

AUDIT REPORT
ON THE
JEFFERSON COUNTY BOARD OF HEALTH
FINANCIAL STATEMENTS
Kearneysville, West Virginia
For the fiscal year ended June 30, 2015

LISA K. THORNBURG, CPA

**JEFFERSON COUNTY BOARD OF HEALTH
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JEFFERSON COUNTY BOARD OF HEALTH
Schedule of Funds Included in Report
June 30, 2015

GOVERNMENTAL FUND TYPES

MAJOR FUND

General

JEFFERSON COUNTY BOARD OF HEALTH

Board Officials

June 30, 2015

Board Chairman:	Tom Trumble	June 30, 2016
Board Members:	Lorena Nathan	June 30, 2019
	Mark Shields	June 30, 2015
	Robert Shefner	June 30, 2017
	Willis Nowell	June 30, 2018
Health Officer:	Dr. David Didden	
Health Administrator:	Christina Jackson	
County Liaison:	Eric Bell	

Lisa K. Thornburg, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Members of the Board
Jefferson County Board of Health
Kearneysville, West Virginia 25430

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Jefferson County Board of Health (Board), a component unit of Jefferson County, West Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 and the standards applicable to financial audits contained in *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 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 used 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 the Jefferson County Board of Health, as of June 30, 2015, and the changes in financial position and the budgetary comparison for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1.G. in the notes to the financial statements, the Board implemented the provisions of Governmental Accounting Standards Board (GASB) Statement #68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement #71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, during the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis information on pages 5 through 9 and the Schedule of the Board's Proportionate Share of the Net Pension Liability and the Schedule of the Board's Contributions on pages 28 through 29 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the Jefferson County Board of Health's financial statements, as a whole. The introductory section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of the Jefferson County Board of Health'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 the 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 the Jefferson County Board of Health's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink, reading "Lisa K. Thornburg". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Lisa K. Thornburg, CPA

March 15, 2016

**JEFFERSON COUNTY BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

The discussion and analysis of the Jefferson County Board of Health (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the Board's financial statements.

FINANCIAL HIGHLIGHTS

The Board implemented Governmental Accounting Standards Board (GASB) No. 68 *Accounting and Financial Reporting for Pensions* and GASB No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* effective July 1, 2014. As a result of this implementation, retirement expense has decreased by \$32,038 compared to the previous year. A collective net pension liability of \$77,704 has been recorded on the Board's Statement of Position as of June 30, 2015.

The Board's net position decreased \$183,325 as a result of this year's operations or 14 percent from the previous year.

The Board's operating revenues increased by \$29,251 and operating expenses increased by \$315,790 compared to the previous year.

Change in net position was \$(183,325) for 2015, a decrease of \$233,782 from the previous year.

Capital expenditures were minimal for both 2015 and 2014.

The Board had no fixed debt during 2015 and 2014 and total liabilities were \$211,539 for 2015 compared to \$185,253 for the previous year.

USING THIS ANNUAL REPORT

1. Management's Discussion and Analysis

The Management's Discussion and Analysis is intended to serve as an introduction to the Board's financial statements. The Board's financial statements and notes to the financial statements included in this report were prepared in accordance with Generally Accepted Accounting Principles applicable to governmental entities in the United States of America for governmental fund types.

2. Financial Statements

The financial statements are designed to provide readers with a broad overview of the Board's finances. They consist of the Governmental Fund Balance Sheet/Statement of Net Position and Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities.

The Governmental Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance are presented on the modified accrual basis of accounting and generally reflect the Board's current financial resources.

The Statement of Position and Statement of Activities are presented on the accrual basis of accounting and reflect all of the Board's "assets and deferred outflows" and "liabilities and deferred inflows" with the difference being reported as net position.

**JEFFERSON COUNTY BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

USING THIS ANNUAL REPORT (continued)

2. Financial Statements (continued)

Increases or decreases in net position will serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Activities presents information showing how the Board's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in different fiscal periods (e.g., depreciation and earned but unused vacation leave).

