



**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

**GOOCHLAND, VIRGINIA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2008**



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**GOOCHLAND-POWHATAN COMMUNITY SERVICE BOARD**

**Board of Directors**

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**Goochland County**

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Charles Bruce  
Barbara Dawson  
Beatrice Anderson  
Julie Moore  
Ellen Cooper

**Powhatan County**

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John Carmack  
June Jeter  
Yuranda Harris-Wilkerson  
Kim Sprouse

**Principal Management Team**

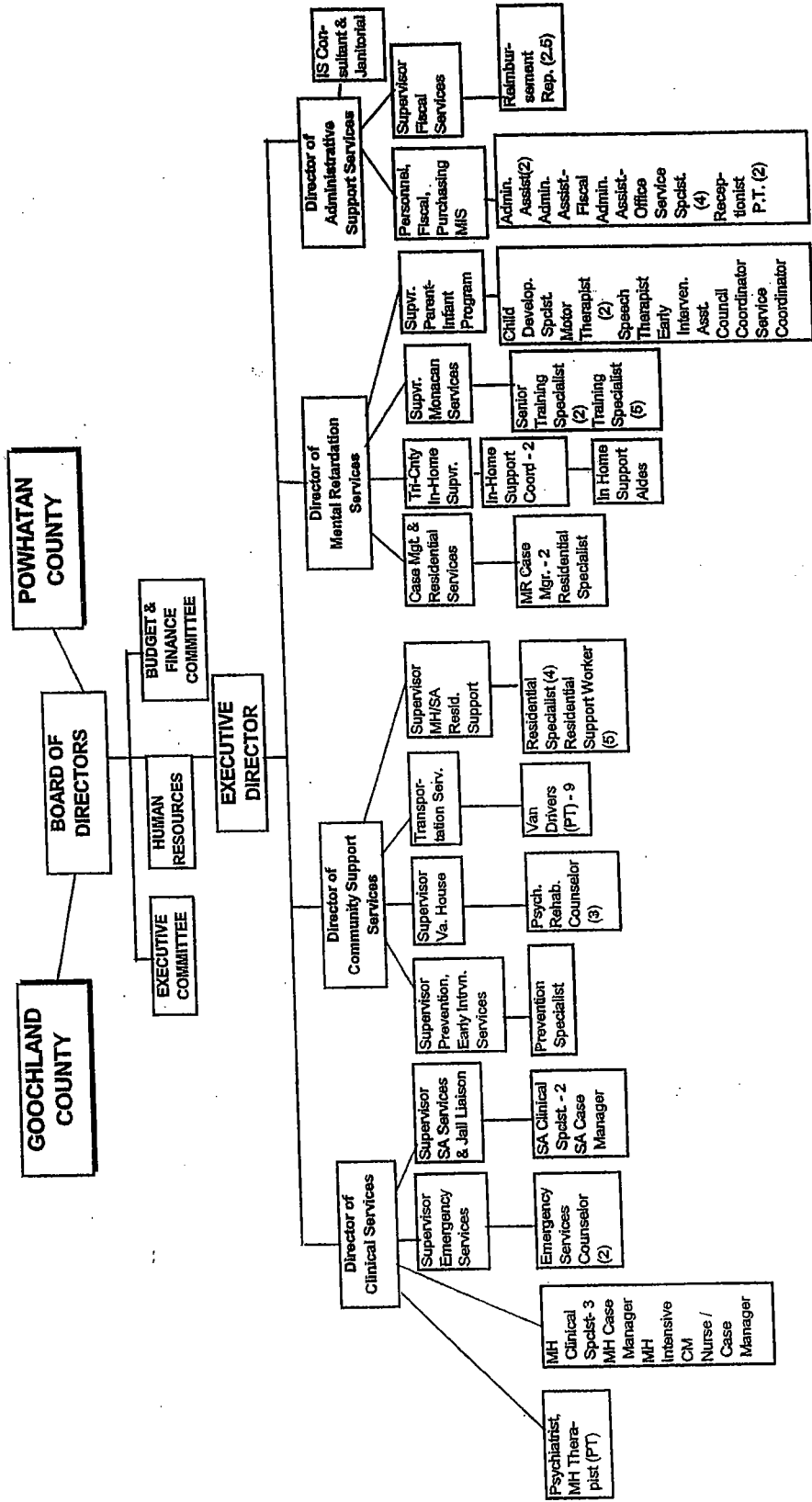
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Susan Bergquist  
Allison Hunter  
William Desmond  
Bob Villa  
Randy Camden

Executive Director  
Director of Administration  
Director of Clinical Services  
Director of Case Management and Residential Services  
Director of Day Support and Prevention Services



GOCHLAND-POWHATAN COMMUNITY SERVICES  
**ORGANIZATIONAL CHART**





# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS  
GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD  
GOOCHLAND, VIRGINIA**

We have audited the statement of net assets of Goochland-Powhatan 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 Goochland-Powhatan 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 has been derived from the Board's 2007 financial statements and in our report dated January 17, 2008, we 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; *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. 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 Goochland-Powhatan 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 October 21, 2008, on our consideration of the Goochland-Powhatan 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 Required Supplementary Information as listed in the table of contents, are not a required part of the basic financial statements but is 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 Goochland-Powhatan Community Services Board, basic financial statements. Other supporting schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole. The other information, as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion on it.

