DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

FINANCIAL REPORT
(Audited)

JUNE 30, 2015 and 2014

C O N T E N T S

Harris, Harvey, Neal & Co., LLP
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Danville-Pittsylvania Community Services
Danville, Virginia 24541

We have audited the accompanying financial statements of the business-type activities of Danville-Pittsylvania Community Services, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Danville-Pittsylvania Community Services, as of June 30, 2015 and 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8–18 and certain pension information on pages 44 and 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Danville-Pittsylvania Community Services' basic financial statements. The accompanying Schedules 1 through 3 are presented for purposes of additional analysis and are not a required part of the financial statements. These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The supplemental information sections Schedules 4 through 6 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Harris Harvey Neal & Co. LLP

Danville, Virginia
October 30, 2015

HHN&Co.

Harris, Harvey, Neal & Co., LLP
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INDEPENDENT AUDITORS' 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
Danville-Pittsylvania Community Services
Danville, Virginia 24541

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Danville-Pittsylvania Community Services, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which comprise Danville-Pittsylvania Community Services' basic financial statements, and have issued our report thereon dated October 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Danville-Pittsylvania Community Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Danville-Pittsylvania Community Services' internal control. Accordingly, we do not express an opinion on the effectiveness of Danville-Pittsylvania Community Services' internal control.

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

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

MEMBERS
American Institute of Certified Public Accountants • Virginia Society of Certified Public Accountants • Virginia Group of CPA Firms, Inc.
Offices in Danville, Chatham, and South Boston, Virginia

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Danville-Pittsylvania Community Services' financial statements are free from 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*.

Purpose of this Report

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

Harris Harvey Neal & Co. LLP

Danville, Virginia
October 30, 2015

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors
Danville-Pittsylvania Community Services
Danville, Virginia 24541

Report on Compliance for Each Major Federal Program

We have audited Danville-Pittsylvania Community Services' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Danville-Pittsylvania Community Services' major federal programs for the year ended June 30, 2015. Danville-Pittsylvania Community Services' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Danville-Pittsylvania Community Services' major federal programs based on our audit of the types of compliance requirements referred to above. 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 Danville-Pittsylvania Community Services' 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Danville-Pittsylvania Community Services' compliance.

Opinion on Each Major Federal Program

In our opinion, Danville-Pittsylvania Community Services, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

MEMBERS
American Institute of Certified Public Accountants • Virginia Society of Certified Public Accountants • Virginia Group of CPA Firms, Inc.
Offices in Danville, Chatham, and South Boston, Virginia

Report on Internal Control Over Compliance

Management of Danville-Pittsylvania Community Services is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Danville-Pittsylvania Community Services' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Danville-Pittsylvania Community Services' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harris Harvey Neal & Co. LLP

Danville, Virginia
October 30, 2015

Harris, Harvey, Neal & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' COMMENTS ON RESOLUTION OF
PRIOR YEAR AUDIT FINDINGS

To The Board of Directors
Danville-Pittsylvania Community Services

No corrective action was required of Danville-Pittsylvania Community Services regarding previously reported audit findings since there were no audit findings reported in the prior period.

Harris Harvey Neal & Co. LLP

Danville, Virginia
October 30, 2015

MANAGEMENT’S DISCUSSION AND ANALYSIS

Danville-Pittsylvania Community Services
Management Discussion and Analysis
For the Years Ended June 30, 2015 and June 30, 2014

The following discussion and analysis of Danville-Pittsylvania Community Services' (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal years ended June 30, 2015 (FY2015) and June 30, 2014 (FY2014). The Agency's financial statements are reported on the full accrual basis as required by Governmental Accounting Standards Board (GASB) 34. Due to the requirements of GASB Statements 14 and 61, 'The Financial Reporting Entity' and GASB Statement 39, 'Determining Whether Certain Organizations are Component Units, the financial statements for Piney Ridge Apartments Corporation, Piney Ridge Apartments Corporation II, Ashlawn View, Inc. and Bellevue, Inc. are blended with the Agency. GASB Statement 39 requires organizations that are legally separate, tax-exempt entities and that meet all of the following criteria to be presented as component units. These criteria include (a) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, (b) the primary government has the ability to otherwise access a majority of the economic resources held by the separate organization, and (c) the economic resources received or held by an individual organization that the specific primary government has the ability to otherwise access are significant to that primary government. Each component unit agency is tax exempt under 501(c)(3) of the Internal Revenue Code. The Piney Ridge Apartments corporations provide the Agency two apartment complexes to house residents receiving services from the Agency. Ashlawn View, Inc. provides the Agency a residential group home to house residents receiving services from the Agency. Bellevue, Inc. provides DPCS, as the sole tenant, fixed assets (land, buildings and improvements, and furniture and equipment) totaling $5,565,939 less accumulated depreciation of $2,384,686 and $2,247,873 for a net value of $3,181,253 and $3,318,066 at December 31, 2014 and December 31, 2013 respectively.

<u>Management Discussion and Analysis for the Agency Only- Not Including GASB Statement 68 for Pension Amounts Related to the Virginia Retirement System</u>

<u>Basic Financial Statements:</u> The basic financial statements for the Agency consist of the Statement of Net Assets (Balance Sheet), Statement of Revenues, Expenses and Changes in Net Assets (Income Statement) and the Statement of Cash Flows. Balance Sheet and Income Statement are the financial statements in private sector accounting. The following are condensed Financial Statements which present the changes in the accounts from FY2014 to FY2015 for analysis purposes:

Summary Statement of Net Assets Comparison					
			Dollar	Percent	
	FY2015	FY2014	Change	Change	FY2013
Assets:					
Cash and cash equivalents	$ 10,202,207	$ 9,283,545	$ 918,662	9.90%	$ 9,121,163
Prepaid expenses	59,197	68,016	(8,819)	-12.97%	82,418
Fees receivable (net)	1,227,430	1,158,217	69,213	5.98%	887,772
Due from other governments	248,909	180,774	68,135	37.69%	133,177
Notes receivable- consumers	66,859	65,397	1,462	2.24%	60,714
Rental deposits	14,325	10,575	3,750	35.46%	10,575
Restricted cash held for consumers	57,543	62,963	(5,420)	-8.61%	67,075
Equipment, Land & Improvements (net)	3,315,543	2,890,953	424,590	14.69%	2,787,247
Liabilities:					
Accounts payable	$ 611,129	$ 303,895	$ 307,234	101.10%	$ 450,362
Accrued payroll & other liabilities	507,724	574,114	(66,390)	-11.56%	525,548
Consumer deposits	57,543	62,963	(5,420)	-8.61%	67,075
Deferred revenue	1,744,597	2,181,566	(436,969)	-20.03%	1,816,286
Accrued leave	1,278,131	1,155,387	122,744	10.62%	988,876
Accrued postemployment health	527,977	543,877	(15,900)	-2.92%	484,755
Net Assets:					
Investments in fixed assets	$ 3,315,543	$ 2,890,953	$ 424,590	14.69%	$ 2,787,247
Unrestricted but designated	189,274	229,435	(40,161)	-17.50%	259,521
Unrestricted net assets	6,960,095	5,778,250	1,181,845	20.45%	5,770,472

Danville-Pittsylvania Community Services
Management Discussion and Analysis
For the Years Ended June 30, 2015 and June 30, 2014

Summary Statement of Revenues, Expenses and Changes in Net Assets Comparison					
			Dollar	Percent	
	FY2015	FY2014	Change	Change	FY2013
Operating Revenues:					
Net consumer services revenue	$ 8,684,760	$ 8,101,455	$ 583,305	7.20%	$ 8,274,663
Other revenue	245,914	374,125	(128,211)	-34.27%	376,231
Operating Expenses:					
Personnel	$ 12,726,716	$12,920,576	$ (193,860)	-1.50%	$ 12,331,776
Staff development	146,397	137,549	8,848	6.43%	131,784
Facilities	1,446,505	1,419,083	27,422	1.93%	1,397,925
Supplies/equipment maintenance	797,187	830,425	(33,238)	-4.00%	1,037,992
Travel	118,251	138,957	(20,706)	-14.90%	126,311
Consultant/contract	1,372,187	1,284,843	87,344	6.80%	1,124,409
Depreciation	246,355	265,567	(19,212)	-7.23%	254,214
Bad debt expense	141,859	48,329	93,530	193.53%	193,504
Miscellaneous	0	13	(13)	-100.00%	0
Non-operating Revenues/(Expenses):					
Appropriations from State gov't	$ 7,690,211	$ 6,675,004	$ 1,015,207	15.21%	$ 6,573,382
Appropriations from Federal gov't	1,046,378	1,099,174	(52,796)	-4.80%	1,182,808
Appropriations from Local sources	830,210	822,484	7,726	0.94%	639,604
Gain/(Loss) on equipment disposal	21,200	0	21,200	100.00%	12,109
Interest income	43,058	54,499	(11,441)	-20.99%	63,637
Total Change in Net Assets	$ 1,566,274	$ 81,399	$ 1,484,875	1824.19%	$ 524,519

Summary Statement of Cash Flows Comparison					
			Dollar	Percent	
	FY2015	FY2014	Change	Change	FY2013
Cash Flows from Operating Activities:					
Cash received from client services	$ 8,476,856	$ 7,788,424	$688,432	8.84%	$ 8,114,385
Other unrestricted operating revenue	301,746	318,136	(16,390)	-5.15%	381,456
Cash payments for personnel	(12,447,390)	(12,707,159)	259,769	-2.04%	(12,340,596)
Cash payments for supplies/other operating needs	(3,535,589)	(3,629,337)	93,748	-2.58%	(3,329,609)
Cash Flows from Non-capital Financing Activities:					
Appropriations from State gov't	7,140,651	6,997,091	143,560	2.05%	6,498,329
Appropriations from Local gov't	550,542	534,506	16,036	3.00%	323,256
Appropriations from Federal gov't	1,038,533	1,165,367	(126,834)	-10.88%	1,187,081
Cash Flows from Capital and Related Financing Activities:					
Acquisition of capital assets	(670,945)	(359,145)	(311,800)	86.82%	(427,928)
Proceeds from sale of assets	21,200	0	21,200	100.00%	12,109
Cash Flows from Investing Activities:					
Interest Income	43,058	54,499	(11,441)	-20.99%	63,637
Net increase (decrease) in cash and cash equivalents	$ 918,662	$ 162,382	$756,280	465.74%	$ 482,120

Financial Analysis

For the fiscal year ended June 30, 2015, the Agency reported total revenue of $18,561,731 and total expenses of $16,995,457 for a total 'net income' of $1,566,274. For FY2014, the Agency reported total revenue of $17,126,741 and total expenses of $17,045,342 for a total 'net income' of $81,399.

