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DEVELOPMENTAL DISABILITIES RESOURCE BOARD

OF CLAY COUNTY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

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**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

DECEMBER 31, 2014

BOARD OF DIRECTORS

William Taylor

Bob Boydston

Gary Steinman

Stephen Elliott

Heath Roberts

Alan Naylor

Pat Schoenrade

Tom Bradley

Linda Thomas

ADMINISTRATIVE DIRECTOR

Brian O'Malley

BRUCE D. CULLEY, CPA, PC
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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, 2014, 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, 2014, 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

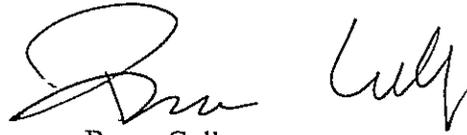
Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise DDRB's basic financial statements. The budgetary comparison information presented in the table of contents under the heading Supplementary Information is presented for purposes 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.

A handwritten signature in black ink, appearing to read 'Bruce Culley', written in a cursive style.

Bruce Culley
Certified Public Accountant

Gladstone, Missouri
July 20, 2015

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY**

Management's Discussion and Analysis

December 31, 2014

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 calendar year ended December 31, 2014.

Financial Highlights

- The assets of DDRB exceeded its liabilities at the close of the calendar year by \$7,075,191 (net position). The unrestricted net position was \$844,006 at year end. The Board has designated \$3,993,346 as a reserve for future expenditures.
- DDRB's total net position increased \$76,481. This compares with a decrease in net position of \$93,911 in 2013. Prior period adjustments increased the net position \$49,968.
- DDRB's only liabilities consisted of payroll taxes of \$615.
- DDRB received \$2,364,427 from the State of Missouri for services provided by the Children's Therapy Center for case management during the year. This was the third year that services were provided under the contract.
- The Government Fund Statement of Revenues, Expenditures and Changes in Fund Balance showed an increase of \$187,982 to a total of \$4,837,352.
- Actual revenues were less than budget caused primarily by carryover money in the budget of \$547,289. Expenditures were less than budget primarily because program expenses were less than projected.

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>2014</u>	<u>2013</u>
Current and Other Assets	\$4,837,967	\$4,660,614
Capital Assets	<u>2,237,839</u>	<u>2,349,340</u>
Total Assets	<u>\$7,075,806</u>	<u>\$7,009,954</u>
Current Liabilities	\$ 615	\$ 61,212
Net Position		
Invested in Capital Assets, Net of Debt	2,237,839	2,349,340
Board Designated	3,993,346	3,921,067
Unrestricted	<u>844,006</u>	<u>678,335</u>
Total Net Position	<u>7,075,191</u>	<u>6,948,742</u>
Total Net Position and Liabilities	<u>\$7,075,806</u>	<u>\$ 7,009,954</u>

At the end of the current fiscal year, DDRB is able to report positive balances in all categories of net position. DDRB's combined net position increased by \$76,481 from operations and \$49,968 from a prior period adjustment.

Capital assets (land, buildings and equipment) represent 31.6% 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 60% 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:

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues		
Operating Grants and Rent	\$ 536,453	\$ 439,356
Case Management Services	2,364,427	1,753,112
General Revenues		
Property Taxes	4,637,848	4,327,928
Interest	46,495	57,842
Other	<u>22,612</u>	<u>37</u>
Total Revenue	<u>7,607,835</u>	<u>6,578,275</u>
Expenses		
Program Support	5,155,802	4,847,441
Case Management Services	2,095,395	1,444,097
Administration and Other	<u>280,157</u>	<u>380,648</u>
Total Expenses	<u>7,531,354</u>	<u>6,672,186</u>
Increase (Decrease) in Net position	76,481	(93,911)
Net Position, Beginning of Year	6,948,742	7,042,653
Prior Period Adjustment	<u>49,968</u>	<u>-</u>
Net Position, Beginning of Year as Restated	6,998,710	7,042,653
Net Position, End of Year	<u>\$7,075,191</u>	<u>\$6,948,742</u>

Governmental activities increased DDRB's net position by \$76,481. Property taxes, the largest governmental revenue category, were \$4,637,848 or 61% of the total revenue. For the calendar year ended December 31, 2014, revenues totaled \$7,607,835 or an increase of \$1,029,560 over 2013. 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, 2014, was \$4,837,352 or 65% of 2014 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.

