



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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KANAWHA COUNTY COMMISSION  
KANAWHA COUNTY, WEST VIRGINIA

SINGLE AUDIT

For the Year Ended June 30, 2018  
Fiscal Year Audited Under GAGAS: 2018

**KANAWHA COUNTY, WEST VIRGINIA**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
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FOR THE YEAR ENDED JUNE 30, 2018  
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**KANAWHA COUNTY, WEST VIRGINIA  
LIST OF ELECTED OFFICIALS**

June 30, 2018

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<b>OFFICE</b>	<b>NAME</b>
	<u>Elective</u>
County Commission:	W. Kent Carper Benjamin Salango Henry C. Shores
County Clerk:	Vera J. McCormick
Circuit Clerk:	Cathy S. Gatson
Sheriff:	Michael Rutherford
Prosecuting Attorney:	Charles Miller
Assessor:	Sallie Robinson



## **Independent Auditor's Report**

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, 2018, 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 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 (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.

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 report and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Kanawha County Commission, West Virginia as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

The County has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America requires that the information related to the 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedure to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplemental and 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 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 13, 2019, 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.

Handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.  
Huntington, West Virginia  
February 13, 2019

## **FINANCIAL SECTION**

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
June 30, 2018

	Primary	Component Units			
	Government	Kanawha County	Metro Emergency	Regional Development	Kanawha County
	Governmental	Emergency	Operations Center	Authority of	Parks and
	Activities	Ambulance	of Kanawha	Charleston-	Recreation
		Authority	County	Kanawha	Commission
<b>ASSETS:</b>					
Current assets:					
Cash and cash equivalents	\$ 26,063,771	\$ 6,429,905	\$ 4,786,253	\$ 67,696	\$ 783,405
Restricted Cash and Cash Equivalents	-	-	-	156,913	-
Investments	-	754,877	-	223,904	-
Taxes receivable, net	6,459,008	899,976	-	-	-
Accounts receivable, net	-	2,663,284	17,755	-	2,862
Others	831,884	323,444	342,316	-	26,888
Capital assets:					
Capital assets, net	37,915,631	4,891,902	4,914,708	5,254,854	4,332,531
Total assets	71,270,294	15,963,388	10,061,032	5,703,367	5,145,686
<b>DEFERRED OUTFLOWS</b>					
Accumulated changes in fair value of					
hedging derivative instrument	\$ 27,940	\$ -	\$ -	\$ -	\$ -
Related to loss on debt refunding	-	-	34,968	-	-
Related to post-employment benefits	367,356	383,492	-	-	-
Related to pensions	2,925,781	1,248,103	644,635	-	219,914
Total deferred outflows of resources	3,321,077	1,631,595	679,603	-	219,914
<b>LIABILITIES:</b>					
Current liabilities payable from current assets:					
Accounts payable	4,117,265	623,147	469,414	196,674	128,624
Other	24,233	1,494,246	270,767	-	152,853
Fair value of hedging derivative instrument	27,940	-	-	-	-
Noncurrent liabilities:					
Due within one year	2,484,953	344,038	477,272	199,569	-
Due in more than one year	26,229,168	5,453,603	2,014,256	6,835,443	864,594
Total liabilities	32,883,559	7,915,034	3,231,709	7,231,686	1,146,071
<b>DEFERRED INFLOWS:</b>					
Related to postemployment benefits other than pensions	631,859	835,990	-	-	-
Related to pensions	3,169,106	1,460,823	359,611	-	62,076
Total deferred inflows of resources	3,800,965	2,296,813	359,611	-	62,076
<b>NET POSITION:</b>					
Net investment in capital assets	21,140,968	4,499,092	3,657,486	(1,853,884)	4,838,759
Restricted fund balance	4,038,113	-	-	156,913	-
Unrestricted	12,727,766	2,884,044	3,491,829	168,652	(681,276)
Total net position	\$ 37,906,847	\$ 7,383,136	\$ 7,149,315	\$ (1,528,319)	\$ 4,157,483

See accompanying notes to the basic financial statements.



**KANAWHA COUNTY, WEST VIRGINIA**  
**BALANCE SHEET- GOVERNMENTAL FUNDS**  
June 30, 2018

	General	Coal Severance	Parks and Recreation	Assessors Valuation	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 16,277,259	\$ 409,344	\$ 5,460,741	\$ 1,082,477	\$ 2,833,950	\$ 26,063,771
Taxes receivable, net	6,324,570	-	-	-	134,438	6,459,008
Due from other funds	190	1,230	130	18,329	5,601	25,480
Other	281,333	341,611	-	-	208,940	831,884
<b>Total Assets and deferred outflows of resources</b>	<b>\$ 22,883,352</b>	<b>\$ 752,185</b>	<b>\$ 5,460,871</b>	<b>\$ 1,100,806</b>	<b>\$ 3,182,929</b>	<b>\$ 33,380,143</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	\$ 2,193,203	\$ 162,670	\$ 1,448,260	\$ 17,241	\$ 295,891	\$ 4,117,265
Due to other funds	25,255	-	-	190	35	25,480
Other	23,696	228	-	74	235	24,233
<b>Total Liabilities</b>	<b>2,242,154</b>	<b>162,898</b>	<b>1,448,260</b>	<b>17,505</b>	<b>296,161</b>	<b>4,166,978</b>
Deferred inflows of resources:						
Unavailable revenue - property taxes	5,641,604	-	-	-	120,461	5,762,065
<b>Total liabilities and deferred inflows of resources</b>	<b>7,883,758</b>	<b>162,898</b>	<b>1,448,260</b>	<b>17,505</b>	<b>416,622</b>	<b>9,929,043</b>
Fund balances:						
Restricted	359,230	-	-	1,083,301	2,595,582	4,038,113
Committed	6,132,495	589,287	4,012,611	-	170,725	10,905,118
Assigned	464,328	-	-	-	-	464,328
Unassigned	8,043,541	-	-	-	-	8,043,541
<b>Total Fund Balances</b>	<b>14,999,594</b>	<b>589,287</b>	<b>4,012,611</b>	<b>1,083,301</b>	<b>2,766,307</b>	<b>23,451,100</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,883,352</b>	<b>\$ 752,185</b>	<b>\$ 5,460,871</b>	<b>\$ 1,100,806</b>	<b>\$ 3,182,929</b>	<b>\$ 33,380,143</b>

See accompanying notes to the basic financial statements.

**KANAWHA COUNTY, WEST VIRGINIA  
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO  
THE STATEMENT OF NET POSITION**

June 30, 2018

<b>Total fund balances on governmental fund balance sheet</b>	<b>\$ 23,451,100</b>
Amounts reported for governmental activities in the statement of net position are different due to:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	37,915,631
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	5,762,065
Long-term liabilities, including Bonds, are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet.	(16,774,663)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet.	(8,401,727)
Deferred outflows of resources related to pensions are applicable to future periods and therefore, not reported in the governmental funds balance sheet.	2,925,781
Deferred outflows of resources related to postemployment benefits other than pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	36,7356
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	(3,169,106)
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.	(631,859)
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	(700,004)
Compensated absences not due and payable in the current period and are not reported in the governmental funds balance sheet.	<u>(2,192,083)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 38,552,491</u></b>

