

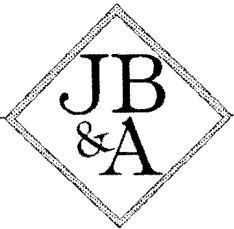
MONROE COUNTY COUNCIL ON AGING, INC.

**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
Monroe County Council on Aging, Inc.
Linside, West Virginia

We have audited the accompanying financial statements of Monroe County Council on Aging, 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

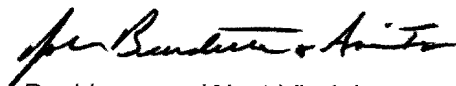
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Monroe County Council on Aging, Inc. as of September 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles 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 30, 2018, on our consideration of Monroe County Council on Aging, 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 Monroe County Council on Aging, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia
August 30, 2018

**MONROE COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2017**

ASSETS

Current Assets

Cash and cash equivalents	\$ 248,933
Accounts receivable, net	17,812
Grants receivable	137,687
Loan receivable	4,999
Prepaid expense	<u>23,014</u>

Total current assets	<u>432,445</u>
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Property and equipment, net	<u>827,457</u>
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TOTAL ASSETS	<u><u>\$ 1,259,902</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Note payable	\$ 101,471
Accounts payable	11,119
Accrued compensation	36,001
Payroll taxes	<u>4,787</u>

Total current liabilities	<u>153,378</u>
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Net Assets

Unrestricted	1,106,524
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Temporarily restricted	<u> </u>
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Total net assets	<u>1,106,524</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,259,902</u></u>
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The accompanying notes are an integral part of this statement.

MONROE COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal grants	\$ 270,770	\$	\$ 270,770
State grants	442,703		442,703
Other grants	5,680		5,680
Donations	26,516		26,516
Medicaid/waiver fees	241,020		241,020
Program income	86,432		86,432
Interest income	29		29
Other income	16,354		16,354
Net assets released from restrictions:			
Restrictions released with time	<u> </u>	<u> </u>	<u> </u>
Total Revenue and Support	<u>1,089,504</u>	<u> </u>	<u>1,089,504</u>
 EXPENSES			
Program Services			
Title III-B	62,244		62,244
Title III-D	1,553		1,553
Title III-E	10,470		10,470
Title III-C - congregate	187,453		187,453
Title III-C - home delivered	93,093		93,093
LIFE	59,163		59,163
Personal Care -medicaid/waiver	332,057		332,057
Lighthouse	73,906		73,906
FAIR	32,105		32,105
Transportation 5310 and MTM	121,032		121,032
Other costs	<u>42,192</u>	<u> </u>	<u>42,192</u>
Total Expenses	<u>1,015,268</u>	<u> </u>	<u>1,015,268</u>
Change in Net Assets	74,236		74,236
 NET ASSETS AT BEGINNING, RESTATED	 <u>1,032,288</u>	 <u> </u>	 <u>1,032,288</u>
 NET ASSETS AT END OF YEAR	 <u><u>\$ 1,106,524</u></u>	 <u><u>\$</u></u>	 <u><u>\$ 1,106,524</u></u>

The accompanying notes are an integral part of this statement.

**MONROE COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Title III-B	Title III-D	Title III-E	Title III-C		LIFE
				Congregate	Home Delivered	
Personnel expenses	\$ 40,555	\$ 1,260	\$ 9,115	\$ 62,166	\$ 39,564	\$ 42,648
Travel	1,541		692	90	29	847
Transportation - fuel and oil	1,917		590		4,128	15
Printing and supplies	1,574	293		908	447	1,356
Repairs and maintenance	6,218			484	325	163
Communications and utilities	4,707		73	4,904	4,069	5,851
Insurance	3,869			3,869	3,869	6,921
Professional services	1,702				36	1,326
Rawfood				100,693	36,565	
Disposables				13,175	3,776	10
Meetings and training	119				285	
Depreciation						
Other	42			1,164		26
Total Functional Expenses	\$ 62,244	\$ 1,553	\$ 10,470	\$ 187,453	\$ 93,093	\$ 59,163

