

BROOKE COUNTY COMMITTEE ON AGING

FOLLANSBEE, WEST VIRGINIA

AUDITED FINANCIAL STATEMENTS
SEPTEMBER 30, 2010



SEACHRIST, KENNON & MARLING, A.C.
CERTIFIED PUBLIC ACCOUNTANTS

**BROOKE COUNTY COMMITTEE ON AGING
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SEPTEMBER 30, 2010**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brooke County Committee on Aging

We have audited the accompanying statement of financial position of Brooke County Committee on Aging (a nonprofit organization) as of September 30, 2010, and the related statements of activities and change in net assets, functional expenses and cash flows for the fiscal year then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audit.

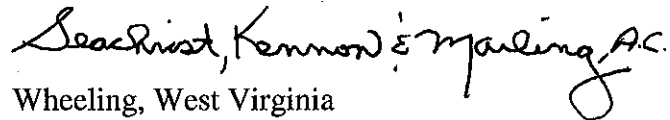
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan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

As more fully discussed in Note 2, it is the Committee's policy to expense fixed assets purchased with grant funds. This practice differs from accounting principles generally accepted in the United States of America, which require fixed assets to be capitalized on the statement of financial position and systematic depreciation charges made to operations over the estimated useful lives of the assets. It was not practicable to determine the effect of this departure from accounting principles generally accepted in the United States of America on the financial statements.

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Brooke County Committee on Aging as of September 30, 2010, and the change in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2011, on our consideration of Brooke County Committee on Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of expenditures of state awards and the schedule of revenues and support are presented for the purpose of additional analysis and is not a required part of the financial statements of Brooke County Committee on Aging. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 taken as a whole.



Wheeling, West Virginia
April 8, 2011

**BROOKE COUNTY COMMITTEE ON AGING
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2010**

	2010
Assets	
Current assets:	
Cash and cash equivalents	\$ 236,910
Accounts receivable	81,806
Grants receivable - Note 9	25,448
Inventory	8,516
Funds held as fiscal agent	17,479
Other assets	13,510
Due from special events checking	-
Total current assets	383,669
Property and equipment:	
Equipment	10,251
Leasehold Improvements	4,850
Less: accumulated depreciation	(3,823)
Property and equipment, net	11,278
Total assets	\$ 394,947
Liabilities and Net Assets	
Current liabilities:	
Accounts payable	\$ 16,335
Accrued payroll and payroll taxes	35,174
Accrued vacation	19,497
Agency funds - Note 4	17,479
Grant advances - Note 6	16,000
Deferred revenue	22,952
Other liabilities	217
Total liabilities	127,654
Net assets:	
Unrestricted net assets	267,293
Total liabilities and net assets	\$ 394,947

The accompanying notes are an integral part of these financial statements.

**BROOKE COUNTY COMMITTEE ON AGING
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	2010
Revenues and support:	
Grant revenue:	
Federal	\$ 440,910
State	225,090
Total grant revenue	666,000
LIFE match	190,014
Program service fees	439,227
Donated services and facilities - Note 2	197,505
Other grants	87,500
Local	85,030
Local match	33,197
Fundraising	57,746
Other income	24,493
Total revenues and support	1,780,712
Expenses:	
Program services:	
Transportation	38,452
LIFE	140,272
Nutrition	376,588
In-Home	558,259
RSVP	301,869
Total program services	1,415,440
Management and general	233,905
Fundraising	28,286
Total expenses	1,677,631
Change in net assets	103,081
Net assets, beginning of year - Unrestricted	164,212
Net assets, end of year - Unrestricted	\$ 267,293

The accompanying notes are an integral part of these financial statements.

