

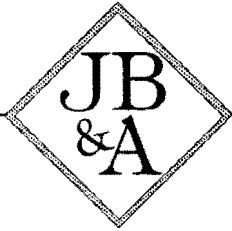
**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**

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

**JUNE 30, 2017**

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-11
<b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Revenues and Support	12-13
Schedule of Expenditures of State Awards	14
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	15-16
<b>SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS</b>	17
<b>SCHEDULE OF FINDINGS AND RESPONSES</b>	18
<b>MANAGEMENT LETTER</b>	19



# 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  
Clay County Development Corporation, Inc.  
Clay, West Virginia

We have audited the accompanying financial statements of Clay County Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 Clay County Development Corporation, Inc. as of June 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 March 11, 2019, on our consideration of Clay County Development Corporation, 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 Clay County Development Corporation, Inc.'s internal control over financial reporting and compliance.



Buckhannon, West Virginia  
March 11, 2019

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

**ASSETS**

**Current Assets**

Cash	\$ 14,250
Accounts receivable, net	108,483
Grants receivable	45,118
Prepaid expense	<u>19,158</u>
 Total current assets	 <u>187,009</u>

<b>Property and equipment, net</b>	<u>454,747</u>
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<b>TOTAL ASSETS</b>	<u><u>\$ 641,756</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities**

Current portion long-term debt	\$ 31,491
Accounts payable	3,415
Medicaid repayment	24,209
Accrued payroll	69,713
Accrued annual leave	38,177
Accrued payroll taxes	<u>49,941</u>
 Total current liabilities	 <u>216,946</u>

<b>Long-Term Debt</b>	<u>81,623</u>
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**Net Assets**

Unrestricted	343,187
Temporarily restricted	<u>          </u>
 Total net assets	 <u>343,187</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 641,756</u></u>
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The accompanying notes are an integral part of this statement.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**JUNE 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>			
Federal grants	\$ 77,662	\$	\$ 77,662
State grants	308,650		308,650
Medicaid/waiver fees	1,691,428		1,691,428
Program income	28,180		28,180
Interest income	47		47
Other income	17,061		17,061
Net assets released from restrictions:			
Restrictions released with time	4,209	(4,209)	
Total Revenue and Support	2,127,237	(4,209)	2,123,028
<b>EXPENSES</b>			
Program Services			
Title III-B	36,202		36,202
Title III-E	5,659		5,659
LIFE	136,418		136,418
Personal Care	1,613,536		1,613,536
Lighthouse	49,636		49,636
FAIR	44,247		44,247
Transportation	96,873		96,873
General and Administrative	110,188		110,188
Total Expenses	2,092,759		2,092,759
Change in Net Assets	34,478	(4,209)	30,269
<b>NET ASSETS AT BEGINNING</b>	308,709	4,209	312,918
<b>NET ASSETS AT END OF YEAR</b>	\$ 343,187	\$	\$ 343,187

The accompanying notes are an integral part of this statement.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Title III-B	Title III-E	LIFE	Personal Care	Lighthouse	FAIR
Personnel expenses	\$ 20,714	\$ 5,659	\$ 120,177	\$ 1,493,336	\$ 49,636	\$ 44,247
Contractual services	15,088			36,166		
Travel				25,138		
Transportation - fuel and oil						
Printing and supplies	400		14,003	16,841		
Repairs and maintenance			546	14,267		
Communications and utilities			1,381	22,900		
Insurance						
Equipment rental						
Disposables/expendables						
Meetings and training				30		
Depreciation						
Interest						
Other			311	4,858		
<b>Total Functional Expenses</b>	<b>\$ 36,202</b>	<b>\$ 5,659</b>	<b>\$ 136,418</b>	<b>\$ 1,613,536</b>	<b>\$ 49,636</b>	<b>\$ 44,247</b>