Capital Assets

DDRB's investment in capital assets for its governmental activities as of December 31, 2014, amounts to \$2,237,840 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements and equipment.

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
Land	\$ 157,500	\$ 157,500
Buildings and Building Improvements	1,969,752	2,075,491
Office Furniture and Equipment	110,588	116,349
Total Capital Assets	<u>\$2,237,840</u>	<u>\$2,349,340</u>

Program Funding

During 2014, 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 \$575,192.
- Transportation of consumers to the sheltered workshops or day habilitation programs. Under this portion of the agreement, DDRB paid \$38,512 as the 40% match for transportation services provided by Della Lamb Community Services.
- Day habilitation services provided by Immacolata Manor and Triality. DDRB paid \$146,054 as the 40% match for day habilitation services.
- Supported employment follow-along services. DDRB paid \$2,230 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:

Description of Service

Apartment/ISL/ILAP Programs	\$ 433,670
Community Recreation	320,305
Staff Training	<u>2,789</u>
	<u>\$ 756,764</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:

Description of Service

Residential Service Supports	\$ 47,177
Medical Supplies	10,517
Other	<u>1,995</u>
	<u>\$ 59,689</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 \$50,475.

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:

<u>Description of Service</u>	
DESE Shortfall	\$ 22,158
Workshop	777,160
Rehabilitation	210,034
Supported Employment	29,267
Work and Personal Services	491,057
Staff Training	9,920
	<u>\$1,539,596</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:

<u>Description of Service</u>	
Workshop/Day Program Transportation	\$ 628,140
Supported Employment Transportation	132,940
	<u>\$ 761,080</u>

Triality, Inc. – Day Habilitation

Triality, Inc. 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).

Triality, Inc. – Developmental Preschool/Special Education

Triality 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 Triality for adult day habilitation and early intervention services was as follows:

<u>Description of Service</u>	
Therapy Programs	\$ 103,143
Special Education/Developmental Preschool	148,080
Staff Training	<u>18,551</u>
	<u>\$ 269,774</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).

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	\$ 39,902
Special Education /Developmental Preschool	307,187
Special Instruction	7,679
Staff Training	<u>12,330</u>
	<u>\$ 367,098</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:

<u>Description of Service</u>	
Work Adjustment Center	<u>\$ 21,252</u>

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:

<u>Description of Service</u>	
Therapy	<u>\$ 55,364</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.

<u>Description of Service</u>	
Sheltered Workshop	<u>\$ 10,073</u>

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 2014 DDRB received \$2,364,427 for case management services.

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, 2014**

Governmental

ASSETS

Cash and Cash Equivalents	\$ 583,176
Certificates of Deposit	4,254,791
Capital Assets, Net of Depreciation	<u>2,237,839</u>
Total Assets	<u>7,075,806</u>

LIABILITIES

Payroll Taxes	<u>615</u>
Total Liabilities	<u>615</u>

NET POSITION

Invested in Capital Assets, Net of Related Debt	2,237,839
Restricted for:	
Board Designation	3,993,346
Unrestricted	<u>844,006</u>
Total Net Position	<u>\$ 7,075,191</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, 2014

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	\$ (5,155,802)	\$ 238,653	\$ -	\$ (4,917,149)
Case Management Services	(2,095,395)	2,364,427	-	269,032
Payroll and Benefits	(77,266)	-	-	(77,266)
Administrative and Other	(45,797)	-	-	(45,797)
Insurance	(17,989)	-	-	(17,989)
Property Expenses	(25,166)	-	-	(25,166)
Depreciation	(113,939)	-	-	(113,939)
Total Governmental Activities	(7,531,354)	2,603,080	-	(4,928,274)
GENERAL REVENUES				
County Taxes				4,637,848
Interest				46,495
Rent				297,800
Other				22,612
Total General Revenues and Transfers				5,004,755
Change in Net Position				76,481
Net Position, Beginning of Year as Restated				6,998,710
Net Position, End of Year				\$ 7,075,191

