

---

---

**COLONIAL COMMUNITY SERVICES BOARD**

**Williamsburg, Virginia**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2008**

**ROBINSON, FARMER, COX ASSOCIATES**

*A PROFESSIONAL LIMITED LIABILITY COMPANY      CERTIFIED PUBLIC ACCOUNTANTS*

---

CHARLOTTESVILLE    □    RICHMOND    □    FREDERICKSBURG    □    VERONA    □    CHRISTIANSBURG



## Table of Contents

---

	Page
Board of Directors and Principal Management Team .....	i
Organizational Chart .....	ii
Independent Auditors' Report .....	1-2
Management's Discussion and Analysis .....	3-5
 <b><i>Basic Financial Statements:</i></b>	
Statement of Net Assets .....	6
Statement of Revenues, Expenses and Changes in Net Assets.....	7
Statement of Cash Flows .....	8-9
Notes to Financial Statements.....	10-24
 <b><i>Required Supplementary Information:</i></b>	
Schedule of Pension Funding Progress .....	25
 <b><i>Supplemental Information:</i></b>	
<b><u>Combining Financial Statements:</u></b>	
Combining Statement of Net Assets .....	26
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	27
Combining Statement of Cash Flows .....	28
<b><u>Other Schedules:</u></b>	
Schedule of Insurance .....	29
Reconciliation of Revenues and Expenditures of the Fourth Quarter Report to the Combining Statement of Revenues, Expenses and Changes in Net Assets.....	30
 <b><i>Other Information:</i></b>	
Service Statistics .....	31
 <b><i>Compliance:</i></b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	32-33
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	34-35
Schedule of Expenditures of Federal Awards.....	36
Schedule of Findings and Questioned Costs .....	37
Schedule of Prior Year Findings and Questioned Costs .....	38

**COLONIAL COMMUNITY SERVICES BOARD**

**BOARD OF DIRECTORS**

**At June 30, 2008**

---

John McDonald, Chairperson

Barbara Burge, Vice-Chairperson

Edith Chutkow

Diana Hutchens

Morris Randall

Mary A. Clark

Patricia Kline

Raymond E. Schmidt

Victoria Diggs

Charles McAdams

Minnie Sippio

June Hagee

Jodi Mincemoyer

Don Willis

Carol R. Mitchell

**PRINCIPAL MANAGEMENT TEAM**

---

David Coe

Executive Director

Keith German

Director of Administrative Services

Avtar Dhillon

Director of Medical Services

Dan Longo

Director of Behavioral Services

Debbie Townsend-Pittman

Director of Community Integration

Fred Mitchell

Director of Quality Assurance

John Clary

Director of Employment and Housing

**Insert organization chart**

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS  
COLONIAL COMMUNITY SERVICES BOARD  
WILLIAMSBURG, VIRGINIA**

We have audited the statement of net assets of Colonial Community Services Board and the related statements of revenues, expenses and changes in net assets, and cash flows, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Colonial Community Services Board's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information before the restatement described in Note 15, has been derived from the Board's 2007 financial statements which were audited by other auditors, and in their report dated February 6, 2008, they expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Commonwealth of Virginia, Office of the Auditor of Public Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colonial Community Services Board, as of June 30, 2008, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2008, on our consideration of the Colonial Community Services Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis and Schedule of Pension Funding Progress as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Colonial Community Services Board basic financial statements. The presentation of supplemental information is made for purposes of additional analysis and is not a required part of the basic financial statements of the Board. The supplemental information, including the accompanying schedule of expenditures of federal awards which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole. The other information presented has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, therefore, we express no opinion on it.

*Robinson, Janner, Cox Associates*

Charlottesville, Virginia  
December 8, 2008

## COLONIAL COMMUNITY SERVICES BOARD

Management's Discussion and Analysis  
Year Ended June 30, 2008

---

This Management's Discussion and Analysis is intended to be objective and easily readable information that will supplement the basic financial statements. It represents an opportunity for Colonial Services Board (CSB) management to present an examination of the Board's short- and long-term financial condition. This analysis will emphasize current year transactions and results, in comparison with the prior year, and is based on facts, decisions, and conditions that were known as of the date of the auditor's report.

### FISCAL YEAR 2008 HIGHLIGHTS

- The CSB continued to expand its participation in regional services connected to the downsizing of Eastern State Hospital. Residential services were added as a complement to offerings in psychiatric, crisis, and geriatric services.
- Recovery services continued to expand via contract with Spirit Works.
- Renovation and repair of facilities at the main Williamsburg campus were completed.
- Negotiations to acquire additional office space in the upper part of the catchment were initiated after a desired property was identified.
- Fiscal year 2008 total revenue growth was approximately 6% over fiscal year 2007.
- The CSB continued its conversion to an electronic health record to automate consumer care documentation.

### OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The CSB's annual financial report consists of three basic financial statements: a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. For ease of presentation, all statements are in a condensed format.

The CSB maintains a non-profit corporation, Colonial Community Services Inc.(CCSI), as a component unit for the purpose of acquiring and holding real property for use by the Colonial Services Board. All condensed statements are combined, including values and amounts for both the CSB and CCSI.

**Financial Position.** The Statement of Net Assets represents, as of the last day of the fiscal year, the assets (cash and other property) owned and liabilities (debts and other obligations) owed by the CSB. The difference between total assets and total liabilities defines the net assets (equity), which is generally perceived as a measure of financial solvency.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued)

A summary of CSB's Combined Statement of Net Assets for 2008 and 2007 is presented below:

<b>Condensed Combined Statement of Net Assets</b>		
	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current assets	\$ 4,309,304	\$ 4,217,229
Restricted current assets	-	40,262
Capital assets (net of depreciation)	4,388,200	4,289,233
Other assets	<u>33,873</u>	<u>38,907</u>
Total assets	<u>\$ 8,731,377</u>	<u>\$ 8,585,631</u>
<b>Liabilities</b>		
Current liabilities	\$ 1,506,306	\$ 1,335,456
Current liabilities payable from restricted assets	-	40,262
Long-term liabilities	<u>2,094,555</u>	<u>2,144,723</u>
Total liabilities	<u>\$ 3,600,861</u>	<u>\$ 3,520,441</u>
<b>Net Assets</b>	<u>\$ 5,130,516</u>	<u>\$ 5,065,190</u>
Total liabilities and net assets	<u>\$ 8,731,377</u>	<u>\$ 8,585,631</u>

The CSB presents a strong balance sheet, with Current Ratio of 2.9:1, and Current Assets in excess of Total Liabilities. The slight reduction in current ratio from fiscal year 2007 reflects the use of cash reserves in the continuing renovation of older facilities; all significant facility work was completed in fiscal year 2008.

**Changes in net assets.** The Statement of Revenues, Expenses and Changes in Net Assets is a presentation of the amount of income generated (revenues) and resources consumed (expenses) during the fiscal year. The net difference between revenues and expenses represents the amount Net Assets increased or decreased for the year.

A summary of CSB's Statement of Revenues, Expenses and Changes in Net Assets for 2008 and 2007 is presented below:

<b>Condensed Combined Statement of Revenues, Expenses and Changes in Net Assets</b>		
	<u>2008</u>	<u>2007</u>
Operating revenues	\$ 4,162,222	\$ 3,913,212
Operating expenses	<u>12,458,131</u>	<u>11,440,968</u>
Operating income (loss)	<u>\$ (8,295,909)</u>	<u>\$ (7,527,756)</u>
Net Nonoperating income	<u>\$ 8,361,235</u>	<u>\$ 7,906,168</u>
Change in net assets	<u>\$ 65,326</u>	<u>\$ 378,412</u>

## **OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (continued)**

The CSB's Statement of Net Assets reflects decreased Operating Income from 2007 to 2008. Although total revenues increased approximately 6% over the previous year, lower Net Operating Income and Change in Net Assets result from increased personnel and facility maintenance expenses.

