

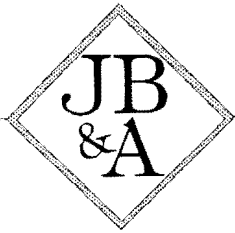
**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**

**INDEPENDENT AUDITOR'S REPORT AND  
RELATED FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2017**

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# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

We have audited the accompanying financial statements of Pocahontas County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### **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 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. 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 opinion.

### **Opinion**

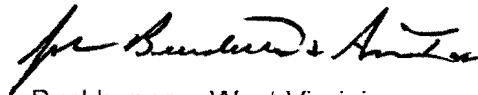
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pocahontas County Senior Citizens, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2018, on our consideration of Pocahontas County Senior Citizens, Inc.'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
August 14, 2018

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2017**

**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 26,070
Accounts receivable, net	2,619
Grants receivable	58,495
Prepaid expense	<u>9,224</u>

Total current assets 96,408

**Property and Equipment** 472,935

**TOTAL ASSETS** \$ 569,343

**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Line of credit	\$ 2,532
Current portion long-term debt	6,899
Accounts payable	9,652
Accrued wages and taxes	<u>50,460</u>

Total current liabilities 69,543

**Long-Term Debt** 185,454

**Net Assets**

Unrestricted	314,346
Temporarily restricted	<u>          </u>

**TOTAL NET ASSETS** 314,346

**TOTAL LIABILITIES AND NET ASSETS** \$ 569,343

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Federal financial assistance	\$ 206,132	\$	\$ 206,132
State grants	250,125		250,125
County Commission	49,225		49,225
Other grants	2,500		2,500
Donations/Match	32,773		32,773
Medicaid/Waiver	107,033		107,033
Project income	47,372		47,372
Interest income	19		19
Net assets released from restrictions:			
Restrictions released with time	_____	_____	_____
Total Revenue and Support	695,179	_____	695,179
 <b>EXPENSES</b>			
Program Services			
Title III-B	54,566		54,566
Title III-D	2,162		2,162
Title III-E	9,604		9,604
Title III-C - congregate	86,240		86,240
Title III-C - home delivered	123,042		123,042
Lighthouse	43,116		43,116
FAIR	1,959		1,959
LIFE	141,014		141,014
Personal Care	227,061		227,061
Support Services:			
Management and general	34,472	_____	34,472
Total Expenses	723,236	_____	723,236
Change in Net Assets	(28,057)		(28,057)
 <b>NET ASSETS AT BEGINNING OF YEAR</b>	342,403	_____	342,403
 <b>NET ASSETS AT END OF YEAR</b>	\$ 314,346	\$ _____	\$ 314,346

The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Salaries and wages	\$ 40,168	\$ 2,008	\$ 8,186	\$ 49,292	\$ 49,252
Fringe benefits	4,842	154	1,012	5,942	5,957
Travel	2,951		340		2,875
Printing and supplies					
Fuel, repairs and maintenance	1,202				
Communications and utilities	5,403			6,372	7,667
Insurance					
Professional fees					
Rawfood				20,484	48,436
Disposables				4,058	8,855
Depreciation					
Interest					
Other			66	92	
<b>Total Functional Expenses</b>	<b>\$ 54,566</b>	<b>\$ 2,162</b>	<b>\$ 9,604</b>	<b>\$ 86,240</b>	<b>\$ 123,042</b>

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Lighthouse</u>	<u>FAIR</u>	<u>LIFE</u>	<u>Personal Care</u>	<u>Admin General</u>	<u>Totals (Memorandum Only)</u>
Salaries and wages	\$ 37,026	\$ 1,671	\$ 46,993	\$ 171,179	\$	\$ 405,775
Fringe benefits	3,912	206	5,552	20,520		48,097
Travel	2,178	82		2,244		10,670
Printing and supplies			22,207			22,207
Fuel, repairs and maintenance			38,011	985	432	40,630
Communications and utilities			14,042	6,676		40,160
Insurance			8,018	7,398		15,416
Professional fees			4,500			4,500
Rawfood						68,920
Disposables						12,913
Depreciation					24,948	24,948
Interest					9,092	9,092
Other			1,691	18,059		19,908
<b>Total Functional Expenses</b>	<b><u>\$ 43,116</u></b>	<b><u>\$ 1,959</u></b>	<b><u>\$ 141,014</u></b>	<b><u>\$ 227,061</u></b>	<b><u>\$ 34,472</u></b>	<b><u>\$ 723,236</u></b>

The accompanying notes are an integral part of this statement.