See accompanying notes to the basic financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	General	Coal Severance	Parks and Recreation	Assessors Valuation	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES:</b>						
Taxes	\$ 44,504,483	\$ -	\$ -	\$ 2,410,557	\$ 1,446,460	\$ 48,361,500
Other taxes	2,292,046	1,028,338	-	-	605,155	3,925,539
Licenses and permits	109,888	-	-	-	166,975	276,863
Intergovernmental						
Federal	2,576,899	-	-	-	-	2,576,899
State	163,887	-	-	-	-	163,887
Local	418,911	-	-	-	-	418,911
Charges for services	1,407,516	-	10,000	49,117	1,077,645	2,544,278
Fines and forfeitures	-	-	-	-	66,172	66,172
Interest	125,975	-	10,573	-	148	136,696
Miscellaneous	5,296,683	17,360	12,135	-	359,305	5,685,483
<b>Total Revenues</b>	<b>56,896,288</b>	<b>1,045,698</b>	<b>32,708</b>	<b>2,459,674</b>	<b>3,721,860</b>	<b>64,156,228</b>
<b>EXPENDITURES:</b>						
General government	31,903,063	329,430	-	2,149,539	2,494,114	36,876,146
Public safety	16,649,852	566,913	-	-	1,968,851	19,185,616
Health and sanitation	333,318	-	-	-	-	333,318
Culture and recreation	5,361,465	50,000	9,016,011	-	-	14,427,476
Social services	30,000	30,000	-	-	-	60,000
Capital projects	1,495,832	-	-	-	-	1,495,832
<b>Total Expenditures</b>	<b>55,773,530</b>	<b>976,343</b>	<b>9,016,011</b>	<b>2,149,539</b>	<b>4,462,965</b>	<b>72,378,388</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>1,122,758</u>	<u>69,355</u>	<u>(8,983,303)</u>	<u>310,135</u>	<u>(741,105)</u>	<u>(8,222,160)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>						
Operating transfers in	14,244,526	-	3,014,375	41,183	1,344,840	18,644,924
Operating transfers out	(17,332,343)	(27,336)	(18,461)	(369,713)	(897,071)	(18,644,924)
Issuance of long term debt	-	-	10,000,000	-	-	10,000,000
<b>Total Other Financing Sources and Uses</b>	<b>(3,087,817)</b>	<b>(27,336)</b>	<b>12,995,914</b>	<b>(328,530)</b>	<b>447,769</b>	<b>10,000,000</b>
<b>Net Change in Fund Balances</b>	<b>(1,965,059)</b>	<b>42,019</b>	<b>4,012,611</b>	<b>(18,395)</b>	<b>(293,336)</b>	<b>1,777,840</b>
<b>Fund Balances at Beginning of Year</b>	<b>16,964,653</b>	<b>547,268</b>	<b>-</b>	<b>1,101,696</b>	<b>3,059,643</b>	<b>21,673,260</b>
<b>Fund Balance at End of Year</b>	<b>\$ 14,999,594</b>	<b>\$ 589,287</b>	<b>\$ 4,012,611</b>	<b>\$ 1,083,301</b>	<b>\$ 2,766,307</b>	<b>\$ 23,451,100</b>

See accompanying notes to the basic 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**  
For the Year Ended June 30, 2018

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<b>Net change in fund balances - total governmental funds</b>	<b>\$ 1,777,840</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures while the cost of capital assets is allocated over their useful lives in the statement of activities	11,362,302
Gain on transfer of capital assets from component unit is not reported in the governmental funds	346,967
Governmental funds report issuance of long-term debt as revenue.	(10,000,000)
Depreciation expenses related to capital assets which is not reported in the governmental funds because it does not affect current financial resources.	(2,426,524)
Revenue that is not available at year end for expenditure is not reported in the governmental funds	(259,252)
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 WV public Employees' Retirement System.	1,030,703
Governmental funds report postemployment benefits other pensions payments as expenditures while the cost of these benefits is allocated based on actuarial evaluation.	381,141
Governmental funds report principal payments on long-term debt as expenditures while the repayment of such principal does not effect the statement of activities.	2,528,740
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.	(55,349)
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>(145,218)</u>
 <b>Net Change in Net Position of Governmental Activities</b>	 <b><u>\$ 4,541,350</u></b>

See accompanying notes to the basic financial statements.

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

June 30, 2018

	Sheriff's Fiduciary Fund Private-Purpose Trust Fund	Agency
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,240,360	\$ 10,466,301
Taxes receivable, net	-	2,405,179
Trust and investments	3,152,125	-
Real and personal property	2,115,866	-
Other	171,209	-
	<u>6,679,560</u>	<u>12,871,480</u>
Total assets	<u>\$ 6,679,560</u>	<u>\$ 12,871,480</u>
<b>LIABILITIES :</b>		
Due to other governmental entities	\$ -	\$ 8,980,709
Due to third parties	347,395	3,890,771
	<u>347,395</u>	<u>12,871,480</u>
Total liabilities	<u>347,395</u>	<u>\$ 12,871,480</u>
<b>NET POSITION :</b>		
Net position, held for individuals	<u>\$ 6,332,165</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**

June 30, 2018

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	Sheriff's Fiduciary Fund Private-Purpose Trust Fund
<b>Additions:</b>	
Contributions	<u>\$ 3,282,168</u>
<b>Deductions:</b>	
Benefits for beneficiaries	<u>4,848,841</u>
Changes in net position	(1,566,673)
Net position, beginning of year	<u>7,898,838</u>
Net position, end of year	<u><u>\$ 6,332,165</u></u>

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

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**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.

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 County 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 members, are appointed by the County Commission for a six year term.

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

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 board of other organizations, but the County's accountability for this organization 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 Saint 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 statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 revenue.

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 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 the 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 judgements, 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 KCAA 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The County reports the following major government funds:

The *General Fund* accounts for the County's operation 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 the revenues derived from taxes levied on the extraction of coal. This fund is established by the West Virginia Code.

The *Parks and Recreation Fund* accounts for the revenues derived from the Shawnee bond and fees collected from the Shawnee Park Complex. This Fund is established by a court order issued by the Kanawha County Commission.

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 included all taxes.

**Budgetary Compliance and Accountability**

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 yearend.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The appropriated budget is prepared by function and department for each budgeted fund. Transfers of appropriations 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 statement reflect only such approved amounts. The Commission made the following budgetary transfers throughout the year:

<u>Description</u>	<u>Fund Amount</u>	<u>Amount</u>	<u>Amount</u>
General government expenditure increase	\$ 1,472,332	\$ 307,408	\$ 158,585
Public safety expenditure increase	725,775	19,755	-
Culture and recreation expenditure increase	2,000	-	-
Social services expenditure increase	-	30,000	-
Capital outlay expenditure increase	616,193	-	-

Cash Equivalents

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

Deferred Outflows/Inflows of Resources

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 sheet 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.

Net Position Liability

For purposes of measuring the net pension liability, 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 (RHBTF) and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis as they are reported by the RHBTF. For this purpose, benefit payments 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.

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 estimated fair 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	3-25
Vehicles	3-10
Equipment	5-15
Computer Equipment	5

Interfund Transactions

During the normal course of operations of the County, certain transactions, including expenditures and transfer 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 governmentwide financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Interfund transfers of \$3,873,382 have also been eliminated below:

	General	Coal Severance Tax	Parks and Recreation	Assessor's Valuation	Nonmajor Governmental	Total Transfers In
General	\$ 2,246,546	\$ 27,336	\$ 18,462	\$ 369,713	\$ 344,840	\$ 3,006,897
Nonmajor Governmental	742,203	-	-	-	11,022,443	11,764,646
Total Transfers Out	<u>\$ 2,988,749</u>	<u>\$ 27,336</u>	<u>\$ 18,462</u>	<u>\$ 369,713</u>	<u>\$ 11,367,283</u>	<u>\$ 14,771,543</u>

The composition of interfund balances as of June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General	Assessor's	Reimbursement	\$ 190
Coal Severance	General	Reimbursement	1,230
Parks and Recreation	General	Reimbursement	130
Nonmajor Fund	General	Reimbursement	3,717
Nonmajor Fund	General	Reimbursement	1,884
Assessor's Valuation Fund	General	Reimbursement	18,329
			<u>\$ 25,480</u>

Approximately \$155,395 in interfund transfers has been eliminated from the table above.