The basic financial statements report all Board financial activities. The activities are primarily supported by charges for services and intergovernmental revenue. The Board's mission is to provide basic public health services including promotion of community and environmental health and prevention and control of communicable or reportable diseases in Jefferson County, West Virginia.

3. Notes to Financial Statements

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The Notes to Financial Statements can be found in the financial statements mentioned above.

GOVERNMENTAL FUND BALANCE SHEET

	<u>2015</u>	<u>2014</u>
Assets		
Cash and cash equivalents	\$ 1,350,585	\$ 1,565,259
Accounts receivable, net	71,915	55,440
Prepaid insurance	<u>3,763</u>	<u>4,979</u>
 Total assets	 <u><u>\$ 1,426,263</u></u>	 <u><u>\$ 1,625,678</u></u>
 Liabilities		
Accounts payable and accrued expenses	\$ 30,177	\$ 11,541
OPEB payable	<u>181,362</u>	<u>173,712</u>
 Total liabilities	 <u><u>\$ 211,539</u></u>	 <u><u>\$ 185,253</u></u>
 Fund Balance		
Nonspendable	\$ 3,763	\$ 4,979
Unassigned	<u>1,210,961</u>	<u>1,435,446</u>
 Total fund balance	 <u><u>\$ 1,214,724</u></u>	 <u><u>\$ 1,440,425</u></u>

**JEFFERSON COUNTY BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

GOVERNMENTAL FUND BALANCE SHEET (continued)

	<u>2015</u>	<u>2014</u>
Reconciliation to Statement of Net Position:		
Total fund balance	\$ 1,214,724	\$ 1,440,425
Capital assets	7,678	4,974
Deferred outflows and inflows, net	(9,511)	40,881
Collective net pension liability	(77,704)	(186,982)
Accrued compensated absences	<u>(26,687)</u>	<u>(7,473)</u>
Total net position	<u><u>\$ 1,108,500</u></u>	<u><u>\$ 1,291,825</u></u>

Cash and cash equivalents decreased by \$214,674 or 14 percent. This decrease primarily relates to the implementation of expanded public health programs. Unrestricted net position generally represents amounts available for future spending. Unrestricted net position decreased by \$186,029 from 2014 to 2015.

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**

	<u>2015</u>	<u>2014</u>
Program Revenues		
Charges for services	\$ 235,721	\$ 263,409
Intergovernmental support	<u>542,201</u>	<u>485,262</u>
Total program revenues	<u>777,922</u>	<u>748,671</u>
General Revenues (Expenditures)		
Interest income	7,338	5,389
Miscellaneous revenue	<u>7,100</u>	<u>437</u>
Total general revenues	<u>14,438</u>	<u>5,826</u>
Total revenues	<u>792,360</u>	<u>754,497</u>
Expenditures		
Compensation	743,604	453,108
Current expense	<u>274,457</u>	<u>249,163</u>
Total expenditures	<u>1,018,061</u>	<u>702,271</u>
Excess of revenues over expenditures	<u><u>\$ (225,701)</u></u>	<u><u>\$ 52,226</u></u>

**JEFFERSON COUNTY BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

**GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (continued)**

	<u>2015</u>	<u>2014</u>
Reconciliation to Statement of Activities		
Excess of revenues over expenditures	\$ (225,701)	\$ 52,226
Capital outlay expenditures	5,129	-
Depreciation expense	(2,427)	(1,585)
Pension expenditures in excess of pension expense	58,881	-
Change in accrued compensated absences	<u>(19,207)</u>	<u>(184)</u>
Change in net position	<u><u>\$ (183,325)</u></u>	<u><u>\$ 50,457</u></u>

Federal, state, and local funding increased \$56,939 from 2014 to 2015. Charges for services decreased \$27,688 for the same period. Program expenses increased \$315,790 from 2014 levels.

BUDGETARY HIGHLIGHTS

For the year ended June 30, 2015, a budget was prepared by the Board and submitted to the State Department of Health. The budget was primarily used as a management tool and was prepared in accordance with the modified cash basis of accounting which is different than generally accepted accounting principles used to prepare the government-wide financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the Board had a minimal investment in capital assets.

