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PERRY & Associates

Certified Public Accountants, A.C.

**KANAWHA COUNTY COMMISSION
Single Audit
For the Year Ended June 30, 2017**

**RFP #17-075
Kanawha County**

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Tax – Accounting – Audit – Review – Compilation – Agreed Upon Procedure – Consultation – Bookkeeping – Payroll
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KANAWHA COUNTY, WEST VIRGINIA

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KANAWHA COUNTY, WEST VIRGINA

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KANAWHA COUNTY, WEST VIRGINA

LIST OF ELECTED OFFICIALS

June 30, 2017

<u>Office</u>	<u>Name</u>
Commissioner	W. Kent Carper
Commissioner	Benjamin Salango
Commissioner	Henry C. Shores
County Clerk	Vera J. McCormick
Circuit Clerk	Cathy S. Gatson
Assessor	Sallie Robinson
Prosecuting Attorney	Charles Miller
Sheriff	Michael Rutherford



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INDEPENDENT AUDITOR'S REPORT

February 16, 2018

Kanawha County Commission
407 Virginia St. East
Charleston, WV 25301

To the Board of Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of **Kanawha County**, West Virginia (the County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Kanawha County Emergency Ambulance Authority (KCEAA), Metro Emergency Operations Center of Kanawha County (the Center), Kanawha County Parks and Recreation Commission (the Parks Commission) and Regional Development Authority of Charleston-Kanawha County, West Virginia Metropolitan Region (the Authority). Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the KCEAA, Center, Parks Commission and Authority, is based solely on the reports of other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component units, each major fund and the aggregate remaining fund information of Kanawha County, West Virginia, as of June 30, 2017, and the respective changes in its financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, during fiscal year 2017, the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Management has omitted the *Management's Discussion and Analysis* that accounting principles generally accepted in the United States of America require to 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. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require this presentation to include schedules of net pension liabilities and pension contributions, schedule of changes in total OPEB liability and required budgetary comparisons for the General Operating, Coal Severance and Assessor's Valuation Funds, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Matters (Continued)

Other Information

Our audit was conducted to opine on the County's basic financial statements taken as a whole.

The combining fund financial statements provide additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The statements and schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the statements and schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the statements and schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these statements and schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2018, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 County's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government	Component Units			
	Governmental Activities	Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston- Kanawha	Kanawha County Parks and Recreation Commission
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 26,576,550	\$ 5,437,030	\$ 3,701,209	\$ 31,605	\$ 662,011
Restricted cash and cash equivalents	-	-	-	154,565	39,636
Investments	-	753,373	-	189,038	-
Taxes receivable, net	2,426,004	907,024	-	-	-
Accounts receivable, net	-	2,935,379	68,177	-	3,346
Others	858,957	298,556	123,381	-	35,977
Capital assets:					
Capital assets, net	28,526,904	5,533,140	5,090,496	5,358,831	4,931,434
Total assets	58,388,415	15,864,502	8,983,263	5,734,039	5,672,404
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated changes in fair value of hedging derivative instrument	91,577	-	-	-	-
Related to pensions	7,494,131	2,829,135	1,447,721	-	219,914
	<u>7,585,708</u>	<u>2,829,135</u>	<u>1,447,721</u>	<u>-</u>	<u>219,914</u>
LIABILITIES AND DEFERRED INFLOW OF RESOURCES:					
Current liabilities:					
Accounts payable	2,117,184	712,404	71,449	196,674	97,191
Other post employment benefits	-	6,616,094	-	-	247,607
Other	49,750	1,783,483	3,125	33,584	92,938
Fair value of hedging derivative instrument	91,577	-	-	-	-
Noncurrent liabilities:					
Due within one year	2,423,395	520,182	754,258	165,985	61,419
Due in more than one year	28,625,923	3,747,421	3,408,546	7,001,428	641,296
Total liabilities	33,307,829	13,379,584	4,237,378	7,397,671	1,140,451
DEFERRED INFLOWS OF RESOURCES					
Related to postemployment benefits other than pensions	466,511	-	-	-	-
Related to pensions	610,357	440,812	126,894	-	62,076
	<u>1,076,868</u>	<u>440,812</u>	<u>126,894</u>	<u>-</u>	<u>62,076</u>
NET POSITION					
Net investment in capital assets	20,229,483	4,620,147	3,625,948	(1,808,582)	4,635,726
Restricted	4,183,773	-	-	154,565	39,636
Unrestricted (deficit)	7,176,170	253,093	2,440,764	(9,615)	14,429
Total net position	\$ 31,589,426	\$ 4,873,240	\$ 6,066,712	\$ (1,663,632)	\$ 4,689,791

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

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF ACTIVITIES

Year ended June 30, 2017

Functions/Programs	Program Services				Net (Expense) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants	Fines and Forfeits	Primary Government Governmental Activities	Component Units			
						Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston-Kanawha	Kanawha County Parks and Recreation Commission
Governmental activities:									
General government	\$ 36,430,845	\$ 2,194,486	\$ 1,572,804	\$ 116,882	\$ (32,546,673)	\$ -	\$ -	\$ -	\$ -
Public safety	18,510,588	-	702,026	-	(17,808,562)	-	-	-	-
Health and sanitation	286,841	-	-	-	(286,841)	-	-	-	-
Culture and recreation	5,377,882	-	-	-	(5,377,882)	-	-	-	-
Social services	30,000	-	-	-	(30,000)	-	-	-	-
Capital outlay	991,225	-	-	-	(991,225)	-	-	-	-
Total primary government	\$ 61,627,381	\$ 2,194,486	\$ 2,274,830	\$ 116,882	(57,041,183)	-	-	-	-
Component units:									
Kanawha County Emergency Ambulance	21,871,317	13,736,825	-	-	-	(8,134,492)	-	-	-
Metro Emergency Operations	6,667,749	7,998,843	87,124	-	-	-	1,418,218	-	-
Regional Development Authority	649,667	645,208	69,365	-	-	-	-	64,906	-
Kanawha County Parks	2,685,693	2,155,143	559,197	-	-	-	-	-	28,647
Total component units	\$ 31,874,426	\$ 24,536,019	\$ 715,686	\$ -	-	(8,134,492)	1,418,218	64,906	28,647
General revenues:									
Taxes					53,009,954	6,163,407	-	-	-
Licenses and permits					128,192	-	-	-	-
Interest					66,257	102,143	-	1,903	132
Miscellaneous					8,737,441	815,583	57,997	-	293,519
Total general revenues					61,941,844	7,081,133	57,997	1,903	293,651
Change in net position					4,900,661	(1,053,359)	1,476,215	66,809	322,298
Net position, beginning of year - previously reported					32,903,998	5,926,599	4,590,497	(1,730,441)	4,367,493
Net effect of change in accounting policy					(6,215,233)	-	-	-	-
Net position, beginning of year - restated (see Note 1)					26,688,765	5,926,599	4,590,497	(1,730,441)	4,367,493
Net position, end of year					\$ 31,589,426	\$ 4,873,240	\$ 6,066,712	\$ (1,663,632)	\$ 4,689,791

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

KANAWHA COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	General	Coal Severance	Assessors Valuation	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 22,078,544	\$ 184,804	\$ 1,136,685	\$ 3,176,517	\$ 26,576,550
Taxes receivable, net	2,426,004	-	-	-	2,426,004
Due from other funds	35	919	12,709	3,672	17,335
Other	230,936	398,099	-	229,922	858,957
Total assets	\$ 24,735,519	\$ 583,822	\$ 1,149,394	\$ 3,410,111	\$ 29,878,846
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,809,812	\$ 35,752	\$ 47,555	\$ 224,065	\$ 2,117,184
Due to other funds	17,300	-	-	35	17,335
Other	671,996	802	143	511	673,452
Total liabilities	2,499,108	36,554	47,698	224,611	2,807,971
Deferred inflows of resources:					
Unavailable revenues - property taxes	5,895,460	-	-	125,857	6,021,317
Fund balances:					
Restricted	348,755	-	1,101,696	2,802,623	4,253,074
Committed	11,544,819	547,268	-	257,020	12,349,107
Assigned	740,467	-	-	-	740,467
Unassigned	4,330,612	-	-	-	4,330,612
Total fund balances	16,964,653	547,268	1,101,696	3,059,643	21,673,260
Total liabilities, deferred inflows of resources and fund balances	\$ 25,359,221	\$ 583,822	\$ 1,149,394	\$ 3,410,111	\$ 30,502,548

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

KANAWHA COUNTY, WEST VIRGINIA

RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION

June 30, 2017

Total fund balances on governmental funds balance sheet	\$ 21,673,260
Amounts reported for governmental activities in the statement of net position are different due to:	
Prior period restatement to remove OPEB balance on balance sheet due to GASB 75 implementation	(693,002)
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds balance sheet	28,526,904
Deferred revenue relates to long-term receivables that are not available for expenditure at year end, and is reported as a liability in the governmental funds balance sheet	6,021,317
Long-term liabilities, including Bonds, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	(9,197,421)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(18,467,375)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	7,494,131
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	(610,357)
Deferred inflows of resources related to postemployment benefits other than pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	(466,511)
Liability for health claims incurred but not reported, as of year end, are not due and payable in the current period and therefore are not reported in the government funds balance sheet	(644,655)
Compensated absences not due and payable in the current period and are not reported in the governmental funds balance sheet.	<u>(2,046,865)</u>
Net position of governmental activities	<u>\$ 31,589,426</u>