*Robinson, Jarner, Cox Associates*

Charlottesville, Virginia  
October 21, 2008

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

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

The following Management's Discussion and Analysis (MD&A) of the Goochland-Powhatan Community Services Board's (GPCSB) financial performance provides the reader with an overview to the financial statements of the GPCSB for the fiscal year ended June 30, 2008.

The Goochland-Powhatan Community Services Board presents three basic financial statements for the purpose of analyzing the financial position of the GPCSB as of June 30, 2008. These are: (1) Statement of Net Assets; (2) Statement of Revenues, Expenses and Changes in Net Assets; and (3) Statement of Cash Flows.

GPCSB's financial position is measured in terms of resources (assets) owned and obligations (liabilities) owed as of June 30, 2008. This information is reflected on the Statement of Net Assets. The excess of assets over liabilities is the net assets.

Information reflecting the results of operations during the fiscal year 2008 is reported in the Statement of Revenues, Expenses and Changes in Net Assets. This statement reflects total revenue and total expenses for the fiscal year ended June 30, 2008 and reflects excess or deficiency of revenue over expenses for the year.

The flow of cash resources into and out of GPCSB during the fiscal year is reflected on the Statement of Cash Flows. This statement also reflects the net increase or decrease in cash and cash equivalents for the year and the ending cash and cash equivalents as of June 30, 2008.

Financial Position: A summary of GPCSB's Statement of Net Assets for fiscal years 2008, 2007 and 2006 is presented below.

#### Summary Statement of Assets

	2008	2007	2006
<b>Assets</b>			
Current assets	\$ 602,336	\$ 717,104	\$ 750,326
Restricted current assets	3,967	7,113	9,596
Capital assets (net of depreciation)	369,187	403,563	462,164
Total assets	<u>\$ 975,490</u>	<u>\$ 1,127,780</u>	<u>\$ 1,222,086</u>
<b>Liabilities</b>			
Current liabilities	\$ 303,616	\$ 273,639	\$ 278,161
Current liabilities payable from restricted assets	512	4,775	2,904
Long-term liabilities	187,507	194,424	201,138
Total liabilities	<u>\$ 491,635</u>	<u>\$ 472,838</u>	<u>\$ 482,203</u>
<b>Net Assets</b>	<u>\$ 483,855</u>	<u>\$ 654,942</u>	<u>\$ 739,883</u>

A summary of GPCSB's Statement of Revenues, Expenses and Changes in Net Assets for fiscal years 2008, 2007 and 2006 is presented below.

<b>Summary Statement of Revenues, Expenses and Changes in Net Assets</b>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 2,204,345	\$ 1,971,569	\$ 1,983,481
Operating expenses	<u>5,295,770</u>	<u>5,020,909</u>	<u>4,577,359</u>
Operating income (loss)	\$ (3,091,425)	\$ (3,049,340)	\$ (2,593,878)
Net Nonoperating income	\$ 2,920,338	\$ 2,964,399	\$ 2,593,168
Change in net assets	<u>\$ (171,087)</u>	<u>\$ (84,941)</u>	<u>\$ (710)</u>

Operating income is generated from providing patient services with the substantial majority of this income generated from Medicaid. In fiscal years 2008, 2007, and 2006 Medicaid income represented over 80% of our total operating income.

**Cash Flow:** A summary of GPCSB's Statement of Cash Flows for fiscal years 2008, 2007 and 2006 is presented below.

<b>Condensed Statement of Cash Flows</b>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>
Cash flows provided (used) by operating activities	\$ (2,994,834)	\$ (3,071,066)	\$ (2,529,251)
Cash flows provided (used) by non-capital and related financing activities	2,916,085	2,994,636	2,619,764
Cash flows provided (used) by capital and related financing activities	(86,481)	(28,524)	(79,862)
Cash flows provided (used) by investing activities	<u>13,965</u>	<u>19,946</u>	<u>277</u>
Net cash increase (decrease)	<u>\$ (151,265)</u>	<u>\$ (85,008)</u>	<u>\$ 10,928</u>

Cash Flows from operating activities reconcile the operating loss recorded on the Statement of Revenues, Expenses and Changes in Net Assets to cash provided by operating activities. In this process, the Operating Loss is decreased by the amount of any non-cash transaction (depreciation) and adjusted for changes in assets and liabilities. (Please see the full Statement of Cash Flows for a full listing of these transactions).

Cash Flows from Non-Capital and Related Financing Activities consists of income received primarily as government grants.

Cash Flows from Capital and Related Financing Activities represents the acquisition of capital assets (see Notes to Financial Statements, Note 6 - Capital Assets). Also reflected are principal and interest payments on mortgages and loans payable.

Cash Flows from Investing Activities are comprised of interest income.

During 2008, there was a decrease of \$151,265 in cash and cash equivalents. In 2007 and 2006 there was a decrease of \$85,008 and an increase of \$10,928, respectively.

## **Capital Assets and Debt Administration**

### **Capital Assets:**

On June 30, 2008 the Goochland-Powhatan Community Services Board had \$369,187 in net capital assets. These were comprised primarily of land, buildings and improvements, and equipment and vehicles. (See Notes to Financial Statements, Note 6 - Capital Assets.) This is a net decrease of \$34,376 from 2007, which resulted primarily from depreciation expense in excess of the cost of new additions.

