

# Jefferson County Board of Health

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## Financial Statements and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2018

**JEFFERSON COUNTY BOARD OF HEALTH  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
For the Fiscal Year Ended June 30, 2018**

**GOVERNMENTAL FUND TYPE**

**MAJOR FUND**

General Fund

**JEFFERSON COUNTY BOARD OF HEALTH  
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For the Fiscal Year Ended June 30, 2018**

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## **Introductory Section**

**JEFFERSON COUNTY BOARD OF HEALTH  
BOARD OFFICIALS  
For the Fiscal Year Ended June 30, 2018**

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OFFICE	NAME	TERM ENDS
Board Chairperson:	John Bresland	June 30, 2020
Board Vice-Chair	Carmela Cesare	June 30, 2021
Board Members:	Ann Smith	June 30, 2018
	Lorena Nathan	June 30, 2019
	Damien Hinck	June 30, 2022
Health Officer:	Dr. David Didden	
Health Administrator:	Marty Freeman	
County Liaison:	Caleb Hudson	

## **Financial Section**

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund 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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic 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 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 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 our 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 opinions.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Jefferson County Board of Health as of June 30, 2018, and the changes in financial position and, where applicable, cash flows thereof and the budgetary comparison thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## ***Emphasis of Matter***

As discussed in Note I.D.13, during the year ended June 30, 2018, the Board adopted new accounting guidance, the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 and the Schedule of the Board's Proportionate Share of the Net Pension Liability, the Schedule of the Board's Contributions – Pensions, Schedule of the Board's Proportionate Share of the Net OPEB Liability, and the Schedule of the Board's Contributions – OPEB 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 (GASB) 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 responses 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 opinions on the financial statements that collectively comprise the Board's basic financial statements. 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 February 13, 2019, on our consideration of the Board'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 the Board's internal control over financial reporting and compliance.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia  
February 13, 2019**



**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

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The discussion and analysis of the Jefferson County Board of Health's (Board) financial performance provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Board's financial statements.

**FINANCIAL HIGHLIGHTS**

The Board's net position decreased by \$114,529 as a result of this year's operations or 14 percent from the previous year. The Board is expanding its public health services and is utilizing net position to modify its organizational structure and facilities to accommodate the offering of expanded services. The Board had budgeted a \$218,812 decrease in net position for 2018.

The Board's operating revenues increased by \$34,971 and operating expenses decreased by \$84,969 compared to the previous year. Operating revenues increased as a result of a increases in charges for services and intergovernmental support. Operating expenses decreased as a result of a focus on deficit spending reductions.

Change in net position was \$(57,471) for 2018, an increase of \$113,118 from the previous year. The increase in change in net position is primarily related to the decrease in operating expenses.

There were no capital expenditures for 2018 or 2017.

The Board had no fixed debt during 2018 and 2017 and total liabilities were \$400,686 for 2018 compared to \$570,518 for 2017. The decrease in total liabilities for 2018 is primarily due to a decrease in the collective net pension liability, as actuarially determined.

The Board adopted Governmental Accounting Standards Board (GASS) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, in 2018. Although the Board offers postemployment health benefits through the State of West Virginia, the adoption of the standard had no significant impact on the Board's financial statements. Adoption of the standard increased the OPEB liability by \$57,058 and required a reclassification of the liability from current to long-term. OPEB expense was \$10,845 less than contractually required contributions for 2018.

**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.

**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

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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.

Increases or decreases in net position will serve as a useful indicator of whether the financial condition 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 the 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.