**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ (28,057)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	24,948
(Increase) decrease in operating assets:	
Accounts and grants receivable	7,345
Prepaid expenses	180
Increase (decrease) in operating liabilities:	
Accounts payable	(108)
Accrued wages payable and taxes	1,202
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>5,510</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property and equipment	<u>                    </u>
<u>NET CASH USED IN INVESTING ACTIVITIES</u>	<u>                    </u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of short-term borrowing	(7,760)
Repayment of long-term borrowing	<u>(6,666)</u>
<u>NET CASH USED IN FINANCING ACTIVITIES</u>	<u>(14,426)</u>

Decrease in cash and cash equivalents	(8,916)
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<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>34,986</u>
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<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 26,070</u></u>
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**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

Interest paid during the year	<u><u>\$ 9,092</u></u>
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The accompanying notes are an integral part of this statement

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1. Summary of Significant Accounting Policies**

The Pocahontas County Senior Citizens, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Pocahontas County, West Virginia. The purpose of the Organization is to study and document the needs of the seniors, to encourage, promote and aid in the establishment of programs for the seniors, to conduct programs of public education in the problems of aging, to utilize opportunities to establish demonstration programs, and to implement state and local programs for the aging that no other agency is implementing.

This summary of significant accounting policies of the Pocahontas County Senior Citizens, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representation of management, who is responsible for their integrity and objectivity.

**Basis of Accounting**

The financial statements of Pocahontas County Senior Citizens, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

**Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Allowance for Doubtful Accounts**

The Organization uses the allowance method for accounting for bad debts. Management feels the accounts and grants receivable shown on the balance sheet are fully collectible.

**Inventories**

Inventories of raw food, materials and supplies are deemed immaterial and are accordingly expensed as purchased.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. The Organization has adopted a \$ 5,000 capitalization policy whereby all property and equipment over \$ 5,000 is depreciated using the straight-line method over its estimated useful life. In addition, all property and equipment purchased with grant monies must be used and disposed of in accordance with the grantor agency's policies. Maintenance and repairs are expensed as incurred.

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Federal grant awards are classified as refundable advances until expended for the purposes of the grants since they are conditional promises to give.

**Federal and State Grant Revenues**

Grants Monies are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, Title VII, and LIFE grants. Upon completion of a grant year, any unexpended grants have to be approved for carryover to the next grant year.

Title III-C monies are received on a meal reimbursement basis but not to exceed the total grant award. Lighthouse and FAIR are drawn down per unit of service as are Medicare and Waiver personal care services. The Division of Public Transit provides Federal Transit Administration, Section 5310 funding to purchase transportation services from Pocahontas County Senior Citizens, Inc. on a reimbursement basis, per service mile. The services are to be provided to seniors and individuals with disabilities

Total federal and state grant revenues for the year ended September 30, 2017, were \$ 206,132 and \$ 250,125 respectively.

**Donated Services**

The members of the Board of Directors receive no fees for performing their duties as members, officers, or special committee members. However, no revenues or expenses have been recorded in these financial statements in related to such volunteer services.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**Expense Allocation**

Expenses are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

**Estimates**

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

**Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization's Forms 990, Return of Organization Exempt from Income Tax, are generally subject to examination by the Internal Revenue Service for three years after they are filed

**Note 2. Insurance of Cash and Deposits**

The Organization does business with two financial institutions and deposits are insured by FDIC insurance.

**Note 3. Grants Receivable**

Grants receivable at September 30, 2017, consisted of the following:

Federal Title III-B	\$ 1,964
Federal Title III-C	11,046
Federal Title III-E	1,022
LIFE Program	33,295
Lighthouse	4,564
Fair	1,120
5310 Grant	3,008
SMP Grant	2,000
LIEAP	476
	-----
Total	\$ 58,495
	=====

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 4. Property and Equipment**

Property and equipment consisted of the following at September 30, 2017:

Land	\$ 65,500
Buildings	576,125
Vehicles	194,286
Equipment, furniture and fixtures	33,832
	-----
	869,743
Less accumulated depreciation	(396,808)
	-----
Net property and equipment	\$ 472,935
	=====

**Note 5. Restrictions on Net Assets**

There are no restricted net assets at September 30, 2017.

**Note 6. Concentration**

The Organization receives about 66 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization receives about 16 percent of its total support and revenues from the West Virginia Department of Health and Human Services under billing for services provided under the Continuum of Care and Medicaid Waiver programs.

**Note 7. Notes Payable Line Of Credit**

As of September 30, 2017 the organization had a business revolving line of credit account with a total credit limit of \$50,000 at Pendleton Community Bank. The interest rate on the account is 4.9%. The balance on the account as of September 30, 2017 was \$2,532 with \$47,468 available to be drawn on this line of credit.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**Note 8. Long-Term Debt**

Long-term debt consists of the following as of September 30, 2017

City National Bank

4.25% installment note maturing 6/21/36, monthly payments of \$ 1,245.07 secured by real estate.	\$ 192,353
Less: current portion	6,899
Noncurrent portion	\$ 185,454

Scheduled maturities at September 30, 2017 are as follows:

September 30, 2018	\$ 6,899
2019	7,198
2020	7,510
2021	7,836
2022	8,175
Thereafter	154,735
Total	\$ 192,353

**Note 9. Contingent Liabilities**

In the normal course of operations, the Organization receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting funds. Any liability for reimbursement, which may arise, as the result of these audits is not believed to be material.

The Center participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Center does not provide post retirement health benefits.