**Fund Balance**

The county has classified in the governmental fund financial statements its fund balances in the following categories: nonspendable, restricted, committed, assigned and unassigned as applicable.

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, 2018.

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 amounts 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 balances include 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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.

As of June 30, 2018, the County's fund balances are composed of the following:

	General Fund	Coal Severance Fund	Parks and Recreation Fund	Assessors Valuation Fund	Nonmajor Governmental Fund	Total Governmental Fund
Restricted:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 1,615,835	\$ 1,615,835
Debt service	249,383	-	-	-	-	249,383
Dog license	-	-	-	-	17,024	17,024
Capital projects	-	-	-	380,000	-	380,000
Other purposes	109,847	-	-	703,301	962,723	1,775,871
Committed:						
Public safety	-	-	-	-	-	-
Economic stabilization	4,676,005	-	-	-	-	4,676,005
Community development	464,648	589,287	-	-	170,725	1,224,660
Capital projects	889,271	-	-	-	-	889,271
Other purposes	102,571	-	4,012,611	-	-	4,115,182
Assigned:						
Encumbrances	464,328	-	-	-	-	464,328
Unassigned	8,043,541	-	-	-	-	8,043,541
Total fund balances	<u>\$ 14,999,594</u>	<u>\$ 589,287</u>	<u>\$ 4,012,611</u>	<u>\$ 1,083,301</u>	<u>\$ 2,766,307</u>	<u>\$ 23,451,100</u>

Net Position

Net Position is presented as unrestricted, restricted, invested in capital assets net of related debt and net assets held for individuals.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Use of Estimates

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 or 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 uncollectable 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, 2018. The total allowance represents approximately 2.06% of the original levy call for all open years.

	General	Nonmajor	Agency
Gross taxes receivable	\$ 6,365,457	\$ 135,911	\$ 2,549,262
Allowance for uncollectible	(40,887)	(1,473)	(144,083)
Net taxes receivable	\$ 6,324,570	\$ 134,438	\$ 2,405,179

Change in Accounting Policy- GASB Statement No. 75

The County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions in the prior fiscal year. The State of West Virginia implemented GASB Statement No. 75 during the current fiscal year and provided the County with the details regarding the County’s portion of the net pension liability and deferrals. As WVPEIA is the sponsor of the County’s plan, the County has decided to follow the WVPEIA report and has adjusted the OPEB liability as of June 30, 2017.

**2 - DEPOSITS AND INVESTMENTS**

*Concentration of Credit Risk - Cash Deposits* – As of June 30, 2018, the County had deposits reported as cash and cash equivalents with carrying balances of \$40,905,717, of which bank balances are \$25,680,529 and \$4,392,485 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**2- DEPOSITS AND INVESTMENTS (continued)**

Custodial credit risk of 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, 2018, the County had investments shown as cash and cash equivalents invested in a certificate of deposit with United Bank for approximately \$2,000,000. The County has \$3,826,778 invested in United States Treasury securities with Huntington Bank as a short-term investment. Additionally, \$4,392,485 included in cash and cash equivalents 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, 2018, was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Governmental activities:				
Capital assets being depreciated:				
Land	\$ 1,613,178	\$ 110,600	\$ -	\$ 1,723,778
Construction in progress	-	7,583,882	-	7,583,882
Total capital assets not being depreciated	<u>1,613,178</u>	<u>7,694,482</u>	<u>-</u>	<u>9,307,660</u>
Capital assets being depreciated:				
Buildings	26,806,189	745,209	-	27,551,398
Building improvements	14,523,981	965,182	-	15,489,163
Furniture, fixtures, and equipment	12,338,004	3,926,067	(3,239,185)	13,024,886
Infrastructure	276,119	-	-	276,119
Total capital assets being depreciated	<u>53,944,293</u>	<u>5,636,458</u>	<u>(3,239,185)</u>	<u>56,341,566</u>
Less accumulated depreciation for:				
Buildings	(12,298,033)	(1,039,828)	-	(13,337,861)
Building improvements	(5,000,770)	(1,429,363)	-	(6,430,133)
Furniture and fixtures	(9,582,026)	(1,461,788)	3,239,185	(7,804,629)
Infrastructure	(149,738)	(11,234)	-	(160,972)
Total accumulated depreciation	<u>(27,030,567)</u>	<u>(3,942,213)</u>	<u>3,239,185</u>	<u>(27,733,595)</u>
Total capital assets being depreciated	<u>26,913,726</u>	<u>1,694,245</u>	<u>-</u>	<u>28,607,971</u>
Governmental activities capital assets	<u>\$ 28,526,904</u>	<u>\$ 9,388,727</u>	<u>\$ -</u>	<u>\$ 37,915,631</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**3 - CAPITAL ASSETS (continued)**

For the year ended June 30, 2018, depreciation expense for the governmental activities in the governmentwide financial statements was \$2,426,524, comprised of \$1,438,215 charged to general government, \$953,983 charged to public safety, and \$34,362 charged to culture and recreation.

**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 the 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 recorded as a liability.

Principal and interest paid on the Series 2011 bonds for the year ended June 30, 2018 was \$865,653 and \$179,670, 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
National Amount:	\$ 8,121,600
Effective Date:	February 15, 2011
Maturity Date	February 15, 2021
Terms:	Synthetically fixed rate of 3.79%

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**4 - LONG-TERM DEBT (continued)**

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 \$27,940 at June 30, 2018, 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 ended June 30, 2018, is \$63,638. The accumulated changes in fair value of the hedging derivatives instrument is \$27,940 at June 30, 2018, and is classified as a deferred outflow of resources in the Statement of Net Position.

Risks

*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, 2018, 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 to 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 of debt, which are remarketed every week. As of June 30, 2018, the weighted-average interest rate on the County's hedged variable rate debt was 3.30%, while 65% on the one month LIBOR was 1.30%.

*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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**4 - LONG-TERM DEBT (continued)**

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 Payments and Associated Debt*

Using rates as of June 30, 2018, 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.

Year Ending June 30	Variable Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2019	\$ 899,127	\$ 68,085	\$ 11,222	\$ 978,434
2020	933,895	37,893	6,360	978,148
2021	638,442	8,340	902	647,684
	<u>\$ 2,471,464</u>	<u>\$ 114,318</u>	<u>\$ 18,484</u>	<u>\$ 2,604,266</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 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**4 - LONG-TERM DEBT (continued)**

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, is as follows:

Year Ending June 30	Principal	Interest	Total
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	763,087	23,370	786,457
2024	381,783	4,674	386,457
	<u>\$ 4,197,218</u>	<u>\$ 308,478</u>	<u>\$ 4,505,696</u>

On December 20, 2017, the County issued \$10,000,000 of fixed rate Kanawha County Building Commission Lease Revenue Bonds (Shawnee Multiple Sports Complex) Series 2017, for the purpose of financing the costs of constructing, renovating, improving, and equipping the real estate together with the related facilities located at 2000 WV-25 in Institute, Kanawha County, West Virginia to provide a multiple sports complex and other facilities for the County.