The Board of Health facilities are provided at no cost to the Board through the Jefferson County Commission. This in-kind contribution was valued at \$75,528 for 2015 and \$72,000 for 2014.

Capital Assets at Year-End

	<u>2015</u>	<u>2014</u>
Equipment	\$ 19,629	\$ 14,500
Office furniture	<u>11,090</u>	<u>11,090</u>
Totals	30,719	25,590
Accumulated depreciation	<u>(23,041)</u>	<u>(20,616)</u>
Capital assets, net of depreciation	<u><u>\$ 7,678</u></u>	<u><u>\$ 4,974</u></u>

**JEFFERSON COUNTY BOARD OF HEALTH
MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2015

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Capital Assets (continued)

Major capital additions during the year ended June 30, 2015 included a \$5,219 computer server. There were no major capital additions during 2014.

There were no major capital dispositions during the years ended June 30, 2015 and 2014.

Debt

At year-end, the Board had no fixed debt.

Other long-term obligations include the earned but unused vacation leave and collective net pension liability. More detailed information about the Board's liabilities are presented in the notes to the financial statements.

Deferred Inflows and Outflows

As a result of the implementation of the new GASB pension standards, pension related deferred inflows and outflows are presented in the Statement of Financial Position. More detailed information about the Board's deferred inflows and outflows is presented in the notes to the financial statements.

ECONOMIC FACTORS

The Board's appointed officials considered many factors when setting the fiscal-year 2015 budget. Those factors included community needs assessments and the economy. The County's population has a direct impact on required health service levels.

The Board is optimistic about its potential to expand services in the future. The increasing population and current state of economy require expanded community health services.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens and other financial statement users with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Health Administrator at (304) 728-8416, 1948 Wiltshire Rd. #1, Kearneysville, WV 25430.

JEFFERSON COUNTY BOARD OF HEALTH
Governmental Fund Balance Sheet/Statement of Net Position
June 30, 2015

ASSETS AND DEFERRED OUTFLOWS

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Current Assets			
Cash and cash equivalents	\$ 1,350,585	\$ -	\$ 1,350,585
Accounts receivable, net	71,915	-	71,915
Prepaid insurance	<u>3,763</u>	<u>-</u>	<u>3,763</u>
Total current assets	<u>1,426,263</u>	<u>-</u>	<u>1,426,263</u>
Capital Assets			
Equipment	-	19,629	19,629
Office furniture	-	11,090	11,090
Less: accumulated depreciation	<u>-</u>	<u>(23,041)</u>	<u>(23,041)</u>
Total capital assets	<u>-</u>	<u>7,678</u>	<u>7,678</u>
Total assets	<u>1,426,263</u>	<u>7,678</u>	<u>1,433,941</u>
Deferred Outflows of Resources			
Defined benefit pension plan contributions	-	68,893	68,893
Collective deferred outflows related to pension	<u>-</u>	<u>3,796</u>	<u>3,796</u>
Total deferred outflows	<u>-</u>	<u>72,689</u>	<u>72,689</u>
Total assets and deferred outflows	<u><u>\$ 1,426,263</u></u>	<u><u>\$ 80,367</u></u>	<u><u>\$ 1,506,630</u></u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

JEFFERSON COUNTY BOARD OF HEALTH
Governmental Fund Balance Sheet/Statement of Net Position (continued)
June 30, 2015

LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE/NET POSITION

	General Fund	Adjustments (Note 2)	Statement of Net Position
Current Liabilities			
Accounts payable	\$ 26,987	\$ -	\$ 26,987
Accrued payroll taxes and benefits	3,190	-	3,190
OPEB payable	181,362	-	181,362
Total current liabilities	211,539	-	211,539
Long-Term Liabilities			
Compensated absences	-	26,687	26,687
Collective net pension liability	-	77,704	77,704
Total Long-term liabilities	-	104,391	104,391
Total liabilities	211,539	104,391	315,930
Deferred Inflows of Resources			
Collective deferred inflows related to pension	-	82,200	82,200
Total liabilities and deferred inflows	211,539	186,591	398,130
Fund Balance/Net Position			
Fund balance:			
Nonspendable	3,763	(3,763)	
Unassigned	1,210,961	(1,210,961)	
Total fund balance	1,214,724	(1,214,724)	
Total liabilities and fund balance	<u>\$ 1,426,263</u>		
Net position:			
Net investment in capital assets		7,678	7,678
Unrestricted		1,100,822	1,100,822
Total net position		1,108,500	1,108,500
Total liabilities, deferred inflows, and net position		<u>\$ 80,367</u>	<u>\$ 1,506,630</u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

