



**County of Chester
Office of the Controller
Internal Audit Department**

**Audit Report
For the Years Ended
December 31, 2016 and 2015**

County of Chester
Pocopson Home Guest Fund

Annual Financial Statement
Audit

Norman MacQueen, Controller

COUNTY OF CHESTER
POCOPSON HOME GUEST FUND
ANNUAL FINANCIAL STATEMENT AUDIT
AS OF DECEMBER 31, 2016 and 2015

Jacqueline McKenna, Administrator
Pocopson Home
1695 Lenape Road
West Chester, PA 19382-2493

COUNTY OF CHESTER
POCOPSON HOME GUEST FUND
FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

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NORMAN MACQUEEN
Controller

Internal Auditor's Report

Jacqueline McKenna, Administrator
Pocopson Home
1695 Lenape Road
West Chester, PA 19382

Report on the Financial Statements

We have audited the accompanying financial statements of Pocopson Home Guest Fund (*Guest Fund*), which comprises the statements of assets and liabilities arising from cash transactions as of December 31, 2016 and 2015, and the related statements of cash receipts, disbursements and cash balances for the years 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 the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to annually audit the account of the *Guest Fund* and to report the results of the audit to the Chester County Commissioners and to Pocopson Home administration.

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 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 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 financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the *Guest Fund* as of December 31, 2016 and 2015, and its cash receipts, disbursements and cash balances for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

In accordance with Government Auditing Standards, Internal Audit has also issued a separate report dated January 29, 2018, on our evaluation of the *Guest Fund's* internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, policies and/or procedures. That report is an integral part of an audit performed in accordance with Government Auditing Standards and is to be read in conjunction with this report in considering the results of our audit.



Norman MacQueen
Controller

January 29, 2018

COUNTY OF CHESTER

POCOPSON HOME GUEST FUND

STATEMENTS OF ASSETS AND LIABILITIES – CASH BASIS

DECEMBER 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash - Checking Account	\$ 241,717	\$ 277,355
Cash - Petty Cash/Change Fund	750	750
Due From Pocopson Home	<u>62,140</u>	<u>43,557</u>
Total Assets	<u><u>\$ 304,607</u></u>	<u><u>\$ 321,662</u></u>
 <u>Liabilities</u>		
Due to Residents	<u>\$ 304,607</u>	<u>\$ 321,662</u>
Total Liabilities	<u><u>\$ 304,607</u></u>	<u><u>\$ 321,662</u></u>

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

COUNTY OF CHESTER

POCOPSON HOME GUEST FUND

STATEMENTS OF RECEIPTS, DISBURSEMENTS
AND CASH BALANCES – CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<u>Receipts</u>		
From County of Chester	\$ 544,763	\$ 665,472
Resident Deposits	<u>9,566</u>	<u>11,293</u>
Total Receipts	554,329	676,765
<u>Disbursements</u>		
Miscellaneous	339,616	337,132
Medical	140,980	163,797
Beneficiaries	<u>109,371</u>	<u>189,980</u>
Total Disbursements	<u>589,967</u>	<u>690,909</u>
Cash Increase (Decrease)	(35,638)	(14,144)
Cash, Beginning of Year	<u>278,105</u>	<u>292,249</u>
Cash, End of Year	<u>\$ 242,467</u>	<u>\$ 278,105</u>

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

COUNTY OF CHESTER

POCOPSON HOME GUEST FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2016 and 2015

Note 1 - Summary of Significant Accounting Principles

Background and Reporting Entity

The *Guest Fund* serves as an escrow account for each resident's personal funds. Personal funds may include a maximum of \$45 a month from Medical Assistance for each eligible resident from his/her monthly income, applicable VA benefits, funds received from family members, and profits received from the sale of personal assets. Funds are recorded in individual sub-accounts, which in aggregate, comprise the checking account balance. Small amounts may be disbursed to the resident in the form of a cash allowance. In addition, the resident may request disbursements to pay for miscellaneous personal items. Funds are disbursed to the resident's family or designated beneficiary in the event the resident passes away while residing at the home. Undisbursed funds held in escrow represent a liability on the Pocopson Home financial statements.

Basis of Accounting

The books and records of the *Guest Fund* are maintained on the cash basis of accounting. Consequently, receipts are recognized when received rather than when assessed or otherwise due and disbursements are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying statements do not present the assets, liabilities, receipts, disbursements, and cash balance in accordance with generally accepted accounting principles.

Note 2 - Legal Matters

Our audit disclosed no pending litigation involving the *Guest Fund* or its Administrator (Jacqueline McKenna) for the year ended December 31, 2016.



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NORMAN MACQUEEN
Controller

January 29, 2018

Jacqueline McKenna, Administrator
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

In planning our audit of the financial statements of Pocopson Home Guest Fund (*Guest Fund*) as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, we considered the *Guest Fund's* internal control over financial reporting as a basis for designing our audit 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 *Guest Fund's* internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the *Guest Fund'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 significant deficiencies or material weaknesses have been identified.

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 *Guest Fund's* financial statements will not be prevented, or detected and corrected on a timely basis.

As part of obtaining reasonable assurance about whether the *Guest Fund's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws and regulations, 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*.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Our audit disclosed no significant deficiencies or material weaknesses that, in our opinion, pose a significant risk to the *Guest Fund* or to the County of Chester.

This report is intended for the information of the Chester County Commissioners, the Pocopson Home management, and the Auditor General of Pennsylvania. This report is, however, a matter of public record, and its distribution is not limited.



Norman MacQueen
Controller

COUNTY OF CHESTER
POCOPSON HOME GUEST FUND
SUMMARY OF EXIT CONFERENCE
FOR THE YEAR ENDED DECEMBER 31, 2016

An exit conference was not warranted for the audit of the Pocopson Home Guest Fund, Jacqueline McKenna, Administrator, has accepted the report as presented