### **Long-Term Debt:**

Long-term obligations as of June 30, 2008 are \$194,408 (see Notes to Financial Statements, Note 8 - Long-term Obligations). This debt is for two facilities located in Powhatan, Virginia. These facilities are financed with two mortgage loans - one from the Virginia Housing Development Authority with a balance of \$92,715 and the other from the U.S. Department of Agriculture Rural Development Office with a balance of \$101,693.

It is expected that long-term debt will increase in fiscal year 2009 due to the anticipated purchase of property located in Goochland, Virginia.

There are no current construction plans for fiscal year 2009.

### **Other Significant Activities in Fiscal Year 2008**

During fiscal year 2008, Goochland-Powhatan Community Services Board spent a great deal of time reviewing all of the programs currently being offered in order to meet anticipated Medicaid reimbursement changes relating to case management services that would impact fee income and reduce the total funds available to operate its programs. This change was anticipated to take place in April 2008, but was deferred by Congress until Spring of 2009.

The Board continues to review all operations in order to be ready to make necessary changes to the programs it operates to stay within available revenues should Medicaid proceed with the proposed changes.

Goochland-Powhatan Community Services Boards' financial condition decreased in fiscal year 2008 and, while the future holds some uncertainties around Medicaid reimbursement for case management services, Goochland-Powhatan Community Services Boards' planning should allow the Board to adapt to these changes. Another challenge possibly facing the Board is the current State budget shortfall which could also reduce the amount of State General Funds the Board receives in fiscal year 2009.

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**- Basic Financial Statements -**

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**GOOCHLAND-POWHATAN 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	\$ 356,997	\$ 508,262
Accounts receivable, less allowance for uncollectibles	190,622	173,082
Accrued revenue	18,957	-
Prepaid items	35,760	35,760
Total current assets	<u>\$ 602,336</u>	<u>\$ 717,104</u>
<b>Restricted Current Assets:</b>		
Escrow funds	\$ 3,455	\$ 2,338
Client funds	512	4,775
Total restricted current assets	<u>\$ 3,967</u>	<u>\$ 7,113</u>
<b>Capital Assets:</b>		
Property and equipment, less accumulated depreciation	\$ 369,187	\$ 403,563
Total assets	<u>\$ 975,490</u>	<u>\$ 1,127,780</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 38,377	\$ 15,078
Compensated absences	258,338	251,847
Long-term debt, current portion	6,901	6,714
Total current liabilities	<u>\$ 303,616</u>	<u>\$ 273,639</u>
<b>Current Liabilities Payable from Restricted Assets:</b>		
Client funds	512	4,775
<b>Long-term Liabilities:</b>		
Long-term debt, less current portion	187,507	194,424
Total liabilities	<u>\$ 491,635</u>	<u>\$ 472,838</u>
<b>Net Assets:</b>		
Invested in capital assets net of related debt	\$ 174,779	\$ 202,425
Restricted	3,455	2,338
Unrestricted	305,621	450,179
Total net assets	<u>\$ 483,855</u>	<u>\$ 654,942</u>

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

**GOOCHLAND-POWHATAN 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	\$ 2,204,345	\$ 1,971,569
<b>Operating Expenses:</b>		
Salaries and benefits	\$ 4,028,948	\$ 3,839,462
Staff development	26,524	23,096
Facility	503,371	504,903
Supplies	126,156	136,823
Travel	189,588	171,599
Contractual and consulting	251,460	201,068
Depreciation and amortization	107,328	93,595
Other	62,395	50,363
Total operating expenses	\$ 5,295,770	\$ 5,020,909
<b>Operating income (loss)</b>	<b>\$ (3,091,425)</b>	<b>\$ (3,049,340)</b>
<b>Nonoperating income:</b>		
Appropriations:		
Commonwealth of Virginia	\$ 1,987,802	\$ 1,936,612
Federal government	390,309	428,613
Local governments	517,100	493,652
Other	17,961	92,283
Interest income	13,965	20,252
Interest expense	(6,799)	(7,013)
Net nonoperating income	\$ 2,920,338	\$ 2,964,399
<b>Change in net assets</b>	<b>\$ (171,087)</b>	<b>\$ (84,941)</b>
<b>Net assets, beginning of year</b>	<b>654,942</b>	<b>739,883</b>
<b>Net assets, end of year</b>	<b>\$ 483,855</b>	<b>\$ 654,942</b>

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

**GOOCHLAND-POWHATAN 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	\$ 2,102,952	\$ 1,891,979
Payments to suppliers	(1,075,328)	(997,674)
Payments to and for employees	<u>(4,022,458)</u>	<u>(3,839,462)</u>
Total cash flows provided (used) by operating activities	<u>\$ (2,994,834)</u>	<u>\$ (2,945,157)</u>
<b>Cash flows provided (used) by noncapital and related financing activities:</b>		
Government grants	\$ 2,895,211	\$ 2,938,467
Other	<u>20,874</u>	<u>(69,740)</u>
Total cash flows provided (used) by noncapital and related financing activities	<u>\$ 2,916,085</u>	<u>\$ 2,868,727</u>
<b>Cash flows provided (used) by capital and related financing activities:</b>		
Acquisition of capital assets	\$ (72,952)	\$ (34,994)
Capital contributions	-	20,000
Interest payment on long-term debt	(6,799)	(6,517)
Principal payments on mortgages and loans payable	<u>(6,730)</u>	<u>(7,013)</u>
Cash flows provided (used) by capital and related financing activities	<u>\$ (86,481)</u>	<u>\$ (28,524)</u>
<b>Cash flows provided (used) by investing activities:</b>		
Interest income	<u>\$ 13,965</u>	<u>\$ 19,946</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>\$ (151,265)</b>	<b>\$ (85,008)</b>
<b>Cash and cash equivalents, beginning of year</b>	<u>508,262</u>	<u>593,270</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 356,997</u></u>	<u><u>\$ 508,262</u></u>

GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

Statement of Cash Flows

Year Ended June 30, 2008 (Continued)

(With Comparative Totals for 2007)

	<u>2007</u>	<u>2007</u>
Cash flows provided (used) by operating activities:		
Operating income (loss)	\$ (3,091,425)	\$ (3,049,340)
Adjustments to reconcile excess of revenues over expenses to cash provided (used) by operations:		
Depreciation and amortization	107,328	93,595
Changes in assets and liabilities:		
Accounts receivable	(35,149)	10,457
Prepaid expenses	-	1,650
Escrow funds	(1,116)	-
Accounts payable and accrued expenses	19,037	(5,690)
Compensated absences	<u>6,491</u>	<u>4,171</u>
Cash flows provided (used) by operating activities	<u>\$ (2,994,834)</u>	<u>\$ (2,945,157)</u>

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

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

Notes to Financial Statements  
As of June 30, 2008

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

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

The Board operates as an agent for the Counties of Goochland and Powhatan 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 and 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. The Board was established in 1982.

#### B. Reporting Entity:

For financial reporting purposes, in conformance with GASB Statement 39, *Determining Whether Certain Organizations are Component Units*, the Board includes all organizations for which it is considered financially accountable.

Based on the above criteria, Cedarwoods Residential, Inc. and Bridge Behavioral Health Care, Inc. have been included as blended Component Units of the Board.

The members of the Goochland-Powhatan Community Services Board also serve as the Board of Directors of Cedarwood Residential, Inc. and Bridge Behavioral Health Care, Inc. and such organizations are exempt from taxation under Internal Revenue Code Section 501 (c)(2).

#### 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. 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.

#### 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 pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

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

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

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#### E. Enterprise Fund Accounting:

Goochland-Powhatan 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 generally accepted in the United States of America 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:

Cash and cash equivalents are stated at cost, which approximates market. Cash and cash equivalents include cash on hand, checking and savings accounts, and short-term highly liquid investments with original maturities of three months or less. 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. For purposes of cash flows, the Board considers all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

#### H. Budgets

The Board follows these procedures in establishing its budgets:

- a). In response to Letters of Notification received from the Department of Mental Health, Mental retardation and Substance Abuse Service (the Department), the Board submits a Performance Contract to the Department. This application contains complete budgets for all core services.
- b). The Board's Performance reports are filed with the Department during the fiscal year. The final quarterly report is due by September 30 (unless extended), following the end of the fiscal year.
- c). If any changes are made during the fiscal year in state of 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.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

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

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

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#### I. Accounts Receivable - Client Services

Revenue and related receivables for health care services are recorded at the Board's full established rates. Amounts receivable from third-party payors for health care services are usually less than the Board's full established rates. The realizable amounts are generally determined by contractual agreements with the third party payor (e.g. Medicaid). The provision for contractual adjustments (difference between established rates and third-party payor payments) and discounts (difference between established rates and amounts collectible) are deducted from gross accounts receivable to determine accounts receivable - net client services.

#### J. Net Client 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.

#### K. Client Fees and Allowance for Uncollectible Accounts

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.

A significant majority of fees collected result from Medicaid billings. An allowance for doubtful client account has been estimated by management to approximate \$0 at June 30, 2008.

#### L. Capital Assets

Capital assets acquisitions that cost \$5,000 or more are capitalized and recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets ranging from 3 to 30 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.

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

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

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

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#### M. Compensated Absences

The Board's employees earn annual leave (vacation pay and sick leave) in varying amounts and can accumulate leave based on length of service. Maximum annual leave accumulation hours are the hours allowable at the time of separation or at the end of any calendar year.

Employees terminating their employment are paid, by the Board, their accumulated annual leave up to the maximum limit. Unused sick leave is paid at the date of separation at 25% of the total up to a maximum amount of \$3,000.

The liabilities for annual and sick leave have been recorded in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Accordingly, the amount of annual leave recognized as expense is the amount earned during the year.

Compensated absences have been reported as a current liability.

#### N. Fiscal Agent

The County of Goochland is the fiscal agent for the Goochland-Powhatan Community Services Board.

#### O. Comparative Totals

Comparative totals are presented for informational purposes only. Reclassifications have been made to certain prior year amounts to present those amounts in conformity with the current year presentation.

### NOTE 2 - DEPOSITS AND INVESTMENTS:

---

The Board's primary deposit account and investments are maintained by the County of Goochland, Virginia, the Board's fiscal agent.

All of the Board's cash funds are maintained in accounts collateralized in accordance with the provisions of the Virginia Security for Deposits Act, Section 2.1-359 et. seq. of the *Code of Virginia* or covered by federal depository insurance.

At June 30, 2008 the carrying value of deposits in banks was \$356,997 and the bank balances were \$370,653.

Investments - 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) and Asian Development Bank, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). At June 30, 2008 the Board had no investments.

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

**NOTE 3 - RESTRICTED ASSETS:**

Restricted assets consist of funds held in escrow by the Virginia Housing Development Authority and client funds for which the Board is assisting clients with the management of their bank accounts. The client funds are held in the name of the client.