**Cash Flows.** The Statement of Cash Flows indicates the net increase or decrease of cash resources for the CSB during the year and the activities that produced the increase or decrease. The statement concludes with a reconciliation tying the beginning cash balance and results for the year to the ending balance.

A summary of the CSB Statement of Cash Flows for 2008 and 2007 is presented below:

<b>Condensed Combined Statement of Cash Flows</b>		
	<u>2008</u>	<u>2007</u>
Cash flows provided (used) by operating activities	\$ (7,830,798)	\$ (6,920,333)
Cash flows provided (used) by non-capital and related financing activities	8,064,461	7,747,243
Cash flows provided (used) by capital and related financing activities	(502,014)	(472,027)
Cash flows provided (used) by investing activities	168,691	187,851
Net cash increase (decrease)	<u>\$ (99,660)</u>	<u>\$ 542,734</u>

The CSB's Combined Statement of Cash Flows shows a net use of cash for fiscal year 2008. This is primarily due to use of cash reserves to fund facility repair and renovation.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital assets as shown on the Condensed Combined Statement of Net Assets total \$4,388,200. Over 90% of this value (\$4,105,248) consists of the value of buildings and property held by CCSI for use by CSB. The remainder consists of vehicles and office equipment used by CSB. Plans are underway for CCSI to acquire an additional building to expand CSB program capacity during fiscal year 2009.

Long-term debt of \$1,521,558 is entirely attributable to obligations of CCSI incurred in the purchase / re-financing of buildings and properties referenced above. Current plans call for the additional building referenced above to be financed with additional long-term debt.

For more information on capital assets and debt administration, see Notes to Financial Statements numbers 4 and 10.

**- Basic Financial Statements -**

**COLONIAL COMMUNITY SERVICES BOARD**

**Statement of Net Assets  
At June 30, 2008  
(With Comparative Totals for 2007)**

<b>ASSETS</b>	<b>2008</b>	<b>2007</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,485,123	\$ 3,544,521
Accounts receivable, less allowance for uncollectibles	552,658	507,044
Accrued revenue	182,814	83,122
Prepaid items	88,709	82,542
Total current assets	<u>\$ 4,309,304</u>	<u>\$ 4,217,229</u>
<b>Restricted Current Assets:</b>		
Client funds	\$ -	\$ 40,262
<b>Capital Assets:</b>		
Property and equipment, less accumulated depreciation	\$ 4,388,200	\$ 4,289,233
<b>Other Assets:</b>		
Deposits	\$ 2,762	\$ 4,810
Deferred charges, net of amortization	31,111	34,097
Total other assets	<u>\$ 33,873</u>	<u>\$ 38,907</u>
Total assets	<u>\$ 8,731,377</u>	<u>\$ 8,585,631</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 636,214	\$ 444,914
Compensated absences, current portion	335,038	309,299
Long-term debt, current portion	113,293	107,417
Capital lease obligations, current portion	25,022	33,740
Deferred revenue	63,125	67,219
Other current liabilities	333,614	372,867
Total current liabilities	<u>\$ 1,506,306</u>	<u>\$ 1,335,456</u>
<b>Current Liabilities Payable from Restricted Assets:</b>		
Client funds	\$ -	\$ 40,262
<b>Long-term Liabilities:</b>		
Compensated absences, less current portion	\$ 561,608	\$ 473,158
Long-term debt, less current portion	1,521,558	1,634,891
Capital lease obligations, less current portion	11,389	36,674
Total long-term liabilities	<u>\$ 2,094,555</u>	<u>\$ 2,144,723</u>
Total liabilities	<u>\$ 3,600,861</u>	<u>\$ 3,520,441</u>
<b>Net Assets:</b>		
Invested in capital assets net of related debt	\$ 2,716,938	\$ 2,476,511
Unrestricted	2,413,578	2,588,679
Total net assets	<u>\$ 5,130,516</u>	<u>\$ 5,065,190</u>

The accompanying notes to financial statements are an integral part of this statement.

**COLONIAL COMMUNITY SERVICES BOARD**

**Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2008  
(With Comparative Totals for 2007)**

	<u>2008</u>	<u>2007</u>
<b>Operating Revenues:</b>		
Net patient service revenue	\$ 4,162,222	\$ 3,913,212
<b>Operating Expenses:</b>		
Salaries and benefits	\$ 9,119,143	\$ 8,435,018
Staff development	66,184	37,956
Facility	474,243	471,711
Supplies	505,826	588,195
Travel	266,651	200,733
Contractual and consulting	1,585,873	1,368,018
Depreciation and amortization	186,573	173,361
Other	253,638	165,976
Total operating expenses	\$ 12,458,131	\$ 11,440,968
<b>Operating income (loss)</b>	<b>\$ (8,295,909)</b>	<b>\$ (7,527,756)</b>
<b>Nonoperating income:</b>		
Appropriations:		
Commonwealth of Virginia	\$ 4,842,959	\$ 4,220,852
Federal government	754,854	869,052
Local governments	1,816,757	1,745,931
Contributions	16,501	10,911
Other	839,746	962,897
Interest income	168,691	187,851
Interest expense	(78,273)	(91,326)
Net nonoperating income	\$ 8,361,235	\$ 7,906,168
<b>Change in net assets</b>	<b>\$ 65,326</b>	<b>\$ 378,412</b>
<b>Net assets, beginning of year (Note 15)</b>	<b>5,065,190</b>	<b>4,686,778</b>
<b>Net assets, end of year</b>	<b>\$ 5,130,516</b>	<b>\$ 5,065,190</b>

The accompanying notes to financial statements are an integral part of this statement.

**COLONIAL COMMUNITY SERVICES BOARD**

**Statement of Cash Flows  
Year Ended June 30, 2008  
(With Comparative Totals for 2007)**

	<u>2008</u>	<u>2007</u>
<b>Cash flows provided (used) by operating activities:</b>		
Receipts from customers	\$ 4,116,608	\$ 4,085,281
Payments to suppliers	(2,965,480)	(2,610,415)
Payments to and for employees	(8,981,926)	(8,395,199)
Total cash flows provided (used) by operating activities	<u>\$ (7,830,798)</u>	<u>\$ (6,920,333)</u>
<b>Cash flows provided (used) by noncapital and related financing activities:</b>		
Government grants	\$ 7,254,100	\$ 6,835,835
Other	810,361	911,408
Total cash flows provided (used) by noncapital and related financing activities	<u>\$ 8,064,461</u>	<u>\$ 7,747,243</u>
<b>Cash flows provided (used) by capital and related financing activities:</b>		
Acquisition of fixed assets	\$ (282,556)	\$ (268,142)
Capital lease proceeds	-	30,612
Interest payments on loans and leases payable	(78,000)	(91,326)
Principal payments on loans and leases payable	(141,458)	(143,171)
Cash flows provided (used) by capital and related financing activities	<u>\$ (502,014)</u>	<u>\$ (472,027)</u>
<b>Cash flows provided (used) by investing activities:</b>		
Interest income	\$ 168,691	\$ 187,851
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>\$ (99,660)</u>	<u>\$ 542,734</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>3,584,783</u>	<u>3,042,049</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 3,485,123</u></u>	<u><u>\$ 3,584,783</u></u>
<b>Summary of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 3,485,123	\$ 3,544,521
Cash and cash equivalents - restricted	-	40,262
Total	<u><u>\$ 3,485,123</u></u>	<u><u>\$ 3,584,783</u></u>

COLONIAL COMMUNITY SERVICES BOARD

Statement of Cash Flows

Year Ended June 30, 2008 (Continued)

(With Comparative Totals for 2007)

	<u>2008</u>	<u>2007</u>
Cash flows provided (used) by operating activities:		
Operating income (loss)	\$ (8,295,909)	\$ (7,527,756)
Adjustments to reconcile excess of revenues over expenses to cash provided (used) by operations:		
Depreciation and amortization	186,573	173,361
Changes in assets and liabilities:		
Accounts receivable	60,778	172,069
Prepaid items	(22,715)	(45,121)
Deposits	2,048	-
Accounts payable and accrued expenses	191,300	181,187
Client funds	(40,262)	(10,679)
Compensated absences	114,189	46,350
Deferred revenue	12,453	67,219
Other current liabilities	(39,253)	23,037
Cash flows provided (used) by operating activities	<u>\$ (7,830,798)</u>	<u>\$ (6,920,333)</u>

The accompanying notes to financial statements are an integral part of this statement.