**BROOKE COUNTY COMMITTEE ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	Program Services					Total Program Services	Management and General Expenses	Fundraising Expenses	Total Expenses
	Transportation	LIFE	Nutrition	In-Home	RSYP				
Personnel	\$ 26,000	\$ 75,739	\$ 180,207	\$ 410,104	\$ 75,013	\$ 767,063	\$ 64,163	\$ -	\$ 831,226
Payroll taxes and benefits	2,989	20,484	35,181	85,648	10,569	154,871	16,401	-	171,272
Travel	7,037	11,039	15,949	43,225	6,455	83,705	490	-	84,195
Printing and supplies	-	12,509	3,032	5,419	8,657	29,617	2,233	-	31,850
Communication and utilities	-	4,098	28,607	9,136	13,625	55,466	7,020	-	62,486
Vehicles and equipment	350	210	-	-	-	560	85,684	-	86,244
Raw food and disposables	-	-	110,518	-	-	110,518	-	-	110,518
Other	-	9,000	3,094	4,727	17,615	34,436	28,130	-	62,566
Insurance	2,076	7,193	-	-	-	9,269	-	-	9,269
Depreciation	-	-	-	-	-	-	2,214	-	2,214
Fundraising	-	-	-	-	-	-	-	28,286	28,286
Donated services and facilities	-	-	-	-	169,935	169,935	27,570	-	197,505
	<u>\$ 38,452</u>	<u>\$ 140,272</u>	<u>\$ 376,588</u>	<u>\$ 558,259</u>	<u>\$ 301,869</u>	<u>\$ 1,415,440</u>	<u>\$ 233,905</u>	<u>\$ 28,286</u>	<u>\$ 1,677,631</u>

**BROOKE COUNTY COMMITTEE ON AGING
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	2010
Cash flows from operating activities:	
Increase (decrease) in net assets	\$ 103,081
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:	
Depreciation	2,214
Changes in assets and liabilities:	
(Increase) decrease in grants and accounts receivable	38,457
(Increase) decrease in inventory	(3,462)
(Increase) decrease in other assets	2,504
Increase (decrease) in accounts payable and accrued liabilities	(14,159)
Increase (decrease) in deferred revenue	(26,820)
Increase (decrease) in other liabilities	(13,925)
Increase (decrease) funds held as fiscal agent	13,851
Net cash provided (used) by operating activities	101,741
Cash flows from investing activities:	
Purchase of fixed assets	(7,848)
Net cash provided (used) by investing activities	(7,848)
Net increase (decrease) in cash and cash equivalents	93,893
Cash and cash equivalents at beginning of year	143,017
Cash and cash equivalents at end of year	\$ 236,910
Supplemental disclosure of cash flow information:	
Cash paid during the period for:	
Interest	\$ -
Income taxes	\$ -

The accompanying notes are an integral part of these financial statements.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 1 - Nature of Organization:

The Brooke County Committee on Aging (a nonprofit organization) is funded primarily by grants awarded under Title III of the Older American's Act, as administered by the Northwestern Area Agency on Aging, the Retired Senior Volunteer Program Grant, and through third party reimbursements; specifically the State of West Virginia Medicaid and Waiver Programs. The Committee also receives various other federal, state, and local funding.

The Committee provides social, nutrition, in-home, and community services. The purpose of these programs is to assist in meeting the needs of older Americans.

Note 2 - Summary of Significant Accounting Policies:

Basis of presentation - The financial statements of Brooke County Committee on Aging (the Committee) have been prepared in conformity with accounting principles generally accepted in the United States of America, with the exception of the capitalization of certain fixed assets.

Basis of accounting - Brooke County Committee on Aging prepares its financial statements using the accrual basis of accounting.

Account classification - Revenue and expense information is maintained separately for each grant funded to Brooke County Committee on Aging as required by the various funding sources.

Financial statement presentation - Brooke County Committee on Aging is required to present information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. For grants whose program restrictions were met during the year, based on satisfaction of grant requirements, revenues available to meet program expenses were classified as unrestricted net assets. The majority of the Committee's funding are grants and fees for service contracts. These funds are also classified as unrestricted.