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

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2017

	General	Coal Severance	Assessors Valuation	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 44,148,276	\$ -	\$ 2,293,050	\$ 1,437,325	\$ 47,878,651
Other Taxes	1,924,184	1,002,739	-	642,157	3,569,080
Licenses and permits	7,032	-	-	121,160	128,192
Intergovernmental:					
Federal	1,580,309	-	-	-	1,580,309
State	354,521	-	-	-	354,521
Local	340,000	-	-	-	340,000
Charges for services	1,129,081	-	906	1,064,499	2,194,486
Fines and forfeits	-	-	-	116,882	116,882
Interest	65,103	-	-	1,154	66,257
Miscellaneous	8,408,602	-	126	369,704	8,778,432
Total revenues	57,957,108	1,002,739	2,294,082	3,752,881	65,006,810
Expenditures:					
General government	32,670,058	137,830	2,252,501	1,091,576	36,151,965
Public safety	16,331,816	629,600	-	2,092,577	19,053,993
Health and sanitation	286,841	-	-	-	286,841
Culture and recreation	5,312,610	50,000	-	-	5,362,610
Social services	-	30,000	-	-	30,000
Capital projects	92,727	-	-	-	92,727
Debt service:					
Principal	1,596,512	-	-	150,000	1,746,512
Interest	281,153	-	-	-	281,153
Total expenditures	56,571,717	847,430	2,252,501	3,334,153	63,005,801
Excess (deficiency) of revenues over expenditures	1,385,391	155,309	41,581	418,728	2,001,009
Other financing sources (uses):					
Operating transfers in	18,576,234	-	-	344,840	18,921,074
Operating transfers (out)	(17,745,880)	(27,336)	(379,593)	(768,265)	(18,921,074)
Total other financing sources (uses)	830,354	(27,336)	(379,593)	(423,425)	-
Net change in fund balances	2,215,745	127,973	(338,012)	(4,697)	2,001,009
Fund balances, beginning of year	14,748,908	419,295	1,439,708	3,064,340	19,672,251
Fund balances, end of year	\$ 16,964,653	\$ 547,268	\$ 1,101,696	\$ 3,059,643	\$ 21,673,260

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

KANAWHA COUNTY, WEST VIRGINIA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

June 30, 2017

Amounts reported for governmental activities in the statement of activities
are different because:

Net change in fund balances - total governmental funds	\$ 2,001,009
Governmental funds report capital outlays as expenditures while the cost of capital assets is allocated over their useful lives in the statement of activities.	1,197,915
The net effect of transactions to capital assets which decreases the change in net position.	(40,991)
Depreciation expense related to capital assets which is not reported in the governmental funds because it does not affect current financial resources.	(1,907,944)
Revenue that is not available at year end for expenditure is not reported in the governmental funds.	1,562,223
Governmental funds report pension contributions as expenditures while the cost of pension benefits earned net of employee contributions is allocated based on pension expense determined from the WV Public Employees' Retirement System.	250,190
Governmental funds report postemployment benefits other pensions payments as expenditures while the cost of these benefits is allocated based on actuarial evaluation.	262,388
Governmental funds report principal payments on long-term debt as expenditures while the repayment of such principal does not affect the statement of activities.	1,746,512
Certain health claims reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(182,655)
Compensated absences reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	<u>12,014</u>
Change in net position of governmental activities	<u><u>\$ 4,900,661</u></u>

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

KANAWHA COUNTY, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2017

	Sheriff's Fiduciary Fund Private-Purpose Trust Fund	Agency Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,837,295	\$ 11,387,389
Taxes receivable, net	-	8,390,204
Trust and investments	3,328,299	-
Real and personal property	2,500,981	-
Other	232,262	-
	<u>\$ 7,898,837</u>	<u>\$ 19,777,593</u>
 <u>LIABILITIES</u>		
Due to other governmental entities	\$ -	\$ 15,609,038
Due to other third parties	242,418	4,168,555
	<u>242,418</u>	<u>\$ 19,777,593</u>
 <u>NET POSITION</u>		
Held for individuals	<u>\$ 7,656,419</u>	

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

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

Year Ended June 30, 2017

	<u>Sheriff's Fiduciary Fund Private-Purpose Trust Fund</u>
<u>ADDITIONS:</u>	
Contributions	<u>\$ 4,666,572</u>
<u>DEDUCTIONS</u>	
Benefits for beneficiaries	<u> 4,460,880</u>
Changes in net assets	205,692
Net position, beginning of year	<u> 7,450,727</u>
Net position, end of year	<u><u> \$ 7,656,419</u></u>

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

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Kanawha County, West Virginia (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) prescribes the accounting principles generally accepted in the United States of America for state and local governmental entities.

The County is a local government corporation governed by an elected three member commission and various other elected officials with various responsibilities. GAAP requires the financial statements to present the financial information of the primary government and its component units. Component units are entities for which the government is considered financially accountable, or whose exclusion may be misleading to the users of the financial statements. Blended component units, although legally separate entities are, in substance, part of the government's operations. For financial reporting purposes, in accordance with accounting principles generally accepted in the United States of America, data from these units should be combined with data of the primary government. Discretely presented component units, on the other hand, should be reported in a separate column on the government-wide statements to emphasize they are legally separate from the government. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financial accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be used and, (3) the right to buy, sell or lease and mortgage property. The primary government is financial accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Other factors to consider in this evaluation are whether an entity is fiscally dependent on the County and there is a financial benefit or burden relationship present regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. In addition, an organization should be evaluated if it is closely related to or financial integrated with the primary government.

Discretely Presented Component Units

The County has determined that the following four entities meet the criteria established by GASB for a discretely presented component unit of the government. The County either appoints the board or members of the County to serve on the board, a financial benefit/burden relationship exists, or the component unit is fiscally dependent upon the County.

The Regional Development Authority of Charleston-Kanawha was formed to promote, develop, and advance the economic welfare and business prosperity and the environmental, educational, cultural and recreation growth of the metropolitan region. The County Commission appoints all nineteen members on the board.

The Kanawha County Emergency Ambulance Authority was formed to provide emergency ambulance service to all residents of the County as well as provide basic life support and medical transport services. There are fourteen board members, all appointed by the County.

Metro Emergency Operations Center of Kanawha County was formed to provide an emergency telephone operations center for the County. The County Commission appoints all eighteen members on the board for a term of six years.

Kanawha County Parks and Recreation Commission was formed to establish, develop, improve, operate and maintain a public park and recreation system for the County. There are eleven members, all appointed by the County Commission for a six year term.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements for each of the individual component units can be obtained at the entity's administrative offices.

Blended Component Unit

The entity below is legally separate from the County and meets GASB criteria for component units. This entity is blended with the primary government because it provides services entirely or almost entirely to the County.

The Kanawha County Building Commission serves Kanawha County, West Virginia, and is governed by a board comprised of five members appointed by the County Commission. The Building Commission acquires property and debt on behalf of the County, and is reported as a special revenue fund.

Related Organizations

The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Commission appoints board members to the following organizations:

- Board of Appeals Under the Adult Entertainment Ordinance
- Planning Commission
- Kanawha Enforcement Agency
- Charleston Area Alliance
- Charleston Kanawha Housing
- Central Regional Airport Authority
- Central West Virginia Convention Visitor's Bureau
- Clay Center
- Elk Public Service District
- Enact
- Greater St. Albans Public Service District
- Hatfield McCoy Trail
- Kanawha Charleston Health Department
- Deputy Sheriff's Civil Service Commission
- Kanawha County Extension Services
- Public Safety Grant Committee
- Kanawha Public Service District
- Kanawha Valley Regional Transportation Authority
- Malden Public Service District
- Regional Intergovernmental Council
- Sissonville Public Service District
- Union Public Service District

Government-Wide and Fund Financial Statements

The government-wide financial statement (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The accompanying financial statements do not report any business type activities.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual government funds are reported as separate columns in the fund financial statements.

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*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 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 collected within sixty days of end of the current fiscal period. 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.

Within the governmental fund financial statements, property taxes, licenses, permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

The Center and the Parks Commission are proprietary funds special purpose governments engaged in business type activities while the Authority and KCEAA are enterprise funds. In accordance with GASB Statement No. 34 and GAAP, the financial statements are reported using the economic resources focus and the accrual basis of accounting.

The County reports the following major government funds:

The *General Fund* accounts for the County's operating funds. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. In accordance with generally accepted accounting principles, certain previously reported special revenue governmental funds have been combined within the County's general fund on the Balance Sheet – Governmental Funds. (See Combining Balance Sheet – General Fund included with supplementary information.)

The *Coal Severance Fund* accounts for revenues derived from taxes levied on the extraction of coal. This fund is established by the West Virginia Code.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Assessors Valuation Fund* accounts for the revenues derived from taxes levied on property, and are associated with the revaluation of property. This fund is established by the West Virginia Code.

Additionally, the County reports the following fund types:

The *Private-Purpose Trust Fund* is used to account for resources legally held in trust by the Sheriff's Department for the benefit of individuals whose finances have been remanded to the Sheriff's Department by court order. All resources of the fund, including any earnings on invested resources must be used to support the beneficiaries. There is no requirement that any portion of these resources be preserved as capital.

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. The fund is used to account for assets that the County holds for others.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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 as program revenues. Likewise, general revenues include all taxes.

Budgetary Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with the modified accrual basis of accounting for the general, coal severance, and assessor's valuation funds. The budgets are then submitted for approval by the West Virginia State Auditor's Office. All annual appropriations lapse at fiscal year end.

During January and February of each year, all departments of the County submit requests for appropriations so that a budget may be prepared. Before March 28, the proposed budget is presented to the County Commission for review and preliminary approval. The budget is then submitted to the West Virginia State Auditor's Office, Chief Inspector Division, prior to March 28. The County Commission formally approves the budget at a subsequent Commission meeting.

The appropriated budget is prepared by function and department for each budgeted fund. Transfer of appropriations between budget classifications require the approval of the County Commission. The legal level of budgetary control is the budgetary fund and function. Transfers of appropriations between budget classifications require the approval of the Commission and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The Commission made the following budgetary transfers throughout the year:

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Compliance and Accountability (Continued)

Budgetary Information (Continued)

Description	General Operating Fund Amount	Coal Severance Amount	Assessors Valuation Amount
General government expenditure increase	\$ 1,923,423	\$ 201,037	\$ 171,151
Public safety expenditure increase	810,566	-	-
Health and sanitation increase	2,000	-	-
Capital outlay increase	238,300	-	-

Cash and Cash Equivalents – Cash and cash equivalents include amounts in demand deposits as well as short-term investments which have maturity dates within three months of the County’s fiscal year and are readily convertible.

Capital Assets – Capital assets are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Infrastructure	15 - 40
Improvements	5 - 25
Vehicles	3 - 10
Equipment	5 - 15
Computer Equipment	5

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position reports 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 and so will not be recognized as an inflow of resources (revenue) until that time.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Pension Liability – For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expenses, information about the fiduciary net position of the County's Public Employee Retirement System (PERS) and Deputy Sheriffs' Retirement System (DSRS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. 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. Detailed information on investment valuation can be found in the plans' financial statements.