**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS  
TABLE 1 - STATEMENT OF NET POSITION**

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Current assets				
Cash and cash equivalents	\$ 1,072,864	\$ 1,158,408	\$ (85,544)	-7.4%
Accounts receivable, net	52,848	37,187	15,661	42.1%
Prepaid insurance	6,065	5,917	148	2.5%
Total current assets	<u>1,131,777</u>	<u>1,201,512</u>	<u>(69,735)</u>	<u>-5.8%</u>
Capital assets	<u>7,662</u>	<u>9,084</u>	<u>(1,422)</u>	<u>-15.7%</u>
Deferred outflows of resources	<u>91,936</u>	<u>218,369</u>	<u>(126,433)</u>	<u>-57.9%</u>
Total assets and deferred outflows	<u>\$ 1,231,375</u>	<u>\$ 1,428,965</u>	<u>\$ (197,590)</u>	<u>-13.8%</u>
Current liabilities				
Accounts payable and accrued expenses	\$ 52,259	\$ 49,178	\$ 3,081	6.3%
OPEB payable	<u>-</u>	<u>200,678</u>	<u>(200,678)</u>	<u>-100.0%</u>
Total current liabilities	<u>52,259</u>	<u>249,856</u>	<u>(197,597)</u>	<u>-79.1%</u>
Long-term liabilities	<u>348,427</u>	<u>320,662</u>	<u>27,765</u>	<u>8.7%</u>
Total liabilities	<u>400,686</u>	<u>570,518</u>	<u>(169,832)</u>	<u>-29.8%</u>
Deferred inflows of resources	<u>123,667</u>	<u>36,896</u>	<u>86,771</u>	<u>235.2%</u>
Net position				
Net Invested in capital assets	7,662	9,084	(1,422)	-15.7%
Unrestricted	<u>699,360</u>	<u>812,467</u>	<u>(113,107)</u>	<u>-13.9%</u>
Total net position	<u>\$ 707,022</u>	<u>\$ 821,551</u>	<u>\$ (114,529)</u>	<u>\$ -13.9%</u>
Total liabilities, deferred inflows, and net position	<u>\$ 1,231,375</u>	<u>\$ 1,428,965</u>	<u>\$ (197,590)</u>	<u>\$ -13.8%</u>

Reconciliation of Governmental Fund Balance Sheet to Statement of Net Position

	<u>2018</u>	<u>2017</u>
Total fund balance	\$ 1,079,518	\$ 951,656
Capital assets	7,662	9,084
Deferred outflows and inflows,	(31,731)	181,473
Collective net pension liability	(123,803)	(285,392)
Net OPEB liability	(200,480)	-
Accrued compensated absences	<u>(24,144)</u>	<u>(35,270)</u>
Total net position	<u>\$ 707,022</u>	<u>\$ 821,551</u>

**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

**STATEMENT OF NET POSITION (continued)**

Cash and cash equivalents decreased by \$85,544 or 7 percent. This decrease primarily relates to the costs of implementation of expanded public health programs. Unrestricted net position generally represents amounts available for future spending. Unrestricted net position decreased by \$113,107 of 14% from 2017 to 2018. The decrease relates to expanding the organizational structure and facilities to provide increased public health services.

**TABLE 2 - STATEMENT OF ACTIVITIES**

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Program revenues				
Charges for services	\$ 369,861	\$ 350,452	\$ 19,409	5.5%
Intergovernmental support	<u>538,673</u>	<u>523,111</u>	<u>15,562</u>	<u>3.0%</u>
Total program revenues	<u>908,534</u>	<u>873,563</u>	<u>34,971</u>	<u>4.0%</u>
General revenues (expenditures)				
Interest income	4,129	5,944	(1,815)	-30.5%
Miscellaneous	<u>3,013</u>	<u>8,020</u>	<u>(5,007)</u>	<u>-62.4%</u>
Total general revenues	<u>915,676</u>	<u>887,527</u>	<u>28,149</u>	<u>3.2%</u>
Expenditures				
Compensation	631,159	694,184	(63,025)	-9.1%
Current expenses	340,566	361,149	(20,583)	-5.7%
Depreciation	<u>1,422</u>	<u>2,783</u>	<u>(1,361)</u>	<u>-48.9%</u>
Total expenditures	<u>973,147</u>	<u>1,058,116</u>	<u>(84,969)</u>	<u>-8.0%</u>
Changes in net position	<u>\$ (57,471)</u>	<u>\$ (170,589)</u>	<u>\$ 113,118</u>	<u>-66.3%</u>

Reconciliation of Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to Statement of Activities

	<u>2018</u>	<u>2017</u>
Excess (deficiency) of revenues over expenditures	\$ (72,815)	\$ (142,408)
Capital outlay expenditures	-	-
Depreciation expense	(1,422)	(2,783)
Pension expense in excess of retirement contributions	(5,163)	(21,230)
OPEB contributions in excess of OPEB expense	10,804	-
Change in accrued compensated absences	<u>11,125</u>	<u>(4,168)</u>
Change in net position	<u>\$ (57,471)</u>	<u>\$ (170,589)</u>

Federal, state, and local funding increased \$15,562 or 3% from 2017 to 2018. Charges for services increased \$19,409 or 5.5% for the same period as a result of providing expanded public health services. Program expenses decreased \$84,969 or 8% from 2017 to 2018 representing a focused effort on budgeted deficit spending reduction.