Cash and cash equivalents - For the purpose of the Statement of Cash Flows, Brooke County Committee on Aging considers all investments with an original maturity date of three months or less to be cash equivalents.

Inventory - Food inventory is recorded on a first-in first-out basis at cost.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 2 - Summary of Significant Accounting Policies (continued):

Accounts receivable - Accounts receivable are considered to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Equipment and vehicles - In accordance with grant award budgets approved by the various funding sources, equipment and vehicles purchased with grant funds are charged to expense in the period in which they are purchased rather than being recorded as assets and depreciated over their estimated useful life. As a result, the expenses reflected in the statements of activities and changes in net assets include the cost of equipment and vehicles purchased during the year rather than a provision for depreciation for those assets acquired with grant funds.

The equipment acquired is owned by the Brooke County Committee on Aging while used in the program for which it was purchased or in other future authorized programs. For equipment purchased with federal Title III funds, however, the grantor maintains a reversionary interest; therefore, its disposition, as well as the ownership of any sale proceeds there from, is subject to funding source regulations.

Fixed assets - non-grant expenditures - Fixed assets greater than \$1,000 acquired with non-grant funds are capitalized at cost and depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows: 3 to 10 years for equipment, vehicles, and leasehold improvements.

Brooke County Committee on Aging reviews its fixed assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated by the fixed assets and any estimated proceeds from the eventual disposition of the fixed assets. If the fixed assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value of such fixed assets. There were no impairment losses recognized in 2010.

Income tax - The Committee is exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 2 - Summary of Significant Accounting Policies (continued):

Donated services and facilities - For the fiscal year ended September 30, 2010, donated advertising services totaling \$164,795 have been recognized as revenue and expense in the statement of activities in accordance with FASB ASC 958-605-50-1. For the fiscal year ended September 30, 2010, the amount of in-kind contributions in the RSVP Program not recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605-50-1 had not been satisfied amounted to \$28,769. These contributions were recorded for program reporting purposes only.

The Brooke County Committee on Aging's Follansbee Center is currently leased to the Brooke County Committee on Aging through an agreement with the Brooke County Commission. Lease costs are \$1.00 per year. The use of facilities qualifies as a contributed asset in accordance with FASB ASC 958-605-50-1 and accordingly, \$30,000 has been recognized as revenue and expense in the accompanying financial statements for the fair market value of the donated facilities for the fiscal year ended September 30, 2010.

Cost Allocation - The Committee allocates its program costs based upon direct costs by program to total program costs. All costs that can not be directly charged to a specific grant or contract are allocated based upon a percentage of direct salary costs per program to total direct salaries. Costs that cannot be directly charged or allocated to programs based on direct salaries are accumulated as management and general expenses.

Estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - Grant and Third Party Commitments and Contingencies:

The Committee receives a substantial amount of its support from federal and state governments. A significant reduction in the level of this support, if this were to occur, may have an effect on the Committee's activities.

Additionally, under the terms of federal and state contracts and grants, periodic audits are required and certain costs may be questioned as inappropriate expenditures. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 4 - Fiscal Agent:

Brooke County Committee on Aging acts as a fiscal agent for several state sponsored activities. These funds are segregated from normal operating cash accounts. The Committee earns administrative fees that it uses to offset program and administrative operating costs.

Balances remaining in the agency accounts are as follows at September 30, 2010. These amounts have been included in the aggregate as "Agency funds" in the liability section of the statement of financial position.

Elder Abuse Summit	\$ 6,796
Jackson Mills	9,998
Other	<u>685</u>
	<u>\$ 17,479</u>

Note 5 - Line of Credit:

Brooke County Committee on Aging has a \$25,000 line of credit secured by the Committee's accounts receivable, furniture, fixtures, equipment and inventory. The line of credit is available to be drawn upon as needed and is payable on demand. Interest is payable monthly. The interest rate on the line of credit was 6.25% at September 30, 2010. The Committee did not use the line of credit during fiscal year 2010.