Net OPEB Liability – For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to other post-employment benefits, and other post-employment benefit expenses, information about the fiduciary net position of the County's Other Post-Employment Benefits Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBTFF) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHBTFF. 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. Detailed information on the investment valuation can be found in the plans' financial statements.

Interfund Transactions – During the normal course of operations of the County, certain transactions, including expenditures and transfers of resources to provide services, take place between funds. Interfund transactions are recorded as operating transfers in the fund financial statements and have been eliminated in the governmental-wide financial statements. Intrafund transfers of \$4,358,079 have also been eliminated below.

	General	Coal Severance Tax	Assessor's Valuation	Nonmajor Governmental	Total Transfers In
General	\$ 2,733,558	\$ 27,336	\$ 379,593	\$ 344,840	\$ 3,485,327
Nonmajor Governmental	610,186	-	-	10,467,482	11,077,668
Total Transfers Out	\$ 3,343,744	\$ 27,336	\$ 379,593	\$ 10,812,322	\$ 14,562,995

The composition of interfund balances as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General	Nonmajor Fund	Reimbursement	\$ 35
Coal Severance	General	Reimbursement	919
Nonmajor Fund	General	Reimbursement	2,487
Nonmajor Fund	General	Reimbursement	1,185
Assessor's Valuation Fund	General	Reimbursement	12,709
			\$ 17,335

Approximately \$121,002 in Interfund transfers have been eliminated from the table above.

Fund Balances – The County have classified in the governmental fund financial statements its fund balances in the following categories: nonspendable, restricted, committed, assigned and unassigned as applicable.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The County has no nonspendable fund balances as of June 30, 2017.

Restricted fund balance includes amounts that can be spent only for specified purposes stipulated by outside parties, such as creditors, grantors, or enabling legislation.

Committed fund balance includes amount that can be used only for the specific purposes self-imposed by a formal action of the Kanawha County Commission (the Commission). Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

Assigned fund balance includes amounts intended to be used for specific purposes but that do not meet the criteria for Restricted or Committed fund balance. The Commission and other elected officials or their representatives will have the responsibility to assign fund balances for specific purposes.

Unassigned fund balance is the residual classification for the general fund. It is available for any purpose and is not subject to any constraints.

The County Commission is the government's high level of decision-making authority. The Commission would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted amounts are available, it shall be the policy of the County to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance category could be used, it shall be the policy of the County that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

It shall be the objective of the County to maintain a minimum unassigned fund balance in the general fund of ten percent of the subsequent year's budgeted expenditures and outgoing transfers. Should the unassigned fund balance in the general fund exceed the maximum thirty percent allowable by the State Code, the County will ensure that the financial stabilization fund has cash reserves of twenty percent of the budget before considering nonrecurring expenditures which will not require future outlays for maintenance, staffing, or any other recurring expenditure.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As of June 30, 2017 the County's fund balances are composed of the following:

	General Fund	Coal Severance Fund	Assessor's Valuation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Restricted:					
Public Safety	\$ -	\$ -	\$ -	\$ 1,637,764	\$ 1,637,764
Debt Service	249,032	-	-	-	249,032
Dog License	-	-	-	17,716	17,716
Capital Projects	-	-	380,000	-	380,000
Other Purposes	99,723	-	721,696	1,147,143	1,968,562
Committed:					
Public Safety	4,421	-	-	-	4,421
Economic Stabilization	5,797,451	-	-	-	5,797,451
Community Development	1,558,786	547,268	-	257,020	2,363,074
Capital Projects	4,108,579	-	-	-	4,108,579
Other Purposes	75,582	-	-	-	75,582
Assigned:					
Encumbrances	740,467	-	-	-	740,467
Unassigned					
	4,330,612	-	-	-	4,330,612
Total Fund Balances	<u>\$ 16,964,653</u>	<u>\$ 547,268</u>	<u>\$ 1,101,696</u>	<u>\$ 3,059,643</u>	<u>\$ 21,673,260</u>

Net Position – Net position is presented as unrestricted, restricted, net investment in capital assets and net position held for individuals.

- Net investment in capital assets – This represents the County's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted, nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The County does not have any restricted nonexpendable net position at June 30, 2017.
- Restricted, expendable – This includes resources in which the County is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Unrestricted – This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the County, and may be used at the discretion of the County to meet current expenses for any lawful purpose.

Use of Estimates – The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenditures during the period reported. These estimates may include the collectability of taxes receivable and the useful lives of impairment of both tangible and intangible assets. Any estimates or assumptions are periodically reviewed and any revisions are reflected in the financial statements in the period determined to be necessary. Actual results may differ from these estimates.

Taxes Receivable – The allowance for uncollectible is six percent of the total current, approximately ninety percent greater than one year but less than five, and one hundred percent greater than five years of delinquent taxes receivable at June 30, 2017. The total allowance represents approximately 1.65% of the original levy call for open years.

	General	Nonmajor Governmental	Agency
Gross Taxes Receivable	\$ 6,501,565	\$ 138,764	\$ 21,186,485
Allowance for Uncollectible	(4,075,561)	(138,764)	(12,796,281)
Net Taxes Receivable	\$ 2,426,004	\$ -	\$ 8,390,204

Implementation of GASB Statement No. 75

The County has implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result, beginning net position has been restated as follows:

Net Position as Previously Reported June 30, 2016	\$ 32,903,998
Deduct:	
Net OPEB Liability as of June 30, 2016	(6,908,235)
Add:	
Net OPEB Obligation Recorded as of June 30, 2016	693,002
Net Position Restated as of July 1, 2016	\$ 26,688,765

2 – DEPOSITS AND INVESTMENTS

Concentration of Credit Risk – Cash Deposits – At June 30, 2017, the County had deposits reported as cash and cash equivalents with carrying balances of \$43,129,533, of which bank balances are \$27,424,083, and \$5,165,594 was held in the Sheriff’s Fiduciary Private Purpose Trust Fund. All deposits are either insured by FDIC or are collateralized with securities held by the County’s agent in the County’s name.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

2 – DEPOSITS AND INVESTMENTS (Continued)

Custodial credit risk or deposits is the risk that in the event of failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits include nonnegotiable certificates of deposit.

At June 30, 2017, the County has investments shown as cash and cash equivalents invested in a certificate of deposit with United Bank for approximately \$2,000,000. Additionally, \$5,165,594 included in investments was held at various local financial institutions and brokerage firms by the Sheriff in his capacity as fiduciary agent. No one investment or group of investments held in this fiduciary capacity represents a significant concentration of credit risk.

3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Balance June 30, 2016	Increases	Decreases	Balance June 30, 2017
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,613,178	\$ -	\$ -	\$ 1,613,178
Total capital assets not being depreciated	<u>1,613,178</u>	<u>-</u>	<u>-</u>	<u>1,613,178</u>
Capital assets being depreciated:				
Buildings	26,806,189	-	-	26,806,189
Building improvements	14,402,006	121,975	-	14,523,981
Furniture and fixtures	11,500,349	1,075,940	(238,285)	12,338,004
Infrastructure	276,119	-	-	276,119
Total capital assets being depreciated	<u>52,984,663</u>	<u>1,197,915</u>	<u>(238,285)</u>	<u>53,944,293</u>
Less accumulated depreciation for:				
Buildings	(11,833,814)	(464,219)	-	(12,298,033)
Building improvements	(4,486,145)	(514,625)	-	(5,000,770)
Furniture and fixtures	(8,861,454)	(917,866)	197,294	(9,582,026)
Infrastructure	(138,504)	(11,234)	-	(149,738)
Total accumulated depreciation	<u>(25,319,917)</u>	<u>(1,907,944)</u>	<u>197,294</u>	<u>(27,030,567)</u>
Total capital assets being depreciated, net	<u>27,664,746</u>	<u>(710,029)</u>	<u>(40,991)</u>	<u>26,913,726</u>
Governmental activities capital assets, net	<u>\$ 29,277,924</u>	<u>\$ (710,029)</u>	<u>\$ (40,991)</u>	<u>\$ 28,526,904</u>

For the year ended June 30, 2017, depreciation expense for the governmental activities in the government-wide financial statements was \$1,907,944, comprised of \$911,584 charged to general government, \$981,088 charged to public safety, and \$15,272 charged to culture and recreation.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

4 – LONG-TERM DEBT

Revenue Bonds

On February 15, 2011, the County issued \$8,121,600 of variable rate Kanawha County Building Commission Lease Revenue Refunding Bonds (Kanawha County Judicial Annex Project and Parking Garage) Series 2011, for the purpose of currently refunding the County's series 2003A and 2003B bonds. The 2011 Series bonds mature through February 15, 2021 with a variable interest rate equal to 65% of the One Month LIBOR, plus 2%. The variable rate is adjusted monthly and has a floor of 2.6% for the first thirty-six months of the agreement. The refunding did not result in any gain or loss.

The proceeds of the Series 2003A bonds were used to finance a portion of the costs of acquiring, constructing, and equipping improvements to the Kanawha county Judicial Annex. The proceeds of the Series 2003B bonds were used to currently refund the outstanding balance of the Series 1996 bonds. Upon expiration of the lease term, title to the parking garage facility will pass from the Kanawha County Building Commission to the County. Accordingly, the parking garage facility is recorded as an asset of the County, and the related obligation for repayment of the bonds is recorded as a liability.

Principal and interest paid on the Series 2011 bonds for the year ended June 30, 2017 was \$833,425 and \$145,741, respectively.

The County has an interest rate swap derivative instrument to synthetically fix, on a current basis, the Series 2011 Lease Revenue Refunding Bonds in order to hedge interest rate fluctuations. The key provisions of the instrument are:

Type:	Pay-fixed interest rate swap
Objective:	Hedge changes in cash flows on the Series 2011 variable rate Lease Revenue Refunding Bonds
Notional Amount:	\$8,121,600
Effective Date:	February 15, 2011
Maturity Date:	February 15, 2021
Terms:	Synthetically fixed rate of 3.79%

The fair value of this interest rate swap is estimated using the zero-coupon method. This method calculated the future net settlement payments required by the swap, assuming that the current forward rate implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rate implied by the current yield curve for hypothetical zero-coupon bonds due on the date of the future net settlement on the swap.