**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

**BUDGETARY HIGHLIGHTS**

For the year ended June 30, 2018, 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. The Board made no revisions to the budget during the year.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**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 \$79,550 for 2018 and \$77,400 for 2017.

At June 30, 2018 and 2017, the Board had the following investment in capital assets:

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Leasehold improvements	\$ 6,933	\$ 6,933	\$ -	0.0%
Equipment	19,629	19,629	-	0.0%
Office furniture	<u>11,090</u>	<u>11,090</u>	<u>-</u>	<u>0.0%</u>
 Total current assets	 <u>37,652</u>	 <u>37,652</u>	 <u>-</u>	 <u>0.0%</u>
Accumulated depreciation	<u>(29,990)</u>	<u>(28,568)</u>	<u>(1,422)</u>	<u>5.0%</u>
Capital assets, net of depreciation	<u>\$ 7,662</u>	<u>\$ 9,084</u>	<u>\$ (1,422)</u>	<u>-15.7%</u>

There were no capital additions during the years ended June 30, 2018 and 2017

There were no major capital dispositions during the years ended June 30, 2018 and 2017.

**Debt and Long-Term Liabilities**

At year-end, the Board had no fixed debt. Other long-term obligations are as follows:

	<u>2018</u>	<u>2017</u>	<u>\$ Change</u>	<u>% Change</u>
Long-term liabilities				
Compensated absences	\$ 24,144	\$ 35,270	\$ (11,126)	-31.5%
Collective net pension liability	123,803	285,392	(161,589)	-56.6%
Net OPEB liability	<u>200,480</u>	<u>-</u>	<u>200,480</u>	<u>N/A</u>
 Total long-term liabilities	 <u>\$ 348,427</u>	 <u>\$ 320,662</u>	 <u>\$ 27,765</u>	 <u>8.7%</u>

Other long-term obligations include the earned but unused vacation leave, the collective net pension liability, and the net OPEB liability. Compensated absences representing unused vacation decreased 31.5% from 2017 and 2018. The decrease in the collective net pension liability was actuarially determined and is based on the measurement year ended June 30, 2017. The net OPEB liability was actuarially determined and is based on the measurement year ended June 30, 2017. More detailed information can be found in the notes to the financial statements.

**JEFFERSON COUNTY BOARD OF HEALTH  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2018**

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**Deferred Inflows and Outflows**

As a result of the adherence to GASB pension and OPEB standards, pension and OPEB related deferred inflows and outflows are presented in the Statement of Financial Position. The deferred inflows and outflows were actuarially determined based on the measurement year ended June 30, 2017. 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 2018 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 its 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, 2018**

	General	Adjustments (Note II)	Statement of Net Position
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 1,072,864	\$ -	\$ 1,072,864
Accounts receivables, net of allowance	52,848	-	52,848
Prepaid insurance	6,065	-	6,065
<b>Total current assets</b>	<b>1,131,777</b>	<b>-</b>	<b>1,131,777</b>
Noncurrent assets:			
Capital assets:			
Depreciable:			
Leasehold improvements	-	6,933	6,933
Equipment	-	19,629	19,629
Office furniture	-	11,090	11,090
Less: accumulated depreciation	-	(29,990)	(29,990)
<b>Total noncurrent assets</b>	<b>-</b>	<b>7,662</b>	<b>7,662</b>
<b>Total assets</b>	<b>1,131,777</b>	<b>7,662</b>	<b>1,139,439</b>
<b>DEFERRED OUTFLOWS</b>			
Subsequent pension plan contributions	-	38,367	38,367
Subsequent OPEB contributions	-	14,160	14,160
Collective deferred outflows related to pension	-	39,409	39,409
<b>Total deferred outflows</b>	<b>-</b>	<b>91,936</b>	<b>91,936</b>
<b>Total assets and deferred outflows</b>	<b>\$ 1,131,777</b>	<b>\$ 99,598</b>	<b>\$ 1,231,375</b>

**JEFFERSON COUNTY BOARD OF HEALTH**  
**GOVERNMENTAL FUND BALANCE SHEET / STATEMENT OF NET POSITION**  
**June 30, 2018**