The Series 2017 bonds mature through December 1, 2032, with an interest rate 2.65%. Upon expiration of the lease term, title to the sporting complex facility will pass from Kanawha County Building Commission to the County. Accordingly, the sporting complex facility 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 Shawnee Multiple Sports Complex Series 2017 revenue bonds for each of the next five years and thereafter, are as follows:

Year Ending June 30	Principal	Interest	Total
2019	\$ 100,000	\$ 265,000	\$ 365,000
2020	200,000	261,025	461,025
2021	550,000	256,387	806,387
2022	1,000,000	235,850	1,235,850
2023	1,000,000	209,350	1,209,350
2024-2029	3,700,000	714,970	4,414,970
2030-2032	3,450,000	232,140	3,682,140
	<u>\$ 10,000,000</u>	<u>\$ 2,174,722</u>	<u>\$ 12,174,722</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**4 - LONG-TERM DEBT (continued)**

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

Year Ending June 30	Principal	Interest	Total
2019	\$ 1,762,214	\$ 442,459	\$ 2,204,673
2020	1,896,982	384,734	2,281,716
2021	1,951,529	326,390	2,277,919
2022	1,763,087	277,915	2,041,002
2023	1,763,087	232,720	1,995,807
2024-2029	4,081,782	719,644	4,801,426
2030-2032	3,450,000	232,140	3,682,140
	\$ 16,668,681	\$ 2,616,002	\$ 19,284,683

Capital Lease Obligation

On March 20, 2018, The County entered into a capital lease-purchase agreement with PNC Equipment Finance in the amount of \$113,684 to lease 30 golf carts. The lease term was for 37 months with monthly payments of \$2,117, an interest rate of 3.13%, and balloon payment of \$42,000 due in April 2021.

The cost of the equipment under the lease is included in the statement of net position as capital assets, net of \$105,416 at June 30, 2018. Accumulated depreciation of the leased equipment at June 30, 2018, was \$13,370. Depreciation of the assets under the capital lease is included in depreciation expense for culture and recreation. The future minimum lease payments required under the capital lease as of June 30, 2018 are as follows:

Year Ending June 30	Amount Due
2019	\$ 25,404
2020	25,404
2021	61,053
	\$ 111,861

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**4 - LONG-TERM DEBT (continued)**

The following is a summary of the long-term debt activity for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities:					
Revenue bonds payable	\$ 8,297,421	\$ 10,000,000	\$ (1,628,740)	\$ 16,668,681	\$ 1,762,214
Capital lease obligation	-	113,684	(7,702)	105,982	22,735
Contributions payable	900,000	-	(900,000)	-	-
Net OPEB liability	5,221,754	-	(997,622)	4,224,132	-
Net Pension liability PERS	9,403,833	-	(5,000,519)	4,403,314	-
Net pension liability DSRS	3,577,208	-	(3,157,283)	419,925	-
Compensated absences	2,046,865	1,481,827	(1,336,609)	2,192,083	-
Health Claims	644,655	700,004	(644,655)	700,004	700,004
Total governmental activity					
Long-term liabilities	<u>\$ 30,091,736</u>	<u>\$ 12,295,515</u>	<u>\$ (13,673,130)</u>	<u>\$ 28,714,121</u>	<u>\$ 2,484,953</u>

Total cash paid for interest for the year ended June 30, 2018, on outstanding debt was \$420,313.

**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 distrain for delinquent taxes any good 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 October first; the second installment is payable on the first day of the following March 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 (14.30C); on Class II property, twenty-eight and sixty-tenths cents (28.60C); and on Class III and IV property, fifty-seven and twenty-tenths cents (57.20C). 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 in 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**5 - PROPERTY TAXES (continued)**

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, 2018, were as follows:

	Assessed Valuations for Tax Purposes	Current Expense	Excess
\$	-	14.3 ¢	6.09 ¢
\$	3,719,923,434	28.6 ¢	12.18 ¢
\$	2,739,254,581	57.2 ¢	24.36 ¢
\$	3,281,307,740	57.2 ¢	24.36 ¢

**6 - RETIREMENT SYSTEMS**

West Virginia Public Employees' Retirement System

The County participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf on 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 West Virginia 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](http://www.wvretirement.com). The following is a summary of eligibility factors, contribution methods, and benefits provisions:

Benefits are provided through PERS using a two-tiered system. Effective July 1, 2015, PERS implemented the second tier, Tier II. Employees hired, for the first time, on or after July 1, 2015 are considered Tier II members. Tier I and Tier II members are subject to different regulations.

TIER I:

Plan member's contribution rate:	4.5%
County's contribution rate:	13.5%
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 or age 55 if the sum of age plus years of credited service is equal to or greater than 80. The final average salary (3 highest consecutive years in the last 15) times the years of service times
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**KANAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (continued)**

Eligibility to participate:	2% equals the annual retirement benefit. All county full-time employees, except those covered by other pension plans.
Authority establishing contribution	
Obligations and benefit provisions:	State Statue
Deferred retirement portion:	No
Provisions for -	
Cost of living:	No
Death benefits:	Yes
TIER II:	
Plan member's contribution rate:	6.0%
County's contribution rate:	13.5%
Period required to vest:	Five years
Benefits and eligibility for distribution:	A member who has attained age 62 and has earned 10 years of contributing service. The final average salary (5 highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Eligibility to participate:	All county full-time employees, except those covered by other pension plans, hired after July 1, 2015.
Authority establishing contribution	
Obligations and benefit provisions:	State Statue
Deferred retirement portion:	No
Provisions for -	
Cost of living:	No
Death benefits:	Yes

**West Virginia Deputy Sheriff Retirement Fund (DSRS)**

Plan member's contribution rate:	8.5%
County's contribution rate:	12% plus certain fees for reports generated by the Sheriff's office.
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 or age 50 if the sum of age plus years of credited service is equal to or greater than 70. The final average salary (5 highest consecutive years in the last 10) times the years of service times 2.25% equals the annual retirement benefit.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (continued)**

Eligibility to participate: Deputy sheriff's 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  
Deferred retirement portion: No  
Provisions for -  
Cost of living: No  
Death benefits: Yes

Trend Information

Fiscal Year	Public Employees Retirement System (PERS)		Deputy Sheriff Retirement System (DSRS)	
	Annual Pension Cost	Percentage Contributed	Annual Pension Cost	Percentage Contributed
	2018	\$ 2,240,530	100%	\$ 1,963,716
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, 2018, 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 the contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (continued)**

At June 30, 2018, the County reported the following proportions and increases/decreases from its proportion measure:

	PERS	DSRS
Amount for proportionate share of net pension l	\$ 4,403,314	\$ 419,925
Percentage for proportionate share of net pensi	0.1020136%	11.207011%
Increase/(decrease)% from prior proportion me	-0.300100%	-0.029345%
	PERS	DSRS
Government-wide pension expense	\$ 1,003,178	\$ 199,256

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Public Employees Retirement System (PERS)</b>		
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 1,070,530
Difference between expected and actual experience	391,865	9,742
Deferred difference in assumption	-	228,398
Changes in proportion and differences between government contributions and proportionate share of contributions	89,636	55,936
Government contributions subsequent to the measurement date	1,573,017	-
	\$ 2,054,518	\$ 1,364,606
<b>Deputy Sheriffs Retirement System (DSRS)</b>		
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 444,137
Difference between expected and actual experience	-	304,720
Deferred difference in assumption	182,451	975,905
Changes in proportion and differences between government contributions and proportionate share of contributions	-	79,738
Government contributions subsequent to the measurement date	688,812	-
	\$ 871,263	\$ 1,804,500

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (continued)**

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:

PERS		DSRS	
Year ended June 30:		Year ended June 30:	
2019	\$ (371,124)	2019	\$ (397,840)
2020	417,431	2020	(84,050)
2021	(11,985)	2021	(214,948)
2022	(917,427)	2022	(507,848)
Thereafter	-	Thereafter	(417,363)
	\$ (883,105)		\$ (1,622,049)

Actuarial assumptions

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

**Public Employees Retirement System (PERS)**

Actuarial assumptions:

Inflation Rate	1.90%
Salary Increases	3.0% - 6.0%
Investment Rate of Return	7.50%
Mortality Rates	Healthy males - 1983 GAM Healthy females - 1971 GAM Disabled males - 1971 GAM Disabled females - Revenue reling 96-7

The actuarial assumptions used in the July 1, 2015 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2004 to June 30, 2009.

**KANAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (continued)**

**Deputy Sheriffs Retirement System (DSRS)**

Actuarial assumptions:

Inflation Rate	2.20%
Salary Increases	5.0% for first 2 years of service
	4.5% for next 3 years of service
	4.0% for the next 5 years of service, and
	3.5% thereafter
Investment Rate of Return	7.50%
Mortality Rates	Based on the RP-2000 Non-annuitant mortality table, scale BB
	Retired and disable RP-2000 health annuitant mortality table, scale BB

The long-term expected rate 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:

<u>Investment</u>	<u>Long-term Expected Real Rate of Return</u>	<u>PERS Target Asset Allocation</u>	<u>DSRS Target Asset Allocation</u>
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%

**KANAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**6 - RETIREMENT SYSTEMS (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 was 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	(1,210,452)	4,403,364	2,180,551
DSRS net pension liability share	(3,644,296)	419,925	2,234,454

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](http://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.

**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 the West Virginia Public Employees Insurance Agency, 601 57<sup>th</sup> Street, Charleston, WV 25304, or by calling 1-888-680-7342.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**7 - OTHER POST EMPLOYMENT BENEFITS (continued)**

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

At June 30, 2018, the County reported the following liabilities for its proportionate share of the net OPEB liabilities. The net OPEB liabilities were measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The County's proportion of the net OPEB liability was based on a projection of the long-term share of the contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the County reported the following proportion and decrease from its proportion measured as of June 30, 2016.

Amount of proportionate share of net OPEB liability	\$	4,224,132
Percentage for proportionate share of net OPEB liability		0.171783%
Increase/(decrease)% from prior proportion measure		-0.038489%

For the year ended June 30, 2018, the County recognized OPEB expense of \$(381,141).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual expiries		
Changes in proportion and differences between government contributions and proportionate share of contributions	\$ -	\$ 14,145
Deferred difference in assumption	-	67,420
Government contributions subsequent to the measurement date	367,356	-
	\$ 367,356	\$ 834,620

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

Year ended June 30	
2019	\$ (223,425)
2020	(223,425)
2021	(223,425)
2022	(164,345)
	\$ (834,620)

**KANAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2018

**7 - OTHER POST EMPLOYMENT BENEFITS (continued)**

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

Inflation	2.75 percent
Salary Increases	Dependent upon pension system, ranging from 3.00% to 6.5%, including inflation
Investment rate of return	7.15%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rate	Actual trend used for fiscal year 2017. For fiscal years on an after 2018, trend starts at 8.50% and 9.75% for pre and post-medicare, respectively, and gradually decreases to an ultimate trend of 4.5%
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level percentage of payroll over a 21 year closed period
Remaining amortization period	21 years closed as of June 30, 2016

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

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

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**7 - OTHER POST EMPLOYMENT BENEFITS (continued)**

The discount rate used to measure the OPEB liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions would be made at rates equal to the actuarially determined contribution rates, in accordance with prefunding and investment policies. The OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. Discount rates are subject to change between measurement dates.

*Sensitivity of the County's proportionate share of the net OPEB liability to changes 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 point lower or one percentage point lower than the current rate:

	1% Decrease 6.15%	Current Rate 7.15%	1% Increase 8.15%
Net OPEB Liability	4,918,517	4,224,132	3,646,904

*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	3,548,331	4,224,132	5,050,674

OPEB plan fiduciary net position. 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 two deferred compensation plans to its employees created in accordance with Internal Revenue Code Section 457. The plans, 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. The plans are controlled and handled through Nationwide Insurance and the State of West Virginia and are funded by voluntary contributions by the employees with no employer matching contributions.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**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 \$700,004 have been accrued in the Statement of Net Position for claims incurred prior to June 30, 2018 and paid as of September 30, 2018. Changes in the balances of claims liability during the past two years are as follows:

	June 30, 2018	June 30, 2017
Unpaid claims, beginning of fiscal year	\$ 644,655	\$ 462,000
Incurred claims (including IBNRS)	8,277,863	6,963,441
Claims paid	(8,222,514)	(6,780,786)
Unpaid claims, end of fiscal year	\$ 700,004	\$ 644,655

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 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 to 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 11. 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.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**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 financial statements.

As of June 30, 2018, 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 \$1,102,211 at June 30, 2018. 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 \$24,990,000. The aggregate principal amount payable for the two industrial revenue bonds issued after July 1995, could not be determined; however, that original authorized amount totaled \$797,940,000.

**12 - EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS**

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 (ARO5). 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. 84 may have on 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.

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 adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**12 - EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (continued)**

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 adoption of GASB Statement No. 86 had no impact on the June 30, 2018 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.

The Governmental Accounting Standards Board has also issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the fiscal years beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It requires that additional essential information related to debt be disclosed in notes to financial statements. The County has not yet determined the effect that the adopting of GASB Statement No. 88 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal years beginning after December 15, 2019. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also seeks to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus method. The County has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The Government Accounting Standards Board has also issued Statement No. 90, *Majority Equity Interests*, effective for the fiscal years beginning after December 15, 2018. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. It requires reporting certain holdings as investments and others as component units. The requirements will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests. The County has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2018

**12 - EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (continued)**

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 adoption of GASB Statement No. 86 had no impact on the June 30, 2018 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.