JEFFERSON COUNTY BOARD OF HEALTH
Statement of Governmental Fund Revenues, Expenditures, and Changes
in Fund Balance/Statement of Activities
For the year ended June 30, 2015

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Expenditures			
Compensation	\$ 743,604	\$ (39,670)	\$ 703,934
Current expense	269,328	75,524	344,852
Capital outlay expenditures	5,129	(5,129)	-
Depreciation	<u>-</u>	<u>2,427</u>	<u>2,427</u>
Total expenditures	<u>1,018,061</u>	<u>33,152</u>	<u>1,051,213</u>
Program Revenues			
Intergovernmental:			
Federal	102,875	-	102,875
State	433,286	-	433,286
Local	6,040	75,528	81,568
Charges for services	<u>235,721</u>	<u>-</u>	<u>235,721</u>
Total program revenues	<u>777,922</u>	<u>75,528</u>	<u>853,450</u>
Governmental fund program revenues less expenditures/net program revenues	<u>(240,139)</u>	<u>42,376</u>	<u>(197,763)</u>
General Revenues			
Interest income	7,338	-	7,338
Miscellaneous	<u>7,100</u>	<u>-</u>	<u>7,100</u>
Total general revenues	<u>14,438</u>	<u>-</u>	<u>14,438</u>
Excess (deficiency) of revenues over expenditures/change in net position	(225,701)	42,376	(183,325)
Fund balance/net position at beginning of year, as adjusted, see note 7	<u>1,440,425</u>	<u>(148,600)</u>	<u>1,291,825</u>
Fund balance/net position at end of year	<u><u>\$ 1,214,724</u></u>	<u><u>\$ (106,224)</u></u>	<u><u>\$ 1,108,500</u></u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

JEFFERSON COUNTY BOARD OF HEALTH
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Federal	\$ 81,599	\$ 81,599	\$ 102,875	\$ 21,276
State	409,732	409,732	433,286	23,554
Local	-	-	6,040	6,040
Charges for services	272,874	272,874	235,721	(37,153)
Other	-	-	14,438	14,438
Total revenues	<u>764,205</u>	<u>764,205</u>	<u>792,360</u>	<u>28,155</u>
Expenditures				
Compensation	653,456	653,456	743,604	(90,148)
Current expense	330,503	330,503	269,328	61,175
Capital outlay expenditures	<u>25,000</u>	<u>25,000</u>	<u>5,129</u>	<u>19,871</u>
Total expenditures	<u>1,008,959</u>	<u>1,008,959</u>	<u>1,018,061</u>	<u>(9,102)</u>
Net change in fund balance	(244,754)	(244,754)	(225,701)	19,053
Fund balance at beginning of year, as adjusted	<u>1,388,199</u>	<u>1,388,199</u>	<u>1,440,425</u>	<u>52,226</u>
Fund balance at end of year	<u><u>\$ 1,143,445</u></u>	<u><u>\$ 1,143,445</u></u>	<u><u>\$ 1,214,724</u></u>	<u><u>\$ 71,279</u></u>

The accompanying independent auditor's report and notes to the financial statements are integral parts of this statement.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Jefferson County Board of Health (the Board) conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies.