**Note 10. Subsequent Events**

Management has evaluated subsequent events through August 14, 2018, the date which the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
 SCHEDULE OF REVENUES AND SUPPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Title III-B	Title III-D	Title III-E	Title III-C	
				Congregate	Home Delivered
Federal financial assistance	\$ 27,621	\$ 1,162	\$ 5,820	\$ 30,975	\$ 94,932
State grant	11,399	1,000	4,900		
LIFE allocated			3,626	27,093	16,566
County Commission					
Other grants					
Donations/Match	1,566				
Medicaid/Waiver					
Project income	8,303		973	25,175	7,810
Interest income					
<b>Total Revenue and Support</b>	<b>\$ 48,889</b>	<b>\$ 2,162</b>	<b>\$ 15,319</b>	<b>\$ 83,243</b>	<b>\$ 119,308</b>



**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

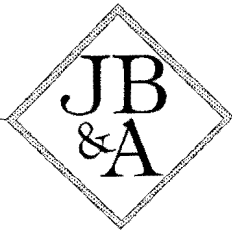
<u>LIFE</u>	<u>SMP</u>	<u>Medicaid Waiver</u>	<u>Fair</u>	<u>Lighthouse</u>	<u>5310 Grant</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
\$	\$ 2,000	\$	\$	\$	\$ 43,146	\$ 476	\$ 206,132
182,803			2,762	47,261			250,125
(49,131)		1,846					
						49,225	49,225
						2,500	2,500
						31,207	32,773
		107,033					107,033
			205	4,904		2	47,372
						19	19
<u>\$133,672</u>	<u>\$ 2,000</u>	<u>\$108,879</u>	<u>\$ 2,967</u>	<u>\$ 52,165</u>	<u>\$ 43,146</u>	<u>\$ 83,429</u>	<u>\$ 695,179</u>

The independent auditor's report is an integral part of this schedule.

**POCAHONTAS COUNTY SENIOR CITIZENS, INC.  
SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

	<u>Grant Period</u>	<u>Grant Identificaiton Number</u>	<u>State Expenditures</u>
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1851	8,884
Lighthouse	June 30, 2017	IH1751	38,377
FAIR	June 30, 2018	IH1851	1,852
FAIR	June 30, 2017	IH1751	<u>910</u>
Total Direct Programs			<u>50,023</u>
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2017	21738-09	11,399
IIID	June 30, 2017	21738-09	1,000
IIIE	June 30, 2017	21738-09	4,900
LIFE	June 30, 2018	21805-09	33,295
LIFE	June 30, 2017	21705-09	<u>149,508</u>
Total pass-through awards			<u>200,102</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 250,125</u></u>

The independent auditor's report is an integral part of this schedule.



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-8600 • FAX (304) 472-8601

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

The Board of Directors of  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

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 Pocahontas County Senior Citizens, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 14, 2018.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Pocahontas County Senior Citizens, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pocahontas County Senior Citizens, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pocahontas County Senior Citizens, Inc.'s 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*.

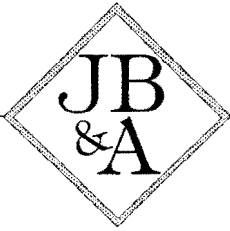
**Purpose of this Report**

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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Buckhannon, West Virginia

August 14, 2018



# JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

## MANAGEMENT LETTER

The Board of Directors of  
Pocahontas County Senior Citizens, Inc.  
Marlinton, West Virginia

In planning and performing our audit of the financial statements of Pocahontas County Senior Citizens, Inc. for the year ended September 30, 2017, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control structure.

However, during our audit, we noted certain matters involving internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated August 14, 2018, on the financial statements of Pocahontas County Senior Citizens, Inc.

We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control structure or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

### **Segregation of Duties**

We noted that two employees are responsible for most of the accounting and financial duties. As a result, many aspects of the internal accounting control which rely upon an adequate segregation of duties are, for all practical purposes, missing in Pocahontas County Senior Citizens, Inc. We recognize that the Organization is not large enough to make the employment of additional people for the purpose of segregating duties practicable from a financial standpoint, but we are required, under our professional responsibilities to describe the situation.

### **Bank Reconciliations**

Bank accounts should be reconciled on a timely basis to the general ledger accounts. Accurate and timely bank reconciliations reduce the risk that errors on the part of the Organization or the bank will remain undetected and uncorrected.

### **Electronic Bank Withdrawals**

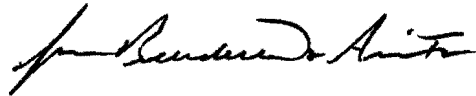
Electronic bank withdrawals were not recorded into the general ledger on a timely basis. All bank withdrawals should be recorded into the general ledger on a monthly basis at a minimum. Bank reconciliations and other financial reports can not be prepared until all transactions are recorded.

**Account Classification**

Transactions should be recorded to the proper general ledger account classification in the proper period to provide an accurate accounting of each program's revenues and expenditures. Not maintaining a complete and accurate general ledger from which to prepare financial reports could cause those relying on the financial data to make decisions about the Organization based on improper information.

We wish to thank the Director and his staff for their support and assistance during our audit.

This report is intended solely for the information and use of the Board of Directors, management, and others within the Organization.



Buckhannon, West Virginia  
August 14, 2018