## COLONIAL COMMUNITY SERVICES BOARD

### Notes to Financial Statements As of June 30, 2008

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### A. Description and Purpose of Agency:

The Board operates as an agent for the Counties of York and James City, and the Cities of Poquoson and Williamsburg in the establishment and operation of community mental health, mental retardation and substance abuse programs as provided for in Chapter 10 of Title 37.1 of the Code of Virginia (1950), relating to the Virginia Department of Mental Health, Mental Retardation, and Substance Abuse Services. In addition, the Board provides a system of community mental health and mental retardation and substance abuse services which relate to and are integrated with existing and planned programs.

##### B. Reporting Entity:

For financial reporting purposes, in conformance with the Governmental Accounting Standards Board Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the Board includes all organizations which exclusively benefit the Board. All component units included in these financial statements have years which end on June 30.

##### Blended Component Units:

Blended component units, although legally separate entities are, in substance, part of the Board's operations, and so data from these units are combined with data of the Board. The Board has the following blended component units.

Colonial Community Services, Inc. is a property holding organization for the Board and is exempt from taxation under the Federal Internal Revenue Code Section 501(c)(3).

##### C. Basis of Accounting:

The Board is funded by federal, state and local funds. Its accounting policies are governed by applicable provisions of these grants and applicable pronouncements and publications of the grantors. The Board utilizes the accrual basis of accounting where revenues are recorded when earned and expenses recorded when due.

##### D. Financial Statement Presentation:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board and the Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The Board applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

All significant intercompany transactions and accounts have been eliminated for the combining statements.

## COLONIAL COMMUNITY SERVICES BOARD

### Notes to Financial Statements As of June 30, 2008 (continued)

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. Enterprise Fund Accounting:

Colonial Community Services Board is a governmental health care entity and is required to follow the accounting and reporting practices of the Governmental Accounting Standards Board. For financial reporting purposes, the Board utilizes the enterprise fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Substantially all revenues and expenses are subject to accrual.

F. Use of Estimates:

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 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.

G. Cash and Cash Equivalents:

The Board maintains cash accounts with financial institutions in accordance with the Virginia Security for Public Deposits Act of the Code of Virginia. The Act requires financial institutions to meet specific collateralization requirements. Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

H. Investments:

Investments are reported at fair value.

I. Net Client Service Revenue:

Net client service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for services rendered. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Retroactive adjustments are reported in operations in the year of settlement.

J. Financial Assistance:

The Board is required to collect the cost of services from third party sources and those individuals who are able to pay. However, the payment of amounts charged is based on individual circumstances and unpaid balances are pursued to the extent of the client's ability to pay. The Board has established procedures for granting financial assistance in cases of hardship. The granting of financial assistance results in a substantial reduction and/or elimination of charges to individual clients. Because the Board does not pursue the collection of amounts determined to qualify for financial assistance, they are not reported as revenue.

The vast majority of fees collected result from Medicaid billings.

## COLONIAL COMMUNITY SERVICES BOARD

### Notes to Financial Statements As of June 30, 2008 (continued)

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

K. Capital Assets:

Capital assets acquired are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 5 to 40 years and is computed using the straight-line method. Donated capital assets are recorded at their estimated fair market value at the time of the gift. All capital asset purchases of \$5,000 or more are capitalized.

L. Restricted Assets:

The Board segregates monies held on behalf of third parties and other organizations. Client funds are held in escrow for various participants in Board programs. These funds consist of client bank accounts and cash not recorded in the Board's name.

M. Deferred Charges:

Deferred charges consist of legal and bond costs related to the obtaining of financing of real estate purchases. These costs are amortized over a 15 year period using the straight-line method. Amortization costs were \$2,987 for fiscal year 2008 and 2007. Accumulated amortization totaled \$13,689 at June 30, 2008.

N. Compensated Absences:

Employees are entitled to certain compensated absences based upon length of employment. Sick leave vests with the employee and is recorded as an expense when earned. Up to 25% of accumulated sick leave will be paid upon termination of service with the Board. Vacation and certain other compensated absences also vest with the employee. Provision for the estimated liability for these compensated absences has been recorded in the financial statements.

O. Budgetary Accounting:

The Board follows these procedures in establishing its budgets.

1. In response to Letters of Notification received from the Department of Mental Health, Mental Retardation and Substance Abuse Services (the Department), the Board submits a Performance Contract to the Department. This application contains complete budgets for all Core Services.
2. The Board's Performance reports are filed with the Department during the fiscal year, 45 working days after the end of the second and fourth quarters. The final quarterly report is due by September 30 following the end of the fiscal year, unless extended.
3. If any changes are made during the fiscal year in state or federal block grants or local match funds, the Board submits Performance Contract revisions which reflect these changes in time to be received by the Department by required deadlines.

## COLONIAL COMMUNITY SERVICES BOARD

### Notes to Financial Statements As of June 30, 2008 (continued)

---

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

P. Operating and Nonoperating Revenues and Expenses:

Operating revenues and expenses are defined as those items which result from providing services, and include all transactions and events which are not capital and related financing, noncapital or investing activities. Nonoperating revenues consist of grants, investment and other income. Nonoperating expenses are defined as capital and noncapital related financing and other expenses.

Q. Comparative Totals:

Comparative totals are presented for information purposes only. Certain prior year amounts have been reclassified to conform with the current year presentation.

#### NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

All cash of the Board is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments. The carrying value of deposits in banks for the reporting entity was \$571,045 and the bank balances were \$756,428.

The Board's primary operating bank account is in the custody of the County of York, Virginia pursuant to fiscal agent and related agreements with the County.

Restricted Cash:

Restricted cash represents amounts held for clients. These funds were turned over to another organization in fiscal year 2008.

Investments:

State statutes authorize the Board to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Board's investments are also in the custody of the County of York, Virginia pursuant to fiscal agent and related agreements with the County.

**COLONIAL COMMUNITY SERVICES BOARD**

**Notes to Financial Statements  
As of June 30, 2008 (continued)**

**NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)**

Custodial Credit Risk (Investments):

The Board has no formal investment policies, but follows State law and the County of York guidelines for its investments.

Credit Risk of Debt Securities:

The Board's rated debt investments as of June 30, 2008 were rated by Standard and Poor's and the ratings are presented below using Standard and Poor's rating scale.