**MONROE COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Personal Care	Lighthouse	FAIR	Transportation 5310 & MTM	Other Costs	Totals Memorandum Only
Personnel expenses	\$ 250,098	\$ 68,988	\$ 30,685	\$ 99,553	\$ 423	\$ 645,055
Travel	5,255	4,793	1,420	243	31	14,941
Transportation - fuel/oil				19,557		26,207
Printing and supplies	23,720			327	3,135	31,760
Repairs and maintenance	6,336			1,174	4,880	19,580
Communications and utilities	20,910			106	640	41,260
Insurance	8,901	125				27,554
Professional services	5,934					8,998
Rawfood	520					137,778
Disposables						16,961
Meetings and training	2,025			28		2,457
Depreciation					31,626	31,626
Other	8,358			44	1,457	11,091
Total Functional Expenses	\$ 332,057	\$ 73,906	\$ 32,105	\$ 121,032	\$ 42,192	\$ 1,015,268

The accompanying notes are an integral part of this statement.

**MONROE COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 74,236
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,626
(Increase) decrease in operating assets:	
Accounts and grants receivable	(58,478)
Loan receivable	(4,999)
Prepaid expenses	(1,400)
Increase (decrease) in operating liabilities:	
Accounts payable	(10,977)
Accrued wages and taxes payable	<u>(3,647)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>26,361</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Addition of fixed assets	<u>(191,137)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(191,137)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from borrowing	<u>101,471</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>101,471</u>

Decrease in cash and cash equivalents	(63,305)
CASH AND CASH EQUIVALENTS, beginning of year	<u>312,238</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 248,933</u></u>

The accompanying notes are an integral part of this statement.

**MONROE COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1. Summary of Significant Accounting Policies

The Monroe County Council on Aging, Inc. is a nonprofit organization whose purpose is to improve the quality of life for senior citizens in Monroe County, West Virginia. The purpose of the Organization is to study 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 Monroe County Council on Aging, 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 Monroe County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payable 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 the 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.

**MONROE COUNTY COUNCIL ON AGING, 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 Grants

Grants funds are received on a reimbursement basis; this is utilized for Title III-B, Title III-D, Title III-E, and 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 funds 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 Medicaid and Waiver personal care services. The Division of Public Transit provides Federal Transit Administration, Section 5310 funding to purchase transportation services from Monroe County Council on Aging, Inc. on a reimbursement basis, per service mile. The transportation services are to be provided to seniors and individuals with disabilities.

Total federal and state grant revenues for the year ended September 30, 2017, was \$ 270,770 and \$ 442,703 respectively.

**MONROE COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that effect 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. Grants Receivable

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

Title III-B	\$	41,870
Title III-C		9,239
Title III-D		1,442
In-Home		10,459
LIFE		52,147
5310 Grant		3,230
LIEAP		1,903
USDA		17,397

Total	\$	137,687
		=====

Note 3. Property and Equipment

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

Land and building	\$	75,500
Buildings and Improvements		671,582
Vehicles		365,851
Equipment		49,044

		1,161,977
Less accumulated depreciation		(334,520)

Total	\$	827,457
		=====

MONROE COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Note 4. Note Payable

The Organization signed a promissory note with The Bank of Monroe on April 21, 2017 for \$150,000 with an interest rate of 4.00%. The note is for improvements to the Greenville School project and is secured by a deed of trust. The Organization had drawn down a balance of \$101,471 at September 30, 2017.

Note 5. Concentration

The Organization receives about 61 percent of its total support and revenues from various grants from the Federal and State governments.

In addition, the Organization also receives about 21 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 6. 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 Organization participates in the West Virginia Public Employees Insurance Agency (PEIA) for health insurance. The Organization does not provide post retirement health benefits.

Note 7. Net Assets

There are no restrictions on net assets at September 30, 2017.