The fair value balance of the hedging derivative instrument outstanding is \$91,577 at June 30, 2017, and is classified as a liability in the Statement of Net Position. The change in fair value of the hedging derivative instrument for the year end ended June 30, 2017, is \$114,763. The accumulated changes in fair value of the hedging derivatives instrument is \$91,577 at June 30, 2017, and is classified as a deferred outflow of resources in the Statement of Net Position.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

4 – LONG-TERM DEBT (Continued)

Credit Risk

The credit ratings of the counterparty to the interest rate swap are Baa2 from Moody's A- from Standards & Poors, and A+ from Fitch. The interest rate swap agreement requires certain collateralization if the credit rating of the counterparty falls below specific levels. As of June 30, 2017, no collateralization was required by the interest rate swap agreement.

Interest Rate Risk

The County is not exposed to interest rate risk on this interest rate swap.

Basis Risk

The County is exposed on basis risk on the fixed interest rate swap because the variable rate payments received by the County on this hedging derivative instrument are based on an index other than interest rates the County pays on the hedged variable rate debt, which are remarketed every week. As of June 30, 2017, the weighted-average interest rate on the County's hedged variable rate debt was 2.69%, while 65% on the one month LIBOR was .69%.

Termination Risk

The interest rate swap agreement provides for certain events that could cause the counterparty or the County to terminate the swap. The swap may be terminated by the counterparty or the County if the other party fails to make payments when due, there is a material breach of representations and warranties, an event of illegality occurs, and failure to comply with any other provisions of the agreement after a specified notice period.

The County has the right to optionally terminate the swap agreement at any time. The termination amount owed by either the County or the counterparty may be determined by market quotation. If at the time of termination the swap has a negative fair value, the County would owe the counterparty a payment equal to the swap's fair value.

Rollover Risk

The County is exposed to rollover risk on the hedging interest rate swap that may be terminated prior to the maturity of the hedged debt.

Swap Payment and Associated Debt

Using rates as of June 30, 2017, debt service requirements of the variable rate debt net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable rate bond interest payments and net swap payments will vary.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

4 – LONG-TERM DEBT (Continued)

Year Ending June 30	Variable Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2018	\$ 865,653	\$ 79,195	\$ 33,960	\$ 978,808
2019	899,126	55,499	23,808	978,433
2020	933,895	30,888	13,364	978,147
2021	638,442	6,798	2,443	647,683
	<u>\$ 3,337,116</u>	<u>\$ 172,380</u>	<u>\$ 73,575</u>	<u>\$ 3,583,071</u>

On December 19, 2008, The Kanawha County Commission issued \$10,000,000 of the Kanawha County Building Commission Lease Revenue Bonds (Kanawha County Office Building Project) Series 2008. The proceeds of these bonds were used for renovation of the building located at 301 Virginia Street in Charleston, West Virginia. The bonds mature through December 10, 2023, with interest at 5.07%. On January 15, 2014, the County refinanced the Series 2008 bonds with interest at 2.45%. There was no gain or loss on the refinance of the bonds. Upon expiration of the lease term, the building title will pass to the County. Accordingly, the building is recorded as an asset of the County, and the related obligation for repayment of the bonds is recorded as a liability.

Total debt service costs of the Kanawha County Commission Office Building Project Series 2008 revenue bonds for each of the next five years and thereafter, are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 763,087	\$ 116,848	\$ 879,935
2019	763,087	98,152	861,239
2020	763,087	79,456	842,543
2021	763,087	60,761	823,848
2022	763,087	42,065	805,152
2023-2024	1,144,870	28,043	1,172,913
	<u>\$ 4,960,305</u>	<u>\$ 425,325</u>	<u>\$ 5,385,630</u>

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

4 – LONG-TERM DEBT (Continued)

Total debt service costs for all revenue bonds for each of the next five years and thereafter, are as follows:

Year Ending June 30	Principal	Interest	Total
2018	\$ 1,628,740	\$ 230,003	\$ 1,858,743
2019	1,662,213	177,459	1,839,672
2020	1,696,982	123,708	1,820,690
2021	1,401,529	70,002	1,471,531
2022	763,087	42,065	805,152
2023-2024	1,144,870	28,043	1,172,913
	<u>\$ 8,297,421</u>	<u>\$ 671,280</u>	<u>\$ 8,968,701</u>

Long-term Contribution Payable

On February 24, 2014, the County executed an agreement with the West Virginia Department of Transportation, Division of Highways, to commit \$1,500,000, payable in annual payments of \$150,000 over a ten year period, to assist with the construction of a public road and bridge to provide access to a local park.

Total of the contribution costs for each of the next five years, and thereafter, are as follows:

Year Ending June 30	Contribution
2018	\$ 150,000
2019	150,000
2020	150,000
2021	150,000
2022	150,000
2023	150,000
	<u>\$ 900,000</u>

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

4 – LONG-TERM DEBT (Continued)

The following is a summary of the long-term debt activity for the year ended June 30, 2017:

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 9,893,933	\$ -	\$ (1,596,512)	\$ 8,297,421	\$ 1,628,740
Contributions payable	1,050,000	-	(150,000)	900,000	150,000
Net OPEB liability	6,908,235	234,618	(963,517)	6,179,336	-
Net pension liability PERS	5,787,079	3,616,754	-	9,403,833	-
Net pension liability DSRS	2,391,884	1,185,324	-	3,577,208	-
Compensated absences	2,058,879	1,399,359	(1,411,373)	2,046,865	-
Health claims	462,000	644,655	(462,000)	644,655	644,655
	<u>28,552,010</u>	<u>7,080,710</u>	<u>(4,583,402)</u>	<u>31,049,318</u>	<u>2,423,395</u>
Total governmental activity long-term liabilities	<u>\$ 28,552,010</u>	<u>\$ 7,080,710</u>	<u>\$ (4,583,402)</u>	<u>\$ 31,049,318</u>	<u>\$ 2,423,395</u>

Total cash paid for interest for the year ended June 30, 2017, on outstanding debt was \$281,153.

5 – PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of the county may distraint for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on the first day of September in the year for which the assessment is made, and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until paid.

All counties within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, fourteen and thirty-tenths cents (14.30¢); on Class II property, twenty-eight and sixty-tenths cents (28.60¢); and on Class III and IV property, fifty-seven and twenty-tenths cents (57.20¢). In addition, counties may provide for an election to lay an excess levy, the rates of which are not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy. An excess levy has been approved by the voters of the County to provide additional funding for the Kanawha Valley Regional Transit Authority and the Kanawha County Emergency Ambulance Authority.

The rates levied (including the excess levy) by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2017, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense	Excess
Class I	\$ -	14.30¢	6.09¢
Class II	\$ 3,759,335,182	28.60¢	12.18¢
Class III	\$ 2,637,973,541	57.20¢	24.36¢
Class IV	\$ 3,313,915,160	57.20¢	24.36¢

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS

West Virginia Public Employees' Retirement System

The County participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of County 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.

All of the County's cost-sharing multiple-employer plans are 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 plans 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:

Eligibility to participate	All county full-time employees, except those covered by other pension plans
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Authority establishing contribution obligations and benefit provisions:	State Statute
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Tier 1 Plan member's contribution rate:	4.50%
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Tier 2 Plan member's contribution rate:	6.00%
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County's contribution rate:	12.0% for FY 2017
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Period required to vest:	5 years
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Benefits and eligibility for distribution:

Tier 1

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.

Tier 2

Qualification for normal retirement is age 62 with 10 years of services or at least age 55 with and service equal to 80 or greater. The average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings) times the years of service times 2% equals the retirement benefit.

Deferred portion	No
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Provision for:

Cost of living	No
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Death benefits	Yes
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KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Deputy Sheriff Retirement System (DSRS)

Plan member's contribution rate:	8.5%
County's contribution rate:	12.0% plus certain fees for reports generated by the Sheriff's office
Plan member's contribution rate:	Five years
Eligibility to participate	Deputy sheriffs first employed after the effective date and any deputy sheriff hired prior to the effective date who elect to become members.
Authority establishing contribution Obligations and benefit provisions	State Statue
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. DSRS members are required to contribute 8.5% of their annual covered salary and the County is required to contribute 12.0%. The contribution requirements of DSRS members are established and may be amended only by the State of West Virginia Legislature.
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years of contributing service, age 50 if the sum of age plus years of credited service is equal to or greater than 70, or age 62 and completed five or more years of contributing service. The final average salary (5 highest consecutive years in the last 10 years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Trend Information

Fiscal Year	Public Employees Retirement System (PERS)		Deputy Sheriff Retirement System (DSRS)	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
2017	\$ 2,326,149	100%	\$ 1,153,314	100%
2016	\$ 2,545,213	100%	\$ 1,135,850	100%
2015	\$ 2,599,625	100%	\$ 1,165,797	100%
2014	\$ 2,547,639	100%	\$ 1,161,353	100%
2013	\$ 2,378,516	100%	\$ 1,100,446	100%

PERS and DSRS issue a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by contacting the Consolidated Public Employees Retirement Board, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the County reported the following liabilities for its proportionate share of the net pension liabilities. The County's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the County reported the following proportions and increases/decreases from its proportion measure as of June 30, 2017.