During FY2015, net consumer services revenue experienced an overall increase of 7.20% while cash received from client services increased 8.84% due to two factors. First, vacant staff positions were filled and more billable services were provided. Second, as a result of the Intermediate Care Facility cost settlement process, additional revenue was paid to the Agency during FY2015 whereas in previous years, the Agency was required to pay back to Medicaid revenue in excess over costs. Note 5 in the Notes to the Financial Statements details the revenue information by payor source. As shown in Note 6 in the Notes to the Financial Statements, the allowance for uncollectible accounts decreased from $356,911 in FY2014 to $316,964 in FY2015. The balance in the allowance for uncollectible accounts corresponds to the balance of accounts receivable greater than 90 days old for the direct client payor source and the balance in the Virginia Department of Taxation debt set off payor source. The net effect of the actual write-offs in FY2015 and FY2014 with the adjustments to the allowance for doubtful accounts resulted in bad debt expense on the operating statement of $141,859 and $48,329, respectively. The increase in bad debt write-offs was attributable to the discovery of an error in the report from our software vendor used to 'mark' non-payment/delinquent accounts in our system at the end of FY2013. Finance has since 'fine-tuned' the reporting and system of checking for delinquent accounts and proceeding with the write-off process monthly. The Agency's Finance Division sends delinquency notices to consumers at 60 and 90 day past due intervals. Then, after the final notice and continued non-payment, the account is transferred from the direct client payor source to debt set off if pertinent information has been obtained on the individual's account. If after two years of non-payment from a matching Virginia income tax refund in the debt set-off payor source, the charge is written off the books as an uncollectible account. Consumer accounts are reviewed and write-offs are done monthly; therefore, the amount of annual write-offs will vary depending on the age of the receivable.

Other revenue decreased slightly from FY2014 to FY2015 as shown both on the operating statement and cash flow statement. Other revenue consists mostly of local agency grants such as United Way, KOVAR, etc. and will vary each year based on the grant awards and the timing of spending of the grant awards. Appropriations from the federal government decreased slightly due to the expiration of a federal grant in the Prevention Services Division at June 30, 2014. Appropriations from the state government increased $1,015,207 from $6,675,004 in FY2014 to $7,690,211 in FY2015 while cash flow for Appropriations from the state government increased $143,560 from $6,997,091 to $7,140,651 from FY2014 to FY2015. Per Note 13 of the Notes to the Financial Statements, state deferred revenue decreased from $2,100,045 at June 30, 2014 to $1,693,623 at June 30, 2015. The significant changes in these accounts are attributable to three factors. First, DPCS earned $316,294 of new state funding for a portion of the construction costs for the Intermediate Care Facility (ICF) on Franklin Turnpike. Second, DPCS used approximately $640,000 of previous years' state deferred revenue during FY2015 to include $316,828 for the implementation of the Voice Over Internet Protocol (VOIP) system and the virtual blade server; $27,849 for building and parking lot improvements and $272,139 in regional state funding for the purchase of bed days in the community and to provide services at the DPCS Residential Crisis Stabilization facility (Foundation House). Third, DPCS is required to defer unused state general, earmarked and restricted funds at the end of the fiscal year for funds received during the fiscal year but unspent at June 30 which amounted to $103,091 of state general funds and $318,064 of state restricted funds totaling $421,155 for FY2015. The increase in cash flow in state funds was not as significant as the increase in revenue due to the use of state deferred revenue which was already included in DPCS's bank account and the 'pass-thru' of regional funds also in deferred revenue at June 30, 2014. DPCS is fiscal agent for the Southside Behavioral Health Consortium and disbursed $172,790 to the other community services boards as a part of the Consortium. The majority of the remaining balance of deferred revenue from state funds in Note 13 includes the state general, earmarked and restricted funds mostly in the Behavioral Health Services Division. The deferred revenue from federal funds includes Prevention funds received in FY2015 but unspent at June 30. The Agency does anticipate using these balances in future fiscal years.

Overall, the Agency's total operating expenses decreased .29% from $17,045,342 in FY2014 to $16,995,457 in FY2015. Personnel expense includes both salaries and wages and fringe benefits for payroll taxes, health insurance, retirement, group life and workers compensation expense. Personnel expense decreased overall by 1.50% and was attributable to various factors. The Agency gave a 1% merit raise in salary to employees on their performance anniversary date and a 2% salary scale increase on December 27, 2014 which increased salary expense for the Agency; however, the Agency's retirement expense decreased due to a rate change from 7.13% in FY2014 to 5.37% in FY2015. Also, the Agency experienced a $352,534 reduction in health insurance expenses due to less paid in claims costs during FY2015. The increase in bad debt expense was mentioned previously in this analysis.

Per the Statement of Net Assets (balance sheet) in this analysis, Cash and cash equivalents includes the Agency's regular checking account, client loan fund account and certificates of deposit (CD). At June 30, 2015 the Agency's regular checking account balance was $7,813,887 as compared to $6,924,005 at June 30, 2014. Also, at June 30, 2015 CD accounts totaled $2,171,275 as compared to $2,137,943 at June 30, 2014. Accounts payable results from regular expenses incurred by June 30 but not paid until the subsequent fiscal year. The 101% increase in Accounts Payable from FY2014 to FY2015 is attributable to invoices paid in July and early August for the VOIP project, virtual server and ICF construction costs. The decrease in deferred revenue was mentioned previously in this analysis.

Overall in FY2015 the increase in net assets was $1,566,274 compared to $81,399 in FY2014 and the increase in cash flow was $918,662 compared to $162,382 in FY2014. These amounts were attributable to the decrease in operating expenses, the use of state deferred revenue from previous fiscal years recognized as revenue in FY2015 and the increase in consumer services revenue.

<u>Fixed Assets</u>

Note 8 of the Notes to the Financial Statements presents the details of the Agency's property and equipment. Approximately $670,945 in fixed assets were acquired during FY2015. Building and land improvements totaling $306,786 were completed and included: (1) $13,550 for parking lot striping and resurfacing and improvements to lots on Joplin Street and (2) $14,900 for panic doors at the Foundation House and (3) $278,336 in construction costs for the ICF on Franklin Turnpike. Equipment purchases in the amount of $364,159 were made for the following: (1) $140,614 for VOIP, (2) $166,208 for the virtual server, (3) $7,865 for heating and air conditioning unit at Harmony House, (4) $8,399 for polycom equipment, (5) $6,033 for a fingerprinting machine and (7) $35,040 for a backup server. A total of $68,699 in fully depreciated equipment was written off the books as it was no longer in use. Furthermore, thirteen vehicles were sold which resulted in $239,871 of fully depreciated vehicles being written off the books with sale proceeds totaling $21,200.

<u>Long-Term Debt</u>

Long-term debt consists of accrued leave balances for vacation and sick leave for current staff and postemployment health insurance. During FY2014, DPCS expired the two leave policy plan which included accruals for vacation and sick leave separately and replaced these with one accrual for Paid Time Off (PTO). The PTO system includes one accrual rate to be used for either vacation or sick time off. This change in leave resulted in an increase in personnel expense and the related liability for accrued leave for FY2014 since PTO includes a component for sick leave which was previously separate and not included as a liability until the employee reached 5 years of service and included a maximum of $6,000 in the leave liability. The accrued leave balances consist of PTO hours earned but unpaid at June 30 for all regular full-time and regular part-time staff and 25% of sick hours balance to a maximum of $6,000 for all regular full-time and regular part-time staff employed at least 5 years as of June 30. The liability increased from $1,155,387 in FY2014 to $1,278,131 in FY2015 due to the salary increases previously mentioned in this analysis. The portion of this liability related to the sick hours balance will either remain steady or decrease over time as no additional hours will accrue in this category. The liability for postemployment health insurance decreased from $543,877 in FY2014 to $527,977 in FY2015. This liability is due to Board policy allowing terminating staff with 20 years of service to use their remaining sick leave balance to cover health insurance premiums. This liability is calculated based on staff with 20 years or more of service at June 30 less the 25% payout of their unused sick leave hours accumulated times their pay rate at June 30.

This postemployment health insurance balance will be used each month to cover the employee only premium until the balance is exhausted or due to forfeiture of credits resulting from death or cancellation of insurance. The calculation of this liability is affected by the expiration of the accrual of sick leave separately and as a result will increase only when current employees reach the 20 year service level and have a balance of sick leave hours to use for retiree health insurance credits. The postemployment health insurance liability of $527,977 at June 30, 2015 includes seven retirees and fourteen current employees with 20 years of service.

Unrestricted but Designated Net Assets

The Agency has designated $189,274 of unrestricted net assets to pay for the postemployment health insurance liability. During FY2015, the Agency paid $40,161 for postemployment health insurance compared to $30,085 in FY2014.

Forecast for FY2016

In FY2016, the Agency will continue to use as much deferred revenue as possible. Also, the Agency will continue the project to construct a new Intermediate Care Facility (ICF) on Franklin Turnpike and convert the group home on Keen Street to an ICF.

Danville-Pittsylvania Community Services
Management Discussion and Analysis
For the Years Ended June 30, 2015 and June 30, 2014

Management Discussion and Analysis for the Agency Only- Including GASB Statement 68 for Pension Amounts Related to the Virginia Retirement System (VRS)

The Governmental Accounting Standards Board issued Statement No. 68 which requires DPCS as a political subdivision and participant in the Virginia Retirement System to record and show on it's audited financial statements amounts related to VRS. DPCS is a participant in VRS as an Agent Multiple-Employer Plan and therefore has an 'account' with VRS. The following two tables represent the changes to DPCS's financial statements to show VRS amounts for pension expense, net pension liability and deferred inflows and outflows. These amounts were obtained from VRS and have been actuarially determined; however, they reflect amounts as of June 30, 2014 but are required to be presented in the FY2015 DPCS audited financial statements.