**NOTE 4 - CLIENT FEES RECEIVABLE:**

Client fee receivables were due from the following resources:

	<u>2008</u>	<u>2007</u>
Virginia Department of Medical Assistance Services (Medicaid)	\$ 43,927	\$ 85,485
Direct client and third party	142,710	82,693
Other	<u>3,985</u>	<u>4,904</u>
Total	<u>\$ 190,622</u>	<u>\$ 173,082</u>

**NOTE 5 – ACCRUED REVENUE:**

Accrued revenue consists of the following:

	<u>2008</u>	<u>2007</u>
County of Goochland	\$ 17,609	\$ -
Others	1,348	-
Total	<u>\$ 18,957</u>	<u>\$ -</u>

**NOTE 6 – CHANGES IN CAPITAL ASSETS:**

A summary of changes in proprietary capital assets for the year ended June 30, 2008 is summarized below:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Capital assets being depreciated:				
Building and improvements	\$ 304,512	\$ -	\$ -	\$ 304,512
Furnishings and equipment	8,523	-	-	8,523
Vehicles	<u>593,514</u>	<u>72,952</u>	-	<u>666,466</u>
Total capital assets being depreciated	\$ 906,549	\$ 72,952	\$ -	\$ 979,501
Less: Accumulated depreciation	<u>532,986</u>	<u>107,328</u>	-	<u>640,314</u>
Net capital assets being depreciated	\$ 373,563	\$ (34,376)	\$ -	\$ 339,187
Net capital assets	<u>\$ 403,563</u>	<u>\$ (34,376)</u>	<u>\$ -</u>	<u>\$ 369,187</u>

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

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**NOTE 7 – LEASE AGREEMENTS:**

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The Board leases office space and other facilities from various lessors. The lease terms range from one to twenty years. The future minimum lease requirements for leases with terms of more than one year are as follows:

<u>Year Ended June 30</u>		<u>Amount</u>
2009	\$	349,044
2010		165,000
2011		165,000
2012		165,000
2013		165,000
2014		165,000
2015		165,000
2016		165,000
	\$	<u>1,504,044</u>

Lease expense for the year ended June 30, 2008 totaled \$365,405.

**NOTE 8 – LONG-TERM OBLIGATION:**

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Summary of changes in long-term obligations:

	<u>Mortgages and Loans Payable</u>
Balance at July 1, 2007	\$ 201,138
Add: Issuances/additions	-
Deduct: Retirements	<u>(6,730)</u>
Balance at June 30, 2008	<u>\$ 194,408</u>

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

**NOTE 8 – LONG-TERM OBLIGATIONS: (CONTINUED)**

Amounts required to amortize long-term obligation are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 6,901	\$ 6,612
2010	7,130	6,400
2011	7,349	6,180
2012	7,577	5,953
2013	7,813	5,717
2014-2018	87,473	22,441
2019-2023	22,383	14,217
2024-2028	28,398	8,202
2029-2031	19,384	1,379
Total	<u>\$ 194,408</u>	<u>\$ 77,101</u>

Details of long-term obligations:

<b>Mortgage Loans Payable</b>	<u>Balance</u>	<u>Current Portion</u>
<p>\$140,000 loan from Virginia Housing Development Authority, payable in montly installments of \$517, which includes pprincipal and interest, through February, 2016, interest at 2%, secured by a deed of trust on property located in Powhatan, Virginia</p>	\$ 92,715	\$ 4,395
<p>\$120,000 loan from the U.S. Department of Agriculture Rural Development Office, payable in monthly installments of \$610, which includes principal and interest, through March, 2031, interest at 4.75%, secured by a deed of trust on property located in Powhatan, Virginia</p>	<u>101,693</u>	<u>2,506</u>
<p>Total loans payable</p>	<u>\$ 194,408</u>	<u>\$ 6,901</u>

## GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

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

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### NOTE 9 – RISK MANAGEMENT:

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The Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Board participates in a self-insured liability plan sponsored by the State of Virginia for local political subdivisions. The plan provides \$1,000,000 coverage against public official liability claims, a maximum coverage of \$3,000,000 for property and related coverage, and \$250,000 for employee dishonesty. The Board participates in the Virginia Association of Counties Self Insurance Risk Pool for comprehensive property and casualty coverage, a general liability coverage (claims made), automobile coverage and employer's liability. Certain other risks are covered by commercial insurance policies. Management believes the above-described coverage is sufficient to preclude any significant uninsured losses to the Board. The Board's risk exposure is anticipated to be limited to policy deductibles. There have been no settlements in excess of insurance coverage in the past three years.

### NOTE 10 - DEFINED BENEFIT PENSION PLAN:

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#### A. Plan Description:

Name of Plan:	Virginia Retirement System (VRS)
Identification of Plan:	Agent Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity:	Virginia Retirement 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.

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.

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

**NOTE 10 - DEFINED BENEFIT PENSION PLAN: (CONTINUED)**

**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 2.51% and for fiscal year ended 2006 was 1.00% of the annual covered payroll.

**C. Annual Pension Costs:**

For fiscal 2008, the Board's annual pension cost of \$55,963 (does not include the employee share assumed by the Board which was \$111,480) was equal to the Board's required and actual contributions.