Note 8. Subsequent Events

Management has evaluated subsequent events through August 30, 2018, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

**MONROE COUNTY COUNCIL ON AGING, 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		LIFE
				Congregate	Home Delivered	
Federal financial assistance	\$ 31,372	\$ 1,442	\$ 6,377	\$ 72,692	\$ 62,261	\$
State grant	28,030			67,169	44,780	163,449
State LIFE allocated		111	2,873		27,393	(86,019)
Other grants						
Donations and match						1,921
Medicaid and Waiver						
Program income	2,842		819	49,114	15,651	3,293
Interest income						
Other income						
Total Revenue and Support	\$ 62,244	\$ 1,553	\$ 10,069	\$ 188,975	\$ 150,085	\$ 82,644

**MONROE COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	Personal Care Medicaid Waiver	FAIR	Lighthouse	Transportation 5310 & MTM	Other	Total (Memorandum Only)
Federal financial assistance	\$	\$	\$	\$ 44,490	\$ 52,136	\$ 270,770
State grant		43,145	96,130			442,703
State LIFE allocated	12,662	1,680	28,800	12,500		
Other grants					5,680	5,680
Donations and match	678				23,917	26,516
Medicaid and Waiver	152,782			88,238		241,020
Program income	2,597	2,957	7,148	2,011		86,432
Interest income					29	29
Other income					16,354	16,354
Total Revenue and Support	<u>\$ 168,719</u>	<u>\$ 47,782</u>	<u>\$ 132,078</u>	<u>\$ 147,239</u>	<u>\$ 98,116</u>	<u>\$ 1,089,504</u>

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

**MONROE COUNTY COUCL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2017**

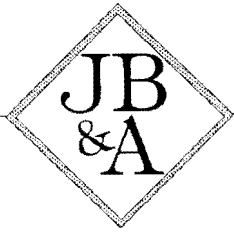
	Grant Period	Grant Identificaiton Number	State Expenditures
Direct Programs:			
WV Bureau of Senior Services			
Lighthouse	June 30, 2018	IH1849	\$ 23,340
Lighthouse	June 30, 2017	IH1749	72,790
FAIR	June 30, 2018	IH1849	10,535
FAIR	June 30, 2017	IH1749	32,610
Total Direct Programs			139,275
Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2017	21738-07	28,030
IIIC State	June 30, 2017	21738-07	111,949
LIFE	June 30, 2018	21805-07	52,147
LIFE	June 30, 2017	21705-07	111,302
Total pass-through awards			303,428
TOTAL EXPENDITURES OF STATE AWARDS			\$ 442,703

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

**MONROE COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF OTHER REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

	<u>Bingo</u>	<u>Raffle</u>	<u>Greenville School Project</u>	<u>Senior Tours</u>	<u>Other</u>	<u>Total Memorandum Only</u>
REVENUES						
Federal USDA grant	\$	\$	\$ 49,233	\$	\$	\$ 49,233
Federal FHLB grant			1,000			1,000
Federal LIEAP grant					1,903	1,903
WVAHTF grant			5,680			5,680
Donations			23,917			23,917
Fundraising - net receipts	4,121	8,791				12,912
Rent					375	375
Senior tour tickets - net of cost \$86,996				3,067		3,067
Interest income					29	29
Total Other Revenues	<u>4,121</u>	<u>8,791</u>	<u>79,830</u>	<u>3,067</u>	<u>2,307</u>	<u>98,116</u>
EXPENSES						
Personnel expenses			423			423
Travel					31	31
Printing and supplies	876	1,636	623			3,135
Repairs and maintenance			4,880			4,880
Communications and Utilities			443		197	640
Depreciation					31,626	31,626
Other expenses	550	376	531			1,457
Total Other Expenses	<u>1,426</u>	<u>2,012</u>	<u>6,900</u>		<u>31,854</u>	<u>42,192</u>
Revenues Over (Under) Expenditures	2,695	6,779	72,930	3,067	(29,547)	55,924
OTHER TRANSACTIONS						
Bank of Monroe loan proceeds			101,471			101,471
Capitalized building improvements			(150,809)			(150,809)
Add back depreciation expense					31,626	31,626
Transfers to money market account	(9,000)	(19,000)				(28,000)
Net after other transactions	<u>\$ (6,305)</u>	<u>\$ (12,221)</u>	<u>\$ 23,592</u>	<u>\$ 3,067</u>	<u>\$ 2,079</u>	<u>\$ 10,212</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) 472-3600 • FAX (304) 472-3601

