget was developed in May 2016. The Executive Director and Chief Financial Officer were responsible for developing a draft budget for 2017, based on the revenue and expenditures projected for 2016.

b. The proposed budget was reviewed by the Board's Finance Committee. The Finance Committee submitted the proposed 2017 budget with a recommendation to approve the proposed budget to the Organization's Board.

c. At the Organization's Board's June 7, 2016 meeting, the Board approved the recommended budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

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

Fiscal year ending June 30,	**2017**	**2016**
Total Pension Liability		
Service cost	$ 213,557	$ 212,302
Interest on the total pension liability	267,433	243,284
Difference between expected and actual experience	140,116	(55,752)
Assumption changes	193,558	—
Benefit payments	(79,058)	(56,072)
Net Change In Total Pension Liability	735,606	343,762
Total Pension Liability Beginning	3,622,652	3,278,889
Total Pension Liability Ending	$ 4,358,258	$ 3,622,651
Plan Fiduciary Net Position		
Contributions-employer	$ 283,108	$ 274,686
Pension plan net investment income	17,891	64,743
Benefit payments	(79,058)	(56,072)
Pension plan administrative expense	(6,903)	(7,550)
Other	(7,233)	70,579
Net Change In Plan Fiduciary Net Position	207,805	346,386
Plan Fiduciary Net Position Beginning	3,502,741	3,156,355
Plan Fiduciary Net Position Ending	$ 3,710,546	$ 3,502,741
Employer Net Pension Liability	$ 647,712	$ 119,910
Plan Fiduciary Net Position As A Percentage Of The Total Pension Liability	85.14%	96.69%
Covered-Employee Payroll	$ 3,247,146	$ 3,139,630
Employer's Net Pension Liability As A Percentage Of Covered-Employee Payroll	19.95%	3.82%

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, 2017

Schedule Of Employer Contributions

	2017	2016
Actuarially determined contribution	$ 283,108	$ 274,686
Contributions in relation to the actuarially determined contribution	283,108	274,686
Contribution deficiency (excess)	$ —	$ —
Covered-employee payroll*	$3,247,146	$3,139,630
Contributions as a percentage of covered-employee payroll	8.72%	8.75%

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 29 in the fiscal year prior to the fiscal year in which the contributions are reported

*Covered employee payroll for the Organization's fiscal year is not available as the Organization only calculates covered employee payroll once per year as a part of the plan measurement date as part of the process of preparing the actuarial valuation. Thus, covered employee payroll reported for each fiscal year relates to the most recently completed actuarial valuation.