	General	Adjustments (Note II)	Statement of Net Position
<b>LIABILITIES</b>			
Current liabilities payable from current assets:			
Accounts payable	\$ 39,696	\$ -	\$ 39,696
Compensation liabilities	<u>12,563</u>	-	<u>12,563</u>
<b>Total current liabilities</b>	<b><u>52,259</u></b>	<b>-</b>	<b><u>52,259</u></b>
Noncurrent liabilities due in more than one year:			
Net pension liability	-	123,803	123,803
Net OEB liability	-	200,480	200,480
Compensated absences payable	-	<u>24,144</u>	<u>24,144</u>
<b>Total noncurrent liabilities</b>	<b>-</b>	<b><u>348,427</u></b>	<b><u>348,427</u></b>
<b>Total liabilities</b>	<b><u>52,259</u></b>	<b><u>348,427</u></b>	<b><u>400,686</u></b>
<b>DEFERRED INFLOWS</b>			
Collective deferred inflows related to OPEB	-	60,612	60,612
Collective deferred inflows related to pension	-	<u>63,055</u>	<u>63,055</u>
<b>Total deferred inflows</b>	<b>-</b>	<b><u>123,667</u></b>	<b><u>123,667</u></b>
<b>FUND BALANCE / NET POSITION</b>			
Fund balance:			
Nonspendable	6,065	(6,065)	-
Unassigned	<u>1,073,453</u>	<u>(1,073,453)</u>	-
<b>Total fund balance</b>	<b><u>1,079,518</u></b>	<b><u>(1,079,518)</u></b>	<b>-</b>
<b>Total liabilities, deferred inflows and fund balance</b>	<b><u>\$ 1,131,777</u></b>		
Net position:			
Net investment in capital assets		7,662	7,662
Unrestricted		<u>699,360</u>	<u>699,360</u>
<b>Total net position</b>		<b><u>707,022</u></b>	<b><u>707,022</u></b>
<b>Total liabilities, deferred inflows and net position</b>		<b><u>\$ 99,598</u></b>	<b><u>\$ 1,231,375</u></b>



**JEFFERSON COUNTY BOARD OF HEALTH**  
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE / STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2018**

	General	Adjustments (Note II)	Statement of Net Position
<b>EXPENDITURES / EXPENSES</b>			
Current:			
Health and sanitation	\$ 261,016	\$ 79,550	\$ 340,566
Personnel compensation	647,728	(16,569)	631,159
Depreciation	-	1,422	1,422
<b>Total expenditures / expenses</b>	<b>908,744</b>	<b>64,403</b>	<b>973,147</b>
<b>PROGRAM REVENUES</b>			
Intergovernmental:			
Federal	114,430	-	114,430
State	344,693	-	344,693
Local	-	79,550	79,550
Charges for services	369,861	-	369,861
<b>Total program revenues</b>	<b>828,984</b>	<b>79,550</b>	<b>908,534</b>
<b>Net program revenues (expenses)</b>	<b>(79,760)</b>	<b>15,147</b>	<b>(64,613)</b>
<b>GENERAL REVENUES</b>			
Interest and investment earnings	4,129	-	4,129
Miscellaneous	2,816	197	3,013
<b>Total general revenues</b>	<b>6,945</b>	<b>197</b>	<b>7,142</b>
Excess (deficiency) of revenues over expenditures/ changes in net position	(72,815)	15,344	(57,471)
Fund balance / net position beginning of the year, restated	1,152,333	(387,840)	764,493
<b>End of the year</b>	<b>\$ 1,079,518</b>	<b>\$ (372,496)</b>	<b>\$ 707,022</b>

**JEFFERSON COUNTY BOARD OF HEALTH**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2018**

	Budgeted Amounts		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal	92,110	92,110	114,430	22,320
State	319,159	319,159	344,693	25,534
Charges for services	357,136	357,136	369,861	12,725
Interest and investment earnings	4,000	4,000	4,129	129
Miscellaneous	1,000	1,000	2,816	1,816
Total revenues	<u>773,405</u>	<u>773,405</u>	<u>835,929</u>	<u>62,524</u>
<b>EXPENDITURES</b>				
Current:				
Health and sanitation	259,985	259,985	261,016	1,031
Personnel compensation	<u>732,232</u>	<u>732,232</u>	<u>647,728</u>	<u>(84,504)</u>
Total expenditures	<u>992,217</u>	<u>992,217</u>	<u>908,744</u>	<u>(83,473)</u>
Net change in fund balance	(218,812)	(218,812)	(72,815)	145,997
Fund balances - beginning	<u>1,152,333</u>	<u>1,152,333</u>	<u>1,152,333</u>	<u>-</u>
Fund balances - ending	<u>\$ 933,521</u>	<u>\$ 933,521</u>	<u>\$ 1,079,518</u>	<u>\$ 145,997</u>