A. Reporting Entity

The Jefferson County Board of Health (the Board), a component unit of Jefferson County, West Virginia, was created by West Virginia Code §16-2-3 to direct, supervise, and carry out matters relating to public health of this county. The Board consists of five members appointed by the county commission, each serving a five-year term. The Board is a discretely presented component unit of Jefferson County based upon the criteria stipulated by the Governmental Accounting Standards Board. The Board provides the following basic public health services and programs in accordance with the state public health performance-based standards:

Community health promotion
Environmental health promotion
Communicable or reportable disease prevention and control

Public Body

The Board is a public body corporate and politic pursuant to Laws of the State of West Virginia. The Board is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

B. Government-wide and Fund Financial Statements

For this special purpose government, combined government-wide and fund financial statements are presented. The government-wide section of the financial statements (i.e., the statement of net position and the statement of activities) report information on all governmental activities, which are supported by intergovernmental and other program revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other income is reported as general revenue.

The governmental fund financial statements include the Board's major individual governmental fund (general fund) and is reported as a separate column in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

The Board reports the following major governmental fund:

The *General Fund* is the Board's operating fund. It accounts for all financial resources of the Board.

D. Assets, Liabilities, and Fund Balance/Net Position

1. Deposits and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

2. Allowance for Doubtful Accounts

The Board uses the allowance method of providing for uncollectible accounts. No allowance was deemed necessary by management as of June 30, 2015.

3. Capital Assets

Capital assets, which include furniture and equipment are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

The Board depreciates the furniture and equipment using the straight-line method over 7 year useful lives. The Board's policy is to capitalize furniture and equipment costing \$5,000 or more.

4. Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is accrued because it would be payable at termination of employment. Sick pay is not accrued because it would not be payable at termination of employment. Estimated vacation pay is accrued when incurred in the government-wide financial statements. Accrued compensated absences amounted to \$26,687 at June 30, 2015.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Fund Balance/Net Position (continued)

4. Fund Balance

In the governmental fund financial statements, fund balance is reported based on five classifications.

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that has externally imposed restrictions by creditors, grantors, contributors or laws or regulations. The Board did not have any restricted fund balance at June 30, 2015.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations that have been approved by an order (the highest level of formal action) of the Board, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The Board did not have any committed fund balance at June 30, 2015.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the Board and/or assigned by authorized officials. Assigned amounts are constrained by the Board's intent to be used for specific purposes, but are neither restricted nor committed. The Board did not have any assigned fund balance at June 30, 2015.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance.

The Board is the government's highest level of decision-making authority. The Board takes formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The Board has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly unassigned fund balance. The Board has the authority to deviate from this policy if it is in the best interest of the government.

5. Net Position Classifications

Net position is classified and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, and Fund Balance/Net Position (continued)

5. Net Position Classifications (continued)

- b. Restricted net position - Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

6. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets applicable to a future reporting period and will not be recognized as an expense until then. Deferred outflows related to the Board's defined benefit pension plan will be recognized based on actuarial determinations.

A deferred inflow of resources represents an acquisition of net assets applicable to a future reporting period and will not be recognized as revenue until then. Deferred inflows related to the Board's defined benefit pension plan will be recognized based on actuarial determinations.

F. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to the pension, and pension expense, information about the fiduciary net position of the Board's Public Employee Retirement System (PERS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS. For this purposes, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

G. Adoption of Accounting Pronouncements

The Board adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. The objective of this statement is to improve decision-usefulness of information in employer entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability will also be enhanced through new note disclosure and required supplementary information.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Adjustments Shown on the Governmental Fund Balance Sheet/Statement of Net Position

The governmental fund balance sheet/statement of net position includes an adjustment between the governmental fund balance total and the governmental activities net position total. Capital assets and long-term liabilities are not reported on the governmental fund level, but are reported in net position. The details of this difference are as follows:

Fund balance - governmental fund	\$ 1,214,724
Capital assets used in governmental activities are not financial resources and are therefore not reported in the fund	7,678
Deferred inflows and outflows related to pension activity are not required to be reported in the fund but are required to be reported at the government-wide level:	
Deferred outflow - Changes in employer portion and differences between contributions and proportionate share of pension expense	3,796
Deferred outflow - Employer contributions to pension plan after measurement date	68,893
Deferred inflow - Differences between projected and actual investment earnings	<u>(82,200)</u>
Total deferred outflows and inflows	(9,511)
The collective net pension liability is not due and payable in the current period and therefore not reported in the fund	(77,704)
Compensated absences are not due and payable in the current period and therefore not reported in the fund	<u>(26,687)</u>
Net position - governmental activities	<u><u>\$ 1,108,500</u></u>