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Transportation</u>	<u>General Administrative</u>	<u>Totals Memorandum Only</u>
Personnel expenses	\$ 41,870	\$	\$ 1,775,639
Contractual services	1,551	2,225	55,030
Travel		122	25,260
Transportation - fuel and oil	2,406	12,348	14,754
Printing and supplies		106	31,350
Repairs and maintenance	6,432	14,080	35,325
Communications and utilities			24,281
Insurance	44,584		44,584
Equipment rental		995	995
Disposables/expendables		17,304	17,304
Meetings and training	30	4,674	4,734
Depreciation		50,074	50,074
Interest		7,204	7,204
Other		1,056	6,225
<b>Total Functional Expenses</b>	<b><u>\$ 96,873</u></b>	<b><u>\$ 110,188</u></b>	<b><u>\$ 2,092,759</u></b>

The accompanying notes are an integral part of this statement.



**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 30,269
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	50,074
(Increase) decrease in operating assets:	
Accounts and grants receivable	(4,617)
Prepaid expenses	(19,158)
Increase (decrease) in operating liabilities:	
Accounts payable	(1,478)
Medicaid repayment	24,209
Accrued payroll taxes payable	(35,955)
Accrued payroll	12,054
Accrued annual leave	<u>(14,611)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>40,787</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Addition of fixed assets	<u>(22,011)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(22,011)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of long-term debt	<u>(68,160)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(68,160)</u>
Decrease in cash and cash equivalents	(49,384)
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>63,634</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u><u>\$ 14,250</u></u>

**Supplemental Disclosure of Cash Flow Information:**

Interest paid	<u><u>\$ 7,204</u></u>
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The accompanying notes are an integral part of this statement.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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

Clay County Development Corporation, Inc. ("Organization") was formed to provide services to elderly and low income individuals in Clay County, West Virginia. The Organization provides services designed to combat problems of poverty and to seek elimination or reduction of conditions of poverty through medical assistance or other services to the elderly. Funding for operations is provided by federal and state grants and through fees for services provided.

**Revenue Recognition**

All contributions and grants are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor or grantor are reported as temporarily or permanently restricted support and increase the respective class of net assets. Contributions received with temporary restrictions that are met in the same reporting period are reported as unrestricted support and increase unrestricted net assets. Investment income that is limited to specific uses by donor restrictions is reported as increases in unrestricted net assets if the restrictions are met in the same reporting period as the income is recognized.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

**Use of Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Grants and Medicaid Reimbursements Receivable**

Grants and Medicaid reimbursements receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable through a provision for bad debt expense based on its assessment of the current status of individual accounts. Receivables are considered impaired if full payments are not received in accordance with contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. At June 30, 2017 all receivables recorded were collected subsequent to year end.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
NOTES TO FINANCIAL STATEMENTS (Continued)**

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

**Property and equipment**

The property and equipment of the Organization are capitalized at cost. Individual purchases of property and equipment in excess of \$1,000 are capitalized. The items are depreciated utilizing the straight-line method over the estimated useful life of the asset beginning when the asset is placed in service. Depreciation expense for the year ended June 30, 2017 was \$50,074. The value of the property and equipment at June 30, 2017 is summarized as follows:

Land	\$ 50,500
Buildings	639,897
Equipment and vehicles	108,861
	-----
	799,258
Less accumulated depreciation	344,511
	-----
Total	\$ 454,747
	=====

**Income Taxes**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an Organization that is not a private foundation under Section 509(a)(2).

As of June 30, 2017, the tax years that remain subject to examination begin with 2014. Tax returns for 2014, 2015, 2016 and 2017 remain open to examination by taxing authorities. Management believes that all positions taken in those returns would be sustained if examined by taxing authorities.

**Statements of Cash Flows**

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Note 2. Temporarily Restricted Net Assets**

There are not any temporarily restricted net assets at June 30, 2017.