The Governmental Accounting Standards Board has also issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, effective for the fiscal years beginning after June 15, 2018. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It requires that additional essential information related to debt be disclosed in notes to financial statements. The County has not yet determined the effect that the adopting of GASB Statement No. 88 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal years beginning after December 15, 2019. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period. It also seeks to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus method. The County has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The Government Accounting Standards Board has also issued Statement No. 90, *Majority Equity Interests*, effective for the fiscal years beginning after December 15, 2018. The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in legally separate organizations and to improve the relevance of financial statement information for certain component units. It requires reporting certain holdings as investments and others as component units. The requirements will improve financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests. The County has not yet determined the effect that the adoption of GASB Statement No. 90 may have on its financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES:</b>						
Taxes:						
Ad valorem property taxes	\$ 44,416,733	\$ 44,416,733	\$ 44,504,483	\$ -	\$ 44,504,483	\$ 87,750
Other taxes	2,135,245	2,135,245	2,291,546	-	2,291,546	156,301
Licenses and Permits	8,000	8,000	5,298	-	5,298	(2,702)
Intergovernmental						
Federal	387,440	1,195,429	660,440	(104,978)	555,462	(639,967)
State	170,977	205,969	163,887	-	163,887	(42,082)
Local	400,000	400,000	418,911	-	418,911	18,911
Charges for services	1,074,100	1,080,100	1,407,516	-	1,407,516	327,416
Fines and forfeitures	350,000	350,000	-	-	-	(350,000)
Interest	15,000	15,000	100,875	-	100,875	85,875
Miscellaneous	1,653,405	1,717,790	1,731,023	155,375	1,886,398	168,608
<i>Total Revenues</i>	<u>50,610,900</u>	<u>51,524,266</u>	<u>51,283,979</u>	<u>50,397</u>	<u>51,334,376</u>	<u>(189,890)</u>
<b>EXPENDITURES:</b>						
Current:						
General government	24,244,119	25,716,451	16,221,571	-	16,221,571	9,494,880
Public safety	17,689,030	18,414,805	16,517,755	-	16,517,755	1,897,050
Health and sanitation	393,468	393,468	298,857	-	298,857	94,611
Culture and recreation	5,261,000	5,281,000	5,157,699	-	5,157,699	123,301
Social services	30,000	30,000	30,000	-	30,000	-
Capital outlay	108,000	724,193	616,004	-	616,004	108,189
<i>Total Expenditures</i>	<u>47,725,617</u>	<u>50,559,917</u>	<u>38,841,886</u>	<u>-</u>	<u>38,841,886</u>	<u>11,718,031</u>
<i>Excess of Revenues Over Expenditures</i>	<u>2,885,283</u>	<u>964,349</u>	<u>12,442,093</u>	<u>50,397</u>	<u>12,492,490</u>	<u>(11,907,921)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>						
Operating transfers in	848,890	848,890	2,988,749	(3,000,000)	(11,251)	(860,141)
Operating transfers out	(8,734,173)	(11,305,111)	(11,367,283)	-	(11,367,283)	(62,172)
<i>Total Other Financing Sources and Uses</i>	<u>(7,885,283)</u>	<u>(10,456,221)</u>	<u>(8,378,534)</u>	<u>(3,000,000)</u>	<u>(11,378,534)</u>	<u>(922,313)</u>
<i>Net Change in Fund Balance</i>	<u>(5,000,000)</u>	<u>(9,491,872)</u>	<u>4,063,559</u>	<u>(2,949,603)</u>	<u>1,113,956</u>	<u>(12,830,234)</u>
<i>Fund Balance at Beginning of Year</i>	<u>5,000,000</u>	<u>4,491,872</u>	<u>3,157,005</u>	<u>-</u>	<u>(519,568)</u>	<u>(3,676,573)</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ (5,000,000)</u>	<u>\$ 7,220,564</u>	<u>\$ (2,949,603)</u>	<u>\$ 594,388</u>	<u>\$ (16,506,807)</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES:</b>						
Taxes	\$ 779,656	\$ 934,656	\$ 1,028,338	\$ -	1,028,338	\$ 93,682
Interest	150	150	-	-	-	(150)
Miscellaneous	-	17,360	17,360	-	17,360	-
<i>Total Revenues</i>	<u>779,806</u>	<u>952,166</u>	<u>1,045,698</u>	<u>-</u>	<u>1,045,698</u>	<u>93,532</u>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General Government	60,000	367,408	329,430	-	329,430	37,978
Public Safety	669,806	689,561	566,914	-	566,914	122,647
Culture and Recreation	50,000	50,000	50,000	-	50,000	-
Social Services	-	30,000	30,000	-	30,000	-
<i>Total Expenditures</i>	<u>779,806</u>	<u>1,136,969</u>	<u>976,344</u>	<u>-</u>	<u>976,344</u>	<u>160,625</u>
<i>Excess (deficiency) of revenues over (under) expenditures</i>	<u>-</u>	<u>(184,803)</u>	<u>69,354</u>	<u>-</u>	<u>69,354</u>	<u>(67,093)</u>
<b>Other financing sources (uses):</b>						
Operating transfers out	-	-	(27,336)	27,336	-	-
<i>Total other financing sources and uses</i>	<u>-</u>	<u>-</u>	<u>(27,336)</u>	<u>27,336</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>-</u>	<u>(184,803)</u>	<u>42,018</u>	<u>27,336</u>	<u>69,354</u>	<u>(67,093)</u>
<i>Fund Balance at Beginning of Year</i>	<u>-</u>	<u>184,803</u>	<u>547,268</u>	<u>-</u>	<u>547,268</u>	<u>(362,465)</u>
<i>Fund Balance at End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 589,286</u>	<u>\$ 27,336</u>	<u>\$ 616,622</u>	<u>\$ (429,558)</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - ASSESSOR'S FUND**  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance With Final Budget Positive (Negative)
	Original	Final				
Revenues:						
Taxes	\$ 2,287,464	\$ 2,287,464	\$ 2,410,557	\$ -	\$ 2,410,557	\$ 123,093
Interest	660	660	-	-	-	(660)
Charges for services	2,000	45,000	49,117	-	49,117	4,117
Total Revenues	<u>2,290,124</u>	<u>2,333,124</u>	<u>2,459,674</u>	<u>-</u>	<u>2,459,674</u>	<u>126,550</u>
Expenditures:						
General government	<u>3,290,124</u>	<u>3,448,709</u>	<u>2,149,539</u>	<u>-</u>	<u>2,149,539</u>	<u>1,299,170</u>
Total Expenditures	<u>3,290,124</u>	<u>3,448,709</u>	<u>2,149,539</u>	<u>-</u>	<u>2,149,539</u>	<u>1,299,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,000,000)</u>	<u>(1,115,585)</u>	<u>310,135</u>	<u>-</u>	<u>310,135</u>	<u>(1,172,620)</u>
Other financing sources (uses):						
Operating transfers In	-	82,366	41,183	-	41,183	(41,183)
Operating transfers out	-	-	(369,713)	369,713	-	-
Total other financing sources and uses	<u>-</u>	<u>82,366</u>	<u>(328,530)</u>	<u>369,713</u>	<u>41,183</u>	<u>(41,183)</u>
Net Change in Fund Balance	<u>(1,000,000)</u>	<u>(1,033,219)</u>	<u>(18,395)</u>	<u>369,713</u>	<u>351,318</u>	<u>(1,131,437)</u>
Fund Balance at Beginning of Year	<u>1,000,000</u>	<u>1,033,219</u>	<u>1,101,696</u>	<u>-</u>	<u>1,101,696</u>	<u>(68,477)</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,083,301</u>	<u>\$ 369,713</u>	<u>\$ 1,453,014</u>	<u>\$ (1,199,914)</u>

See accompanying notes to the basic financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**Schedule of Retirement Contributions for the Last Ten Fiscal Years\***

June 30, 2018

**Public Employees Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,578,824	\$ 1,677,161	\$ 1,903,779	\$ 1,967,281
Contribution in relation to the contractually required contribution	<u>1,578,824</u>	<u>1,677,161</u>	<u>1,903,779</u>	<u>1,967,281</u>
Contribution excess (deficiency)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 14,352,956	\$ 14,014,838	\$ 14,102,016	\$ 14,052,002
Contributions as a percentage of covered-employee payroll	11.00%	12.00%	13.50%	14.00%

**Deputy Sheriff's Retirement System**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 688,812	\$ 675,111	\$ 664,888	\$ 693,927
Contribution in relation to the contractually required contribution	<u>688,812</u>	<u>675,111</u>	<u>664,888</u>	<u>693,927</u>
Contribution excess (deficiency)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 5,740,096	\$ 5,625,920	\$ 5,540,730	\$ 5,551,410
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	12.50%

\* Data prior to 2015 is unavailable.

**KANAWHA COUNTY, WEST VIRGINIA**  
*Schedule of the Proportionate Share of the Net Pension Liabilities*

June 30, 2018

**Public Employees Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion percentage of net pension liability	1.023137%	1.023137%	1.036176%	1.001338%
Proportion dollar share of net pension liability	9,403,833	9,403,833	5,786,048	3,695,713
Covered employee payroll	14,014,838	14,102,016	14,052,002	13,432,419
Proportionate share of net pension liability as percentage of covered employee payroll	67.10%	66.68%	41.18%	27.51%
Plan fiduciary net position as a percentage of total pension liability	93.67%	86.11%	91.29%	93.98%

**Deputy Sheriff's Retirement System**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion percentage of net pension liability	11.207011%	11.236356%	11.648759%	11.672465%
Proportion dollar share of net pension liability	419,925	3,577,208	2,389,393	1,991,016
Covered employee payroll	5,625,920	5,540,730	5,551,410	5,401,638
Proportionate share of net pension liability as percentage of covered employee payroll	7.46%	64.56%	43.04%	36.86%
Plan fiduciary net position as a percentage of total pension liability	98.17%	84.48%	89.31%	90.52%

**KANAWHA COUNTY, WEST VIRGINIA**  
*Schedule of Other Post-employment Benefit Plan Contributions for the Last Ten Fiscal Years\**

*June 30, 2018*

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	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 367,356	\$ 352,783	\$ 358,589
Contribution in relation to the contractually required contribution	<u>367,356</u>	<u>352,783</u>	<u>358,589</u>
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* Data prior to 2016 is unavailable

**KANAWHA COUNTY, WEST VIRGINIA**  
***Schedule of the Proportionate Share of the Net OPEB Liability***

*June 30, 2018*

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	<u><b>2017</b></u>
Actuarially determined contribution	0.171783271%
Employer contribution	4,224,132
State contribution	25.1%

Fiscal year 2018 is the first year of implementation for the West Virginia Retiree Benefit Trust Fund, therefore only one year is shown.