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 2: RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Adjustment Shown on the Statement of Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balance/statement of activities includes an adjustment between excess (deficiency) of revenues over expenditures - total governmental funds and changes in net position of governmental activities. The adjustment is as follows:

Excess (deficiency) of revenues over expenditures of governmental fund		\$ (225,701)
Capital outlays are reported as an expenditure in the governmental fund but are considered an asset at the government-wide level. Amount of capital assets purchased during the year.		5,129
Capital outlays are reported as an expenditure in the governmental funds. In the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Amount of depreciation charged during the year.		(2,427)
Pension expense in the Statement of Activities is recognized on the accrual basis of accounting in accordance with GASB #68		
Amount of pension expenditures at fund modified accrual level	68,893	
Amount of pension expense recognized at government-wide level	<u>(10,012)</u>	
Pension expenditures in excess of pension expense		58,881
Compensated absences in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. Change in compensated absences liability during the year.		<u>(19,207)</u>
Change in net position of governmental activities		<u><u>\$ (183,325)</u></u>

NOTE 3: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

An annual budget is required to be submitted to the State Department of Health. Revisions are made but are not reported to the State.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 4: DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2015, the Board had no investments.

Custodial Credit Risk

For deposits, the Board could be exposed to risk in the event of a bank failure where the Board's deposits may not be returned. The Board's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the designated banking institution executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time.

At June 30, 2015, the Board's bank balance was \$1,340,345. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution, its trust department or agent in the Board's name.

B. Accounts Receivable

Accounts receivable at year end, including the applicable allowance for doubtful accounts, is as follows:

Accounts receivable:	
Intergovernmental	\$ 58,828
Private	13,087
Allowance for doubtful accounts	<u>-</u>
Accounts receivable, net	<u><u>\$ 71,915</u></u>

All accounts receivable at June 30, 2015 were fully collected subsequent to year end.

Governmental funds report *deferred revenue* in connection with accounts receivable that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2015, the Board had no deferred revenue.

C. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets being depreciated:				
Equipment	\$ 14,500	\$ 5,129	\$ -	\$ 19,629
Office furniture	11,090	-	-	11,090
Less: total accumulated depreciation	(20,614)	(2,427)	-	(23,041)
Total capital assets being depreciated	<u>\$ 4,976</u>	<u>\$ 2,702</u>	<u>\$ -</u>	<u>\$ 7,678</u>

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 4: DETAILED NOTES ON ALL FUNDS (continued)

C. Capital Assets (continued)

Depreciation expense in the amount of \$2,427 was charged to the functions/programs of the Board.

D. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities:				
Compensated absences	\$ 6,943	\$19,744	\$ -	\$ 26,687
Collective net pension liability	186,982	13,808	(123,086)	77,704
Total	<u>\$193,925</u>	<u>\$33,552</u>	<u>\$(123,086)</u>	<u>\$ 104,391</u>

NOTE 5: OTHER INFORMATION

A. Risk Management

The Board is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omission; and natural disasters for which the Board carries umbrella (general liability) insurance with the State Board of Risk. Management believes its insurance coverage is adequate.

Workers Compensation Fund (WCF): The Board utilizes a private insurance company, Brick Street Insurance, to provide workers' compensation coverage to employees. Substantially, all employers in the state, including governmental entities, must have workers' compensation coverage. The cost of the coverage, as determined by Brick Street, is paid by the Board. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by federal and state grantor agencies. Any disallowed claims or amounts may constitute a liability of the Board. The amount, if any, that may be disallowed by grantors cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 5: OTHER INFORMATION (continued)

C. Retiree Health Plan (RHP)

Plan Description

The Board contributes to the West Virginia Retiree Health Benefits Trust Fund (RHBT), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan administered by the West Virginia Public Employees Insurance Agency (PEIA). RHBT provides medical benefits to eligible retired employees of participating employers. Eligibility is primarily established through participation in certain defined benefit plans. RHBT issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to: West Virginia Retiree Health Benefits Trust, Building 5, Room 1001, 1900 Kanawha Boulevard East, Charleston, West Virginia, 25305-0710.