<u>Rated Debt Investments Value</u>	<u>Rated Debt Investments</u>				
	<u>Fair Quality Ratings</u>				
	<u>AAA/AAAm</u>	<u>AA</u>	<u>A</u>	<u>A1</u>	<u>Unrated</u>
Virginia Local Government Investment Pool	\$ 2,913,628	\$ -	\$ -	\$ -	\$ -

Concentration of Credit Risk:

At June 30, 2008 the Board did not have an investment policy regarding the concentration of credit risk.

Interest Rate Risk:

The Board does not have a policy that addresses interest rate risk. The following details the Board's interest rate risk at June 30, 2008.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than One Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>10 Years +</u>
Virginia Local Government Investment Pool	\$ 2,913,628	\$ 2,913,628	\$ -	\$ -	\$ -

The fair value of the external investment pools is the same as the value of the pool shares. Investments in the Local Government Investment Pool that are not SEC registered are monitored by the Treasurer of Virginia and other applicable state agencies. Investments in other external investment pools are all SEC registered or federal securities.

There were no involuntary participations in external investment pools. The Board does not sponsor any external investment pools.

COLONIAL COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008 (continued)

**NOTE 2 - DEPOSITS AND INVESTMENTS: (continued)**

Summary of Cash and Cash Equivalents:

	<u>2008</u>	<u>2007</u>
Cash:		
Petty cash	\$ 450	\$ 408
Checking	571,045	91,472
Total cash	<u>\$ 571,495</u>	<u>\$ 91,880</u>
Investments	2,913,628	3,492,903
Total cash and cash equivalents	<u><u>\$ 3,485,123</u></u>	<u><u>\$ 3,584,783</u></u>
Allocation:		
Unrestricted	\$ 3,485,123	\$ 3,544,521
Restricted	-	40,262
Total allocation	<u><u>\$ 3,485,123</u></u>	<u><u>\$ 3,584,783</u></u>

**NOTE 3 - ACCOUNTS RECEIVABLE AND ACCRUED REVENUE:**

Client Accounts Receivable:

At June 30, 2008 and 2007 the Board had client accounts receivable due, net of estimated uncollectibles of \$418,158 (2008) and \$394,770 (2007) from the following primary sources:

	<u>2008</u>	<u>2007</u>
Virginia Department of Medical Assistance Services (Medicaid)	\$ 315,708	\$ 199,056
Direct client and third party	215,284	285,470
Other	21,666	22,518
Total	<u><u>\$ 552,658</u></u>	<u><u>\$ 507,044</u></u>

Other than the amounts due for Medicaid charges, there are no other individually significant sources of client fee receivables.

Accrued Revenue:

	<u>2008</u>	<u>2007</u>
Commonwealth of Virginia - grants	\$ 160,470	\$ -
Others	22,344	83,122
Total	<u><u>\$ 182,814</u></u>	<u><u>\$ 83,122</u></u>

**COLONIAL COMMUNITY SERVICES BOARD**

**Notes to Financial Statements  
As of June 30, 2008 (continued)**

**NOTE 4 - CAPITAL ASSETS:**

Capital assets consist of the following:

<b>Colonial Community Services Board</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjust- ments</b>	<b>Ending Balances</b>
Capital assets being depreciated:					
Furniture, fixtures and equipment	\$ 394,517	\$ 27,970	\$ -	\$ 48,277	\$ 470,764
Vehicles	436,480	74,261	115,576	46,500	441,665
Assets under capital leases	317,259	-	-	-	317,259
Total capital assets being depreciated	\$ 1,148,256	\$ 102,231	\$ 115,576	\$ 94,777	\$ 1,229,688
Less: Accumulated depreciation	945,011	77,787	115,576	39,514	946,736
Net capital assets being depreciated	\$ 203,245	\$ 24,444	\$ -	\$ 55,263	\$ 282,952
Net capital assets	\$ 203,245	\$ 24,444	\$ -	\$ 55,263	\$ 282,952
<b>Colonial Community Services, Inc. Component Unit Organization</b>	<b>Beginning Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Adjust- ments</b>	<b>Ending Balances</b>
Capital assets not being depreciated:					
Land	\$ 877,412	\$ -	\$ -	\$ -	\$ 877,412
Capital assets being depreciated:					
Building and improvements	\$ 4,001,269	\$ 180,325	\$ -	\$ -	\$ 4,181,594
Furniture, fixtures and equipment	53,961	-	-	-	53,961
Total capital assets being depreciated	\$ 4,055,230	\$ 180,325	\$ -	\$ -	\$ 4,235,555
Less: Accumulated depreciation	901,920	105,799	-	-	1,007,719
Net capital assets being depreciated	\$ 3,153,310	\$ 74,526	\$ -	\$ -	\$ 3,227,836
Net capital assets	\$ 4,030,722	\$ 74,526	\$ -	\$ -	\$ 4,105,248
<b>Total reporting entity capital assets</b>	<b>\$ 4,233,967</b>	<b>\$ 98,970</b>	<b>\$ -</b>	<b>\$ 55,263</b>	<b>\$ 4,388,200</b>
Reconciliation to statement of revenues, expenses and changes in net assets:					
Depreciation		\$ 183,586			
Amortization		2,987			
Total depreciation and amortization expense		\$ 186,573			

Total depreciation expense was \$183,586 for 2008 and \$170,374 for 2007.

## COLONIAL COMMUNITY SERVICES BOARD

### Notes to Financial Statements As of June 30, 2008 (continued)

---

#### **NOTE 5 - LEASE COMMITMENTS:**

The Board leases facilities from various lessors. The lease terms range from monthly to one year. The Board also leases facilities from its blended component unit under an operating lease that expires in 2019. Rentals paid under this agreement are not on an arms length basis and total \$369,287 for 2008.

Total rent expenses for the year ended June 30, 2008, exclusive of intercompany payments of \$369,287, totaled \$126,949.

#### **NOTE 6 - CLAIMS, JUDGMENTS AND COMPENSATED ABSENCES:**

In accordance with the Governmental Accounting Standards Board Statement 16, *Accounting for Compensated Absences*, the Board has accrued the liability arising from compensated absences.

Board employees earn vacation and sick leave based on length of service. The Board has outstanding accrued leave pay totaling \$896,646 at June 30, 2008 and \$782,457 at June 30, 2007. Upon termination of employment employees are paid their accumulated annual leave up to certain limits.

The Board participates in the County of York, Virginia's health insurance plan and pool. The County assesses the Board and other participants for estimated health insurance costs. The County has built up a reserve in this pool to cover estimated claims incurred but not reported and other unanticipated health care costs. The Board's share of this reserve liability was \$333,614 at June 30, 2008 and \$372,867 at June 30, 2007. This reserve liability is included in other current liabilities.

#### **NOTE 7 - DEFINED BENEFIT PENSION PLAN:**

##### A. Plan Description:

Name of Plan: Virginia Retirement System (VRS)

Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Administering Entity: Virginia Retirement System (System)

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service (1.85% to sheriffs and if the employer elects, to other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5% per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

COLONIAL COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008 (continued)

---

**NOTE 7 - DEFINED BENEFIT PENSION PLAN: (continued)**

A. Plan Description: (continued)

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2007AnnuRept.pdf> or obtained by writing to the System at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy:

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5% of their annual salary to the VRS. This 5% member contribution has been assumed by the employer. In addition, the Board is required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The Board's contribution rate for the fiscal years ended 2008 and 2007 was 2.95% and for fiscal year ended 2006 was 2.97% of the annual covered payroll.

C. Annual Pension Cost:

For fiscal 2008, the Board's annual pension cost of \$175,827 (does not include the employee share assumed by the Board which was \$298,011) was equal to the Board's required and actual contributions.