Summary Statement of Net Assets Comparison			
	FY2015 without VRS	Change- VRS	FY2015 with VRS
Assets:			
Cash and cash equivalents	$ 10,202,207	$ -	$ 10,202,207
Prepaid expenses	59,197	-	59,197
Fees receivable (net)	1,227,430	-	1,227,430
Due from other governments	248,909	-	248,909
Notes receivable- consumers	66,859	-	66,859
Rental deposits	14,325	-	14,325
Restricted cash held for consumers	57,543	-	57,543
Equipment, Land & Improvements (net)	3,315,543	-	3,315,543
Net Pension Asset- VRS	-	1,665,738	1,665,738
Deferred Outflows of Resources- VRS	-	470,596	470,596
Liabilities:			
Accounts payable	$ 611,129	$ -	$ 611,129
Accrued payroll & other liabilities	507,724	-	507,724
Consumer deposits	57,543	-	57,543
Deferred revenue	1,744,597	-	1,744,597
Accrued leave	1,278,131	-	1,278,131
Accrued postemployment health	527,977	-	527,977
Net Pension Liability- VRS	-	-	-
Deferred Inflows of Resources- VRS	-	1,408,968	1,408,968
Net Assets:			
Investments in fixed assets	$ 3,315,543	$ -	$ 3,315,543
Unrestricted but designated	189,274	-	189,274
Unrestricted net assets	6,960,095	-	6,960,095
Restricted net assets- VRS	-	727,366	727,366

According to VRS, the Net Plan Assets for DPCS's account exceeded the Pension Liability; therefore, DPCS does not have a Net Pension Liability and instead has a Net Pension Asset of $1,665,738 as of June 30, 2014 to include in the FY2015 financial statements. The Deferred Outflows of Resources represent the VRS employer contributions and expense amount for FY2015 paid by DPCS to VRS based on the established 5.37 percent employer rate and the employee's monthly creditable compensation during FY2015. See the operating statement below as the $470,596 has been removed from the Personnel Expense category and replaced with the VRS actuarial Pension Expense amount of $86,354 for a net change on the operating statement of $384,242. The $1,408,968 shown as the Deferred Inflows of Resources is the VRS Actuarial determined amount as of June 30, 2014 to be the difference in the projected and actual earnings on plan investments.

Summary Statement of Revenues, Expenses and Changes in Net Assets Comparison			
	FY2015- without VRS	Change- VRS	FY2015- with VRS
Operating Revenues:			
Net consumer services revenue	$ 8,684,760	$ -	$ 8,684,760
Other revenue	245,914	-	245,914
Operating Expenses:			
Personnel	$ 12,726,716	$ (384,242)	$ 12,342,474
Staff development	146,397	-	146,397
Facilities	1,446,505	-	1,446,505
Supplies/equipment maintenance	797,187	-	797,187
Travel	118,251	-	118,251
Consultant/contract	1,372,187	-	1,372,187
Depreciation	246,355	-	246,355
Bad debt expense	141,859	-	141,859
Miscellaneous	0	-	0
Non-operating Revenues/(Expenses):			
Appropriations from State gov't	$ 7,690,211	$ -	$ 7,690,211
Appropriations from Federal gov't	1,046,378	-	1,046,378
Appropriations from Local sources	830,210	-	830,210
Gain/(Loss) on equipment disposal	21,200	-	21,200
Interest income	43,058	-	43,058
Total Change in Net Assets	$ 1,566,274	$ 384,242	$ 1,950,516

Management Discussion and Analysis for the Piney Ridge Apartments Corporation I Only

Summary Statement of Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Assets:				
Cash and cash equivalents	$ 1,027	$ 1,106	$ (79)	$ 2,063
Cash held in escrow	34,518	31,469	3,049	27,497
Rents receivable	0	0	0	0
Due from HUD	0	0	0	0
Land, buildings & equipment, net	335,717	346,271	(10,553)	356,824
Liabilities:				
Accounts payable	$ 355	$ 609	$ (254)	$ 201
Tenant security deposits	1,075	919	156	869
Net Assets:				
Investments in fixed assets	$ 335,717	$ 346,271	$ (10,554)	$ 356,824
Net Assets in escrow accounts	33,443	30,550	2,893	26,628
Unrestricted net assets	672	497	175	1,862

Summary Statement of Revenues, Expenses and Changes in Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Operating Revenues:				
Rent revenue, net	$ 19,128	$ 18,252	$ 876	$ 17,437
Operating Expenses:				
Facilities	$ 12,685	$ 12,437	$ 248	$ 9,918
Supplies	0	173	(173)	0
Legal and professional fees	1,125	937	188	937
Management fee	2,266	2,162	104	2,051
Amortization expense	0	0	0	0
Depreciation expense	10,553	10,553	0	11,118
Miscellaneous expense	0	0	0	0
Non-operating Revenues/(Expenses):				
Interest income	15	14	1	15
Total Changes in Net Assets	$ (7,486)	$ (7,996)	$ 510	$ (6,572)

Piney Ridge residents pay monthly rents based on income/expense determinations and HUD pays a subsidy of the rent. Piney Ridge Apartments Corporation is responsible for facility related expenses. The Agency pays for staffing and related expenses to supervise the residents.

Danville-Pittsylvania Community Services
Management Discussion and Analysis
For the Years Ended June 30, 2015 and June 30, 2014

Management Discussion and Analysis for the Piney Ridge Apartments Corporation II Only

Summary Statement of Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Assets:				
Cash and cash equivalents	$ 4,844	$ 4,700	$ 144	$ 3,429
Cash held in escrow	35,847	44,462	(8,615)	38,029
Tenant rent receivable	0	0	0	0
Due from HUD	28	0	28	0
Prepaid Insurance	2,701	0	2,701	0
Unamortized organization costs	0	6,143	(6,143)	12,287
Land, buildings & equipment, net	808,325	832,046	(23,721)	855,767
Liabilities:				
Accounts payable	$ 2,937	$ 4,463	$ (1,526)	$ 3,335
Tenant security deposits	1,423	6,516	(5,093)	6,506
Net Assets:				
Investments in fixed assets	$ 808,325	$ 838,189	$ (29,864)	$ 868,054
Net Assets in escrow accounts	34,424	37,946	(3,482)	31,523
Unrestricted net assets	4,636	237	4,399	94

Summary Statement of Revenues, Expenses and Changes in Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Operating Revenues:				
Rent revenue, net	$ 33,514	$ 32,542	$ 972	$ 30,398
Operating Expenses:				
Facilities	$ 25,386	$ 18,288	$ 7,098	$ 13,430
Supplies	0	48	-48	49
Legal and professional fees	3,600	4,091	-491	8,157
Management fee	3,658	3,555	103	3,329
Amortization expense	6,143	6,143	0	6,143
Depreciation expense	23,721	23,721	0	23,539
Miscellaneous	0	0	0	0
Non-operating Revenues/(Expenses):				
Interest income	7	5	2	3
Total Changes in Net Assets	$ (28,987)	$ (23,299)	$ (5,688)	$ (24,246)

Piney Ridge residents pay monthly rents based on income/expense determinations and HUD pays a subsidy of the rent. Piney Ridge Apartments Corporation is responsible for facility related expenses. The Agency pays for staffing and related expenses to supervise the residents.

Danville-Pittsylvania Community Services
Management Discussion and Analysis
For the Years Ended June 30, 2015 and June 30, 2014

Management Discussion and Analysis for Ashlawn View, Inc. Only

Summary Statement of Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Assets:				
Cash and cash equivalents	$ 196	$ 160	$ 36	$ 1,287
Cash held in escrow	8,808	3,598	5,210	6,427
Tenant rent receivable	0	3,885	(3,885)	0
Due from HUD	0	78,986	(78,986)	102,315
Unamortized organization costs	2,190	2,831	(641)	3,206
Land, buildings & equipment, net	573,887	589,524	(15,637)	440,949
Liabilities:				
Accounts payable	$ 3,093	$ 81,928	$ (78,835)	$ 104,270
Tenant security deposits & other escrow liability	4,191	3,232	959	0
Net Assets:				
Investments in fixed assets	$ 576,077	$ 592,355	$ (16,278)	$ 444,155
Net Assets in escrow accounts	4,617	366	4,251	6,427
Unrestricted net assets	(2,897)	1,103	(4,000)	(668)

Summary Statement of Revenues, Expenses and Changes in Net Assets Comparison				
			Dollar	
	FY2015	FY2014	Change	FY2013
Operating Revenues:				
Rent revenue, net	$ 15,768	$ 4,800	$ 10,968	$ -
Operating Expenses:				
Facilities	$ 14,119	$ 12,369	$ 1,750	$ 8,964
Supplies	104	276	-172	284
Legal and professional fees	1,294	37,325	-36,031	0
Management fee	0	0	0	0
Amortization expense	641	374	267	0
Depreciation expense	15,637	9,121	6,516	0
Miscellaneous	0	0	0	0
Non-operating Revenues/(Expenses):				
Interest income	0	0	0	0
HUD Grant revenue	0	198,575	-198,575	408,315
Contribution from sponsoring agent	0	0	0	11,519
Total Changes in Net Assets	$ (16,027)	$ 143,910	$ (159,937)	$ 410,586

Ashlawn View, Inc. was organized in FY2011 as a 501(c)(3) corporation HUD project to build a waiver group home for individuals receiving services with an Intellectual Disability. Ashlawn residents pay monthly rents based on income/expense determinations and HUD pays a subsidy of the rent. Ashlawn View, Inc. is responsible for facility related expenses. The Agency pays for staffing and related expenses to operate the home.

Bellevue, Inc.

Bellevue, Inc. maintains a calendar based fiscal year from January thru December and as such those audited amounts are included in these financial statements. Bellevue, Inc. provides DPCS, as the sole tenant, fixed assets (land, buildings and improvements, and furniture and equipment) totaling $5,565,939 less accumulated depreciation of $2,384,686 and $2,247,873 for a net value of $3,181,253 and $3,318,066 at December 31, 2014 and December 31, 2013 respectively. The Agency leases five locations from Bellevue, Inc. The rents the Agency pays to Bellevue, Inc. are used to pay towards the outstanding loans as specified in the Notes to the Financial Statements. The amount of loans payable at December 31, 2014 and December 31, 2013 were $676,306 and $820,157 respectively.