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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**NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and the presentation of the financial report of the Jefferson County Board of Health (Board) have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB). The following is a summary of significant accounting policies:

**A. Reporting Entity**

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**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) and the fund financial statements (i.e., the governmental fund balance sheet and the statement of governmental fund revenues, expenditures and changes in fund balance) report information on all of the activities of the government. These statements are presented using the dual statement presentation as suggested for single-purpose governments.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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 and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. 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  
For the Fiscal Year Ended June 30, 2018**

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The governmental fund sections of the 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 collectible 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 collected 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, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, 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.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues.

**D. Assets, Liabilities, Deferred Outflows, Deferred Inflows, Net Position or Fund Balance**

**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. Receivables and Payables**

All accounts receivable are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts payable are shown at the net amount due.

**3. Inventories and Prepaid Items**

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. Capital Assets and Depreciation**

Capital assets, which include leasehold improvements, 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 asset lives are not capitalized.

The Board depreciates the capital assets using the straight-line method over the estimated useful lives of the assets, which range from 7-40 years. The Board's policy is to capitalize property and equipment costing \$5,000 or more.

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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**5. Compensated Absences**

It is the Board's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

No liability is reported for unpaid accumulated sick leave.

**6. Long-Term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**7. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**8. Net Position**

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

The Board have adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of net position classification, expenses are to be paid from restricted net position first, and then unrestricted net position.

**9. Fund Balance**

In the government fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance

Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. The Board did not have any restricted fund balance at June 30, 2018.
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, 2018.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the Board/other official authorized to assign amounts for any amounts that are constrained by the government'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, 2018.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification.

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.

**10. 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 purpose, 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.

**11. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to OPEB, and OPEB expense, information about the fiduciary net position of the West Virginia Retiree Health Benefits Trust Fund (RHBT) and additions to/deductions from the RHBT's fiduciary net position have been determined on the same basis as they are reported by the RHBT. RHBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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**12. 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.

**13. Change In Accounting Principle**

Effective July 1, 2017, the Board adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of the requirements of these statements is to improve accounting and financial reporting by state and local governments for OPEB. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

**NOTE II. 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 as reported in the statement of net position. Capital assets, long-term liabilities, and deferred outflows/inflows are not reported on the governmental fund level, but are reported in net position. The details of this difference are as follows:

Fund balance – total governmental fund	\$ 1,079,518
Capital assets	7,662
Compensated absences	(24,144)
Net pension liability	(123,803)
Net OPEB liability	(200,480)
Deferred outflows	91,936
Deferred inflows	(123,667)
<b>Total</b>	<b><u>\$ 707,022</u></b>

**B. Explanation of Adjustments 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 net changes in fund balance-total governmental funds and changes in net position of governmental activities as reported in the Statement of Activities. The details of this difference are as follows:

Excess (deficiency) of revenues over expenditures of governmental fund	\$ (72,815)
Amount of pension expenses recognized at government-wide level	(43,768)
Pension contributions subsequent to the measurement date	38,605
Amount of OPEB expenses recognized at government-wide level	(3,315)
OPEB contributions subsequent to the measurement date	14,119
In-kind contributions received for rent	79,550
In-kind contributions recognized as rent expense	(79,550)
Depreciation expense	(1,422)
Compensated absences change during year	11,125
<b>Total</b>	<b><u>\$ (57,471)</u></b>

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

**NOTE III – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are required to be submitted to the State Department of Health. Revisions are made but not reported to the State. The Board prepares its budget on the modified accrual basis of accounting.

**NOTE IV– DETAILED NOTES ON ALL FUNDS**

**A. Deposits**

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, 2018, the Board's bank balance was \$1,037,752. 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.

At June 30, 2018, the Board had no investments.