	PERS	DSRS
Amount for proportionate share of net pension liability	\$ 9,403,833	\$ 3,577,208
Percentage for proportionate share of net pension liability	1.023137%	11.236356%
Increase/(decrease) % from prior proportion measured	-0.013039%	-0.412403%

For the year ended June 30, 2017, the County recognized the following pension expenses:

	PERS	DSRS
Government-wide pension expense	\$ 1,683,859	\$ 447,374

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Public Employees Retirement System (PERS)	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ 2,955,034	\$ -
Difference between expected and actual experience	784,204	-
Deferred difference in assumption	-	458,140
Changes in proportion and differences between government contributions and proportionate share of contributions	242,784	62,539
Government contributions subsequent to the measurement date	<u>1,677,161</u>	<u>-</u>
	\$ 5,659,183	\$ 520,679

Deputy Sheriffs Retirement System (DSRS)	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ 937,604	\$ -
Difference between expected and actual experience	222,932	-
Changes in proportion and differences between government contributions and proportionate share of contributions	-	89,678
Government contributions subsequent to the measurement date	<u>675,111</u>	<u>-</u>
	\$ 1,835,647	\$ 89,678

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 in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
 Related to Pensions (Continued)

PERS		DSRS	
Year ended June 30:		Year ended June 30:	
2018	\$ 643,539	2018	\$ 133,782
2019	579,997	2019	133,852
2020	1,328,589	2020	449,749
2021	909,218	2021	318,389
	\$ 3,461,343	2022	24,830
		Thereafter	10,256
			\$ 1,070,858

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Public Employees Retirement System (PERS)

PERS	June 30, 2016
Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	Through Fiscal Year 2035
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	
PERS:	
State	3.0-4.6%
Nonstate	3.35-6%
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	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 -
Withdrawal Rates:	
State	1.75-35.1%
Nonstate	2-35.8%
Disability Rates	0-.675%
Retirement Rates	15-100%
Date Range in Most Experience Study	2009-2014

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Deputy Sheriffs Retirement System (DSRS)

DSRS	June 30, 2016
Actuarial Cost Method	Individual entry age normal cost with level percentage of payroll
Asset Valuation Method	Fair value
Amortization Method	Level dollar, fixed period
Amortization Period	2029
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Projected Salary Increases:	5.0% for first 2 yrs of service, 4.5% for next 3 yrs of service, 4.0% for the next 5 yrs, and 3.5% thereafter
Inflation Rate	3.00%
Discount Rate	7.50%
Mortality Rates	Active - RP2000 Non-annuitant tables; Projected to 2020 scale BB; Retired - RP2000 healthy annuitant tables, Projected to 2025 Scale BB; Disabled - RP2000 Healthy annuitant table; Projected to 2025, scale BB set forward 1 year
Withdrawal Rates	0-12.32%
Disability Rates	.05-.4%
Retirement Rates	20-100%
Date Range in Most Experience Study	2006-2011

The long-term expected rates of return on pension plan investments were determined using a building-block method in which estimated 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 following defined benefit plans:

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

6 – RETIREMENT SYSTEMS (Continued)

Investment	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	DSRS Target Asset Allocation
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	7.5%
High Yield Fixed Income	5.5%	7.5%	7.5%
Real Estate	7.0%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Discount rate

The discount rate used to measure the total pension liability was 7.5% for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each 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 rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
PERS net pension liability share	17,022,452	9,403,833	2,933,651
DSRS net pension liability share	6,722,712	3,577,208	978,012

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 in writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

KAWAWHA COUNTY, WEST VIRGINIA
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2017

7 – OTHER POST EMPLOYMENT BENEFITS

The County participates in the West Virginia Other Post-Employment Benefit Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBTF), a cost sharing multiple-employer defined benefit post-employment healthcare plan for eligible employees administered by the West Virginia Public Employee Insurance Agency (WVPEIA). The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. Employees hired prior to July 1, 1985 are the only employees eligible to participate.

The provisions of the Code of West Virginia, 1931, as amended (the Code), assigns the authority to establish and amend benefit plans to the WVPEIA Board of Trustees. The WVPEIA issues a publicly available financial report that includes financial statements and required supplementary information for the OPEB plan. That report may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57th Street, Charleston, WV 25304, or by calling 1-888-680-7342.

For the year ended June 30, 2017, the County recognized OPEB expense of \$498,368. At June 30, 2017, the County reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 362,601
Changes in assumptions	103,910
Total	\$ 466,511

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	
2018	\$ (116,628)
2019	(116,628)
2020	(116,628)
2021	(116,627)
	\$ (466,511)

Actuarial assumptions: The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0 percent	
Salary Increases	3.0 percent for inflation plus merit	
	3.56 percent as of June 30, 2017 and	
Discount Rate	2.92 percent as of June 30, 2016	

The actuarial assumptions used in the June 30, 2017 valuation represent a reasonable long-term expectation of future OPEB outcomes. As national economic and County experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

7 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of the County's proportionate share of the net OPEB liability to change in the discount rate: The following presents the County's net OPEB liability, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is one percentage lower or one percentage point higher than the current rate:

	1% Decrease 2.56%	Current Rate 3.56%	1% Increase 4.56%
Net OPEB Liability	\$ 6,817,137	\$ 6,179,336	\$ 5,639,366

Sensitivity of the net OPEB liability to changes in the health care cost trend rates: The following presents the County's net OPEB liability, as well as what the County's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current rate:

	1% Decrease -1.00%	Current Rate 0.00%	1% Increase 1.00%
Net OPEB Liability	\$ 5,627,348	\$ 6,179,336	\$ 6,828,078

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report.

8 – DEFERRED COMPENSATION PLAN

The County offers a deferred compensation plan to its employees created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

9 – COMMITMENTS AND CONTINGENCIES

The County is self-insured for employee health claims with a stop-loss insurance policy which covers health claims in excess of \$90,000 individually and \$2,000,000 in the aggregate. Claims of \$644,655 have been accrued in the Statement of Net Position for claims incurred prior to June 30, 2017 and paid as of September 30, 2017. Changes in the balances of claims liability during the past two years are as follows:

	June 30, 2017	June 30, 2016
Unpaid claims, beginning of fiscal year	\$ 462,000	\$ 470,000
Incurred claims (including IBNRS)	6,963,441	6,660,218
Claims paid	(6,780,786)	(6,668,218)
Unpaid claims, end of fiscal year	\$ 644,655	\$ 462,000

The County has pledged funding for various purposes under nonbinding letters of intent, subject to meeting certain criteria, to fund various projects. Because of the nonbinding nature of these letters of intent, the County has not committed fund balances or recorded a liability for these commitments.

The County committed \$2,000,000 to the Appalachian Power Baseball Park, payable to the City of Charleston, in annual payments of \$133,000. The City of Charleston paid off the park and released the County from any further payments as of June 30, 2017.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

9 – COMMITMENTS AND CONTINGENCIES (Continued)

The Kanawha County Metro Emergency Operations Center entered into a lease agreement with the Kanawha County Building Commission effective August 1, 2001 to lease a building in which the Metro Emergency Operations Center is located. The lease is subject to annual renewals through August 1, 2024, at which point the deed to the premises will pass the Kanawha County Metro Emergency Operations Center. The annual lease payment is variable, and corresponds to the repayment of bonds used to finance the project as defined in Note 4. The Kanawha County Commission is obligated as guarantor of the lease payments should the Metro Emergency Operations Center fail to meet its payment obligations.

10 – RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; public officials and law enforcement actions and other acts of the County or its representatives. The County has transferred its risks in exchange for premiums to purchase general liability, property loss, law enforcement liability, employee practice liability and workers compensation coverage insurance, from various high credit quality insurance companies which carry various deductibles and aggregates per year. Additionally, the County is self-insured for employee health claims and has purchased stop-loss coverage to mitigate the risk of exposure. The amounts of stop-loss coverage are discussed in Note 9.

11 – CONDUIT DEBT OBLIGATIONS

From time to time, the County has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying leases. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the county, State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financials statements.

As of June 30, 2017, there have been 136 series of Industrial Revenue Bonds, one series of local government Lease Revenue Bonds, and one series of Student Housing Revenue Bonds issued by the Kanawha County Commission. The aggregate principal amount payable for the one local government series issued after June 1, 1995 (Metro Emergency Operations Center, originally issued November 2004 - \$4,500,000 authorized, and refunded in 2011 with Series A was \$1,407,358 at June 30, 2017. The aggregate principal amount payable for the one student revenue bond series issued after July 1, 1995 (West Virginia State Student Housing Revenue Bonds, originally issued September 2013 - \$25,305,000 authorized) was \$25,110,000. The aggregate principal amount payable for the two industrial revenue bonds issued after July 1995 (\$11,485,000 authorized) was \$7,001,893 at June 30, 2017.

12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has also issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 30, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The adoption of GASB Statement No. 74 had no impact on the June 30, 2017 financial statements.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 30, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The County's early implementation of GASB Statement No. 75 did have an impact on the County's financial statements for the fiscal year ended June 30, 2017. See Note 7 – Other Postemployment Benefits and see Note 1 – Prior Period Adjustments.

The Governmental Accounting Standards Board has also issued Statement No. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The adoption of GASB Statement No. 77 had no impact on the June 30, 2017 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The adoption of GASB Statement No. 78 had no impact on the June 30, 2017 financial statements.

The Governmental Accounting Standards Board has issued Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance. The adoption of GASB Statement No. 81 had no impact on the June 30, 2017 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 82, *Pension Issues – an amendment of GASB No. 67, No. 68 and No. 73*, effective for fiscal years beginning after June 15, 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The adoption of GASB Statement No. 82 had no impact on the June 30, 2017 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This issue arises when a government has legal obligations to perform future asset retirement activities related to its tangible capital assets. The County has not yet determined the effect that the adoption of GASB Statement No. 83 may have to its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The County has not yet determined the effect that the adoption of GASB Statement No. 84 may have on its financial statements.

KAWAWHA COUNTY, WEST VIRGINIA
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2017

12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The County has not yet determined the effect that the adoption of GASB Statement No. 85 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. The County has not yet determined the effect that the adoption of GASB Statement No. 86 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, *Leases*, effective for the fiscal years beginning after December 15, 2019. The objective of this Statement is to improve accounting and financial reporting for leases by governments. It requires recognition of certain lease assets and liabilities that were previously classified as operating leases. The County has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

13 – CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

14 – SUBSEQUENT EVENTS

In September 2017, the County entered into an agreement to revise the agreement with the West Virginia Department of Transportation for an early repayment of the County's obligation on the Coonskin Bridge project. This project is shown in the financial statements as a long-term debt with a balance of \$900,000 and yearly payments of \$150,000. The revised agreement calls for a payment of \$750,000 to settle the debt by June 30, 2018.