<b>Three Year Trend Information</b>			
<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC) (1)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
June 30, 2008	\$ 55,963	100%	\$ -
June 30, 2007	53,602	100%	-
June 30, 2006	19,917	100%	-

(1) Employer portion only

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.

**D. Funded Status and Funding Progress:**

As of June 30, 2007, the most recent actuarial valuation date, the plan was 107.57% funded. The actuarial accrued liability for benefits was \$4,501,964, and the actuarial value of assets was \$4,842,615, resulting in an unfunded actuarial accrued liability (UAAL) of (\$340,651). The covered payroll (annual payroll of active employees covered by the plan) was \$2,159,682, and ratio of the UAAL to the covered payroll was -15.77%.

The schedule of 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.

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

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**NOTE 11 - FUNDING FROM PARTICIPANT LOCALITIES:**

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Funding from participant localities for fiscal 2007 was as follows:

	<u>2008</u>	<u>2007</u>
Goochland	\$ 258,550	\$ 246,826
Powhatan	<u>258,550</u>	<u>246,826</u>
Total	<u>\$ 517,100</u>	<u>\$ 493,652</u>

**NOTE 12 - CLIENT FEES:**

---

Net patient service revenues were from the following sources:

	<u>2008</u>	<u>2007</u>
Medicaid	\$ 1,847,582	\$ 1,666,088
Direct client, third party and other	<u>356,763</u>	<u>225,891</u>
Total	<u>\$ 2,204,345</u>	<u>\$ 1,891,979</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES:**

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The Board participates in federal assistance programs which are subject to audit by 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.

The Board has entered into negotiations for the purchase of property. The Board has offered \$1,200,000 to the owner. The financing of the purchase is expected to be primarily owner financing.

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

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

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**NOTE 14 - FEDERAL EXPENDITURES:**

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The Board expended its federal program funds as follows:

<u>Program</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Substance Abuse and Treatment Block Grant	93.959	\$ 261,615
Mental Health Block Grant	93.958	22,254
Early Intervention Part C	84.181	112,769
Total		\$ <u>396,638</u>

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- Required Supplementary Information -

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**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

Schedule of Pension Funding Progress  
As of June 30, 2008

**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	\$ 4,842,615	\$ 4,501,964	(340,651)	107.57%	\$ 2,159,682	-15.77%	
June 30, 2006	4,196,624	3,853,383	(343,241)	108.91%	1,993,154	-17.22%	
June 30, 2005	3,843,643	3,469,346	(374,297)	110.79%	1,903,650	-19.66%	

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- Supplemental Information -

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

<b>ASSETS</b>	<b>Goochland- Powhatan Community Services Board</b>	<b>Consumer Funds</b>	<b>Total Goochland- Powhatan Community Services Board</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 341,552	\$ 3,571	\$ 345,123
Accounts receivable, less allowance for uncollectibles	190,622	-	190,622
Accrued revenue	17,609	1,348	18,957
Prepaid items	35,760	-	35,760
<b>Total current assets</b>	<b>\$ 585,543</b>	<b>\$ 4,919</b>	<b>\$ 590,462</b>
<b>Restricted Current Assets:</b>			
Escrow funds	\$ -	\$ -	\$ -
Client funds	512	-	512
<b>Total restricted current assets</b>	<b>\$ 512</b>	<b>\$ -</b>	<b>\$ 512</b>
<b>Capital Assets:</b>			
Property and equipment, less accumulated depreciation	\$ 137,545	\$ -	\$ 137,545
<b>Total assets</b>	<b>\$ 723,600</b>	<b>\$ 4,919</b>	<b>\$ 728,519</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current Liabilities:</b>			
Accounts payable and accrued expenses	\$ 38,377	\$ -	\$ 38,377
Compensated absences	258,338	-	258,338
Long-term debt, current portion	-	-	-
<b>Total current liabilities</b>	<b>\$ 296,715</b>	<b>\$ -</b>	<b>\$ 296,715</b>
<b>Current Liabilities Payable from Restricted Assets:</b>			
Client funds	512	-	512
<b>Long-term Liabilities:</b>			
Long-term debt, less current portion	-	-	-
<b>Total liabilities</b>	<b>\$ 297,227</b>	<b>\$ -</b>	<b>\$ 297,227</b>
<b>Net Assets:</b>			
Invested in capital assets net of related debt	\$ 137,545	\$ -	\$ 137,545
Restricted	-	-	-
Unrestricted	288,828	4,919	293,747
<b>Total net assets</b>	<b>\$ 426,373</b>	<b>\$ 4,919</b>	<b>\$ 431,292</b>

<u>Cedarwoods Residential Inc.</u>	<u>Bridge Behaviorial Healthcare Inc.</u>	<u>Inter- company Eliminations</u>	<u>Total</u>
\$ 8,792	\$ 3,082	\$ -	\$ 356,997
-	-	-	190,622
-	-	-	18,957
-	-	-	35,760
<u>\$ 8,792</u>	<u>\$ 3,082</u>	<u>\$ -</u>	<u>\$ 602,336</u>
\$ 3,455	\$ -	\$ -	\$ 3,455
-	-	-	512
<u>\$ 3,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,967</u>
\$ 231,642	\$ -	\$ -	\$ 369,187
<u>\$ 243,889</u>	<u>\$ 3,082</u>	<u>\$ -</u>	<u>\$ 975,490</u>
\$ -	\$ -	\$ -	\$ 38,377
-	-	-	258,338
6,901	-	-	6,901
<u>\$ 6,901</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,616</u>
-	-	-	512
<u>187,507</u>	<u>-</u>	<u>-</u>	<u>187,507</u>
<u>\$ 194,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 491,635</u>
\$ 37,234	\$ -	\$ -	\$ 174,779
3,455	-	-	3,455
8,792	3,082	-	305,621
<u>\$ 49,481</u>	<u>\$ 3,082</u>	<u>\$ -</u>	<u>\$ 483,855</u>