**B. Receivables**

Receivables at year end for the government's individual major fund including applicable allowances for uncollectible accounts are as follows:

	<u>General</u>
Gross accounts receivable	\$ 54,848
Less: allowance for uncollectible accounts	(2,000)
Total	\$ 52,848

**C. Capital assets**

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets being depreciated:				
Leasehold improvements	6,933	-	-	6,933
Equipment	19,629	-	-	19,629
Office furniture	11,090	-	-	11,090
Less: accumulated depreciation	(28,568)	(1,422)	-	(29,990)
Total capital assets being depreciated, net	9,084	(1,422)	-	7,662
Governmental activities capital assets, net	\$ 9,084	\$ (1,422)	\$ -	\$ 7,662

Depreciation expense was charged to functions/programs of the Board as follows:

Governmental activities:

Depreciation	\$ 1,422
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**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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**D. Long-Term Debt**

A summary of changes in long-term liabilities for the year ended June 30, 2018 was as follows:

	Adjusted Beginning Balance	Additions	Reductions	Ending Balance	Due Within year
Net pension liability	\$ 285,392	\$ 51,250	\$ (212,839)	\$ 123,803	\$ -
Net OPEB liability	274,482	3,356	(77,358)	200,480	-
Compensated absences	<u>35,269</u>	<u>-</u>	<u>(11,125)</u>	<u>24,144</u>	<u>-</u>
Governmental activities Long-term liabilities	<u>\$ 595,143</u>	<u>\$ 54,606</u>	<u>\$ (301,322)</u>	<u>\$ 348,427</u>	<u>\$ -</u>

**NOTE V – OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with the West Virginia State Board of Risk for umbrella (general liability) insurance for these various risks. 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.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

**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 granters cannot be determined at this time, although the Board expects such amounts, if any, to be immaterial.

The Board is occasionally the defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of pending lawsuits, if any, will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

**NOTE VI – EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

**Public Employees Retirement System (PERS)**

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 agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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The following is a summary of eligibility factors, contributions methods and benefit provisions:

Eligibility to participate	All Board full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code section 5-10d
Plan member's contribution rate	4.50% if hired before 7/1/15      6.00% if hired after 7/1/15
Board's contribution rate	11.00%
Period required to vest	Five years
Benefits and eligibility for distribution	<p>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 10) times the years of service times 2% equals the annual retirement benefit.</p> <p>Qualification for normal retirement is age 62 with 10 years of service or at least age 55 plus service years equal to 80 or greater. The final average salary is the average of the five consecutive highest annual earnings years out of the last fifteen years. The final average salary times the years of service times 2% equals the annual retirement benefit.</p>
Deferred retirement portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

*Trend Information*

**Public Employees Retirement Systems (PERS)**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Annual</u> <u>Pension Cost</u>	<u>Percentage</u> <u>Contribution</u>
2018	\$ 38,367	100%
2017	\$ 47,252	100%
2016	\$ 57,868	100%

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
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***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At fiscal year-end, 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, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liability was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018, the government reported the following proportions and increase/decrease from its proportion measured as of June 30, 2017:

	<b>PERS</b>
Amount of proportionate share of net pension liability	\$ 123,803
Percentage of proportionate share of net pension liability	0.028682%
Increase (decrease) % from prior proportion measured	(0.002369%)

For the year ended June 30, 2018, the government recognized the following pension expense.

Government-wide pension expense	<u>\$ 43,768</u>
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The Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Public Employees Retirement System (PERS)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,017	\$ 274
Changes of assumptions	-	6,422
Contributions made subsequent to the measurement date	38,367	-
Changes in proportions and differences between employer and proportionate share of contributions	28,392	26,261
Net difference between projected and actual earnings on pension plan investments	-	30,098
Total	<u>\$ 77,776</u>	<u>\$ 63,055</u>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement date in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	14,477	
2020		(21,901)	
2021		(16,112)	
2022		(110)	
Total	\$	<u>(23,646)</u>	

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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*Actuarial assumptions.*

The total pension liability was determined by an actuarial valuation as of July 1, 2016, rolled forward to June 30, 2017, which is the measurement date, using the following actuarial assumptions:

**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	3.0% - 4.6% average, including inflation
Investment Rate of Return	7.50% percent, net of pension plan investment expenses, including inflation

Mortality Rates	Active – 100% of RP-2000 Non-Annuitant, Scale AA fully generational
	Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA fully generational
	Healthy females - 101% of RP-2000 Non-Annuitant, Scale AA fully generational
	Disabled males - 96% of RP-2000 Disabled Annuitant, Scale AA fully generational
	Disabled females - 107% of RP-2000 Disabled Annuitant, Scale AA fully generational

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected ROR</u>
TIPS	0.00%	2.7%
US Equity	27.50%	7.0%
International Equity	27.50%	7.7%
Core Fixed Income Securities	7.50%	2.7%
High Yield	7.50%	5.5%
Private Equity	10.00%	9.4%
Hedge Funds	10.00%	4.7%
Real Estate	10.00%	7.0%
Total	100.00%	

*Discount rate.*

The discount rate used to measure the total pension liability was 7.50 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the plan's fiduciary net position were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates 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:

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
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	1% Decrease 6.5%	Current Rate 7.5%	1% Increase 8.5%
Government's proportionate share of PERS's net pension liability (asset)	\$ 342,741	\$ 123,803	\$ (61,307)

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://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.