Note 6 - Grant Advances:

The Brooke County Committee on Aging received \$16,000 for flood damage repairs from the Bureau of Senior Services. These repairs were not performed. As of September 30, 2010, it has not been determined if these funds will need to be repaid.

Note 7 - Concentration of Credit Risk:

The Committee maintains cash accounts at several local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. All cash deposits were within FDIC coverage limits at September 30, 2010.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 8 - Operating Lease:

The Committee leases certain office equipment under a 60-month operating lease effective April 2009 through April 2014. Payments on this lease are \$271.29 per month. Current year expenses charged to operations and program expenses totaled \$3,255. Future minimum lease payments under this lease are \$11,394 for the fiscal year ending September 30, 2010.

Fiscal year ending:	
2011	\$ 3,255
2012	3,255
2013	3,255
2014	<u>1,629</u>
Total	<u>\$ 11,394</u>

Note 9 - Grants Receivable:

Grants receivable as of September 30, 2010 consisted of the following:

C-1 Federal	\$ 4,332
C-2 Federal	7,032
RSVP	11,556
3-B Federal	479
3-E Federal	1,498
3-D Federal	<u>551</u>
	<u>\$ 25,448</u>

Note 10 - Pension Benefits:

Effective October 1, 2002, the Committee established a 403(b) Thrift Plan whereby all employees are eligible to make salary reduction contributions, but only those employees completing 1,000 hours of service who are 21 years of age or older with at least one year of service are eligible to participate in employer matching contributions. The employer matching contributions to the Plan are set at the lesser of (a) 75 percent of the employee's salary reduction contributions deferred during the plan year while satisfying the participation requirements for employer matching contributions, or (b) 6 percent of the employee's compensation received during the plan year while the employee satisfied the participation requirements for employer matching contributions. For the fiscal year ended September 30, 2010, total employer contributions were \$6,527.

**BROOKE COUNTY COMMITTEE ON AGING
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2010**

Note 11 – Legal Proceedings:

The Committee is involved in legal actions in the ordinary course of its business. Although the outcome of any litigation cannot be predicted with certainty, management believes that any unfavorable settlements or decisions will either be covered by insurance or not materially affect Committee's financial position or results of operation.

Note 12 – Subsequent Events:

The Committee has evaluated subsequent events through April 8, 2011, the date which the financial statements were available to be issued.

**BROOKE COUNTY COMMITTEE ON AGING
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>State Grantor/Pass Through Agency Program Title</u>	<u>Grant or Award Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
State of West Virginia			
West Virginia Bureau of Senior Services			
Budget Digest	HC21004	\$ 31,500	\$ 31,500
	SC21024	51,000	51,000
	SC21024	4,000	4,000
		<u>86,500</u>	<u>86,500</u>
Passed through the Bel-O-Mar Regional Council:			
LIFE Program	02-10	190,014	190,014
Alzheimer's Respite Care/FAIR	21049	40,406	40,406
Lighthouse Program	21049	152,404	152,404
Transportation Program	21049	12,700	12,700
Title III-B	21035	19,376	19,376
Title III-D	21035	204	204
		<u>415,104</u>	<u>415,104</u>
Total West Virginia Bureau of Senior Services		<u>501,604</u>	<u>501,604</u>
Total State of West Virginia		<u>\$ 501,604</u>	<u>\$ 501,604</u>