Authority Establishing the Plan and Funding Policy

Chapter 5, Article 16D of the West Virginia State Code assigns the Board to establish and amend benefits and provisions to the RHBT. Plan members are currently required to contribute \$164 per month per active health policy. Participating employers are contractually required to contribute at a rate assessed each year by RHBT. The RHBT board sets the employer contribution rate based on the annual required contributions of the plan (ARC), an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years.

Trend Information

The Board contributed the following amounts:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage</u> <u>Contributed</u>
2015	\$29,954	74%
2014	\$19,154	81%
2013	\$20,113	69%

NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN

Plan Description, Contribution Information, and Funding Policies

The Board participates in the Public Employees Retirement System (PERS), a state-wide, cost-sharing, multiple-employer defined benefit plan, on behalf of Board employees. The system is administered by an agency of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

The cost-sharing, multiple-employer plan is administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefit provisions:

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Plan Description, Contribution Information, and Funding Policies (continued)

Contribution Rates Eligibility and Benefits

Eligibility to participate	All Board full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.5%
Board's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2015	\$68,893	100%
2014	\$55,102	100%
2013	\$52,372	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees' Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension

At June 30, 2015, the Board reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 using the actuarial assumptions and methods described in the appropriate section of this note. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the Board reported the following proportion and increase/decreases from its proportion measured as of June 30, 2013:

Amount for proportionate share of net pension liability	\$ 77,704
Percentage for proportionate share of net pension liability	.021054%
Increase/(decrease) % from prior proportion measured	2.647360%

For the year ended June 30, 2015, the Board recognized \$10,012 of pension expense.

The Board reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 82,200
Changes in proportion and differences between Board contributions and proportionate share of contributions	3,796	-
Board contributions subsequent to the measurement date	68,893	-
	<u>\$ 72,689</u>	<u>\$ 82,200</u>

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension (continued)

The amount reported as deferred outflows of resources related to the pension resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended June 30

2016	\$ 19,389
2017	19,389
2018	19,389
2019	<u>20,237</u>
Total	<u><u>\$ 78,404</u></u>

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 for the plan, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial assumptions

Inflation rate	2.20%
Salary increases	4.25%-6.0%
Investment rate of return	7.50%

Mortality Rates

Healthy males	1983 GAM
Healthy females	1971 GAM
Disabled males	1971 GAM
Disabled females	Revenue ruling 96-7

The actuarial assumptions used in the July 1, 2013 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which estimates of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the plan:

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 6: EMPLOYEE RETIREMENT SYSTEM AND PLAN (continued)

Actuarial Assumptions (continued)

Investment	Long-Term Expected Real Rate of Return	Target Asset Allocation
US Equity (Russell 3000)	7.60%	27.50%
International Equity (ACWI ex US)	8.50%	27.50%
Fixed Income	2.90%	15.00%
High Yield	4.80%	0.00%
TPS	2.90%	0.00%
Real Estate	6.80%	10.00%
Private Equity	9.90%	10.00%
Hedge Funds	5.00%	10.00%
Inflation (CPI)	2.20%	0.00%
		<u>100.00%</u>

Discount rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for the defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability for the plan.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rate as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Board's proportionate share of PERS's net pension liability	\$ 219,562	\$ 77,704	\$ (43,174)

Pension plans' fiduciary net position - Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at www.wvretirement.com. That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

JEFFERSON COUNTY BOARD OF HEALTH
Notes to the Financial Statements (continued)
June 30, 2015

NOTE 7: IN-KIND CONTRIBUTIONS

The Board is given facility space at no charge by the Jefferson County Commission. The value of the space is estimated to be \$75,528 and is reflected in the Statement of Activities.