Contacting the Agency's Financial Management

This financial report is designed to provide our citizens, individuals receiving services and taxpayers with a general overview of the Agency's finances and to demonstrate the Agency's accountability for the funds it receives. Questions concerning this report or requests for additional financial information should be made to Mary Beth Clement, C.P.A., Director of Finance, Danville-Pittsylvania Community Services, 245 Hairston Street, Danville, VA 24540 or phone at 434-799-0456, extension 3078 or email to mclement@dpcs.org

FINANCIAL STATEMENTS

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

STATEMENT OF NET ASSETS
June 30, 2015 and 2014
See Independent Auditors' Report

	2015	2014
ASSETS		
Current assets:		
Unrestricted cash and cash equivalents	$ 10,375,319	$ 9,315,400
Prepaid expenses	20,693	16,811
Fees receivable (net of allowance for doubtful accounts)	1,227,430	1,162,102
Due from other governments and agencies	243,600	199,325
Notes receivable - consumers	66,859	65,397
Rental deposits	14,325	10,575
Restricted current assets:		
Cash held for consumers	57,543	62,963
Restricted cash - held in escrow	79,173	79,529
Total current assets	12,084,942	10,912,102
Capital assets:		
Equipment, buildings, land & improvements	12,922,621	12,560,246
Less accumulated depreciation	(4,707,896)	(4,583,386)
Total capital assets	8,214,725	7,976,860
Other assets:		
Organizational costs, net	5,256	13,916
Net pension asset - Virginia Retirement System	1,665,738	-
Total other assets	1,670,994	13,916
Deferred outflows of resources		
Pension contributions	470,596	-
Total assets	$ 22,441,257	$ 18,902,878

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

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

STATEMENT OF NET ASSETS
June 30, 2015 and 2014
See Independent Auditors' Report

	2015	2014
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 615,409	$ 338,806
Accrued payroll and other liabilities	507,724	574,114
Current portion of long-term obligations	170,073	97,731
Deferred revenue	1,749,597	2,186,566
	3,042,803	3,197,217
Current liabilities payable from restricted assets:		
Consumer deposits	61,000	65,284
Total current liabilities	3,103,803	3,262,501
Long-term liabilities:		
Long-term debt non-current portion	573,508	722,426
Accrued postemployment health insurance	460,702	543,877
Accrued leave	1,278,131	1,155,387
Total long-term liabilities	2,312,341	2,421,690
Total liabilities	5,416,144	5,684,191
Deferred inflows of resources		
Unamortized balance - VRS	1,408,968	-
Net assets:		
Investment in capital assets	8,219,981	7,170,619
Restricted for cash held in escrow	72,484	83,724
VRS net position	727,366	-
Unrestricted	6,596,314	5,964,344
Total net assets	15,616,145	13,218,687
Total liabilities and net assets	$ 22,441,257	$ 18,902,878

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
June 30, 2015 and 2014
See Independent Auditors' Report

	2015	2014
Operating revenues:		
Net services revenue	$ 8,753,170	8,157,049
Other revenues	239,990	368,408
Total operating revenues	8,993,160	8,525,457
Operating expenses:		
Personnel	12,342,474	12,920,576
Staff development	146,397	137,549
Facilities	1,016,575	983,462
Supplies and equipment maintenance	797,403	831,034
Travel	118,251	138,957
Consultant/contract	1,382,308	1,335,904
Depreciation	433,078	445,774
Amortization	8,660	8,393
Bad debt expense	141,859	48,329
Miscellaneous	50	2,496
Total operating expenses	16,387,055	16,852,474
Operating (loss)	(7,393,895)	(8,327,017)
Non-operating income (expense):		
Appropriations from government:		
State	7,690,211	6,675,004
Federal	1,046,378	1,297,749
Local	672,550	664,824
Interest income	43,080	54,518
Gain on sale of equipment	21,200	-
Interest expense	(25,190)	(36,969)
Total non-operating income	9,448,229	8,655,126
Total changes in net assets	2,054,334	328,109
Net assets, beginning of year	13,218,687	12,890,578
Accounting Change - (see note 19)	343,124	-
Net assets, ending of year	$ 15,616,145	13,218,687

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

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

STATEMENT OF CASH FLOWS
June 30, 2015 and 2014
See Independent Auditors' Report

	2015	2014
Cash flows from operating activities:		
Cash received for services provided	$ 8,550,038	$ 7,839,218
Other unrestricted operating revenue	295,661	312,419
Cash payments for personnel	(12,447,390)	(12,707,159)
Cash payments for supplies and other operating needs	(3,288,790)	(3,361,554)
Net cash (used by) operating activities	(6,890,481)	(7,917,076)
Cash flows from non-capital financing activities:		
Appropriations from the commonwealth	7,140,651	6,997,091
Appropriations from local governments	550,542	534,506
Grants received from federal government	1,116,604	1,388,186
Net cash provided by non-capital financing activities	8,807,797	8,919,783
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(749,016)	(581,964)
Sale of fixed assets	21,200	-
Net cash (used by) capital and related financing activities	(727,816)	(581,964)
Cash flows from investing activities:		
Interest income	43,080	54,518
Escrow account activity	(3,621)	(10,535)
Loan payments	(169,040)	(302,460)
	(129,581)	(258,477)
Net increase in cash and cash equivalents	1,059,919	162,266
Cash and cash equivalents:		
Beginning of year	9,315,400	9,153,134
End of year	$ 10,375,319	$ 9,315,400
Reconciliation of operating loss to net cash provided by operations:		
Operating (loss)	$ (7,393,895)	$ (8,327,017)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization	441,738	454,167
Changes in assets and liabilities:		
Prepaid expenses	(3,882)	4,402
Accounts receivable - various	(70,540)	(256,896)
Accounts payable	276,603	(208,983)
Accrued wages and benefits	(66,390)	48,566
Other accrued liabilities	(74,115)	368,685
Net cash used by operating activities	$ (6,890,481)	$ (7,917,076)

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

Note 1. Organization and Purpose

Danville-Pittsylvania Community Services ("Agency") was established in 1972 as an intergovernmental joint venture between the City of Danville and Pittsylvania County, Virginia. The Agency was established to provide public mental health, intellectual disability, and substance abuse treatment, and prevention services to the citizens of the City of Danville and Pittsylvania County, Virginia as provided for in Chapter 10 of Title 37.2 of the Code of Virginia, as amended. Pittsylvania County Board of Supervisors appoints eight of the fifteen members of the Agency's Board of Directors and Danville City Council appoints the remaining seven. The State agency with oversight responsibility for the programs conducted by the Agency is the Virginia Department of Behavioral Health and Developmental Services.

Note 2. Summary of Significant Accounting Policies

Financial Reporting Entity

Most Community Service Boards of Virginia use the governmental reporting model for financial reporting. This entails reporting under the provisions of the Governmental Accounting Standards Board's (GASB) Statement 34, *Basic Financial Statements and Management Discussion and Analysis*. This statement establishes financial reporting requirements for state and local governmental entities of the United States. The Agency is not included as part of the financial statements of another primary government.

In defining the Agency as an appropriate reporting entity, related organizations were evaluated for possible inclusion using criteria established by the GASB. The criteria include the Agency's ability to influence the designation of management, operations, the accountability for fiscal matters, and scope of public service. Also, GASB has established broader criteria to consider for determining if an affiliated organization should be considered a component unit. Entities that hold resources entirely or almost entirely for the direct benefit of the Agency, where the Agency has the ability to access a majority of those resources and those resources are significant to the Agency are also to be included as part of the reporting entity. Based on these criteria, the financial statements of the Agency include Bellevue, Inc., Piney Ridge Apartments Corporation (Piney Ridge), Piney Ridge Apartments Corporation II (Piney Ridge II), and Ashlawn View, Inc. as component units. The assets, liabilities, net assets, revenues, and expenses for these four entities are blended with those of the Agency and reported as if it were a single entity.

Component Units

Bellevue, Inc. is a non-stock, non-profit corporation that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Board of Directors of Bellevue, Inc. is self-perpetuating and is independent from the Agency's Board of Directors. The Agency's administrative office complex plus three facilities for residential and day services for intellectually disabled individuals receiving services are owned by Bellevue, Inc. The Agency is the exclusive tenant of Bellevue, Inc.'s property (see Note 15 - Commitments), and the Agency's management also handles all administrative responsibilities for Bellevue, Inc.

Piney Ridge is a non-stock, non-profit organization, incorporated February 24, 1999 for the purpose of acquiring real estate to establish and operate a five-unit apartment complex for adults with serious behavioral health disabilities. The corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code. Operations as an apartment complex began during the year ended June 30, 2007.

Note 2. Summary of Significant Accounting Policies (continued)

Component Units (continued)

On November 17, 2006, Piney Ridge II was incorporated as a non-stock, non-profit corporation, organized to establish and operate phase II of the Piney Ridge apartment complex. As with the first phase, phase II, a nine-unit apartment complex, was constructed with funds from a U. S. Department of Housing and Urban Development Section 811 grant. The apartments are for adults with serious behavioral health disabilities and began operations in July 2010. The corporation is tax exempt under Section 501(c)(3) of the Internal Revenue Code.

Ashlawn View, Inc. is a non-stock, non-profit organization, incorporated August 30, 2010 for the purpose of acquiring and providing housing facilities and services to promote the health and security of elderly and/or handicapped individuals, specifically a waiver group home for individuals with intellectual disabilities. The corporation is also tax exempt under Section 501(c)(3) of the Internal Revenue Code. The facility was opened for occupancy in April 2014.

The separate financial statements of Bellevue, Inc., the two Piney Ridge corporations, and Ashlawn View, Inc. may be obtained by writing to the Director of Finance, Danville-Pittsylvania Community Services, 245 Hairston Street, Danville, VA 24540.

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with statements of the GASB and the Virginia Department of Behavioral Health and Developmental Services. The principles prescribed by the GASB are recognized to represent accounting principles generally accepted in the United States of America for governmental health care reporting entities. As such, the Agency recognizes revenues in the period when earned rather than when received in cash. Expenses are recognized when the underlying obligation is incurred rather than when paid.