INDEPENDENT AUDITOR'S 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
Monroe County Council on Aging, Inc.
Linside, 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 Monroe County Council on Aging, 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 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Monroe County Council on Aging, 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 Monroe County Council on Aging, 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control as item 2017-001, described in the accompanying schedule of findings and responses that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Monroe County Council on Aging, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2017-001.

Monroe County Council on Aging, Inc.'s Response to Findings

Monroe County Council on Aging, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Monroe County Council on Aging, Inc.'s response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 30, 2018

**MONROE COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

A. Financial Statement Findings

MATERIAL WEAKNESS

2017-001 Internal Controls

Condition: Bank accounts were not timely reconciled, electronic deposits and withdrawals in bank accounts were not recorded in general ledger, transactions were misclassified in the general ledger by posting to incorrect account and incorrect period, grant drawdowns were not submitted timely, general ledger was maintained on the cash basis of accounting rather than full accrual basis on which the financial statements are prepared, and internal financial statements were not prepared nor submitted to those charged with governance of the Organization.

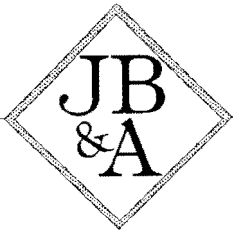
Criteria: Bank accounts should be reconciled on a monthly basis, all bank transactions should be recorded in the general ledger, transactions should be recorded to the proper general ledger account classification and in the applicable period, grant drawdowns should be submitted on a timely basis as determined by the grantor, the general ledger should be maintained on the full accrual basis of accounting and internal financial statements should closely follow this basis in total and by program, and internal financial statements should be submitted to those in charge of governance periodically throughout the year.

Cause: Personnel in charge of maintaining the general ledger and accounting records, preparing bank reconciliations, preparing monthly grant drawdowns, and preparing internal financial statements needed additional training as it relates to the accounting functions previously noted.

Effect: Errors and omissions may not be detected and corrected on a timely basis if all banking transactions are not entered into the general ledger and the bank statements reconciled to the general ledger on a timely basis. Posting to incorrect general ledger accounts and periods causes the general ledger not to reflect accurate revenues and expenditures in total and by program for the period of accounting which could effect the administration of grant funds and programs. Not maintaining the general ledger and preparing internal financial reports on the accrual basis could cause those relying on the financial data to make decisions about the Organization based on improper information.

Recommendation: The Organization should hire qualified accounting personnel and provide adequate training as necessary or contract these services with an outside service provider. The board of directors should demand accurate and timely financial information be presented to them periodically throughout the year for their review and approval.

Response of Responsible Officials and Planned Corrective Actions: Monroe County Council on Aging, Inc. agrees with these findings and recommendations. Monroe County Council on Aging, Inc. will ensure the Executive Director has the required skills to provide effective financial accounting leadership. Monroe County Council on Aging, Inc. will ensure that the Executive Director hires qualified accounting personnel and provides adequate training as necessary or contracts for these services with an outside service provider. The Monroe County Council on Aging, Inc. will ensure the Executive Director provides accurate and timely financial information regularly to the Board of Directors for review and approval. The Executive Director will provide written standard operation procedures for accounting and financial management; these procedures will serve as "internal management controls" for key accounting activities (payroll, reconciliation, etc...).



JOHN BURDETTE & ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

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

MANAGEMENT LETTER

To the Senior Management and
The Board of Directors of
Monroe County Council on Aging, Inc.
Lindside, West Virginia

In planning and performing our audit of the financial statements of Monroe County Council on Aging, 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 the internal control structure and other operational matters that are presented for your consideration. This letter does not affect our report dated August 30, 2018, on the financial statements of Monroe County Council on Aging, 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 Monroe County Council on Aging, 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.

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 30, 2018