**Note 3. Net Assets Released From Restriction**

Net assets were released from donor and grant restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2017 as follows:

Purpose restrictions accomplished	
Grants	
Shine	\$ 3,214
Title III	995
	-----
Total	\$ 4,209
	=====

**Note 4. Long-Term Debt**

Notes payable at June 30, 2017 consist of the following:

Notes payable to a bank accruing interest of 7.085% and payable in monthly installments of \$1,025 through July, 2018; secured by property and equipment	\$12,815
Note payable to a bank, accruing interest at 6.25%, payable in monthly installments of principal and interest of \$902 through July, 2023; secured by related building	54,665
Notes payable to a credit company accruing interest at 2.23%, payable in monthly installments of \$559 through June, 2019; secured by vehicle	15,295

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**Note 4. Long-Term Debt (Continued)**

Note payable to a bank, accruing interest at 2.99% and payable in monthly installments of \$748 through August, 2017; secured by related vehicle	\$ 1,491
Notes payable to a bank, accruing interest at 7.301% and payable in monthly installments of \$512 through January, 2023; secured by the related building.	28,848
Total	<u>28,848</u> <u>\$ 113,114</u>

The scheduled maturities of notes payable is as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Amount</u>
2018	\$ 31,491
2019	20,228
2020	15,751
2021	14,386
2022	15,369
Thereafter	15,889
Total	<u>15,889</u> <u>\$ 113,114</u> =====

**Note 5. Concentration of Credit Risk**

The Organization receives a significant portion of its revenues from private contributions and federal and state grant programs. A material reduction in the level of support or nonpayment of fees generated would have a significant impact on the Organization's programs and activities and its ability to continue as a going concern.

**Note 6. Subsequent Events**

Subsequent events were evaluated through March 11, 2019, which is the date the financial statements were available to be issued, and determined that there are no subsequent events that require disclosure.

**SUPPLEMENTAL INFORMATION**

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
 SCHEDULE OF REVENUES AND SUPPORT  
 FOR THE YEAR ENDED JUNE 30, 2017**

	Title III-B	Title III-E	LIFE	Personal Care Medicaid Waiver	Data Entry
Federal financial assistance	\$ 39,962	\$ 5,004	\$	\$	\$
State grant	17,944	1,604	176,704		5,000
Medicaid and Waiver				1,669,824	
Program income	542	103			
Interest income					
Other income					
<b>Total Revenue and Support</b>	<b>\$ 58,448</b>	<b>\$ 6,711</b>	<b>\$ 176,704</b>	<b>\$ 1,669,824</b>	<b>\$ 5,000</b>

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF REVENUES AND SUPPORT (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>FAIR</u>	<u>Lighthouse</u>	<u>Transportation</u>	<u>Other</u>	<u>Total (Memorandum Only)</u>
Federal financial assistance	\$	\$	\$ 17,608	\$ 15,088	\$ 77,662
State grant	52,894	54,504			308,650
Medicaid and Waiver			21,604		1,691,428
Program income	6,257	8,957	12,321		28,180
Interest income				47	47
Other income				17,061	17,061
<b>Total Revenue and Support</b>	<u>\$ 59,151</u>	<u>\$ 63,461</u>	<u>\$ 51,533</u>	<u>\$ 32,196</u>	<u>\$ 2,123,028</u>

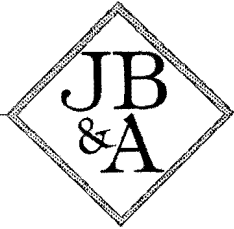
The independent auditor's report is an integral part of this schedule.



**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
 SCHEDULE OF EXPENDITURES OF STATE AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 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, 2017	IH1743	\$ 54,504
FAIR	June 30, 2017	IH1743	52,894
Data Entry	June 30, 2017	IH1743	<u>5,000</u>
Total Direct Programs			<u>112,398</u>
 Pass through Awards			
Appalachian Area Agency on Aging			
IIIB State	June 30, 2017	21738-02	17,944
IIIE State	June 30, 2017	21738-02	1,604
LIFE	June 30, 2017	21705-02	<u>176,704</u>
Total pass-through awards			<u>196,252</u>
TOTAL EXPENDITURES OF STATE AWARDS			<u><u>\$ 308,650</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) 472-3600 • 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  
Clay County Development Corporation, Inc.  
Clay, 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 Clay County Development Corporation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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 March 11, 2019.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Clay County Development Corporation, 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 Clay County Development Corporation, 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 were not identified. We did identify a deficiency in internal control as item 2017-001 described in the accompanying schedule of findings and responses that we consider to be a material weakness.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Clay County Development Corporation, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2017-001.