**KANAWHA COUNTY, WEST VIRGINIA**  
**Schedule of Expenditures of Federal Awards**  
*For the Fiscal Year Ended June 30, 2018*

Federal Grantor Pass-Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Disbursements
<b>United States Department of Homeland Security</b>			
<i>Passed Through West Virginia Department of Homeland Security :</i>			
Hazard Mitigation Grant	DR-4210-WV-0010	97.039	\$ 1,915,598
Emergency Management Planning Grant	EMPG2016	97.042	<u>24,724</u>
<b>Total United States Department of Homeland Security</b>			<b><u>1,940,322</u></b>
<b>United States Department of Justice</b>			
<i>Passed Through West Virginia Department of Criminal Justice Services:</i>			
Crime Victim Assistance	16-VA-024	16.575	41,992
Crime Victim Assistance	16-VA-025	16.575	69,364
Juvenile Justice & Delinquency Prevention JJDP	16-JJP-007	16.540	25,000
STOP Violence Against Women	16-VAW-025	16.588	<u>28,909</u>
<b>Total United States Department of Justice</b>			<b><u>165,265</u></b>
<b>United States Department of Transportation</b>			
<i>Passed Through West Virginia Department of Homeland Security</i>			
Alcohol Open Container Requirements	N/A	20.607	34,893
National Priority Safety Program	N/A	20.616	<u>3,038</u>
<b>Total United States Department of Transportation</b>			<b><u>37,931</u></b>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 2,143,518</u></b>

N/A - pass-through entity number not available.

See the accompanying notes to the schedule of expenditures of federal awards.

**KANAWHA COUNTY, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2018

**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, 2018. 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, 2018

	General School	Magistrate Court	Worthless Check	Home Confinement
<b>Assets:</b>				
Cash and cash equivalents	\$ 206,488	\$ 33,410	\$ 6,998	\$ 169,036
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	3,717
Grants and other receivables	-	-	-	-
	<u>\$ 206,488</u>	<u>\$ 33,410</u>	<u>\$ 6,998</u>	<u>\$ 172,753</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 28,510	\$ 675	\$ -	\$ 15,714
Due to other funds	-	-	-	-
Other	-	-	-	113
	<u>28,510</u>	<u>675</u>	<u>-</u>	<u>15,827</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	-
Fund Balances:				
Restricted	177,978	32,735	6,998	156,926
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>177,978</u>	<u>32,735</u>	<u>6,998</u>	<u>156,926</u>
<i>Total Fund Balances</i>	<u>177,978</u>	<u>32,735</u>	<u>6,998</u>	<u>156,926</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 206,488</u>	<u>\$ 33,410</u>	<u>\$ 6,998</u>	<u>\$ 172,753</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2018

	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
<b>Assets:</b>				
Cash and cash equivalents	\$ 325,444	\$ 73,615	\$ 20,173	\$ 714,561
Taxes receivable	-	-	-	135,911
Estimated uncollectible taxes	-	-	-	(1,473)
Due from other funds	1,884	-	-	-
Grants and other receivables	-	-	-	-
	<u>\$ 327,328</u>	<u>\$ 73,615</u>	<u>\$ 20,173</u>	<u>\$ 848,999</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 8,607	\$ -	\$ -	\$ 160,741
Due to other funds	-	-	-	-
Other	122	-	-	-
	<u>8,729</u>	<u>-</u>	<u>-</u>	<u>160,741</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	120,461
	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,461</u>
Fund Balances:				
Restricted	318,599	73,615	20,173	567,797
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>318,599</u>	<u>73,615</u>	<u>20,173</u>	<u>567,797</u>
<i>Total Fund Balances</i>	<u>318,599</u>	<u>73,615</u>	<u>20,173</u>	<u>567,797</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 327,328</u>	<u>\$ 73,615</u>	<u>\$ 20,173</u>	<u>\$ 848,999</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2018

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
<b>Assets:</b>				
Cash and cash equivalents	\$ 306,534	\$ 193,448	\$ 17,059	\$ 342,137
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	-
Grants and other receivables	186,813	22,127	-	-
	<u>\$ 493,347</u>	<u>\$ 215,575</u>	<u>\$ 17,059</u>	<u>\$ 342,137</u>
Total Assets and deferred outflows of resources	<u>\$ 493,347</u>	<u>\$ 215,575</u>	<u>\$ 17,059</u>	<u>\$ 342,137</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 34,299	\$ 44,850	\$ -	\$ 2,495
Due to other funds	-	-	35	-
Other	-	-	-	-
	<u>34,299</u>	<u>44,850</u>	<u>35</u>	<u>2,495</u>
Total Liabilities	<u>34,299</u>	<u>44,850</u>	<u>35</u>	<u>2,495</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	-
Fund Balances:				
Restricted	459,148	-	17,024	339,642
Committed	-	170,725	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>459,148</u>	<u>170,725</u>	<u>17,024</u>	<u>339,642</u>
<i>Total Fund Balances</i>	<u>459,148</u>	<u>170,725</u>	<u>17,024</u>	<u>339,642</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 493,447</u>	<u>\$ 215,575</u>	<u>\$ 17,059</u>	<u>\$ 342,137</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2018

	Day Reporting Collections	Special Law Enforcement	Special Prosecuting Attorney	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 16,533	\$ 213,816	\$ 194,598	\$ 2,833,850
Taxes receivable	-	-	-	135,911
Estimated uncollectible taxes	-	-	-	(1,473)
Due from other funds	-	-	-	5,601
Grants and other receivables	-	-	-	208,940
Total Assets and deferred outflows of resources	\$ 16,533	\$ 213,816	\$ 194,598	\$ 3,182,829
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ 295,891
Due to other funds	-	-	-	35
Other	-	-	-	235
Total Liabilities	-	-	-	296,161
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	120,461
Fund Balances:				
Restricted	16,533	213,816	194,598	2,595,582
Committed	-	-	-	170,725
Assigned	-	-	-	-
Unassigned	-	-	-	-
<i>Total Fund Balances</i>	16,533	213,816	194,598	2,766,307
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	\$ 16,533	\$ 213,816	\$ 194,598	\$ 3,182,929