NOTE 8: FUND BALANCE/NET POSITION ADJUSTMENTS

The following adjustments were made to fund balance/net position at July 1, 2014 to record the implementation of GASB No. 68, Accounting and Financial Reporting for Pensions and to correct prior period amounts:

	<u>Fund Balance</u>	<u>Net Position</u>
Fund balance/net position as originally stated	\$1,422,845	\$1,420,346
Implementation of GASB No. 68		
Deferred outflow of resources - employer retirement contributions made during the year ended June 30, 2014	-	40,881
Net pension liability at July 1, 2013	-	(186,982)
Correction of prior period amounts		
Correction of OPEB liability at July 1, 2014	10,745	10,745
Correction of grants receivable at July 1, 2014	<u>6,835</u>	<u>6,835</u>
Fund balance/net position, as restated	<u><u>\$1,440,425</u></u>	<u><u>\$1,291,825</u></u>

NOTE 9: SUBSEQUENT EVENTS

The Board has evaluated all subsequent events through March 15, 2016, the date the financial statements were available to be issued. The Board has determined there are no additional subsequent events that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

JEFFERSON COUNTY BOARD OF HEALTH
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE COLLECTIVE NET PENSION LIABILITY
June 30, 2015

	Public Employees Retirement System Last 10 Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Authority's proportionate share of the net pension liability (%)	2.105400%	2.051100%								
Authority's proportionate share of the net pension liability (\$)	\$ 77,704	\$ 186,982								
Authority's covered-employee payroll	\$ 492,093	\$ 380,014								
Authority's proportionate share of net pension liability as a % of its covered-employee payroll	15.79%	49.20%								
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%								

Note: This data will be presented prospectively until ten years is accumulated.
The amounts presented for each fiscal year were determined as of June 30th.

JEFFERSON COUNTY BOARD OF HEALTH
SCHEDULE OF THE BOARD'S PENSION PLAN CONTRIBUTIONS
June 30, 2015

	Public Employees Retirement System Last 10 Fiscal Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 68,893	\$ 55,102	\$ 52,372	\$ 60,197	\$ 50,252	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(68,893)	(55,102)	(52,372)	(60,197)	(50,252)	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 492,093	\$ 380,014	\$ 374,086	\$ 415,152	\$ 402,016	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	14.0%	14.5%	14.0%	14.5%	12.5%	11.0%	10.5%	10.5%	10.5%	10.5%

Note: This data will be presented prospectively until ten years is accumulated.
The amounts presented for each fiscal year were determined as of June 30th.

JEFFERSON COUNTY BOARD OF HEALTH
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2015

CHANGE OF ASSUMPTIONS:

ACTUARIAL REVISIONS

Subsequent to the issuance of the West Virginia Consolidated Public Retirement Board's June 30, 2014 Comprehensive Annual Financial Report, certain actuarial amounts from the actuarial valuation as of July 1, 2013 rolled forward to June 30, 2014 were revised. The amounts revised as of June 30, 2014 were used to prepare these schedules and are described below:

Total Pension Liability	\$ 6,130,174,000
Plan Fiduciary Net Position	<u>-5,761,109,000</u>
Net Pension Liability	<u><u>\$ 369,065,000</u></u>

Plan Fiduciary Net Position as a percentage of the total pension liability	93.98%
--	--------

	1% Decrease	Current Discount Rate	1% Increase
Sensitivity of Discount Rate	(6.5%)	(7.5%)	(8.5%)
Total Net Pension Liability (Asset)	1,042,852,000	369,065,000	-205,063,000

Lisa K. Thornburg, CPA
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**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**

Honorable Members of the Board
Jefferson County Board of Health
Kearneysville, West Virginia 25430

We have audited, in accordance with 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 basic financial statements of the Jefferson County Board of Health, as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 15, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 Board'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 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.

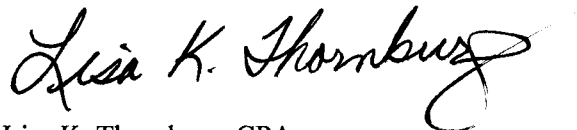
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's basic 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

A handwritten signature in black ink that reads "Lisa K. Thornburg". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Lisa K. Thornburg, CPA

March 15, 2016