**Three-Year Trend Information**

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC) (1)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2008	\$ 175,827	100%	\$ -
June 30, 2007	165,501	100%	-
June 30, 2006	109,105	100%	-

(1) Employer portion only - does not include employee portion assumed by the Board

The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) 7.50% investment rate of return, (b) projected salary increases ranging from 3.50% to 4.75% , and (c) 2.50% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 2.50%. The actuarial value of the Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period.

**COLONIAL COMMUNITY SERVICES BOARD**

**Notes to Financial Statements  
As of June 30, 2008 (continued)**

---

**NOTE 7 - DEFINED BENEFIT PENSION PLAN: (continued)**

D. Funded Status and Funding Progress:

As of June 30, 2007, the most recent actuarial valuation date, the plan was 104.54% funded. The actuarial accrued liability for benefits was \$12,764,792, and the actuarial value of assets was \$13,344,330, resulting in an unfunded actuarial accrued liability (UAAL) of (\$579,538). The covered payroll (annual payroll of active employees covered by the plan) was \$5,681,422, and ratio of the UAAL to the covered payroll was -10.20%.

The schedule of pension funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 8 - DEFERRED REVENUE:**

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis, such amounts are measurable, but not available. Deferred revenue is comprised of the following:

<u>Deferred Revenue</u>	<u>2008</u>	<u>2007</u>
Unexpended local grant funds	<u>\$ 63,125</u>	<u>\$ 67,219</u>

**NOTE 9 - RISK MANAGEMENT:**

The Board participates in the Commonwealth of Virginia Risk Management Pool for professional liability, and director and officer's liability coverage which have \$1,925,000 and \$1,000,000 coverage limits. Other insurance coverage for property, workers compensation, crime, dishonesty and related coverage are purchased from a commercial insurance carrier. Coverage for these items varies from stated property values to \$1,000,000. There are no surety bonds for directors. There have been no settlements in excess of insurance coverages for the past three years. The primary risks of loss are generally confined to co-insurance and deductible amounts.

COLONIAL COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008 (continued)

**NOTE 10 - LONG-TERM OBLIGATIONS:**

Changes in Long-Term Obligations:

	<u>Revenue Bond</u>	<u>Capital Leases</u>	<u>Compensated Absences</u>
Balance at July 1, 2007	\$ 1,742,308	\$ 70,414	\$ 782,457
Add: Issuances/additions	-	-	114,189
Deduct: Retirements	(107,457)	(34,003)	-
Balance at June 30, 2008	<u>\$ 1,634,851</u>	<u>\$ 36,411</u>	<u>\$ 896,646</u>
Due within one year	<u>\$ 113,293</u>	<u>\$ 25,022</u>	<u>\$ 335,038</u>

Revenue Bonds:

Colonial Community Services, Inc. has revenue bonds payable incurred to purchase office space and clinical sites. Details of the bonds are:

	<u>Balance</u>	<u>Current Portion</u>
\$2,000,000 refunding and revenue bond, issued through the Industrial Development Authority of the City of Williamsburg, Virginia, dated December 5, 2003, monthly payments of \$15,035, including principal and interest, interest at 4.24%, maturing January 1, 2014	<u>\$ 1,634,851</u>	<u>\$ 113,293</u>

Capital Leases:

The Board has entered into capital lease agreements for vehicles and computer equipment, the total cost of which is \$317,259. The payments are made monthly and the leases have interest rates which range from 7.48% to 11.55%.

Annual requirements to amortize long-term debt at current interest rates are as follows:

<u>Year Ending June 30,</u>	<u>Revenue Bonds</u>		<u>Capital Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 113,293	\$ 67,133	\$ 25,022	\$ 2,313	\$ 27,335
2010	118,191	62,235	11,389	384	11,773
2011	123,300	57,125	-	-	-
2012	128,631	51,794	-	-	-
2013	134,192	46,233	-	-	-
2014	1,017,244	20,956	-	-	-
Total	<u>\$ 1,634,851</u>	<u>\$ 305,476</u>	<u>\$ 36,411</u>	<u>\$ 2,697</u>	<u>\$ 39,108</u>

The Board has no federal arbitrage liability.

**COLONIAL COMMUNITY SERVICES BOARD**

**Notes to Financial Statements  
As of June 30, 2008 (continued)**

---

**NOTE 11 - PARTICIPANT LOCALITY CONTRIBUTIONS:**

The participating localities appropriated the following amounts to the Board:

	<u>2008</u>	<u>2007</u>
County of York	\$ 678,000	\$ 641,150
County of James City	779,757	765,671
City of Williamsburg	232,000	221,620
City of Poquoson	127,000	117,490
Total	<u>\$ 1,816,757</u>	<u>\$ 1,745,931</u>

**NOTE 12 - NET PATIENT REVENUE SOURCES:**

Net patient revenues were from the following sources:

	<u>2008</u>	<u>2007</u>
Medicaid	\$ 3,501,458	\$ 3,541,433
Direct client and third party	495,310	349,507
Other	165,454	22,272
Total	<u>\$ 4,162,222</u>	<u>\$ 3,913,212</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES:**

The Board participates in federal assistance programs which are subject to audit by the grantor agencies. The Board believes that it is in compliance with applicable grant requirements, and any disallowances of costs by grantor agencies would not be significant.

Proposed changes to Medicaid regulations relating to case management services could result in a significant decrease in Medicaid revenues in future years.

The Board has committed to purchase real property for a total of \$857,719. Financing of the purchase will be made with a loan in the amount of \$722,500 from a bank. Closing is expected to occur prior to February 1, 2009.

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS:**

The Board has post-employment benefits available to employees as follows:

1. Employees retiring after July 1, 2003, having twenty (20) or more years of service with the Colonial Community Services Board and receiving a Virginia Retirement System (VRS) Annuity will qualify for a health insurance premium contribution from the Services Board. The twenty (20) years need not be consecutive. The retiree's VRS Annuity may be either a full or reduced benefit.

**COLONIAL COMMUNITY SERVICES BOARD**

**Notes to Financial Statements  
As of June 30, 2008 (continued)**

---

**NOTE 14 - OTHER POST-EMPLOYMENT BENEFITS: (continued)**

The amount of the Services Board's contribution shall be equal to 75% of the premiums for an employee only plan, or 50% of the premiums for any other plan. The Services Board contribution is in addition to any health insurance credit that the retiree may qualify for under the VRS Retiree Health Insurance Credit Program.

2. Retirees who elect not to take the health insurance coverage at the time of their retirement may join the plan during a future open enrollment period or after a qualifying event. Retirees with at least twenty (20) years of service will begin to receive the applicable premium contribution at the time they rejoin the health insurance plan.
3. Retirees with twenty (20) years of service who are eligible for Medicare may choose to enroll in the carve out policy. The retiree's dependents may also continue coverage and the Services Boards contribution shall be applied to the total cost of all contracts.
4. In the event the retiree dies, the spouse may continue coverage with the health insurance plan, but is not eligible for the Services Board's premium contribution and must pay the entire health insurance premium.
5. Retirees with less than twenty (20) years of service are eligible to receive health insurance coverage, but will not receive the Services Board's premium contribution.

In fiscal year 2008 eight persons were covered under this plan with a net cost of \$23,805.