In September 2017, the County decided to move forward with a \$10 million bond issue to build a multi-sport complex within the county. The details of the bond issue were still being discussed at the time of issuance of the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL OPERATING FUND

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Ad valorem property tax	\$ 44,213,616	\$ 44,213,616	\$ 44,148,276	\$ -	\$ 44,148,276	\$ 65,340
Other taxes	2,126,245	2,126,245	1,923,684	-	1,923,684	202,561
Licenses and permits	10,000	10,000	7,032	-	7,032	2,968
Intergovernmental:						
Federal	362,920	600,392	281,609	184,126	465,735	134,657
State	158,977	198,118	354,521	(109,576)	244,945	(46,827)
Local	460,000	460,000	340,000	-	340,000	120,000
Charges for services	1,035,100	1,035,100	1,129,081	-	1,129,081	(93,981)
Interest	4,000	4,000	39,442	-	39,442	(35,442)
Miscellaneous	1,777,759	1,946,563	1,440,097	-	1,440,097	506,466
Total revenue	50,148,617	50,594,034	49,663,742	74,550	49,738,292	855,742
Expenditures:						
General government	23,851,151	28,515,612	20,120,425	-	20,120,425	8,395,187
Public safety	17,328,960	18,139,526	16,123,130	-	16,123,130	2,016,396
Health and sanitation	393,468	395,468	261,915	-	261,915	133,553
Culture and recreation	5,376,000	5,376,000	5,312,610	-	5,312,610	63,390
Capital outlay	108,000	346,300	92,727	-	92,727	253,573
Total expenditures	47,057,579	52,772,906	41,910,807	-	41,910,807	10,862,099
Excess(deficiency) of revenues over (under) expenditures	3,091,038	(2,178,872)	7,752,935	74,550	7,827,485	(10,006,357)
Other financing sources (uses):						
Operating transfers in	100,000	1,845,875	3,343,743	(2,550,000)	793,743	1,052,132
Operating transfers out	(4,091,038)	(6,347,394)	(10,812,322)	-	(10,812,322)	(1,961,132)
Total other financing sources and (uses)	(3,991,038)	(4,501,519)	(7,468,579)	(2,550,000)	(10,018,579)	(909,000)
Net change in fund balances	(900,000)	(6,680,391)	284,356	(2,475,450)	(2,191,094)	(10,915,357)
Fund balances, beginning of year	900,000	5,780,391	2,248,947	-	(519,568)	(3,002,696)
Fund balances, end of year	\$ -	\$ (900,000)	\$ 2,533,303	\$ (2,475,450)	\$ (2,710,662)	\$ (13,918,053)

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
COAL SEVERANCE TAX FUND

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Taxes	\$ 915,372	\$ 915,372	\$ 1,002,739	\$ -	\$ 604,640	\$ 310,732
Interest	150	150	-	-	-	150
Total revenue	<u>915,522</u>	<u>915,522</u>	<u>1,002,739</u>	<u>-</u>	<u>604,640</u>	<u>310,882</u>
Expenditures:						
General government	75,000	276,037	137,830	-	137,830	138,207
Public safety	760,522	760,522	629,600	-	629,600	130,922
Culture and recreation	50,000	50,000	50,000	-	50,000	-
Social services	30,000	30,000	30,000	-	30,000	-
Total expenditures	<u>915,522</u>	<u>1,116,559</u>	<u>847,430</u>	<u>-</u>	<u>847,430</u>	<u>269,129</u>
Excess(deficiency) of revenues over (under) expenditures	-	(201,037)	155,309	-	(242,790)	41,753
Other financing sources (uses):						
Operating transfers out	-	-	(27,336)	27,336	-	-
Total other financing sources and (uses)	-	-	(27,336)	27,336	-	-
Net change in fund balances	-	(201,037)	127,973	27,336	(242,790)	41,753
Fund balances, beginning of year	-	201,037	419,295	-	419,295	(218,258)
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 547,268</u>	<u>\$ 27,336</u>	<u>\$ 176,505</u>	<u>\$ (176,505)</u>

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
ASSESSOR'S VALUATION FUND

Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Taxes	\$ 2,295,564	\$ 2,295,564	\$ 2,293,050	\$ -	\$ 2,293,050	\$ 2,514
Interest	660	660	-	-	-	660
Charges for Services	2,400	2,400	906	-	906	1,494
Miscellaneous	-	-	126	-	126	(126)
Total revenue	<u>2,298,624</u>	<u>2,298,624</u>	<u>2,294,082</u>	<u>-</u>	<u>2,294,082</u>	<u>4,542</u>
Expenditures:						
General government	<u>3,198,624</u>	<u>3,669,032</u>	<u>2,252,501</u>	<u>-</u>	<u>2,251,678</u>	<u>1,417,354</u>
Total expenditures	<u>3,198,624</u>	<u>3,669,032</u>	<u>2,252,501</u>	<u>-</u>	<u>2,251,678</u>	<u>1,417,354</u>
Excess(deficiency) of revenues over (under) expenditures	(900,000)	(1,370,408)	41,581	-	42,404	(1,412,812)
Other financing sources (uses):						
Operating transfers out	<u>-</u>	<u>-</u>	<u>(379,593)</u>	<u>379,593</u>	<u>-</u>	<u>-</u>
Total other financing sources and (uses)	<u>-</u>	<u>-</u>	<u>(379,593)</u>	<u>379,593</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(900,000)	(1,370,408)	(338,012)	379,593	42,404	(1,412,812)
Fund balances, beginning of year	<u>900,000</u>	<u>1,370,408</u>	<u>1,370,408</u>	<u>-</u>	<u>1,370,408</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,396</u>	<u>\$ 379,593</u>	<u>\$ 1,412,812</u>	<u>\$ (1,412,812)</u>

SUPPLEMENTARY INFORMATION

**KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF RETIREMENT CONTRIBUTIONS FOR THE LAST TEN FISCAL YEARS
(DATA PRIOR TO 2015 IS UNAVAILABLE)**

June 30, 2017

Public Employees Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,677,161	\$ 1,903,779	\$ 1,967,281
Contribution in relation to the contractually required contribution	<u>(1,677,161)</u>	<u>(1,903,779)</u>	<u>(1,967,281)</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,014,838	\$ 14,102,016	\$ 14,052,002
Contributions as a percentage of covered payroll	12.00%	13.50%	14.00%

Deputy Sheriff's Retirement System

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 675,111	\$ 664,888	\$ 693,927
Contribution in relation to the contractually required contribution	<u>(675,111)</u>	<u>(664,888)</u>	<u>(693,927)</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,625,920	\$ 5,540,730	\$ 5,551,410
Contributions as a percentage of covered payroll	12.00%	12.00%	12.50%

**KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITIES**

June 30, 2017

Public Employees Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate percentage of net pension liability	1.023137%	1.036176%	1.001338%
Proportion dollar share of net pension liability	9,403,833	5,786,048	3,695,713
Covered payroll	14,102,016	14,052,002	13,432,419
Proportionate share of net pension liability as percentage of covered payroll	66.68%	41.03%	26.30%
Plan fiduciary net position as a percentage of total pension liability	86.11%	91.29%	93.98%

Deputy Sheriff's Retirement System

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate percentage of net pension liability	11.236356%	11.648759%	11.672465%
Proportion dollar share of net pension liability	3,577,208	2,389,393	1,991,016
Covered payroll	5,540,730	5,551,410	5,401,638
Proportionate share of net pension liability as percentage of covered payroll	64.56%	43.12%	35.87%
Plan fiduciary net position as a percentage of total pension liability	84.48%	89.31%	90.52%

**KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY**

June 30, 2017

OPEB Liability

Net OPEB liability as of 6/30/2016	\$	6,908,235
Service cost		38,412
Interest		196,206
Changes in assumptions		(129,888)
Differences between expected and actual experience		(453,251)
Benefit payments		(380,378)
Net changes		(728,899)
Net OPEB liability as of 6/30/2017	\$	6,179,336

Plan Fiduciary Net Position

Plan fiduciary net position as of 6/30/2016	\$	-
Contributions - employer		380,378
Contributions - retired members		-
Benefit Proportion dollar share of net pension liability		(380,378)
Net changes		-
Plan fiduciary net position as of 6/30/2017	\$	-

Fiscal year 2017 is the first year of implementation, therefore only one year is shown.

KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2017

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Project Number	Federal Expenditures
<u>U. S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed Through WV Division of Homeland Security and Emergency Management:			
Homeland Security Grant	97.067	14-LE-64	\$ 73,250
Homeland Security Grant	97.067	14-SHS-72	14,980
Total Homeland Security Grant			<u>88,230</u>
Emergency Management Performance Grant	97.042	EMPG 2016	182,121
Hazard Mitigation Grant	97.039	DR-4210-WV-008	<u>1,298,700</u>
Total U. S. Department of Homeland Security			<u>1,569,051</u>
<u>U. S. DEPARTMENT OF JUSTICE</u>			
Passed Through WV Department of Criminal Justice Services:			
Crime Victim Assistance	16.575	14-VA-013	26,482
Crime Victim Assistance	16.575	15-VA-060	34,361
Crime Victim Assistance	16.575	15-VA-059	60,745
Total Crime Victim Assistance			<u>121,588</u>
Juvenile Accountability Block Grant	16.523	15-JJP-013	25,000
Violence Against Women Formula Grants	16.588	13-VAW-022	5,774
Violence Against Women Formula Grants	16.588	15-VAW-026	26,429
Total Violence Against Women Formula Grants			<u>32,203</u>
Total U. S. Department of Justice			<u>178,791</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u>1,747,842</u>

The accompanying Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) includes the federal award activity of **Kanawha County**, West Virginia (the County) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The County has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2017

	General School	Magistrate Court	Worthless Check	Home Confinement
<u>ASSETS</u>				
Cash and cash equivalents	\$ 216,105	\$ 83,327	\$ 5,323	\$ 256,007
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	2,487
Grants and other receivables	-	-	-	-
	<u>216,105</u>	<u>83,327</u>	<u>5,323</u>	<u>258,494</u>
Total assets	<u>\$ 216,105</u>	<u>\$ 83,327</u>	<u>\$ 5,323</u>	<u>\$ 258,494</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 14,205	\$ 3,255	\$ -	\$ 10,245
Due to other funds	-	-	-	-
Other	-	-	-	377
	<u>14,205</u>	<u>3,255</u>	<u>-</u>	<u>10,622</u>
Total liabilities	<u>14,205</u>	<u>3,255</u>	<u>-</u>	<u>10,622</u>
Deferred inflows resources:				
Unavailable revenue - property taxes	-	-	-	-
Fund balances:				
Restricted	201,900	80,072	5,323	247,872
Committed	-	-	-	-
	<u>201,900</u>	<u>80,072</u>	<u>5,323</u>	<u>247,872</u>
Total fund balances	<u>201,900</u>	<u>80,072</u>	<u>5,323</u>	<u>247,872</u>
Total liabilities, deferred inflows of revenues and fund balances	<u>\$ 216,105</u>	<u>\$ 83,327</u>	<u>\$ 5,323</u>	<u>\$ 258,494</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2017

