



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

**Audit Report  
For the Year Ended  
December 31, 2011**

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***Pocopson Home Guest Fund***  
**Annual Financial Statement  
Audit**

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Valentino F. DiGiorgio, III, Controller

**COUNTY OF CHESTER**  
**POCOPSON HOME GUEST FUND**  
**ANNUAL FINANCIAL STATEMENT AUDIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

**R. Alan Larson, Administrator**  
**Pocopson Home**  
**1695 Lenape Road**  
**West Chester, PA 19382**

**COUNTY OF CHESTER**  
**POCOPSON HOME GUEST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**  
**TABLE OF CONTENTS**

AUDITOR’S REPORT .....	1
FINANCIAL STATEMENTS	
Statement of Assets and Liabilities.....	2
Statements of Receipts, Disbursements, and Cash Balance .....	3
Notes to Financial Statements.....	4
AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS .....	
	5
SUMMARY OF EXIT CONFERENCE .....	7



# COUNTY OF CHESTER OFFICE OF THE CONTROLLER

313 WEST MARKET STREET, SUITE 6302, PO BOX 2748, WEST CHESTER, PA 19380-0991  
TELEPHONE: (610) 344-6155 FAX: (610) 344-6750

VALENTINO F. DIGIORGIO, III  
Controller

September 17, 2012

R. Alan Larson, Administrator  
Pocopson Home  
1695 Lenape Road  
West Chester, PA 19382

Internal Audit has audited the accounts of the Pocopson Home Guest Fund (*Guest Fund*) as of December 31, 2011, and has compiled the attached Statement of Assets and Liabilities and the related Statement of Receipts, Disbursements, and Cash Balance for the year then ended. It is Internal Audit's responsibility to annually audit the accounts of the *Guest Fund* and to report the results of such audits to the County Commissioners, the Pocopson Home management, and the Auditor General of Pennsylvania. It is management's responsibility to maintain, update, and reconcile these accounts on a continuous basis.

Our audit was conducted in accordance with generally accepted auditing standards and the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit in a manner that will provide *reasonable assurance* that the accounts are free of material misstatement and that amounts are properly supported and approved.

As described in Note 1, the accompanying financial statements are prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Accordingly, the statements referred to above are not intended to present the financial position and results of operations of the *Guest Fund* in conformity with generally accepted accounting principles.

In our opinion, the accounts of the *Guest Fund* are stated fairly as of December 31, 2011. Consequently, the corresponding financial statements prepared by Internal Audit present fairly, in all material respects, the assets and liabilities of the *Guest Fund* as of December 31, 2011, and the cash receipts, disbursements, and cash balances for the year then ended.

In accordance with Government Auditing Standards, Internal Audit has also issued a report dated September 17, 2012, on our consideration 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.

Valentino F. DiGiorgio, III  
Controller

**COUNTY OF CHESTER**  
**POCOPSON HOME GUEST FUND**  
**STATEMENT OF ASSETS AND LIABILITIES**  
**DECEMBER 31, 2011**

**ASSETS**

Cash	\$ 293,190
Petty Cash	750
Due From Pocopson Home	<u>102,871</u>
Total Assets	<u>\$ 396,811</u>

**LIABILITIES**

Due to Residents	<u>\$ 396,811</u>
Total Liabilities	<u>\$ 396,811</u>

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

**COUNTY OF CHESTER**

**POCOPSON HOME GUEST FUND**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH BALANCE**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

RECEIPTS

From Chester County	\$ 566,350
Resident Deposits	45,746
Voided Stale Checks	<u>5,743</u>
Total Receipts	<u>617,839</u>

DISBURSEMENTS

Medical	217,595
Spousal Support & Gifts to Family	140,445
Beneficiaries	121,448
Private Pay (Room & Board)	119,317
Miscellaneous	77,175
Burial Services	<u>50,674</u>
Total Disbursements	<u>726,654</u>

Cash Increase (Decrease)	(108,815)
Beginning Balance	<u>402,755</u>
Ending Balance	<u>\$ 293,940</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 YEAR ENDED DECEMBER 31, 2011**

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

**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 balances in accordance with generally accepted accounting principles.

***Note 2 - Legal Matters***

Our audit disclosed no pending litigation involving the Pocopson Home Guest Fund or the Pocopson Home Administrator for the year ended December 31, 2011.



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VALENTINO F. DIGIORGIO, III  
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September 17, 2012

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1695 Lenape Road  
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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, 2011, 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**

We noted a certain matter that we reported to Pocopson Home management in a separate letter dated September 17, 2012. The matter relates to a Personal Needs Income account that had a negative balance and the negative balance was not researched/remedied in a timely manner.

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.



Valentino F. DiGiorgio, III  
Controller

**COUNTY OF CHESTER**

**POCOPSON HOME GUEST FUND**

**SUMMARY OF EXIT CONFERENCE**

**FOR THE YEAR ENDED DECEMBER 31, 2011**

Pocopson Home Administrator, R. Alan Larson, indicated through written confirmation that an exit conference would be waived this year. Pocopson Home Administrator, R. Alan Larson, has accepted the report and management letter as presented.