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

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

	<b>Goochland- Powhatan Community Services Board</b>	<b>Consumer Funds</b>	<b>Total Goochland- Powhatan Community Services Board</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Operating Revenues:</b>			
Net patient service revenue	\$ 2,204,345	\$ -	\$ 2,204,345
<b>Operating Expenses:</b>			
Salaries and benefits	\$ 4,028,948	\$ -	\$ 4,028,948
Staff development	26,524	-	26,524
Facility	492,840	-	492,840
Supplies	126,088	-	126,088
Travel	189,588	-	189,588
Contractual and consulting	251,460	-	251,460
Depreciation and amortization	95,654	-	95,654
Other	62,395	-	62,395
Total operating expenses	\$ 5,273,497	\$ -	\$ 5,273,497
<b>Operating income (loss)</b>	\$ (3,069,152)	\$ -	\$ (3,069,152)
<b>Nonoperating income (expenses):</b>			
Appropriations:			
Commonwealth of Virginia	\$ 1,987,802	\$ -	\$ 1,987,802
Federal government	390,309	-	390,309
Local governments	517,100	-	517,100
Other	522	2,389	2,911
Interest income	13,848	-	13,848
Interest expense	-	-	-
Net nonoperating income	\$ 2,909,581	\$ 2,389	\$ 2,911,970
<b>Change in net assets</b>	\$ (159,571)	\$ 2,389	\$ (157,182)
<b>Net assets, beginning of year</b>	<u>585,944</u>	<u>2,530</u>	<u>588,474</u>
<b>Net assets, end of year</b>	<u>\$ 426,373</u>	<u>\$ 4,919</u>	<u>\$ 431,292</u>

<u>Cedarwoods Residential Inc.</u>	<u>Bridge Behaviorial Healthcare Inc.</u>	<u>Inter- company Eliminations</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 2,204,345
-	-	-	4,028,948
-	-	-	26,524
10,531	-	-	503,371
43	25	-	126,156
-	-	-	189,588
-	-	-	251,460
11,674	-	-	107,328
-	-	-	62,395
<u>22,248</u>	<u>25</u>	<u>-</u>	<u>5,295,770</u>
<u>(22,248)</u>	<u>(25)</u>	<u>-</u>	<u>(3,091,425)</u>
-	-	-	1,987,802
-	-	-	390,309
-	-	-	517,100
15,050	-	-	17,961
117	-	-	13,965
<u>(6,799)</u>	<u>-</u>	<u>-</u>	<u>(6,799)</u>
<u>8,368</u>	<u>-</u>	<u>-</u>	<u>2,920,338</u>
(13,880)	(25)	-	(171,087)
<u>63,361</u>	<u>3,107</u>	<u>-</u>	<u>654,942</u>
<u>49,481</u>	<u>3,082</u>	<u>-</u>	<u>483,855</u>

**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

**Combining Statement of Cash Flows  
Year Ended June 30, 2008**

	<b>Goochland- Powhatan Community Services Board</b>	<b>Consumer Funds</b>	<b>Total Goochland- Powhatan Community Services Board</b>
<b>Cash flows provided (used) by operating activities:</b>			
Receipts from customers	\$ 2,102,952	\$ -	\$ 2,102,952
Payments to suppliers	(1,063,613)	-	(1,063,613)
Payments to and for employees	(4,022,458)	-	(4,022,458)
Total cash flows provided (used) by operating activities	<u>\$ (2,983,119)</u>	<u>\$ -</u>	<u>\$ (2,983,119)</u>
<b>Cash flows provided (used) by noncapital and related financing activities:</b>			
Government grants	\$ 2,895,211	\$ -	\$ 2,895,211
Other	4,784	1,041	5,825
Total cash flows provided (used) by noncapital and related financial activities	<u>\$ 2,899,995</u>	<u>\$ 1,041</u>	<u>\$ 2,901,036</u>
<b>Cash flows provided (used) by capital and related financing activities:</b>			
Acquisition of fixed assets	\$ (72,952)	\$ -	\$ (72,952)
Interest payments on long-term debt	-	-	-
Principal payments on long-term debt	-	-	-
Cash flows provided (used) by capital and related financing activities	<u>\$ (72,952)</u>	<u>\$ -</u>	<u>\$ (72,952)</u>
<b>Cash flows provided (used) by investing activities:</b>			
Interest income	\$ 13,848	\$ -	\$ 13,848
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>\$ (142,228)</u>	<u>\$ 1,041</u>	<u>\$ (141,187)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>483,780</u>	<u>2,530</u>	<u>486,310</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 341,552</u></u>	<u><u>\$ 3,571</u></u>	<u><u>\$ 345,123</u></u>
<b>Cash flows provided (used) by operating activities:</b>			
Operating income (loss)	\$ (3,069,152)	\$ -	\$ (3,069,152)
Adjustments to reconcile excess of revenues over expenses to cash provided (used) by operations:			
Depreciation and amortization	95,654	-	95,654
Changes in assets and liabilities:			
Accounts receivable and accrued revenue	(35,149)	-	(35,149)
Prepaid items	-	-	-
Escrow funds	-	-	-
Accounts payable and accrued expenses	19,037	-	19,037
Compensated absences	6,491	-	6,491
Cash flows provided (used) by operating activities	<u><u>\$ (2,983,119)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (2,983,119)</u></u>