The Agency applies all pronouncements of the GASB as well as those of the Financial Accounting Standards Board (FASB) that were issued on or before November 30, 1989 and do not contradict or conflict with the GASB pronouncements.

Budgets and Budgetary Accounting

The Agency is divided into three program services areas: Behavioral Health Services, Intellectual Disability Services, and Prevention Services. Administrative functions are divided among three divisions: Compliance and Information Systems Division, Human Resources Division, and the Finance Division. Funds to support these programs as well as the related administrative costs are provided from the Commonwealth of Virginia, Federal and local agency grants, local governments, (City of Danville and Pittsylvania County), and fees for services.

The organization operates from a budget for each disability area. Formulation of the budget begins in May of each year upon receipt of a letter of notification of the expected level of funding from the Virginia Department of Behavioral Health and Developmental Services.

The annual budget is approved by the Board of Directors prior to the beginning of the fiscal year. Budgets are adjusted as dictated by funding changes.

Cash and Cash Equivalents

For purposes of the cash flows statement, cash and cash equivalents are considered to include certificates of deposit and highly liquid depository accounts.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments

Investments are stated at cost, which approximates market. Certificates of deposit and short-term repurchase agreements are reported as cash and cash equivalents.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated from the primary operations of the Agency. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the Agency. All other expenses are reported as non-operating expenses.

Net Services Revenue

Net consumer revenue is reported at the net realizable amounts from third party payers, clients, and others for services rendered. Medicaid and other third party payers account for the majority of these revenues with direct client payments representing a small portion of net services revenue.

Consumer Deposits

Some residents of the Agency's residential facilities are entitled to receive federal benefits such as social security. In many cases, the Agency has been named the designated payee for these benefits and separate bank accounts are maintained for the benefit of these individuals. The receipts and disbursements of these funds are not reported in these financial statements as they do not represent revenues or expenditures of the Agency.

Capital Assets

Capital assets are stated at cost and depreciated over their estimated useful lives using straight-line depreciation. The estimated useful lives of capital assets are as follows:

	Years
Furniture and equipment	5 - 15
Vehicles	5
Leasehold improvements	12
Buildings & Improvements	35 - 40

Client Loan Funds

The Behavioral Health Division of the Agency maintains revolving loan funds, which are available to meet specific emergency or other needs of qualifying clients.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency's Retirement Plan and the additions to/deductions from the Agency's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2. Summary of Significant Accounting Policies (Continued)

Income Tax

The Agency is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is registered with the Commonwealth of Virginia as a non-profit organization. There is no unrelated business income which would be subject to taxation, and therefore there is no provision for income taxes. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization's federal Exempt Organization Tax Returns (Form 990) for fiscal years ending in 2013, 2012, and 2011 are open to examination by the IRS and generally remain open for three years after they are filed.

Vacation and Sick Leave

The Agency has an established policy regarding compensated absences (leave) for all regular employees. Compensated absences are recorded as an operating expense in the period earned rather than when paid. Prior to January 1, 2014, the Agency had two leave policies for annual leave and sick leave. Beginning January 1, 2014, the Agency implemented one Paid Time Off (PTO) leave plan to replace the previous two leave plans. At January 1, 2014, the annual leave balances were transferred to the PTO plan as the starting balances in the new leave system. The sick leave balances at January 1, 2014 remain on the books and employees can use leave from this bank; however, no more hours will accrue to sick leave. PTO is accrued based on years of service and using January 1 as a cutoff date each year, PTO balances are not allowed to exceed certain maximum amounts based on years of service. Upon termination of employment, any unused PTO leave is paid and any unused sick leave for the employees with a minimum of five years of continuous employment is paid at 25% of the sick leave hours up to a maximum of $6,000, both calculated as hours times the employee's normal pay rate at the time of termination.

Defined Benefit Postemployment Health Insurance

To qualify for postemployment health insurance benefits, Agency employees must terminate with at least 20 years of continuous service. The remaining 75% of accumulated sick leave after converting 25% to a lump sum payout, as stated above, may be converted to health insurance credits which are available to pay the terminated employee's health insurance premiums.

The insurance credits allow the eligible former employee to continue participation in the Agency's health insurance plan after termination until the credits are exhausted. The credits are available to the former employee only and are forfeited upon the former employee's becoming ineligible to participate in the Agency's health insurance plan for any reason. The Agency has not funded the postemployment health insurance plan, and therefore benefits under this plan are paid directly by the Agency. No separate plan financial statements are issued. The following schedule shows the changes in the accrued postemployment health insurance liability for the past three years:

Year Ended	Beginning Liability Balance	Benefits Vested	Benefits Paid	Ending Liability Balance	Due Within One Year
June 30, 2015	543,877	24,261	40,161	527,977	67,275
June 30, 2014	484,755	89,208	30,086	543,877	40,349
June 30, 2013	459,617	50,143	25,005	484,755	21,529

Note 2. Summary of Significant Accounting Policies (Continued)

The plan remains 100% unfunded, but management has designated a corresponding amount of the Agency's unrestricted fund balance (see Note 10). Each year the plan has been in effect, 100% of the obligation for benefits earned under the plan as of year-end has been accrued. The plan does not issue a stand alone financial report. The most recent actuarial valuation was performed for the year ended June 30, 2012 which showed an unfunded actuarial accrued liability of $298,900 on covered payroll of $8,029,800. (The recorded plan liability exceeds the actuarial accrued liability.)

Group Hospitalization and Life Insurance

All regular employees, including full-time and part-time regularly established positions are eligible to participate in the Agency's group hospitalization insurance program. The Agency contributes the cost of coverage for full-time employees in regular positions and a prorated contribution for eligible part-time employees. All full-time employees participate in the Virginia Retirement System Group Life Insurance Program with all premiums paid by the Agency.

Use of Estimates

The preparation of financial statements in conformity with 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 these estimates.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Note 3. Cash and Investments

At year end, the carrying value of the organization's cash on deposit with banks and savings institutions was $9,392,655 and the reconciled bank balances were $9,313,655.

The total bank balances of $9,444,728 and $8,738,916 for June 30, 2015 and 2014, respectively, were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of the excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks and savings and loans.

Statutes authorize the organization to invest in obligations of the United States, Commonwealth of Virginia or agencies thereof, and/or the International Bank for Reconstruction and Development. In addition, investments may be made in 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).

Note 4. Condensed Financial Statements:

The following condensed financial statements present the Agency and all its component units along with eliminations necessary to present them as a single reporting entity.

STATEMENT OF NET ASSETS
June 30, 2015

	Agency	Piney Ridge Apartments	Piney Ridge Apartments II	Ashlawn View	Bellevue	Eliminations	Blended
ASSETS							
Current assets:							
Unrestricted cash & cash equivalents	$ 10,202,207	$ 1,027	$ 4,844	$ 196	$ 167,045	$ -	$ 10,375,319
Fees receivable (less allowance for doubtful accounts)	1,227,430	-	-	-	-	-	1,227,430
Due from other govts. & agencies	248,909	-	28	-	-	(5,337)	243,600
Other current assets	140,381	-	2,701	-	-	(41,205)	101,877
Restricted current assets	57,543	34,518	35,847	8,808	-	-	136,716
Total current assets	11,876,470	35,545	43,420	9,004	167,045	(46,542)	12,084,942
Capital assets:							
Equipment, buildings, land & improvements	5,392,657	443,757	921,623	598,645	5,565,939	-	12,922,621
Less accumulated depreciation	(2,077,114)	(108,040)	(113,298)	(24,758)	(2,384,686)	-	(4,707,896)
Total capital assets	3,315,543	335,717	808,325	573,887	3,181,253	-	8,214,725
Other assets:							
Organizational costs, net	-	-	-	2,190	3,066	-	5,256
Net Pension Asset - VRS	1,665,738	-	-	-	-	-	1,665,738
Total other assets	1,665,738	-	-	2,190	3,066	-	1,670,994
Deferred Outflows of Resources - VRS	470,596	-	-	-	-	-	470,596
Total assets	$ 17,328,347	$ 371,262	$ 851,745	$ 585,081	$ 3,351,364	$ (46,542)	$ 22,441,257
LIABILITIES AND NET ASSETS							
Current liabilities:							
Accounts payable	$ 611,129	$ 355	$ 2,937	$ 3,093	$ -	$ (2,105)	$ 615,409
Accrued payroll and other liabilities	507,724	-	-	-	-	-	507,724
Current portion of long-term debt	67,275	-	-	-	102,798	-	170,073
Deferred revenue	1,744,597	-	-	-	46,205	(41,205)	1,749,597
Restricted assets - consumer deposits	57,543	1,075	1,423	4,191	-	(3,232)	61,000
Total current liabilities	2,988,268	1,430	4,360	7,284	149,003	(46,542)	3,103,803
Long-term liabilities:							
Long-term debt non-current portion	-	-	-	-	573,508	-	573,508
Accrued postemployment health ins.	460,702	-	-	-	-	-	460,702
Accrued leave	1,278,131	-	-	-	-	-	1,278,131
Total long-term liabilities	1,738,833	-	-	-	573,508	-	2,312,341
Total liabilities	4,727,101	1,430	4,360	7,284	722,511	(46,542)	5,416,144
Deferred Inflows of Resources - VRS	1,408,968	-	-	-	-	-	1,408,968
Net assets:							
Investment in capital assets	3,315,543	335,717	808,325	576,077	3,184,319	-	8,219,981
Restricted for cash held in escrow	-	33,443	34,424	4,617	-	-	72,484
VRS net position	727,366	-	-	-	-	-	727,366
Unrestricted	7,149,369	672	4,636	(2,897)	(555,466)	-	6,596,314
Total net assets	11,192,278	369,832	847,385	577,797	2,628,853	-	15,616,145
Total liabilities and net assets	$ 17,328,347	$ 371,262	$ 851,745	$ 585,081	$ 3,351,364	$ (46,542)	$ 22,441,257

Note 4. Condensed Financial Statements (continued):

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
For the Year Ended June 30, 2015