**NOTE VII – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

***General Information about the OPEB Plan***

*Plan description.* The Board contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 63,000 covered lives at June 30, 2017. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov). You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

*Benefits provided.* The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).

*Contributions.* Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$150 million for both fiscal years ending June 30, 2016 and June 30, 2017. Contributions to the OPEB plan from the government were \$14,160 for the current fiscal year.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At fiscal year-end, the Board reported a liability of \$200,480 for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2016, rolled forward to June 30, 2017, which is the measurement date. The Board's proportion of the net OPEB liability was based on a projection of the Health Department's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the Health

**JEFFERSON COUNTY BOARD OF HEALTH  
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Department's proportion was 0.008152938%, which was a decrease of 0.002900077% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Board recognized OPEB expense of \$3,315.

The Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 671
Contributions made subsequent to the measurement date	14,160	-
Changes in proportions and differences between employer and proportionate share of contributions	-	56,741
Net difference between projected and actual earnings on pension plan investments	-	3,200
Total	\$ 14,160	\$ 60,612

The amount reported as deferred outflows of resources related to OPEB resulting from Health Department contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Year ended June 30:

2019	\$	(16,259)
2020		(16,259)
2021		(16,259)
2022		(11,835)
Total	\$	(60,612)

*Actuarial assumptions.*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.75%
Salary increases	Dependent upon pension system, ranging from 3.0% to 6.5%, including inflation
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.50% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.50%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2020 to account for the excise tax.

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Healthy Annuitant Mortality Table projected to 2025 with Scale BB for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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projected with Scale AA on a fully generational basis for PERS and TRS. RP-2000 Non-Annuitant Mortality Table projected to 2020 with Scale BB for Troopers A and B.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2015.

The long-term rates of return on OPEB plan investments are determined using a building-block method in which estimates of expected future real rates of returns (expected returns, net of OPEB 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 percentages and by adding expected inflation. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI. Best estimates of long-term geometric rates are summarized in the following table.

<u>Asset Class</u>	<u>Long-term Expected Real Rate Of Return</u>
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

*Discount rate.* The discount rate used to measure the OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate.* The following chart presents the government's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB 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 discount rate:

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
Board's proportionate share of Net OPEB liability	\$ 233,436	\$ 200,480	\$ 173,084

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2018**

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*Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates.* The following chart presents the government's proportionate share of the net OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare cost trend rates described in the actuarial assumptions:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Board's proportionate share of Net OPEB liability	\$ 168,406	\$ 200,480	\$ 239,708

*OPEB plan fiduciary net position.* Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report available at the West Virginia Public Employee Insurance Agency's website at [peia.wv.gov](http://peia.wv.gov). That information can also be obtained by writing to the West Virginia Public Employee Insurance Agency, 601 57th. Street, Suite 2, Charleston, WV, 25304.

**NOTE VIII – 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 \$79,550 and is reflected in the Statement of Activities.

**NOTE IX – PRIOR PERIOD ADJUSTMENT**

As a result of implementing GASB 75 during fiscal year 2018, the following restatement to beginning fund balance/net position is as follows:

Fund balance, July 1, 2017 – as previously presented	\$ 951,655
Cumulative effect restatement for implementation of GASB 75	<u>200,678</u>
Fund balance, July 1, 2017 – as restated	<u>\$ 1,152,333</u>

Net position, July 1, 2017 – as previously presented	\$ 821,551
Cumulative effect restatement for implementation of GASB 75	<u>(57,058)</u>
Net position, July 1, 2017 – as restated	<u>\$ 764,493</u>

**NOTE X – SUBSEQUENT EVENTS**

The Board's management has evaluated the effect that subsequent events would have on the Board's financial statements through February 13, 2019, which is the date the financial statements were available to be released. The Board has determined there are no additional subsequent events that require recognition or disclosure.