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
 OF CLAY COUNTY
 GOVERNMENTAL FUND BALANCE SHEET
 MODIFIED CASH BASIS
 DECEMBER 31, 2014**

General

ASSETS		
Cash and Cash Equivalents	\$	583,176
Certificates of Deposit		<u>4,254,791</u>
Total Assets	\$	<u><u>4,837,967</u></u>
LIABILITIES		
Payroll Taxes	\$	<u>615</u>
Total Liabilities		<u>615</u>
FUND BALANCES		
Restricted		
Board Designation		3,993,346
Unassigned		<u>844,006</u>
Total Fund Balances		<u><u>4,837,352</u></u>
Total Liabilities and Fund Balances	\$	<u><u>4,837,967</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, 2014

Fund Balances - Total Governmental Funds	\$ 4,837,352
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Governmental Capital Assets	<u>2,237,839</u>
Net Position of Governmental Activities	<u>\$ 7,075,191</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, 2014**

General

REVENUES

County Taxes	\$ 4,637,848
Case Management Services	2,364,427
Transportation	223,911
Grant	14,742
Rent	297,800
Interest	46,495
Other	<u>22,612</u>
Total Revenues	7,607,835

EXPENDITURES

Program Support Expenditures	5,155,802
Case Management	2,095,395
Administrative and Other	45,797
Payroll and Benefits	77,266
Insurance	17,989
Property Expenses	25,166
Capital Expenditures	<u>2,439</u>
Total Expenditures	<u>7,419,854</u>

Excess of Revenue Over (Under) Expenditures 187,981

Fund Balance, Beginning of Year as Restated 4,649,371

Fund Balance, End of Year \$ 4,837,352

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, 2014**

Net Change in Fund Balances - Total Governmental Funds \$ 187,981

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:

Additions to Fixed Assets	2,439
Depreciation	<u>(113,939)</u>
	<u>(111,500)</u>
Change in Net Position of Governmental Activities as Noted in the Statement of Activities	<u>\$ 76,481</u>

See accompanying notes to basic financial statements.

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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, 2014**

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, 2014**

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, 2014**

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:

	<u>Years</u>
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, 2014

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

DDRB 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, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Event

Subsequent events have been evaluated through July 20, 2015, 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 contract has been renewed for another year.

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.

NOTE 2 – DETAILED NOTES ON ALL FUNDS

Deposits and Investments

As of December 31, 2014, DDRB had the following deposits and investments:

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Deposits and Investments-Continued

	Reported Amount/ Fair Value
Certificates of Deposit	\$ 4,254,791
Bank Checking	583,176
Total Deposits	\$ 4,837,967

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, 2014, 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, 2014**

NOTE 2 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital Assets

Capital asset activity for the years ended December 31, 2014 and 2013 is as follows:

	<u>Governmental Activities</u>			Ending Balance 12-31-14
	Beginning Balance 12-31-13	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>177,046</u>	<u>2,439</u>	<u>-</u>	<u>179,485</u>
Total Land/Depreciable Capital Assets	3,429,194	2,439	-	3,431,633
Less Accumulated Depreciation				
Buildings	818,172	36,638	-	854,810
Improvements Other than Buildings	217,756	52,330	-	270,086
Furniture, Fixtures and Equipment	<u>43,926</u>	<u>24,971</u>	<u>-</u>	<u>68,897</u>
Total Accumulated Depreciation	<u>1,079,854</u>	<u>113,939</u>	<u>-</u>	<u>1,193,793</u>
Total Depreciable Capital Assets	<u>\$2,349,340</u>	<u>\$(111,500)</u>	<u>\$ -</u>	<u>\$2,237,840</u>
Depreciation expense was charged as follows				
General Government				<u>\$ 113,939</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, 2014**