	Agency	Piney Ridge Apartments	Piney Ridge Apartments II	Ashlawn View	Bellevue	Eliminations	Blended
Operating revenues:							
Net services revenue	$ 8,684,760	$ 19,128	$ 33,514	$ 15,768	$ 482,120	$ (482,120)	$ 8,753,170
Other revenues	245,914	-	-	-	-	(5,924)	239,990
Total operating revenues	8,930,674	19,128	33,514	15,768	482,120	(488,044)	8,993,160
Operating expenses:							
Personnel	12,342,474	-	-	-	-	-	12,342,474
Staff development	146,397	-	-	-	-	-	146,397
Facilities	1,446,505	12,685	25,386	14,119	-	(482,120)	1,016,575
Supplies and equip. maintenance	797,187	-	-	104	112	-	797,403
Travel	118,251	-	-	-	-	-	118,251
Consultant/contract	1,372,187	3,391	7,233	1,269	161,812	(163,584)	1,382,308
Depreciation	246,355	10,553	23,721	15,637	136,812	-	433,078
Amortization	-	-	6,143	641	1,876	-	8,660
Bad debt expense	141,859	-	-	-	-	-	141,859
Miscellaneous	-	-	25	25	-	-	50
Total operating expenses	16,611,215	26,629	62,508	31,795	300,612	(645,704)	16,387,055
Operating income (loss)	(7,680,541)	(7,501)	(28,994)	(16,027)	181,508	157,660	(7,393,895)
Nonoperating income (loss):							
Appropriations from government:							
State	7,690,211	-	-	-	-	-	7,690,211
Federal	1,046,378	-	-	-	-	-	1,046,378
Local	830,210	-	-	-	-	(157,660)	672,550
Interest income	43,058	15	7	-	-	-	43,080
Gain on sale of equipment	21,200	-	-	-	-	-	21,200
Interest expense	-	-	-	-	(25,190)	-	(25,190)
Total non-operating income	9,631,057	15	7	-	(25,190)	(157,660)	9,448,229
Total changes in net assets	1,950,516	(7,486)	(28,987)	(16,027)	156,318	-	2,054,334
Change in beginning net assets	343,124					-	343,124
Net assets, beginning of year	8,898,638	377,318	876,372	593,824	2,472,535	-	13,218,687
Net assets, ending of year	$ 11,192,278	$ 369,832	$ 847,385	$ 577,797	$ 2,628,853	$ -	$ 15,616,145

Note 5. Net Services Revenue

Net services revenue for the years ended June 30, 2015 and 2014 consisted of the following:

	2015	2014
Medicaid	$7,793,282	$7,398,201
Direct client fees	539,824	365,416
Third parties	420,064	393,432
	$8,753,170	$8,157,049

Note 6. Allowance for Doubtful Accounts

For the year ended June 30, 2015, the allowance for doubtful accounts was decreased by $39,974 net of actual write-offs of $178,637 for consumer accounts and $3,168 for consumer notes. The net decrease brought the June 30, 2015 allowance to a balance of $316,964. For the year ended June 30, 2014, the allowance for doubtful accounts was decreased by $4,310 net of actual write-offs of $101,404 for consumer accounts and $5,693 for consumer notes, bringing the June 30, 2014 allowance to a balance to $356,911.

Note 7. Due from Other Governments and Other Agencies

Amounts due from other governments and agencies consisted of the following at June 30:

	2015	2014
Federal	$ 1,709	$ 119,454
Commonwealth of Virginia	183,167	40,028
Other local agencies	58,724	39,843
	$ 243,600	$ 199,325

Note 8. Capital Assets

The current capitalization policy requires the inclusion of those assets with a cost of $5,000 or more. Capital assets at June 30, 2015 and 2014 consisted of the following:

Agency	2014	Additions	Reductions	2015
Furniture and equipment	$ 688,071	364,159	68,699	$ 983,531
Vehicles	1,660,745	-	239,871	1,420,874
Buildings & improvements	1,885,252	293,236	-	2,178,488
Leasehold improvements	796,214	13,550	-	809,764
	5,030,282	670,945	308,570	5,392,657
Piney Ridge Corporation				
Land (non-depreciable)	25,570	-	-	25,570
Buildings	410,097	-	-	410,097
Furniture and equipment	8,090	-	-	8,090
	443,757	-	-	443,757
Piney Ridge Corporation II				
Land (non-depreciable)	55,175	-	-	55,175
Buildings	862,245	-	-	862,245
Furniture and equipment	4,203	-	-	4,203
	921,623	-	-	921,623
Ashlawn View, Inc.				
Land (non-depreciable)	41,681	-	-	41,681
Buildings	556,964	-	-	556,964
	598,645	-	-	598,645
Bellevue, Inc.				
Land (non-depreciable)	258,482	-	-	258,482
Land improvements	40,658	-	-	40,658
Buildings	5,182,102	-	-	5,182,102
Furniture and equipment	84,697	-	-	84,697
	5,565,939	-	-	5,565,939
Blended total assets	12,560,246	670,945	308,570	12,922,621
Less accumulated depreciation	(4,583,386)	(433,080)	(308,570)	(4,707,896)
	$ 7,976,860	237,865	-	$ 8,214,725

Note 9. Claims, Judgments, and Compensated Absences

Salaried employees' attendance and leave terms make provisions for the granting of a specified number of days leave with pay each year (see Note 2). At June 30, 2015 and 2014, the amounts of earned but unpaid employees' leave were $1,278,131 and $1,155,387, respectively.

Note 10. Net Assets

At June 30, 2015 and 2014, net assets of the Agency consisted of the following:

	2015	2014
Invested in capital assets, net of related debt:		
Net land, buildings, and equipment	$ 7,538,419	$ 7,156,703
Organizational costs, net	5,256	13,916
Total invested in capital assets	7,543,675	7,170,619
Unrestricted net assets:		
Designated for postemployment health insurance	189,274	229,435
Designated for cash in escrow	72,484	68,862
VRS net pension position	727,366	-
Unrestricted and undesignated	7,083,346	5,749,771
Total net assets	$ 15,616,145	$ 13,218,687

Unrestricted net assets were available for current use with the limitation that the Board of Directors has designated $189,274 and $229,435 of unrestricted net assets as of June 30, 2015 and 2014, respectfully, for funding post employment health care benefits. See Postemployment Health Insurance - Note 2.

Note 11. Retirement Plan

The Agency contributes to a mandatory agent and cost-sharing multiple-employer public defined benefit pension plan administered by the Virginia Retirement System ("VRS") Board of Trustees. All full-time, salaried, permanent employees of the Agency are automatically covered by VRS upon employment.

Plan Description: The System administers three different benefit structures for covered employees in the VRS – Plan 1, Plan 2, and a Hybrid Retirement Plan. Each of these benefit structures has a different eligibility criteria. Participants hired before July 1, 2010 and were vested as of January 1, 2013 participate in Plan 1, those hired on or after July 1, 2010 and before January 1, 2014 or were not vested as of January 1, 2013 participate in Plan 2 and most new employees hired on or after January 1, 2014 participate in a new hybrid retirement plan.

Plans 1 & 2 benefits vest after five years of credited service. Members are eligible for an unreduced retirement benefit at age sixty-five with five years of service for Plan 1 (at Social Security normal retirement age for Plan 2). Benefits are payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. AFC for Plan 1 is defined as the highest consecutive thirty-six months of reported compensation and for Plan 2 it is the highest sixty months of reported compensation. Plan 1 members are eligible for early retirement at age fifty or fifty-five with creditable service of ten or five years respectively. Plan 2 members may retire early at age sixty with five years of service or when the sum of their age and years of service totals ninety.

Note 11. Retirement Plan (continued)

Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for an annual cost-of-living adjustment (COLA) beginning in July of their second year of retirement. The maximum COLA in any one year is different for Plan 1 and 2. For Plan 1, an automatic cost- of-living increase is based on the first 3% of the Consumer Price Index (2% for Plan 2) plus half of each percentage increase from 3% to 7% (2% to 4% for Plan 2). The VRS also provides death and disability benefits.

The Hybrid plan includes part defined benefit and part defined contribution. The defined contribution component has two accounts - the Hybrid 401(a) Cash Match and the Hybrid 457 Deferred Compensation Plan. Both the defined benefit and defined contribution components must follow the Defined Benefit Plan business rules established by VRS. Mandatory employees contribute 4% of creditable compensation which goes to the defined benefit component and 1% to the defined contribution component. Also, employees are allowed to make voluntary contributions up to 4% of the defined contribution component. Mandatory employer contributions are 1% of the defined contribution component and a match of the employee voluntary contribution up to 2.5%. The defined benefit contribution varies based on the employer match of the employee voluntary contributions. Plan 1 members were allowed to make an irrevocable decision to opt into the hybrid plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. 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.

Employees Covered by Benefit Terms: Employee membership data related to the plan, as of June 30, 2013, the most recent year for which actuarial information is available, was as follows:

	Number
Inactive Members or Their Beneficiaries	
Currently Receiving Benefits	57
Inactive Members	
Vested	43
Non-Vested	38
Active Elsewhere in VRS	51
Total Inactive Members	132
Active Members	209
Total	398

Contributions: The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Plan 1 and 2 participants are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, the 5.00% member contribution was paid by the employer. Beginning July 1, 2012 employees were required to pay the 5.00% member contribution and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

Note 11. Retirement Plan (continued)

The Agency's contractually required contribution rate for the year ended June 30, 2015 was 5.37% of covered employee compensation for employees in Plan 1 and 2. These rates were based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Plan was 15.80%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the state agency to the VRS State Employee Retirement Plan were $470,596 and $612,755 for the years ended June 30, 2015 and June 30, 2014, respectively.

Net Pension Liability The Agency's net pension liability or asset, as applicable, was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013 using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Actuarial Assumptions: The total pension liability for employees in the Agency's retirement plan was based on an actuarial valuation as of June 30, 2013, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Significant assumptions and other inputs used to measure the total pension liability include an inflation rate of 2.5%, a rate of future salary increases including inflation of 3.5% - 5.35% and an investment rate of return of 7.0% net of pension plan investment expenses including inflation. Mortality rates are determined in accordance with the following tables:

Mortality Table	
For the period before retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years
For the period after service retirement	RP-2000 Combined Employee Mortality Table Projected with Scale AA to 2020 with males set forward 1 year
For the period after disability retirement	RP-2000 Disabled Life Mortality Table with males set back 3 years and no provision for future mortality improvements.

The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012.