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## **Required Supplementary Information**

**JEFFERSON COUNTY BOARD OF HEALTH**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2018**

**West Virginia Public Employee Retirement System (PERS)**

**I. Schedule of Government's Proportionate Share of the Net Pension Liability - Last 10 Fiscal Years \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Government's proportion of the net pension liability (asset) (percentage)	0.028682%	0.031051%	0.035845%	0.021054%	0.020511%					
Government's proportionate share of the net pension liability (asset)	123,803	285,392	200,192	77,704	186,982					
Government's covered-employee payroll	\$ 348,791	\$ 393,767	\$ 428,653	\$ 492,093	\$ 380,014	\$	\$	\$	\$	\$
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.50%	72.48%	46.70%	15.79%	49.20%					
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	79.70%					

\* - The amounts presented for each fiscal year were determined as of June 30th .

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. Information prior to 2014 is not available.

**JEFFERSON COUNTY BOARD OF HEALTH  
SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2018**

**II. Schedule of Government Contributions - Last 10 Fiscal Years \***

	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually required contribution.	\$ 38,367	\$ 47,252	\$ 57,868	\$ 68,893	\$ 55,102	\$ 52,372	\$ 60,197	\$ 50,252	\$	\$
Contributions in relation to the contractually required contribution	<u>(38,367)</u>	<u>(47,252)</u>	<u>(57,868)</u>	<u>(68,893)</u>	<u>(55,102)</u>	<u>(52,372)</u>	<u>(60,197)</u>	<u>(50,252)</u>	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Government's covered-employee payroll	\$ 348,791	\$ 393,767	\$ 428,653	\$ 492,093	\$ 380,014	\$ 374,086	\$ 415,152	\$ 402,016	\$	\$
Contributions as a percentage of covered-employee payroll	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%	10.50%

\* - The amounts presented for each fiscal year were determined as of June 30th .

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. Information prior to 2011 is not available.

**JEFFERSON COUNTY BOARD OF HEALTH**  
**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**For the Fiscal Year Ended June 30, 2018**

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**West Virginia Retiree Health Benefit Trust**  
Last 10 Fiscal Years\*

	<u><b>2018</b></u>
Board's proportion of the net OPEB liability (percentage)	0.008152938%
Board's proportionate share of the net OPEB liability	\$ 200,480
Board's covered-employee payroll	\$ 319,862
Board's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	62.68%
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%

\* GASB Statement #75 requires the presentation of 10 years of information. However, until a full 10-year trend is completed, only the available information is presented. The above schedule is for 1 year.

**JEFFERSON COUNTY BOARD OF HEALTH  
SCHEDULE OF THE BOARD'S CONTRIBUTIONS - OPEB  
For the Fiscal Year Ended June 30, 2018**

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**West Virginia Retiree Health Benefit Trust  
Last 10 Fiscal Years\***

	<u><b>2018</b></u>
Contractually required contribution	\$ 14,160
Contributions in relation to the contractually required contribution	<u>\$ 14,160</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>
Board's covered-employee payroll	\$ 319,862
Contributions as a percentage of covered-employee payroll	4.43%

\* GASB Statement #75 requires the presentation of 10 years of information. However, until a full 10-year trend is completed, only the available information is presented. The above schedule is for 1 year.

**JEFFERSON COUNTY BOARD OF HEALTH  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2018**

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**PERS**

There were no significant actuarial assumption changes for PERS during the year.

**OPEB**

There were no significant actuarial assumption changes for OPEB during the year.

## **Accompanying Information**

# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **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  
Jefferson County Board of Health  
Kearneysville, West Virginia 25430

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 accompanying financial statements of the governmental activities and major fund 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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 13, 2019.

### **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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. However, unidentified material weaknesses or significant deficiencies may exist.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



# Ferrari & Associates, PLLC

1340 Cain Street | Morgantown, WV 26505

## **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 result 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.

*Ferrari & Associates, PLLC*

**Morgantown, West Virginia  
February 13, 2019**

**JEFFERSON COUNTY BOARD OF HEALTH  
SCHEDULE OF FINDINGS AND RESPONSES  
For the Fiscal Year Ended June 30, 2018**

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There were no findings at the financial statement level for this audit.

**JEFFERSON COUNTY BOARD OF HEALTH  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2018**

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**Status of Prior Year Audit Findings**

There were no prior year findings for this audit.