	<u>Fiduciary</u>	<u>Accident Photo</u>	<u>Worthless Check Restitution</u>	<u>Public Safety Levy</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 333,584	\$ 61,776	\$ 18,675	\$ 709,087
Taxes receivable	-	-	-	138,764
Estimated uncollectible taxes	-	-	-	(138,764)
Due from other funds	1,185	-	-	-
Grants and other receivables	-	-	-	-
	<u>334,769</u>	<u>\$ 61,776</u>	<u>\$ 18,675</u>	<u>709,087</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 11,609	\$ 20,835	\$ -	\$ 158,682
Due to other funds	-	-	-	-
Other	134	-	-	-
	<u>11,743</u>	<u>20,835</u>	<u>-</u>	<u>158,682</u>
Deferred inflows resources:				
Unavailable revenue - property taxes	-	-	-	125,857
Fund balances:				
Restricted	323,026	40,941	18,675	424,548
Committed	-	-	-	-
	<u>323,026</u>	<u>40,941</u>	<u>18,675</u>	<u>424,548</u>
Total liabilities, deferred inflows of revenues and fund balances	<u>\$ 334,769</u>	<u>\$ 61,776</u>	<u>\$ 18,675</u>	<u>\$ 709,087</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2017

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
ASSETS				
Cash and cash equivalents	\$ 386,972	\$ 259,520	\$ 17,940	\$ 442,807
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	-
Grants and other receivables	229,922	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	616,894	\$ 259,520	\$ 17,940	442,807
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ 2,500	\$ 189	\$ 2,545
Due to other funds	-	-	35	-
Other	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	2,500	224	2,545
	<hr/>	<hr/>	<hr/>	<hr/>
Deferred inflows resources:				
Unavailable revenue - property taxes	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Restricted	616,894	-	17,716	440,262
Committed	-	257,020	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	616,894	257,020	17,716	440,262
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of revenues and fund balances	\$ 616,894	\$ 259,520	\$ 17,940	\$ 442,807
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)
 JUNE 30, 2017

	Day Reporting Collections	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 83,413	\$ 149,489	\$ 152,492	\$ 3,176,517
Taxes receivable	-	-	-	138,764
Estimated uncollectible taxes	-	-	-	(138,764)
Due from other funds	-	-	-	3,672
Grants and other receivables	-	-	-	229,922
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 83,413</u>	<u>\$ 149,489</u>	<u>152,492</u>	<u>3,410,111</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 224,065
Due to other funds	-	-	-	35
Other	-	-	-	511
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	-	224,611
Deferred inflows resources:				
Unavailable revenue - property taxes	-	-	-	125,857
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances:				
Restricted	83,413	149,489	152,492	2,802,623
Committed	-	-	-	257,020
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>83,413</u>	<u>149,489</u>	<u>152,492</u>	<u>3,059,643</u>
Total liabilities, deferred inflows of revenues and fund balances				
	<u>\$ 83,413</u>	<u>\$ 149,489</u>	<u>\$ 152,492</u>	<u>\$ 3,410,111</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2017

	General School	Magistrate Court	Worthless Check	Home Confinement
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	422,397	75,851	3,135	183,516
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>422,397</u>	<u>75,851</u>	<u>3,135</u>	<u>183,516</u>
Expenditures:				
General government	42,505	41,768	-	-
Public safety	-	-	-	506,569
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>42,505</u>	<u>41,768</u>	<u>-</u>	<u>506,569</u>
Excess (deficiency) of revenues Over expenditures	379,892	34,083	3,135	(323,053)
Other financing sources (uses):				
Operating transfers in	-	-	-	344,840
Operating transfers out	<u>(417,649)</u>	<u>-</u>	<u>-</u>	<u>(90,420)</u>
Total other financing sources (uses)	<u>(417,649)</u>	<u>-</u>	<u>-</u>	<u>254,420</u>
Net change in fund balances	(37,757)	34,083	3,135	(68,633)
Fund balances, beginning of year	<u>239,657</u>	<u>45,989</u>	<u>2,188</u>	<u>316,505</u>
Fund balances, end of year	<u>\$ 201,900</u>	<u>\$ 80,072</u>	<u>\$ 5,323</u>	<u>\$ 247,872</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 For the Year Ended June 30, 2017

	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,437,325
Other Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	231,000	119,215	2,858	2,475
Fines and forfeits	-	-	-	-
Interest	-	-	-	1,154
Miscellaneous	-	-	-	-
Total revenues	<u>231,000</u>	<u>119,215</u>	<u>2,858</u>	<u>1,440,954</u>
Expenditures:				
General government	295,829	-	-	88,620
Public safety	-	127,314	-	1,332,744
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>295,829</u>	<u>127,314</u>	<u>-</u>	<u>1,421,364</u>
Excess (deficiency) of revenues Over expenditures	(64,829)	(8,099)	2,858	19,590
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(32,269)	-	-	(179,582)
Total other financing sources (uses)	<u>(32,269)</u>	<u>-</u>	<u>-</u>	<u>(179,582)</u>
Net change in fund balances	(97,098)	(8,099)	2,858	(159,992)
Fund balances, beginning of year	<u>420,124</u>	<u>49,040</u>	<u>15,817</u>	<u>584,540</u>
Fund balances, end of year	<u>\$ 323,026</u>	<u>\$ 40,941</u>	<u>\$ 18,675</u>	<u>\$ 424,548</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 For the Year Ended June 30, 2017

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	601,649	-	40,508	-
Licenses and permits	-	-	-	121,160
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	303,553	-	-
Total revenues	601,649	303,553	40,508	121,160
Expenditures:				
General government	290,370	321,740	10,744	-
Public safety	-	-	-	81,892
Debt Service:				
Principal	150,000	-	-	-
Interest	-	-	-	-
Total expenditures	440,370	321,740	10,744	81,892
Excess (deficiency) of revenues Over expenditures	161,279	(18,187)	29,764	39,268
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(28,450)	(10,800)
Total other financing sources (uses)	-	-	(28,450)	(10,800)
Net change in fund balances	161,279	(18,187)	1,314	28,468
Fund balances, beginning of year	455,615	275,207	16,402	411,794
Fund balances, end of year	\$ 616,894	\$ 257,020	\$ 17,716	\$ 440,262

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS (Continued)
 For the Year Ended June 30, 2017

	Day Reporting Collection	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 1,437,325
Other Taxes	-	-	-	642,157
Licenses and permits	-	-	-	121,160
Charges for services	24,052	-	-	1,064,499
Fines and forfeits	-	-	116,882	116,882
Interest	-	-	-	1,154
Miscellaneous	-	66,151	-	369,704
Total revenues	24,052	66,151	116,882	3,752,881
Expenditures:				
General government	-	-	-	1,091,576
Public safety	-	-	44,058	2,092,577
Debt Service:				
Principal	-	-	-	150,000
Interest	-	-	-	-
Total expenditures	-	-	44,058	3,334,153
Excess (deficiency) of revenues Over expenditures	24,052	66,151	72,824	418,728
Other financing sources (uses):				
Operating transfers in	-	-	-	344,840
Operating transfers out	-	(9,095)	-	(768,265)
Total other financing sources (uses)	-	(9,095)	-	(423,425)
Net change in fund balances	24,052	57,056	72,824	(4,697)
Fund balances, beginning of year	59,361	92,433	79,668	3,064,340
Fund balances, end of year	\$ 83,413	\$ 149,489	\$ 152,492	\$ 3,059,643

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS

June 30, 2017

	Delinquent and Non- Entered Lands	Sale of Lien Surplus	Board of Health	School	State	Municipal	Kanawha County Emergency Ambulance Authority	Kanawha Valley Regional Transit Authority	Circuit Clerk
ASSETS									
Cash and cash equivalents	\$ 740,761	\$ 2,940,546	\$ 1,536,275	\$ 1,462,852	\$ 8,899	\$ 303,049	\$ 109,337	\$ 109,337	\$ 2,676,276
Taxes receivable	-	-	-	16,045,127	113,886	2,390,950	1,318,261	1,318,261	-
Estimated uncollectible taxes	-	-	-	(10,033,659)	(71,472)	(1,036,456)	(827,347)	(827,347)	-
Total assets	\$ 740,761	\$ 2,940,546	\$ 1,536,275	\$ 7,474,320	\$ 51,313	\$ 1,657,543	\$ 600,251	\$ 600,251	\$ 2,676,276
LIABILITIES									
Due to other governmental entities	\$ 740,761	\$ 2,940,546	\$ 1,536,275	\$ 7,474,320	\$ 51,313	\$ 1,657,543	\$ 600,251	\$ 600,251	\$ -
Due to other third parties	-	-	-	-	-	-	-	-	2,676,276
Total liabilities	\$ 740,761	\$ 2,940,546	\$ 1,536,275	\$ 7,474,320	\$ 51,313	\$ 1,657,543	\$ 600,251	\$ 600,251	\$ 2,676,276

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
(Continued)

June 30, 2017

	Records Office	Clerk's Delinquent Land	Domestic Violence	Deputy Retirement	Enhanced 911 System	Writ of Execution	Evidence Fund	Total Agency Funds
ASSETS								
Cash and cash equivalents	\$ 795,638	\$ 345,790	\$ 4,875	\$ 7,462	\$ 316	\$ 20,002	\$ 325,974	\$ 11,387,389
Taxes receivable	-	-	-	-	-	-	-	21,186,485
Estimated uncollectible taxes	-	-	-	-	-	-	-	(12,796,281)
Total assets	\$ 795,638	\$ 345,790	\$ 4,875	\$ 7,462	\$ 316	\$ 20,002	\$ 325,974	\$ 19,777,593
LIABILITIES								
Due to other governmental entities	\$ -	\$ -	\$ -	\$ 7,462	\$ 316	\$ -	\$ -	\$ 15,609,038
Due to other third parties	795,638	345,790	4,875	-	-	20,002	325,974	4,168,555
Total liabilities	\$ 795,638	\$ 345,790	\$ 4,875	\$ 7,462	\$ 316	\$ 20,002	\$ 325,974	\$ 19,777,593