Long-term expected rate of return: The long-term expected rate of return on pension system investments was determined using log-normal distribution analysis in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target assets allocation percentage and by adding expected inflation.

Using stochastic projection results provided an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.3% but also has a high standard deviation, which means there is high volatility. Over larger time horizons, the median return (7.44%) does not change much but volatility declines significantly.

Note 11. Retirement Plan (continued)

Assumed asset allocation: The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for four-year period ending June 30, 2012 are summarized in the following table:

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non-Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertables	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
	100.00%		5.83%
Inflation			2.50%
* Expected arithmetic normal return			8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Discount Rate: No municipal bond rates were used in the determination of the discount rate.

The discount rate used to determine total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Through the fiscal year ending June 30, 2018, the rate contributed by the employer for the Agency Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Note 11. Retirement Plan (continued)

Periods of projected benefit payments: Projected future benefit payments for all current System members were projected through 2021.

Changes in Net Pension Liability

	Increase (Decrease)			
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	6/30/2015 Pension Expense
Balance at June 30, 2013	$ 19,962,352	$19,692,884	$ 269,468	-
Changes for the year:				
Service costs	868,379	-	868,379	868,379
Interest	1,375,861	-	1,375,861	1,375,861
Difference between expected and actual experience	-	-	-	(352,242)
Contributions - Employer	-	612,592	(612,592)	-
Contributions - Employee	-	429,067	(429,067)	(429,067)
Net investment income	-	3,154,096	(3,154,096)	-
Projected earnings on plan investments	-	-	-	(1,392,886)
Benefit payments, including refunds of employee contributions	(614,383)	(614,383)	-	-
Administrative expense	-	(16,475)	16,475	16,475
Other changes	-	166	(166)	(166)
Net changes	1,629,857	3,565,063	(1,935,206)	$ 86,354
Balance at June 30, 2014	$ 21,592,209	$23,257,947	$ (1,665,738)	

Sensitivity analysis: The following presents the net pension liability of the System, calculated using the discount rate of 7%, as well as one that is 1% higher and lower than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Net Pension Liability	$ 1,726,423	$ (1,665,738)	$ (4,421,171)

Note 11. Retirement Plan (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: For the year ended June 30, 2015, the Agency recognized pension expense of $86,354. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments.	-	1,408,968
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	-
Employer contributions subsequent to the Measurement Date	470,596	-
	$ 470,596	$ 1,408,968

The $470,596 reported as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date which will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2016	$ (352,242)
2017	(352,242)
2018	(352,242)
2019	(352,242)
Thereafter	-
	$(1,408,968)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The Agency's net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

Note 11. Retirement Plan (continued)

At June 30, 2015, the Agency reported a deferred outflow or overfunding of its proportionate share of the net pension liability in the amount of $1,665,738. The Net Pension Liability was measured as of June 30, 2014, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The state agency's proportion of the Net Pension Liability was based on the Agency's actuarially determined employer contributions to the pension plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the Agency's proportion of the VRS State Employee Retirement Plan was [Schedule A – State Employers, 2014 Employer Allocation Percentage]% as compared to [Schedule A – State Employers, 2013 Employer Allocation Percentage]% at June 30, 2013.

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 obtained by writing to the System at P. O. Box 2500, Richmond, VA 23218-2500 or downloaded at http://www.varetire.org/Pdf/2014annurept.pdf

Note 12. Local Support

Local support for the Agency for the fiscal years ended June 30, 2015 and 2014 was as follows:

	2015	2014
Pittsylvania County	$ 259,412	$ 251,856
City of Danville	291,130	282,650
Other local-in-kind support	122,008	130,318
	$ 672,550	$ 664,824

Note 13. Deferred Revenue

Federal and State grant funds received but not expended at fiscal year-end are carried as deferred revenue until such time as they are expended or returned to the grantor agency. Federal funds unexpended at the end of the grant term, generally September 30, 2015, would be refunded to the grantor unless an approved reallocation is granted.

At June 30, 2015 and 2014, deferred revenue consists of the following:

	2015	2014
State	$ 1,693,623	$ 2,100,045
Federal	18,519	65,151
Other	37,455	21,370
	$ 1,749,597	$ 2,186,566

Note 14. Long Term Debt

The Bellevue, Inc., which operates on a calendar year, owned facilities that are financed through mortgage note obligations listed below. All notes are secured by a deed of trust on the property and an assignment of inter-agency rents.

Dewey Place and Keen Street
Financing was arranged in the original amount of $935,000 to purchase 103 Dewey Place in Danville, Virginia and to fund a $200,000 renovation of 505 Keen Street, also in Danville.

515 Rison Street
A mortgage loan in the original amount of $450,000 was secured to finance the purchase of 515 Rison Street on January 19, 2007.

	December 31, 2014	December 31, 2013
Financing for Dewey Place plus Keen Street Renovation: Mortgage note due in monthly installments of $6,966, including principal and interest (rate reduced from 3.95% to 3.35% in August 2013), through August 1, 2018, with a balloon payment equal to the remaining balance due.	$ 507,604	$ 617,020
Financing for Rison Street Acquisition: Mortgage note due in monthly installments of $3,415, including principal and interest (rate reduced from 3.95% to 3.35% in August 2013), payable through August 1, 2019, with a balloon payment equal to the remaining balance due.	168,702	203,137
Total notes payable	676,306	820,157
Less current portion	(102,798)	(97,731)
Total long-term notes payable	$ 573,508	$ 722,426

Note modification agreements were executed in 2013 for the two notes listed above. Lower fixed interest rates were established for both notes for the remaining terms of each beginning in June. The debt is held by Bellevue, Inc., the component unit with a fiscal year ended on December 31. Amounts are presented as of December 31, of each year ending within the June 30, 2015 and 2014 fiscal years. Notes payable at December 31, 2014 and 2013 were as follows:

Note 14. Long Term Debt (continued)

Future scheduled maturities of long-term notes payable at December 31, 2014 were as follows:

	Scheduled Maturities
2015	$ 102,798
2016	106,371
2017	108,716
2018	339,440
2019	18,981
	$ 676,306

Note 15. Commitments

Lease Commitments

The Agency has three operating leases with multiple year terms with its component unit Bellevue, Inc. These leases are disregarded for purposes of this blended report since the underlying assets and liabilities are included as part of the entity. These facilities include the main office complex on Hairston Street and residential facilities at Keen & Middle Streets, the Dewey Place Complex, and the Rison Street Complex. The leases are triple net lease, and the Agency has always been responsible for taxes, maintenance and upkeep, as well as the necessary insurance.

Otherwise, the Agency has a three-year operating lease commitment for office space in the River Run office complex which runs through September 30, 2017. The remaining lease obligation for minimum lease payments is as follows:

Year Ended	Amount
June 30, 2016	$ 30,569
June 30, 2017	10,190
	$ 40,759

Facilities with one year or less remaining on the lease for office space and other facilities needed to carry out its various programs including the Newton Street vehicle station ($775 per month), property located at 159 Deer Run Road ($2,825 per month), and the Agency's Gretna office ($1,675 per month). Facilities are located primarily in Danville, Virginia with the exception of one facility located in Gretna, Virginia.

Note 16. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the organization expects such amounts, if any, to be immaterial.

At June 30, 2015 and 2014, there were no matters of litigation involving Danville-Pittsylvania Community Services which would materially affect the organization's financial position should any court decision or pending matter be determined unfavorable to the organization.

Note 17. Risk Management

The Agency 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 disasters. The Agency participates in Virginia Association of Counties Group Self Insurance Risk Pool, a public entity risk pool, for public official's errors and omissions, professional liability, medical malpractice, and automobile coverage. The insured limit on this coverage is $1,000,000 per occurrence with no aggregate limitation.

Virginia Association of Counties Group Self Insurance Risk Pool is self-insured for this coverage and the Agency could be assessed for additional premiums in the event the pool incurs losses greater than the Pool's assets. Commercial insurance is carried for all other risks of loss. There have been no significant reductions in insurance coverage from the previous year, and claims have not exceeded coverage in any of the past three fiscal years. The Agency carries $250,000 in blanket employee dishonesty coverage through the Virginia Commonwealth Corporation.

Note 18. Related Party Transactions

As previously stated, Bellevue, Inc. owns and operates real estate leased by the Agency. The Agency is the sole tenant of the properties owned by Bellevue, Inc. (see Note 14 – Long Term Debt and 15 - Commitments) and handles all of Bellevue, Inc.'s administrative responsibilities. As a blended component unit, the intercompany rent is not reported, but Agency payments to Bellevue, Inc. for leases for the years ended June 30, 2015 and 2014 totaled $324,460 for each year.

Note 19. Accounting and Reporting Changes

Recently GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions* which replaces previously issued GASB statements related to pension financial accounting and reporting and is effective for periods beginning after June 15, 2014 (i.e., for year-ends June 30, 2015, and later). The changes are complex and note 11 offers more explanation. Previously, any unfunded or overfunded pension liability was a matter of disclosure in the notes to the financial statements, but under GASB 68, must now be recorded on the books. Also, the current period pension costs formerly represented only that year's contribution by the Agency to the pension plans made on behalf of participating employees. Under GASB 68, the current period pension cost is the sum of a number of aspects of the plan such as service costs, interest on the unfunded liability, projected earnings on plan assets and others (see note 11). The prior period financial statements presented here have not been restated to retroactively give effect to this change because the required pension information is not available for earlier years. Therefore, the cumulative effect of this change is reported as an adjustment to beginning net assets in the Statement of Revenues, Expenses and Changes In Net Assets. The change resulted in an increase in beginning net assets for year ended June 30, 2014 of $343,124.