**NOTE 15 - PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF PRIOR YEAR COMPARATIVE INFORMATION:**

The prior year comparative financial information (fiscal year 2007) has been restated to reflect changes to conform the prior year information to the current year presentation. The changes are primarily due to the adjustment to net capital assets, elimination of intercompany non-arms length rental transactions, and recategorizing of the Local Government Investment Pool assets as cash and cash equivalents. A summary of the changes as they affect the prior year financial information is detailed below:

	<b>Community Services Board</b>	<b>Community Services Inc.</b>	<b>Total</b>
	<hr/>	<hr/>	<hr/>
Net assets, as previously reported as of June 30, 2007	\$ 2,652,742	\$ 2,357,184	\$ 5,009,926
Net increase in capital assets not previously reported	55,264	-	55,264
Net assets, as restated	<u>\$ 2,708,006</u>	<u>\$ 2,357,184</u>	<u>\$ 5,065,190</u>

COLONIAL COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008 (continued)

**NOTE 15 - PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF PRIOR YEAR COMPARATIVE INFORMATION: (continued)**

	As Originally Reported	Adjustments	As Restated
<b>Statement of Net Assets</b>			
Assets:			
Current assets	\$ 4,217,229	\$ -	\$ 4,217,229
Restricted current assets	40,262	-	40,262
Capital assets, net	4,233,969	55,264	4,289,233
Other assets, net	38,907	-	38,907
Total assets	<u>\$ 8,530,367</u>	<u>\$ 55,264</u>	<u>\$ 8,585,631</u>
Liabilities:			
Current liabilities	\$ 1,335,456	\$ -	\$ 1,335,456
Current liabilities payable from restricted assets	40,262	-	40,262
Long-term liabilities	2,144,723	-	2,144,723
Total liabilities	<u>\$ 3,520,441</u>	<u>\$ -</u>	<u>\$ 3,520,441</u>
Net assets:			
Invested in capital assets net of related debt	\$ 2,421,247	\$ 55,264	\$ 2,476,511
Unrestricted	2,588,679	-	2,588,679
Total net assets	<u>\$ 5,009,926</u>	<u>\$ 55,264</u>	<u>\$ 5,065,190</u>
<b>Statement of Revenues, Expenses and Changes in Net Assets</b>			
Operating revenues	\$ 3,913,212	\$ -	\$ 3,913,212
Operating expenses	11,761,338	(320,370)	11,440,968
Operating income (loss)	\$ (7,848,126)	\$ 320,370	\$ (7,527,756)
Net nonoperating income	8,226,538	(320,370)	7,906,168
Change in net assets	\$ 378,412	\$ -	\$ 378,412
Net assets, beginning of year	4,631,514	55,264	4,686,778
Net assets, end of year	<u>\$ 5,009,926</u>	<u>\$ 55,264</u>	<u>\$ 5,065,190</u>
<b>Statement of Cash Flows</b>			
Cash flows provided (used) by operating activities	\$ (7,292,424)	\$ 372,091	\$ (6,920,333)
Cash flows provided (used) by noncapital and related financing activities	7,792,100	(44,857)	7,747,243
Cash flows provided (used) by capital and related financing activities	(134,114)	(337,913)	(472,027)
Cash flows provided (used) by investing activities	(395,799)	583,650	187,851
Net increase (decrease) in cash and cash equivalents	\$ (30,237)	\$ 572,971	\$ 542,734
Cash and cash equivalents, beginning of year	81,855	2,960,194	3,042,049
Cash and cash equivalents, end of year	<u>\$ 51,618</u>	<u>\$ 3,533,165</u>	<u>\$ 3,584,783</u>

COLONIAL COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008 (continued)

---

**NOTE 16 - RESERVATION OF NET ASSETS:**

Unrestricted net assets have been reserved for:

Building expansion	\$	381,990
Contingencies		500,000
Health insurance		34,091
Total	\$	<u>916,081</u>

**- Required Supplementary Information -**

COLONIAL COMMUNITY SERVICES BOARD

Schedule of Pension Funding Progress

Virginia Retirement System

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded)		Funded Ratio (2)/(3)	Annual Covered Payroll (6)	UAAL as a % of Payroll (4)/(6)
			Actuarial Accrued Liability (UAAL)	(3)-(2)			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
June 30, 2007	\$ 13,344,330	\$ 12,764,792	\$ (579,538)	104.54%	\$ 5,681,422	-10.20%	
June 30, 2006	11,736,659	11,541,318	(195,341)	101.69%	4,899,888	-3.99%	
June 30, 2005	10,878,874	10,865,703	(13,171)	100.12%	4,556,027	-0.29%	

- Supplemental Information -  
*Combining Financial Statements*  
*Other Schedules*

## ***Combining Financial Statements***

**COLONIAL COMMUNITY SERVICES BOARD**

**Combining Statement of Net Assets  
At June 30, 2008**

	<u>Colonial Community Services Board</u>	<u>Colonial Community Services Inc.</u>	<u>Inter- company Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>Current Assets:</b>				
Cash and cash equivalents	\$ 3,436,587	\$ 48,536	\$ -	\$ 3,485,123
Accounts receivable, less allowance for uncollectibles	552,658	-	-	552,658
Accrued revenue	182,814	-	-	182,814
Prepaid items	105,257	-	(16,548)	88,709
Total current assets	<u>\$ 4,277,316</u>	<u>\$ 48,536</u>	<u>\$ (16,548)</u>	<u>\$ 4,309,304</u>
<b>Capital Assets:</b>				
Property and equipment, less accumulated depreciation	\$ 282,952	\$ 4,105,248	\$ -	\$ 4,388,200
<b>Other Assets:</b>				
Deposits	\$ 2,762	\$ -	\$ -	\$ 2,762
Deferred charges, net of amortization	-	31,111	-	31,111
Total other assets	<u>\$ 2,762</u>	<u>\$ 31,111</u>	<u>\$ -</u>	<u>\$ 33,873</u>
Total assets	<u>\$ 4,563,030</u>	<u>\$ 4,184,895</u>	<u>\$ (16,548)</u>	<u>\$ 8,731,377</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current Liabilities:</b>				
Accounts payable and accrued expenses	\$ 636,214	\$ -	\$ -	\$ 636,214
Compensated absences, current portion	335,038	-	-	335,038
Long-term debt, current portion	-	113,293	-	113,293
Capital lease obligations, current portion	25,022	-	-	25,022
Deferred revenue	63,125	16,548	(16,548)	63,125
Other current liabilities	333,614	-	-	333,614
Total current liabilities	<u>\$ 1,393,013</u>	<u>\$ 129,841</u>	<u>\$ (16,548)</u>	<u>\$ 1,506,306</u>
<b>Long-term Liabilities:</b>				
Compensated absences, less current portion	\$ 561,608	\$ -	\$ -	\$ 561,608
Long-term debt, less current portion	-	1,521,558	-	1,521,558
Capital lease obligations, less current portion	11,389	-	-	11,389
Total long-term liabilities	<u>572,997</u>	<u>1,521,558</u>	<u>-</u>	<u>2,094,555</u>
Total liabilities	<u>\$ 1,966,010</u>	<u>\$ 1,651,399</u>	<u>\$ (16,548)</u>	<u>\$ 3,600,861</u>
<b>Net Assets:</b>				
Invested in capital assets net of related debt	\$ 246,541	\$ 2,470,397	\$ -	\$ 2,716,938
Unrestricted	2,350,479	63,099	-	2,413,578
Total net assets	<u>\$ 2,597,020</u>	<u>\$ 2,533,496</u>	<u>\$ -</u>	<u>\$ 5,130,516</u>