**Clay County Development Corporation, Inc.'s Response to Findings**

Clay County Development Corporation, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. Clay County Development Corporation, 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.

We noted certain other matters that we reported to management of Clay County Development Corporation, Inc. in a separate letter dated March 11, 2019, included on page 19.

**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  
March 11, 2019

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**MATERIAL WEAKNESS**

2016-001 General Ledger Maintenance

**Condition:** The general ledger of the Organization is maintained on the cash basis of accounting during the year, instead of the full accrual basis on which its financial statements are prepared.

**Recommendation:** The Organization properly records cash transactions during the year in total and should continue to progress and report all expenses by program on a consistent basis under the full accrual basis of accounting. Additionally, these reports should be prepared and distributed to the board of directors at their regularly held board meetings.

**Current Status:** The condition still exists at June 30, 2017. While the ledgers are competently reported on the cash basis, continued improvement is necessary to report the internal financial statements on an accrual basis, in total and by program.

2016-002 Accounting Documentation

**Condition:** Upon review of the accounting records supporting expenses and cash deposits, supporting documentation was not available for all transactions that occurred during the year.

**Recommendation:** All expenses and revenue transactions should be supported by original invoices, copies of checks when received, or other documentation that details the transactions that occurred.

**Current Status:** Resolved

2016-003 Proper Authorization for Transactions Incurred

**Condition:** Per review of expense transactions during the year, including payroll related items, some were conducted without authorization of the board of directors or other individuals in authority.

**Recommendation:** All expenses (including additional payroll or bonus transactions) should be approved by the executive director or board of directors under various circumstances before they are incurred.

**Current Status:** Resolved

**CLAY COUNTY DEVELOPMENT CORPORATION, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2017**

A. Financial Statement Findings

**MATERIAL WEAKNESS**

2017-001 General Ledger Maintenance

**Condition:** The general ledger of the Organization is maintained on the cash basis of accounting during the year instead of the full accrual basis on which its financial statements are prepared.

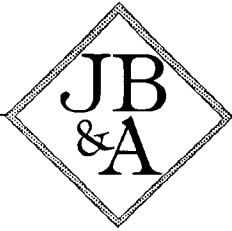
**Criteria:** Since the Organization's external financial statements are prepared on the accrual basis, the internal financial statements prepared throughout the year should closely follow this basis also, in total and by program.

**Cause:** Personnel in charge of maintenance of the accounting records need additional training as it relates to the recording of transactions on the accrual basis.

**Effect:** Reports prepared throughout the year internally could materially change at year end and could cause those relying on the financial data to make decisions about the Organization to have improper information for ongoing evaluations.

**Recommendation:** The Organization records cash transactions during the year in total and should continue to progress and report all expenses and revenues by program on a consistent basis under the full accrual basis of accounting. Additionally, these reports should be prepared and distributed to the board of directors at their regularly held board meetings.

**Response of Responsible Officials and Planned Corrective Actions:** We agree with the recommendation and will continue to work on recording all accrual transactions in total and by program on an ongoing basis. We will also distribute those reports to the board of directors.



# 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  
Clay County Development Corporation, Inc.  
Clay, West Virginia

In planning and performing our audit of the financial statements of Clay County Development Corporation, Inc. for the year ended June 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 March 11, 2019, on the financial statements of Clay County Development Corporation, 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:

### **Organizational Structure**

The size of the Organization's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

### **Bank Statement 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.

We wish to thank the Director and her 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  
March 11, 2019