Note 20. Subsequent Events

Management evaluated events and transactions that occurred after the balance sheet date for potential recognition and disclosure through October 30, 2015, which is the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Schedule 1

Federal Grantor/Program Title	Federal Catalogue Number	Expenditures of Federal Awards
U.S. Department of Health and Human Services		
Passed through Virginia Department of Behavioral Health and Developmental Services		
* Substance Abuse Prevention and Treatment Block Grant	93.959	$ 779,500
Mental Health Block Grant	93.958	81,307
Special Initiative for State Mental Health Authorities to Address the Impact of the Economic Downturn Through Employment Development Federal Contract Number HHSS2832007000201	93.243	7,800
U.S. Department of Education		
Passed through Virginia Department of Behavioral Health and Developmental Services		
Part C Early Intervention for Infants & Toddlers With Disabilities & Their Families	84.181	157,912
U.S. Department of Agriculture		
Child and Adult Food Program	10.558	19,859
Total Expenditures		$ 1,046,378

* Indicates Major Program

The Schedule of Expenditure of Federal Awards is prepared on the accrual basis of accounting as it is recognized to represent accounting principles generally accepted in the United States of America for governmental health care reporting entities. As such, the Agency recognizes expenditures when the underlying obligation is incurred. Expenditures relating to allowable costs funded by multiple funding sources are recognized based in the same proportion as federal funds bear to the total funds available.

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2014

Schedule 2

Summary of Audit Results

1. The auditors' report expresses an unmodified opinion on the financial statements of Danville-Pittsylvania Community Services.

2. No significant deficiencies in internal control were disclosed by the audit of the financial statements.

3. No instances of noncompliance material to the financial statements of Danville-Pittsylvania Community Services were disclosed during the audit.

4. No audit findings relative to the major federal award program of Danville-Pittsylvania Community Services are reported in this Schedule.

5. Both the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards and the Independent Auditors' Report on Compliance with Requirements Applicable to each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 were unqualified.

6. The program tested as a major program was the Substance Abuse Prevention and Treatment Block Grant from the U.S. Department of Health and Human Services.

7. The threshold for distinguishing Type A and B programs was $300,000.

8. Danville-Pittsylvania Community Services was determined to be a low-risk auditee.

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

FEDERAL ASSISTANCE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2015

Schedule 2

Program	Findings	Questioned Costs
U.S. Department of Health and Human Services		
Passed through Virginia Department of Behavioral Health and Developmental Services		
Substance Abuse Prevention and Treatment Block Grant	None	None

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIO'S
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2015

Schedule 3

SCHEDULE OF CHANGES IN NET PENSION LIABILITY

	2014
Total Pension Liability	
Service costs	$ 863,379
Interest	1,375,861
Benefit payments, including refunds of employee contributions	(614,383)
Net change in total pension liability	1,624,857
Total pension liability - beginning	19,962,352
Total pension liability - ending	$ 21,587,209
Plan fiduciary net position	
Contributions - employer	$ 612,592
Contributions - employee	429,067
Net Investment Income	3,154,096
Benefit payments, including refunds of employee contributions	(614,383)
Administrative expenses	(16,475)
Other expenses	166
Net change in plan fiduciary net position	3,565,063
Plan fiduciary net position - beginning	19,692,884
Plan fiduciary net position - ending	$ 23,257,947
Plan fiduciary net position as a percentage of total pension liability	116.51%
Covered-employee payroll	$ 8,473,562
Net pension liability .as a percentage of covered-employee payroll	42.45%

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Date	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employees Payroll	Contribution as a % of Covered Employees Payroll
2015	$ 470,596	$ 470,596	$ -	$ 8,607,960	5.47%

Schedule is intended to show 10 years of information and 2015 is the only year shown because no prior information is available. Additional years will be included as they become available.

NOTES TO SCHEDULE OF CHANGE IN NET PENSION LIABILITY
AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Year Ended June 30, 2015

Schedule 3

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013, and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES
SCHEDULE OF CURRENT PROPERTY AND CASUALTY INSURANCE
YEAR ENDED JUNE 30, 2015

Insurance Coverage	Insurance Company Agent Policy Number	Policy Period
Danville Pittsylvania Community Services		
Automobile Liability Physical Damage	Company - Va RISK 2 - VA Local Gov. Risk Mgmt Plan Agent - N/A Policy Number - # G99271	7/1/2014 to 6/30/2015
Public Officials / Directors & Officers Liability	Company - Va RISK 2 - VA Local Gov. Risk Mgmt Plan Agent - N/A Policy Number - # G99271	7/1/2014 to 6/30/2015
Medical Malpractice	Company - Va RISK 2 - VA Local Gov. Risk Mgmt Plan Agent - N/A Policy Number - # G99271	7/1/2014 to 6/30/2015
Crime	Company - Selective Way Insurance Company Agent - Virginia Commonwealth Corporation Policy Number - #2134231	9/1/2014 to 9/1/2015
Electronic Data Processing	Company - Selective Way Insurance Company Agent - Virginia Commonwealth Corporation Policy Number - #2134231	9/1/2014 to 9/1/2015
Property (includes coverage for property of Bellevue, Inc.)	Company - Selective Way Insurance Company Agent - Virginia Commonwealth Corporation Policy Number - #2134231	9/1/2014 to 9/1/2015
Workers Compensation	Company - Vaco Risk Management Programs Agent - N/A Policy Number - # VA-DA-200C-15	7/1/2014 to 7/1/2015
Piney Ridge Apartments Corporation		
Directors & Officers Liability	Company - U.S. Liability Insurance Company Agent - Royal Oak Underwriters, Inc. Policy Number - # NDO1049547J	8/10/2014 to 8/10/2015
Crime	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1241448	11/7/2014 to 11/7/2015
Property	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1241448	11/7/2014 to 11/7/2015
General Liability	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1241448	11/7/2014 to 11/7/2015

Schedule 4

Limits of Liability		Deductible	Annual Premium
Bodily Injury / Property Damage	1,000,000	$1,000	$ 25,417
Uninsured Motorist	1,000,000	$1,000	
Medical Payments	1,000,000	$1,000	
ACV-Comprehensive and ACV-Collision	1,000,000	$1,000	
Occurrence	1,000,000	$1,000	$ 3,131
Aggregate	Unlimited		
Occurrence	2,150,000	$1,000	$ 9,608
Aggregate	Unlimited		
Employee Dishonesty	325,000	$500	$ 472
Funds Transfer Fraud Converge	325,000	$500	-
Earthquake	10,000,000	$25,000	$ 645
Real Property (100% Coinsurance)	7,136,868	$1,000	$ 38,701
Personal Property (100% Coinsurance)	1,166,838	$1,000	
Business Income & Extra Expense	300,000	$1,000	
Each Accident	1,000,000	-	$ 159,885
Policy Limit - Disease	1,000,000		
Each Employee - Disease	1,000,000		
		Total	$ 237,859

Occurrence	5,000,000	-	$ 1,500
Aggregate	5,000,000	-	
Employee Dishonesty	50,000	$1,000	$ 100
Building Property (80% Coinsurance)	300,000	$500	$ 1,009
General Aggregate Limit	2,000,000	-	165
Products/Completed Operations Aggregate Limit	2,000,000		
Personal and Advertising Injury Limit	1,000,000		
Each Occurrence Limit	1,000,000		
Damage to Premises Rented (Any One Premises)	100,000		
Medical Expense Limit (Any One Person)	5,000		
		Total	$ 2,774

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES
SCHEDULE OF CURRENT PROPERTY AND CASUALTY INSURANCE
YEAR ENDED JUNE 30, 2015

Insurance Coverage	Insurance Company Agent Policy Number	Policy Period
Piney Ridge Apartments Corporation II		
Directors & Officers Liability	Company - U.S. Liability Insurance Company Agent - Royal Oak Underwriters, Inc. Policy Number - # NDO1049547J	8/10/2014 to 8/10/2015
Crime	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1189145	6/28/2014 to 6/28/2015
Property	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1189145	6/28/2014 to 6/28/2015
General Liability	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1189145	6/28/2014 to 6/28/2015

Insurance Coverage	Insurance Company Agent Policy Number	Policy Period
Ashlawn View, Inc.		
Directors & Officers Liability	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHSD977148	10/17/2014 to 10/17/2015
Blanket Fidelity Bond	Company - National Grange Mutual Agent - Virginia Commonwealth Corporation Policy Number - # F1206534	8/13/2014 to 8/13/2015
General Liability	Company - Philadelphia Indemnity Insurance Co. Agent - Virginia Commonwealth Corporation Policy Number - # PHPK1241886	11/8/2014 to 11/8/2015

Schedule 4

Limits of Liability		Deductible	Annual Premium
Occurrence	5,000,000	-	$ 1,500
Aggregate	5,000,000	-	
Employee Dishonesty	50,000	$500	$ 166
Building Property (80% Coinsurance)	606,960	$500	$ 2,123
General Aggregate Limit	2,000,000	-	412
Products/Completed Operations Aggregate Limit	2,000,000		
Personal and Advertising Injury Limit	1,000,000		
Each Occurrence Limit	1,000,000		
Damage to Premises Rented (Any One Premises)	100,000		
Medical Expense Limit (Any One Person)	5,000		
		Total	$ 4,201

Occurrence	1,000,000	-	$ 1,531
Aggregate	1,000,000	-	
Blanket Fidelity Bond	50,000	-	$ 150
General Aggregate Limit	2,000,000	-	1,202
Products/Completed Operations Aggregate Limit	2,000,000		
Personal and Advertising Injury Limit	1,000,000		
Each Occurrence Limit	1,000,000		
Damage to Premises Rented (Any One Premises)	100,000		
Medical Expense Limit (Any One Person)	5,000		
		Total	$ 2,883

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

OFFICERS, DIRECTORS, AND MANAGEMENT
For the Year Ended June 30, 2015

Schedule 5

Board of Directors

Officers

Dr. Julie Brown - Chairperson

Robert W. Warren - Vice Chairperson

Anne T. Geyer - Member-at-Large

Shelby J. Irving - Member-at-Large

Gerald Milliman - Secretary

Directors

Jessie L. Barksdale

Dr. Connie Fletcher

Angela Fowler

Gracie Mays

Ronald Merricks

Sheryl Moyer

Faith Stamps

Mary Leigh White

Dr. Frank Wickers

Marie S. Young

Management

Executive Director

James F. Bebeau, LPC

Director of Finance

Mary Beth Clement, CPA

Division Directors

Sandy Stephenson - Behavioral Health Services

Sara Craddock - Acting Intellectual Disability Services

Amanda Oakes - Prevention Services Director

Cindy Lewis - Human Resources Director

Allen Thorn - Compliance and Information Systems Director

DANVILLE-PITTSYLVANIA COMMUNITY SERVICES

ORGANIZATIONAL CHART
For the Year Ended June 30, 2015

Schedule 6