**COLONIAL COMMUNITY SERVICES BOARD**

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2008**

	<u>Colonial Community Services Board</u>	<u>Colonial Community Services Inc.</u>	<u>Inter- company Eliminations</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Net patient service revenue	\$ 4,162,222	\$ -	\$ -	\$ 4,162,222
<b>Operating Expenses:</b>				
Salaries and benefits	\$ 9,119,143	\$ -	\$ -	\$ 9,119,143
Staff development	66,184	-	-	66,184
Facility	837,585	5,945	(369,287)	474,243
Supplies	505,826	-	-	505,826
Travel	266,651	-	-	266,651
Contractual and consulting	1,582,016	3,857	-	1,585,873
Depreciation and amortization	77,787	108,786	-	186,573
Other	250,998	2,640	-	253,638
Total operating expenses	\$ 12,706,190	\$ 121,228	\$ (369,287)	\$ 12,458,131
<b>Operating income (loss)</b>	<b>\$ (8,543,968)</b>	<b>\$ (121,228)</b>	<b>\$ 369,287</b>	<b>\$ (8,295,909)</b>
<b>Nonoperating income (expenses):</b>				
Appropriations:				
Commonwealth of Virginia	\$ 4,842,959	\$ -	\$ -	\$ 4,842,959
Federal government	754,854	-	-	754,854
Local governments	1,816,757	-	-	1,816,757
Contributions	16,501	-	-	16,501
Other	839,746	369,287	(369,287)	839,746
Interest income	167,468	1,223	-	168,691
Interest expense	(5,303)	(72,970)	-	(78,273)
Net nonoperating income	\$ 8,432,982	\$ 297,540	\$ (369,287)	\$ 8,361,235
<b>Change in net assets</b>	<b>\$ (110,986)</b>	<b>\$ 176,312</b>	<b>\$ -</b>	<b>\$ 65,326</b>
<b>Net assets, beginning of year</b>	<b>2,708,006</b>	<b>2,357,184</b>	<b>-</b>	<b>5,065,190</b>
<b>Net assets, end of year</b>	<b>\$ 2,597,020</b>	<b>\$ 2,533,496</b>	<b>\$ -</b>	<b>\$ 5,130,516</b>

COLONIAL COMMUNITY SERVICES BOARD

Combining Statement of Cash Flows  
Year Ended June 30, 2008

	Colonial Community Services Board	Colonial Community Services Inc.	Inter- Company Eliminations	Total
<b>Cash flows provided (used) by operating activities:</b>				
Receipts from customers	\$ 4,116,608	\$ -	\$ -	\$ 4,116,608
Payments to suppliers	(3,322,333)	(12,434)	369,287	(2,965,480)
Payments to and for employees	(8,981,926)	-	-	(8,981,926)
Total cash flows provided (used) by operating activities	<u>\$ (8,187,651)</u>	<u>\$ (12,434)</u>	<u>\$ 369,287</u>	<u>\$ (7,830,798)</u>
<b>Cash flows provided (used) by noncapital and related financing activities:</b>				
Government grants	\$ 7,254,100	\$ -	\$ -	\$ 7,254,100
Other	810,361	369,287	(369,287)	810,361
Total cash flows provided (used) by noncapital and related financial activities	<u>\$ 8,064,461</u>	<u>\$ 369,287</u>	<u>\$ (369,287)</u>	<u>\$ 8,064,461</u>
<b>Cash flows provided (used) by capital and related financing activities:</b>				
Acquisition of fixed assets	\$ (102,231)	\$ (180,325)	\$ -	\$ (282,556)
Interest payments on loans and leases payable	(5,030)	(72,970)	-	(78,000)
Principal payments on loans and leases payable	(34,003)	(107,455)	-	(141,458)
Cash flows provided (used) by capital and related financing activities	<u>\$ (141,264)</u>	<u>\$ (360,750)</u>	<u>\$ -</u>	<u>\$ (502,014)</u>
<b>Cash flows provided (used) by investing activities:</b>				
Interest income	\$ 167,468	\$ 1,223	\$ -	\$ 168,691
Net increase (decrease) in cash and cash equivalents	\$ (96,986)	\$ (2,674)	\$ -	\$ (99,660)
Cash and cash equivalents, beginning of year	3,533,573	51,210	-	3,584,783
Cash and cash equivalents, end of year	<u>\$ 3,436,587</u>	<u>\$ 48,536</u>	<u>\$ -</u>	<u>\$ 3,485,123</u>
Cash and cash equivalents:				
Unrestricted	\$ 3,436,587	\$ 48,536	\$ -	\$ 3,485,123
Restricted	-	-	-	-
Total	<u>\$ 3,436,587</u>	<u>\$ 48,536</u>	<u>\$ -</u>	<u>\$ 3,485,123</u>
<b>Cash flows provided (used) by operating activities:</b>				
Operating income (loss)	\$ (8,543,968)	\$ (121,228)	\$ 369,287	\$ (8,295,909)
Adjustments to reconcile excess of revenues over expenses to cash provided (used) by operations:				
Depreciation and amortization	77,787	108,786	-	186,573
Changes in assets and liabilities:				
Accounts receivable and accrued revenue	60,778	-	-	60,778
Prepaid items	(22,715)	-	-	(22,715)
Deposits	2,048	-	-	2,048
Accounts payable and accrued expenses	191,300	-	-	191,300
Client funds	(40,262)	-	-	(40,262)
Compensated absences	114,189	-	-	114,189
Deferred revenue	12,445	8	-	12,453
Other current liabilities	(39,253)	-	-	(39,253)
Cash flows provided (used) by operating activities	<u>\$ (8,187,651)</u>	<u>\$ (12,434)</u>	<u>\$ 369,287</u>	<u>\$ (7,830,798)</u>

## ***Other Schedules***

COLONIAL COMMUNITY SERVICES BOARD

Schedule of Insurance  
At June 30, 2008

Insurance Coverages

Insurance Company	Policy No.	Policy Period	Annual Policy Cost	Insurance Coverage	Deductible
Virginia Municipal League	Not Available	7/1/07-6/30/08	\$ 13,479	Automobile Liability/Comprehensive and Collision \$ 1,000,000 Comprehensive Collision	\$ 250 500
Commonwealth of Virginia Division of Risk Management	G99D29	7/1/07-6/30/08	6,587	Medical Malpractice General Liability 1,925,000	2,500
Philadelphia	PHPK244449	7/1/07-6/30/08	1,718	Equipment 787,000 Business income 25,000	1,000 -
Hartford	14BPEAG8744	1/1/08-6/30/08	1,428	Employee theft, per loss 500,000 Forgery 25,000	2,500 2,500
Fidelity National	2510119595	5/22/08-5/22/09	3,203	Flood coverages: Building 500,000 Contents 173,700	500 500
Philadelphia	PHPK244449	7/1/07-6/30/08	18,672	Real property, personal property, 90% co-insurance Real property 5,406,345 Personal property 1,414,300 Business income/extra expense 1,490,500	1,000 1,000 -
Commonwealth of Virginia Division of Risk Management	G99D29	7/1/07-6/30/08	9,900 500 578	Public Officials Liability 1,000,000 Board Colonial Community Svcs Workshop  Per occurrence 1,000,000	2,500    1,000
Virginia Municipal League	306	7/1/07-6/30/08	22,123 5,078	Workers compensation Each accident 1,000,000 Policy limit - disease 1,000,000 Each employee - disease 1,000,000 Board Workshop	- - -  

**COLONIAL COMMUNITY SERVICES BOARD**

**Supplemental Information for the Virginia Department of  
Mental Health, Mental Retardation and Substance Abuse Services**

**Reconciliation of Revenues and Expenditures of the Fourth Quarter Report  
to the Combining Statement of Revenues, Expenses and Changes in Net Assets  
Year Ended June 30, 2008**