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. Monies generated 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 2014 DDRB recognized \$4,637,848 property tax revenue related to 2013 and prior years. DDRB's tax levy on November 1, 2013, (which generated the property tax revenue) was \$.1191 per \$100. 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 2014 amounted to \$3,993,346. The required reserve has been adjusted for case management services which are connected with a fee for service contract. The Board of Directors designated reserve is calculated as follows:

Balance, December 31, 2013	\$3,921,067
Required Change, Increase	<u>72,279</u>
Balance, December 31, 2014	<u>\$3,993,346</u>

**DEVELOPMENTAL DISABILITIES RESOURCE BOARD
OF CLAY COUNTY
NOTES TO BASIC FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2014**

NOTE 6 – SIGNIFICANT CONCENTRATIONS

Approximately 61% of the revenue was received from property taxes during 2014 which was a decrease from 67% in 2013. The major reason for the decrease was the new source of fee revenue from the Children’s Therapy Center. Property taxes increased \$309,920 in 2014 over 2013.

NOTE 7 – RESTATEMENT OF BEGINNING BALANCES

DDRB has identified the following items which required a restatement of beginning net position and fund balances for the year ended December 31, 2014:

	Fund Balances Governmental <u>Funds</u>	Net Position Governmental <u>Activities</u>
Net Position and Fund Balances as		
Originally Reported December 31, 2013	\$4,599,402	\$6,948,742
Deferred Revenue - Training	17,681	17,681
Deferred Revenue – Non-waiver Services	40,151	40,151
Other	<u>(7,863)</u>	<u>(7,864)</u>
Net Position and Fund Balance as		
Adjusted December 31, 2013	<u>\$4,649,371</u>	<u>\$6,998,710</u>

The following is a description of the adjustments shown above:

Management determined that DDRB was not responsible for the deferred revenue from training and non-waiver services.

NOTE 8 – 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, 2014**

The reported budgetary data represent the final approved budget after amendments as adopted by the Board of Directors. Amendments to the original budget were not material. 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, 2014**

	Original Budget	Budget Changes	Final Budget	Actual	Variance Positive (Negative)
INCOME					
County Tax Receipts	\$ 4,471,534	40,000	\$ 4,511,534	\$ 4,637,848	\$ 126,314
Rent	260,000	-	260,000	297,800	37,800
Transportation	164,000	-	164,000	223,911	59,911
Grant	-	-	-	14,742	14,742
Interest	35,000	-	35,000	46,495	11,495
Case Management	120,000	-	120,000	-	(120,000)
Other Income	60	-	60	22,612	22,552
Carryover	547,289	-	547,289	-	(547,289)
Total Income	<u>5,597,883</u>	<u>40,000</u>	<u>5,637,883</u>	<u>5,243,408</u>	<u>(394,475)</u>
EXPENDITURES					
Program Support Expenditures	5,393,106	-	5,393,106	5,155,802	237,304
Administrative and Other	49,500	-	49,500	48,236	1,264
Payroll and Benefits	84,277	-	84,277	77,268	7,009
Insurance	22,000	-	22,000	17,989	4,011
Property Expenses	49,000	-	49,000	25,166	23,834
Total Expenditures	<u>5,597,883</u>	<u>-</u>	<u>5,597,883</u>	<u>5,324,461</u>	<u>273,422</u>
Income Over (Under) Expenditure	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ (81,053)</u>	<u>\$ (121,053)</u>

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

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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

I have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of DDRB, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the DDRB's basic financial statements, and have issued my report thereon dated July 20, 2015.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the DDRB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the DDRB's internal control. Accordingly, I do not express an opinion on the effectiveness of the DDRB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

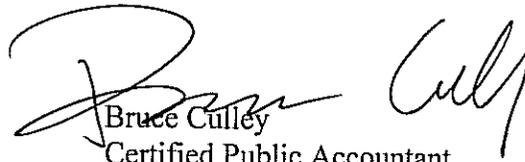
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DDRB's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Bruce Culley
Certified Public Accountant

Gladstone, Missouri
July 20, 2015