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2017

	General Operating	Dog and Kennel	Federal Grants	County Manager's
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,431,871	\$ 3,441	\$ 38,878	\$ 98,608
Taxes receivable	6,501,565	-	-	-
Estimated uncollectible taxes	(4,075,561)	-	-	-
Due from other funds	121,002	35	-	-
Grants and other receivables	230,936	-	-	-
	<u>10,209,813</u>	<u>3,476</u>	<u>38,878</u>	<u>98,608</u>
Total assets	<u>\$ 10,209,813</u>	<u>\$ 3,476</u>	<u>\$ 38,878</u>	<u>\$ 98,608</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,107,607	\$ -	\$ -	\$ -
Due to other funds	1,447	-	-	-
Other	48,294	-	-	-
	<u>1,157,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>1,157,348</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	5,895,460	-	-	-
	<u>5,895,460</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	-	-	38,878	-
Committed	-	3,476	-	98,608
Assigned	740,467	-	-	-
Unassigned	2,416,538	-	-	-
	<u>3,157,005</u>	<u>3,476</u>	<u>38,878</u>	<u>98,608</u>
Total fund balances	<u>3,157,005</u>	<u>3,476</u>	<u>38,878</u>	<u>98,608</u>
Total liabilities and fund balances	<u>\$ 10,209,813</u>	<u>\$ 3,476</u>	<u>\$ 38,878</u>	<u>\$ 98,608</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2017

	Emergency Response	Building Demolition	Capital Maintenance	Records Management & Preservation
ASSETS				
Cash and cash equivalents	\$ 1,469,020	\$ 432,451	\$ 12,621	\$ 2,148
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	-
Grants and other receivables	-	-	-	-
Total assets	\$ 1,469,020	\$ 432,451	\$ 12,621	\$ 2,148
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 4,421	\$ 3,850	-	-
Due to other funds	-	-	-	-
Other	-	-	-	-
Total liabilities	4,421	3,850	-	-
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	-	-
Fund balances:				
Restricted	-	-	-	-
Committed	1,464,599	-	12,621	2,148
Assigned	-	-	-	-
Unassigned	-	428,601	-	-
Total fund balances	1,464,599	428,601	12,621	2,148
Total liabilities and fund balances	\$ 1,469,020	\$ 432,451	\$ 12,621	\$ 2,148

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2017

	Financial Stabilization	Voters Registration	Uemployment Compensation	Drug Court Program	Special Law Enforcement Investigations
ASSETS					
Cash and cash equivalents	\$ 5,797,451	\$ 5,268	\$ 69,957	\$ 1	\$ 55,577
Taxes receivable	-	-	-	-	-
Estimated uncollectible taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Other receivables	-	-	-	-	-
Total assets	\$ 5,797,451	\$ 5,268	\$ 69,957	\$ 1	\$ 55,577
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-
Other	-	-	-	-	-
Total liabilities	-	-	-	-	-
Deferred inflows of resources:					
Unavailable revenue - property taxes	-	-	-	-	-
Fund balances:					
Restricted	-	5,268	-	-	55,577
Committed	5,797,451	-	69,957	1	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	5,797,451	5,268	69,957	1	55,577
Total liabilities and fund balances	\$ 5,797,451	\$ 5,268	\$ 69,957	\$ 1	\$ 55,577

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2017

	Capital Equipment	Debt Service	Special Health Insurance	Total General Fund*
ASSETS				
Cash and cash equivalents	\$ 4,457,370	\$ 249,032	\$ 1,954,850	\$ 22,078,544
Taxes receivable	-	-	-	6,501,565
Estimated uncollectible taxes	-	-	-	(4,075,561)
Due from other funds	-	-	-	121,037
Other receivables	-	-	-	230,936
Total assets	\$ 4,457,370	249,032	\$ 1,954,850	\$ 24,856,521
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 359,770	\$ -	\$ 334,164	\$ 1,809,812
Due to other funds	1,642	-	135,213	138,302
Other	-	-	-	48,294
Total liabilities	361,412	-	469,377	1,996,408
Deferred inflows of resources:				
Unavailable revenue - property taxes	-	-	-	5,895,460
Fund balances:				
Restricted	-	249,032	-	\$ 348,755
Committed	4,095,958	-	-	11,544,819
Assigned	-	-	-	740,467
Unassigned	-	-	1,485,473	4,330,612
Total fund balances	4,095,958	249,032	1,485,473	16,964,653
Total liabilities and fund balances	\$ 4,457,370	\$ 249,032	\$ 1,954,850	\$ 24,856,521

*The due to/from amounts have not been reduced for intrafund activity.

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GENERAL FUND
 For the Year Ended June 30, 2017

	General Operating	Dog and Kennel	Federal Grants	County Manager's
Revenues:				
Taxes	\$ 44,148,276	\$ -	\$ -	\$ -
Other Taxes	1,923,684	500	-	-
Licenses and permits	7,032	-	-	-
Intergovernmental:				
Federal	281,609	-	1,298,700	-
State	354,521	-	-	-
Local	340,000	-	-	-
Charges for services	1,129,081	-	-	-
Fines and forfeits	-	-	-	-
Interest	39,442	-	-	-
Miscellaneous	1,440,097	-	-	54,579
Total revenues	49,663,742	500	1,298,700	54,579
Expenditures:				
General government	20,120,425	-	1,298,700	34,000
Public safety	16,123,130	65,000	-	-
Health and sanitation	261,915	-	-	-
Culture and recreation	5,312,610	-	-	-
Capital projects	92,727	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	41,910,807	65,000	1,298,700	34,000
Excess (deficiency) of revenues Over expenditures	7,752,935	(64,500)	-	20,579
Other financing sources (uses):				
Operating transfers in	3,343,743	24,591	-	-
Operating transfers out	(10,812,322)	-	-	-
Total other financing sources (uses)	(7,468,579)	24,591	-	-
Net change in fund balances	284,356	(39,909)	-	20,579
Fund balances, beginning of year	2,872,649	43,385	38,878	78,029
Fund balances, end of year	<u>\$ 3,157,005</u>	<u>\$ 3,476</u>	<u>\$ 38,878</u>	<u>\$ 98,608</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GENERAL FUND (Continued)
 For the Year Ended June 30, 2017

	Emergency Response	Building Demolition	Capital Maintenance	Records Management & Preservation
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	-	-
Miscellaneous	4,009,780	358,199	-	-
Total revenues	<u>4,009,780</u>	<u>358,199</u>	<u>-</u>	<u>-</u>
Expenditures:				
General government	3,443,345	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	24,926	-	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>3,443,345</u>	<u>24,926</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues Over expenditures	566,435	333,273	-	-
Other financing sources (uses):				
Operating transfers in	1,300,000	-	-	-
Operating transfers out	(183,558)	-	-	-
Total other financing sources (uses)	<u>1,116,442</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,682,877	333,273	-	-
Fund balances, beginning of year	(218,278)	95,328	12,621	2,148
Fund balances, end of year	<u>\$ 1,464,599</u>	<u>\$ 428,601</u>	<u>\$ 12,621</u>	<u>\$ 2,148</u>

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GENERAL FUND (Continued)
 For the Year Ended June 30, 2017

	Financial Stabilization	Voters Registration	Unemployment Compensation	Drug Court Program	Special Law Enforcement Investigations
Revenues:					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Interest	25,543	118	-	-	-
Miscellaneous	-	-	-	-	827
Total revenues	25,543	118	-	-	827
Expenditures:					
General government	-	-	7,560	-	-
Public safety	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	-	-	7,560	-	-
Excess (deficiency) of revenues Over expenditures	25,543	118	(7,560)	-	827
Other financing sources (uses):					
Operating transfers in	3,500,000	-	40,000	-	-
Operating transfers out	(6,750,000)	-	-	-	-
Total other financing sources (uses)	(3,250,000)	-	40,000	-	-
Net change in fund balances	(3,224,457)	118	32,440	-	827
Fund balances, beginning of year	9,021,908	5,150	37,517	1	54,750
Fund balances, end of year	\$ 5,797,451	\$ 5,268	\$ 69,957	\$ 1	\$ 55,577

KANAWHA COUNTY, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GENERAL FUND (Continued)
 For the Year Ended June 30, 2017

	Capital Equipment	Debt Service	Special Health Insurance	Total General Fund
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 44,148,276
Other Taxes	-	-	-	1,924,184
Licenses and permits	-	-	-	7,032
Intergovernmental:				
Federal	-	-	-	1,580,309
State	-	-	-	354,521
Local	-	-	-	340,000
Charges for services	-	-	-	1,129,081
Fines and forfeits	-	-	-	-
Interest	-	-	-	65,103
Miscellaneous	341,969	-	2,203,151	8,408,602
Total revenues	341,969	-	2,203,151	57,957,108
Expenditures:				
General government	802,587	-	6,963,441	32,670,058
Public safety	143,686	-	-	16,331,816
Health and sanitation	-	-	-	286,841
Culture and recreation	-	-	-	5,312,610
Capital projects	-	-	-	92,727
Debt Service:				
Principal	-	1,596,512	-	1,596,512
Interest	-	281,153	-	281,153
Total expenditures	946,273	1,877,665	6,963,441	56,571,717
Excess (deficiency) of revenues Over expenditures	(604,304)	(1,877,665)	(4,760,290)	1,385,391
Other financing sources (uses):				
Operating transfers in	3,589,200	1,877,528	4,901,172	18,576,234
Operating transfers out	-	-	-	(17,745,880)
Total other financing sources (uses)	3,589,200	1,877,528	4,901,172	830,354
Net change in fund balances	2,984,896	(137)	140,882	2,215,745
Fund balances, beginning of year	1,111,062	249,169	1,344,591	14,748,908
Fund balances, end of year	\$ 4,095,958	\$ 249,032	\$ 1,485,473	\$ 16,964,653



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

February 16, 2018

Kanawha County Commission
407 Virginia St. East
Charleston, WV 25301

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, discretely presented component units, each major fund and the aggregate remaining fund information of **Kanawha County**, West Virginia, (the County) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 16, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the County's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the County's management in a separate letter dated February 16, 2018.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

February 16, 2018

Kanawha County Commission
407 Virginia St. East
Charleston, WV 25301

To the Board of Commissioners:

Report on Compliance for the Major Federal Program

We have audited **Kanawha County's** (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Kanawha County's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the County's major federal program.

Management's Responsibility

The County's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the County's compliance for the County's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the County's major program. However, our audit does not provide a legal determination of the County's compliance.

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Opinion on the Major Federal Program

In our opinion, Kanawha County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

KANAWHA COUNTY, WEST VIRGINIA

**SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #97.039; Hazard Mitigation
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None