	<u>Total Revenues</u>	<u>Federal Revenues</u>	<u>Expendi- tures</u>
Amounts per fourth Quarter Reports printed November 14, 2008			
Mental Health	\$ 6,123,590	\$ 51,445	\$ 6,123,590
Mental Retardation	4,494,513	-	4,494,513
Substance Abuse	<u>2,101,878</u>	<u>460,946</u>	<u>2,066,147</u>
Total	<u>\$ 12,719,981</u>	<u>\$ 512,391</u>	<u>\$ 12,684,250</u>
Amounts per Colonial Community Services Board Entity in Audit Report			
	\$ 12,600,507	\$ 754,854	\$ 12,711,493
Client fees adjustment to accrual basis, net	(60,778)	-	-
Accrued expenses	-	-	(152,047)
Retained earnings reported as revenues in fourth quarter reports	121,684	-	121,684
Part C Funds reported as other revenues	-	(252,463)	-
Prepaid items and other items reported as expenses in fourth quarter reports	-	-	22,715
Fixed assets capitalized	-	-	102,231
Depreciation expense	-	-	(77,787)
Compensated absences, net	-	-	(114,189)
Funds not received	10,000	10,000	-
Principal payments on capital leases	-	-	34,003
Grant accruals	12,445	-	12,445
Other	<u>36,123</u>	<u>-</u>	<u>23,702</u>
Total per fourth quarter reports	<u>\$ 12,719,981</u>	<u>\$ 512,391</u>	<u>\$ 12,684,250</u>

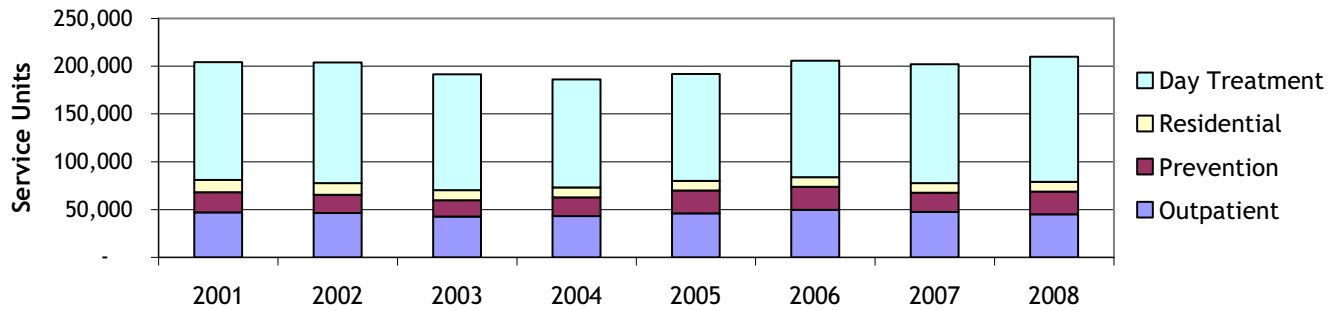
**- Other Information -**

**COLONIAL COMMUNITY SERVICES BOARD**

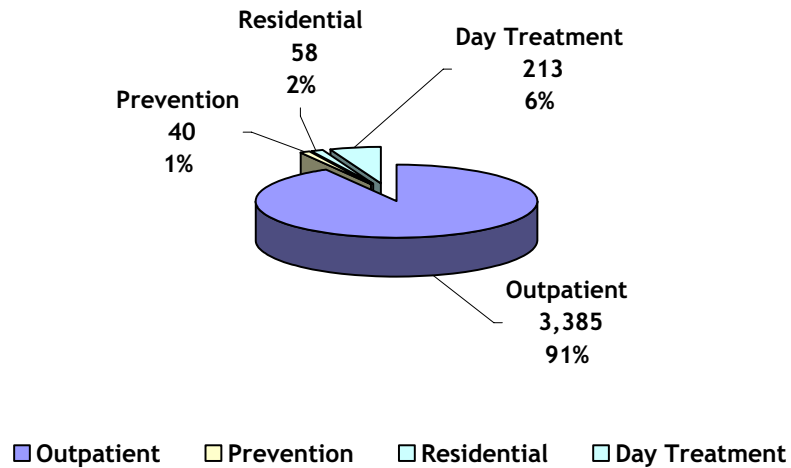
**Service Statistics  
Year Ended June 30, 2008**

Service Area	- SERVICE UNITS -							
	2001	2002	2003	2004	2005	2006	2007	2008
Outpatient	47,012	46,383	42,789	43,378	46,033	49,704	47,640	45,156
Prevention	21,174	19,116	16,928	19,520	24,110	24,169	20,063	23,528
Residential	12,869	12,201	10,462	10,161	9,809	9,993	9,990	10,376
Day Treatment	123,202	126,327	121,438	113,004	111,926	121,846	124,339	130,885
<b>Total</b>	<b>204,257</b>	<b>204,027</b>	<b>191,617</b>	<b>186,063</b>	<b>191,878</b>	<b>205,712</b>	<b>202,032</b>	<b>209,945</b>
% Change	n/a	0%	-6%	-3%	3%	7%	-2%	4%

**Service Units by Service Area by Fiscal Year**



**Consumers Served 2008**



- Compliance -

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

---

## 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

---

TO THE BOARD OF DIRECTORS  
COLONIAL COMMUNITY SERVICES BOARD  
WILLIAMSBURG, VIRGINIA

We have audited the financial statements of Colonial Community Services Board, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Commonwealth of Virginia, Office of the Auditor of Public Accounts; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Colonial Community Services Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Colonial Community Services Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Colonial Community Services Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Colonial Community Services Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Colonial Community Services Board's financial statements that is more than inconsequential will not be prevented or detected by Colonial Community Services Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Colonial Community Services Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Colonial Community Services Board's financial statements are free of material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Colonial Community Services Board in a separate memorandum dated December 8, 2008.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Jarner, Cox Associates*

Charlottesville, Virginia  
December 8, 2008

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

---

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

---

TO THE BOARD OF DIRECTORS  
COLONIAL COMMUNITY SERVICES BOARD  
WILLIAMSBURG, VIRGINIA

### Compliance

We have audited the compliance of Colonial Community Services Board with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Colonial Community Services Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Colonial Community Services Board's management. Our responsibility is to express an opinion on Colonial Community Services Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Colonial Community Services Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Colonial Community Services Board's compliance with those requirements.

In our opinion, Colonial Community Services Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

The management of Colonial Community Services Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Colonial Community Services Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Colonial Community Services Board's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by Colonial Community Services Board's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by Colonial Community Services Board's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Robinson, Jarner, Cox Associates*

Charlottesville, Virginia  
December 8, 2008

**COLONIAL COMMUNITY SERVICES BOARD**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008**

Federal Granting Agency/ Recipient State Agency/ Grant Program/Grant Number	Federal Catalogue Number	Expenditures
<b>Department of Health and Human Services:</b>		
Pass through payments:		
Virginia Department of Mental Health, Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	\$ 68
Substance Abuse and Treatment Block Grant	93.959	482,187
Mental Health Block Grant	93.958	51,445
		<hr/>
Total Department of Health and Human Services		\$ 533,700
		<hr/>
<b>Department of Education:</b>		
Pass through payments:		
Virginia Department of Mental Health, Mental Retardation and Substance Abuse Services Early Intervention - Part C	84.181	252,463
		<hr/>
Total Expenditures		\$ 786,163
		<hr/> <hr/>

This schedule is presented on the accrual basis of accounting and includes the federal grant activity of Colonial Community Services Board. The information presented in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

COLONIAL COMMUNITY SERVICES BOARD

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2008

---

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510 (a)?	No
Identification of major programs:	
<u>CFDA #</u> <u>Name of Federal Program or Cluster</u>	
93.959    Substance Abuse Prevention and Treatment Block Grant	
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.

**COLONIAL COMMUNITY SERVICES BOARD**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2008**

---

There were no items reported.