**BROOKE COUNTY COMMITTEE ON AGING
 SCHEDULE OF REVENUES AND SUPPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Transportation</u>	<u>LIFE</u>	<u>Nutrition</u>	<u>In-Home</u>	<u>RSVP</u>	<u>Other Funds</u>	<u>Total Revenues</u>
Grant revenue:							
Federal	\$ -	\$ -	\$ 285,320	\$ 12,888	\$ 96,233	\$ 46,469	\$ 440,910
State	12,700	-	-	192,810	-	19,580	225,090
LIFE match	-	147,274	35,733	7,007	-	-	190,014
Program service fees	-	-	70,023	363,683	-	5,521	439,227
Donated services and facilities	-	-	-	-	169,935	27,570	197,505
Other grants	-	-	-	-	-	87,500	87,500
Local	-	-	1,305	16,429	24,533	42,763	85,030
Local match	-	-	22,504	4,334	-	6,359	33,197
Fundraising	-	-	-	-	-	57,746	57,746
Other income	-	-	-	-	90	24,403	24,493
	<u>\$ 12,700</u>	<u>\$ 147,274</u>	<u>\$ 414,885</u>	<u>\$ 597,151</u>	<u>\$ 290,791</u>	<u>\$ 317,911</u>	<u>\$ 1,780,712</u>

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

To the Board of Directors of
Brooke County Committee on Aging

We have audited the financial statements of Brooke County Committee on Aging (a nonprofit organization) as of and for the year ended September 30, 2010, and have issued our report thereon dated April 8, 2011. 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.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses.

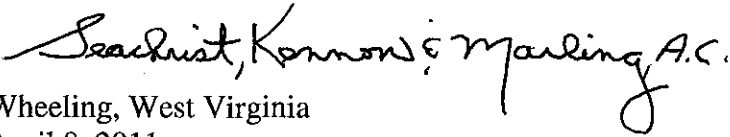
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination 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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses to be material weaknesses. See Findings 10-1 and 10-2.

Compliance and Other Matters

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

Brooke County Committee on Aging's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit Brooke County Committee on Aging's responses and, accordingly, we express no opinion on it.

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


Wheeling, West Virginia
April 8, 2011

**BROOKE COUNTY COMMITTEE ON AGING
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Finding 10-1 - Financial Statement Preparation:

Condition: The Committee currently requires assistance from the auditors to prepare its financial statements, complete with required footnote disclosures, in conformity with U.S. generally accepted accounting principles (GAAP). Certain material adjustments were required to be made to the accounting records.

Criteria: Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows and disclosures in the financial statements, in conformity with GAAP. The adjustment of all account balances to reflect appropriate year-end balances is a necessary step to ensure the financial statements are fairly presented.

Effect: A reasonable possibility exists that the Committee may issue financial statements and related footnotes that contain a material misstatement that will not be prevented or detected by the organization's internal control.

Recommendation: We recommend that the Committee designate an employee with the required expertise to prepare, or oversee the preparation of, fairly presented financial statements, including required footnote disclosures, in conformity with GAAP.

Response: Management acknowledges that it does not have a CPA staff member to oversee or prepare financial statements and related footnotes, and due to the resources required, it would not be cost effective to hire someone for this purpose.

Finding 10-2: Segregation of Duties:

Condition: The small size of the Committee currently precludes certain internal controls that would be preferred to ensure optimum segregation of duties in the areas of cash receipts and disbursements.

Criteria: Effective internal control over financial reporting necessitates segregation of duties among unrelated employees of the Committee, or direct involvement of the Board of Directors or other supervisory committee, in order to minimize the risk of financial statement misstatements caused by error or fraud.

Effect: A reasonable possibility exists that the Committee may issue financial statements and related footnotes that contain misstatements caused by error or fraud due to lack of segregation of duties.

**BROOKE COUNTY COMMITTEE ON AGING
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Finding 10-2: Segregation of Duties - (continued):

Recommendation: During the year ended September 30, 2010 management implemented several policies and procedures and reassigned certain duties to obtain, to the extent possible, adequate segregation of duties. However, in the area of cash receipts we recommend someone other than the Fiscal Officer perform daily cash register closing functions. In the area of cash disbursements we recommend not using a signature stamp to sign checks.

Response: In order to have better internal control over fiscal operations, management agrees that segregation of duties is important. Management intends to implement policies and procedures to the extent possible to improve segregation of duties over fiscal operations.