Cedarwoods Residential Inc.	Bridge Behaviorial Healthcare Inc.	Inter- Company Eliminations	Total
\$ -	\$ -	\$ -	\$ 2,102,952
(11,690)	(25)	-	(1,075,328)
-	-	-	(4,022,458)
<u>\$ (11,690)</u>	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ (2,994,834)</u>
\$ -	\$ -	\$ -	\$ 2,895,211
15,049	-	-	20,874
<u>\$ 15,049</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,916,085</u>
\$ -	\$ -	\$ -	\$ (72,952)
(6,799)	-	-	(6,799)
<u>(6,730)</u>	<u>-</u>	<u>-</u>	<u>(6,730)</u>
<u>\$ (13,529)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86,481)</u>
\$ 117	\$ -	\$ -	\$ 13,965
\$ (10,053)	\$ (25)	\$ -	\$ (151,265)
18,845	3,107	-	508,262
<u>\$ 8,792</u>	<u>\$ 3,082</u>	<u>\$ -</u>	<u>\$ 356,997</u>
\$ (22,248)	\$ (25)	\$ -	\$ (3,091,425)
11,674	-	-	107,328
-	-	-	(35,149)
-	-	-	-
(1,116)	-	-	(1,116)
-	-	-	19,037
-	-	-	6,491
<u>\$ (11,690)</u>	<u>\$ (25)</u>	<u>\$ -</u>	<u>\$ (2,994,834)</u>

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**- Supporting Schedules -**

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**GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD**

**Schedule of Insurance  
At June 30, 2008**

**Insurance Coverages**

<b>Insurance Company</b>	<b>Policy No.</b>	<b>Policy Period</b>	<b>Annual Policy Cost</b>	<b>Insurance Coverage</b>	<b>Deductible</b>	
Vaco Risk Management Programs (VaCoRP)	VA-GO-037A-08	7/1/07-6/30/08	\$ 19,094	Automobile Liability/Comprehensive and Collision - ACV	\$ 3,000,000	\$ 500
				Medical payments	5,000	
			710	Employee dishonesty	250,000	250
			3,417	Real property, personal property, 90% co-insurance	Various	250
			10,260	General liability	3,000,000	1,000
				Fire damage	100,000	-
Commonwealth of Virginia Division of Risk Management	N/A	7/1/07-6/30/08	4,875	Public Officials Liability		
				Per occurrence	1,000,000	1,000
			930	Medical Malpractice		
		7/1/06-6/30/07		General Liability	1,195,000	1,000

GOOCHLAND-POWHATAN 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 September 29, 2008			
Mental Health	\$ 2,390,855	\$ 46,855	\$ 2,390,001
Mental Retardation	2,129,650	-	2,129,650
Substance Abuse	711,045	284,493	683,031
Total	<u>\$ 5,231,550</u>	<u>\$ 331,348</u>	<u>\$ 5,202,682</u>
Amounts per Goochland-Powhatan Community Services Board Entity in Audit Report			
	\$ 5,116,315	\$ 390,309	\$ 5,273,497
Client fees adjustment to accrual basis, net	(3,323)	-	-
Other revenue accruals	(14,217)	-	-
Accrued expenses	2,122	-	(20,454)
Retained earnings reported as revenues in fourth quarter reports	154,030	-	-
Part C Funds reported as other revenues	-	(58,961)	-
Fixed assets capitalized	-	-	72,952
Depreciation expense	-	-	(95,654)
Compensated absences, net	-	-	(6,491)
Other Board activities:			
Consumer funds	(2,389)	-	-
Other	(20,988)	-	(21,168)
Total per fourth quarter reports	<u>\$ 5,231,550</u>	<u>\$ 331,348</u>	<u>\$ 5,202,682</u>

- Compliance -

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## 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*

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To the Board of Directors  
Goochland-Powhatan Community Services Board  
Goochland, Virginia

We have audited the financial statements of the Goochland-Powhatan Community Services Board, as of and for the year ended June 30, 2008, and have issued our report thereon dated October 21, 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 Goochland-Powhatan 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 Goochland-Powhatan Community Services Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Goochland-Powhatan 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 the Goochland-Powhatan Community Service 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 the Goochland-Powhatan Community Service Board's financial statements that is more than inconsequential will not be prevented or detected by the Goochland-Powhatan 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 the Goochland-Powhatan 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 Goochland-Powhatan 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 other matters that we reported to management of the Goochland-Powhatan Community Services Board in a separate letter dated October 21, 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

October 21, 2008

- Other Information -

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GOOCHLAND-POWHATAN COMMUNITY SERVICES BOARD

Client Statistics  
Last Eight Fiscal Years

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	2008	2007	2006	2005	2004	2003	2002	2001
Unduplicated Clients Served								
Mental Health	358	391	447	667	683	597	428	463
Mental Retardation	224	188	173	228	215	206	168	180
Substance Abuse	190	150	180	315	254	284	243	263
Services Outside of Programs	125	-	-	-	-	-	-	-

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