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	General School	Magistrate Court	Worthless Check	Home Confinement
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	393,906	74,717	1,675	188,792
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>393,906</u>	<u>74,717</u>	<u>1,675</u>	<u>188,792</u>
<b>EXPENDITURES:</b>				
General government	42,715	38,728	-	-
Public safety	-	-	-	526,495
<b>Total Expenditures</b>	<u>42,715</u>	<u>38,728</u>	<u>-</u>	<u>526,495</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>351,191</u>	<u>35,989</u>	<u>1,675</u>	<u>(337,703)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	-	-	-	344,840
Operating transfers out	(375,113)	(83,326)	-	(98,083)
<b>Total Other Financing Sources and Uses</b>	<u>(375,113)</u>	<u>(83,326)</u>	<u>-</u>	<u>246,757</u>
<b>Net Change in Fund Balances</b>	<u>(23,922)</u>	<u>(47,337)</u>	<u>1,675</u>	<u>(90,946)</u>
<b>Fund Balances at Beginning of Year</b>	<u>201,900</u>	<u>80,072</u>	<u>5,323</u>	<u>247,872</u>
<b>Fund Balance at End of Year</b>	<u>\$ 177,978</u>	<u>\$ 32,735</u>	<u>\$ 6,998</u>	<u>\$ 156,926</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,446,460
Other taxes	-	-	-	231
Licenses and permits	-	-	-	-
Charges for services	305,000	91,698	1,498	4,126
Fines and forfeitures	-	-	-	348
Interest	-	-	-	148
Miscellaneous	-	-	-	-
<b>Total Revenues</b>	<u>305,000</u>	<u>91,698</u>	<u>1,498</u>	<u>1,451,313</u>
<b>EXPENDITURES:</b>				
General government	276,559	-	-	-
Public safety	-	59,024	-	1,119,174
<b>Total Expenditures</b>	<u>276,559</u>	<u>59,024</u>	<u>-</u>	<u>1,119,174</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>28,441</u>	<u>32,674</u>	<u>1,498</u>	<u>332,139</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(32,868)	-	-	(188,890)
<b>Total Other Financing Sources and Uses</b>	<u>(32,868)</u>	<u>-</u>	<u>-</u>	<u>(188,890)</u>
<b>Net Change in Fund Balances</b>	(4,427)	32,674	1,498	143,249
<b>Fund Balances at Beginning of Year</b>	<u>323,026</u>	<u>40,941</u>	<u>18,675</u>	<u>424,548</u>
<b>Fund Balance at End of Year</b>	<u>\$ 318,599</u>	<u>\$ 73,615</u>	<u>\$ 20,173</u>	<u>\$ 567,797</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	567,566	-	37,358	-
Licenses and permits	-	-	-	166,975
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	309,192	-	-
<b>Total Revenues</b>	<u>567,566</u>	<u>309,192</u>	<u>37,358</u>	<u>166,975</u>
<b>EXPENDITURES:</b>				
General government	1,725,312	395,487	10,309	-
Public safety	-	-	-	259,658
<b>Total Expenditures</b>	<u>1,725,312</u>	<u>395,487</u>	<u>10,309</u>	<u>259,658</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(1,157,746)</u>	<u>(86,295)</u>	<u>27,049</u>	<u>(92,683)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	1,000,000	-	-	-
Operating transfers out	-	-	(27,741)	(7,937)
<b>Total Other Financing Sources and Uses</b>	<u>1,000,000</u>	<u>-</u>	<u>(27,741)</u>	<u>(7,937)</u>
<b>Net Change in Fund Balances</b>	<u>(157,746)</u>	<u>(86,295)</u>	<u>(692)</u>	<u>(100,620)</u>
<b>Fund Balances at Beginning of Year</b>	<u>616,894</u>	<u>257,020</u>	<u>17,716</u>	<u>440,262</u>
<b>Fund Balance at End of Year</b>	<u>\$ 459,148</u>	<u>\$ 170,725</u>	<u>\$ 17,024</u>	<u>\$ 339,642</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2018

	Day Reporting Collection	Special Law Enforcement	Special Prosecuting Attorney	Total Nonmajor Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 1,446,460
Other taxes	-	-	-	605,155
Licenses and permits	-	-	-	166,975
Charges for services	16,233	-	-	1,077,645
Fines and forfeitures	-	65,824	-	66,172
Interest	-	-	-	148
Miscellaneous	-	-	50,113	359,305
	<u>16,233</u>	<u>65,824</u>	<u>50,113</u>	<u>3,721,860</u>
<b>EXPENDITURES:</b>				
General government	-	-	5,004	2,494,114
Public safety	-	4,500	-	1,968,851
	<u>-</u>	<u>4,500</u>	<u>5,004</u>	<u>4,462,965</u>
<i>Total Expenditures</i>	<u>-</u>	<u>4,500</u>	<u>5,004</u>	<u>4,462,965</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>16,233</u>	<u>61,324</u>	<u>45,109</u>	<u>(741,105)</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	-	-	-	1,344,840
Operating transfers out	(83,113)	-	-	(897,071)
	<u>(83,113)</u>	<u>-</u>	<u>-</u>	<u>447,769</u>
<i>Total Other Financing Sources and Uses</i>	<u>(83,113)</u>	<u>-</u>	<u>-</u>	<u>447,769</u>
<i>Net Change in Fund Balances</i>	<u>(66,880)</u>	<u>61,324</u>	<u>45,109</u>	<u>(293,336)</u>
<i>Fund Balances at Beginning of Year</i>	<u>83,413</u>	<u>152,492</u>	<u>149,489</u>	<u>3,059,643</u>
<i>Fund Balance at End of Year</i>	<u>\$ 16,533</u>	<u>\$ 213,816</u>	<u>\$ 194,598</u>	<u>\$ 2,766,307</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS**  
June 30, 2018

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	Delinquent and Non-Entered Lands	Sale of Lien Surplus	Board of Health	School
<b>Assets:</b>				
Cash and cash equivalents	\$ 954,056	\$ 2,343,982	\$ 1,572,760	\$ 1,180,741
Taxes receivable	-	-	-	1,798,226
Estimated uncollectible taxes	-	-	-	(100,661)
	<u>\$ 954,056</u>	<u>\$ 2,343,982</u>	<u>\$ 1,572,760</u>	<u>\$ 2,878,306</u>
<b>Liabilities:</b>				
Due to other governmental entities	\$ 954,056	\$ 2,343,982	\$ -	\$ 2,878,306
Due to other third parties	-	-	-	-
	<u>954,056</u>	<u>2,343,982</u>	<u>-</u>	<u>2,878,306</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS**  
June 30, 2018

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	State	Municipal	Kanawha County Emergency Ambulance Authority	Kanawha Valley Regional Transit Authority	Circuit Clerk
<b>Assets:</b>					
Cash and cash equivalents	\$ 8,298	\$ 315,772	\$ 96,244	\$ 96,244	\$ 2,185,621
Taxes receivable	12,654	444,852	146,765	146,765	-
Estimated uncollectible taxes	(708)	(26,102)	(8,306)	(8,306)	-
	<u>\$ 20,244</u>	<u>\$ 734,522</u>	<u>\$ 234,703</u>	<u>\$ 234,703</u>	<u>\$ 2,185,621</u>
<b>Liabilities:</b>					
Due to other governmental entities	\$ 20,244	\$ 734,522	\$ 234,703	\$ 234,703	\$ -
Due to other third parties	-	-	-	-	2,185,621
	<u>\$ 20,244</u>	<u>\$ 734,522</u>	<u>\$ 234,703</u>	<u>\$ 234,703</u>	<u>\$ 2,185,621</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS**

June 30, 2018

	Records Office	Clerk's Delinquent Land	Domestic Violence	Deputy Retirement
<b>Assets:</b>				
Cash and cash equivalents	\$ 891,723	\$ 442,696	\$ 5,375	\$ 7,117
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
	<u>\$ 891,723</u>	<u>\$ 442,696</u>	<u>\$ 5,375</u>	<u>\$ 7,117</u>
Total Assets and deferred outflows of resources	<u>\$ 891,723</u>	<u>\$ 442,696</u>	<u>\$ 5,375</u>	<u>\$ 7,117</u>
<b>Liabilities:</b>				
Due to other governmental entities	\$ -	\$ -	\$ -	\$ 7,117
Due to other third parties	891,723	442,696	5,375	-
	<u>891,723</u>	<u>442,696</u>	<u>5,375</u>	<u>-</u>
Total Liabilities	<u>\$ 891,723</u>	<u>\$ 442,696</u>	<u>\$ 5,375</u>	<u>\$ 7,117</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS**  
June 30, 2018

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	<u>Enhanced 911 System</u>	<u>Writ of Execution</u>	<u>Evidence Fund</u>	<u>Fire Insurance Recovery</u>	<u>Total Agency Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 316	\$ 8,997	\$ 339,519	\$ 16,840	\$ 10,466,301
Taxes receivable	-	-	-	-	2,549,262
Estimated uncollectible taxes	-	-	-	-	(144,083)
	<u>\$ 316</u>	<u>\$ 8,997</u>	<u>\$ 339,519</u>	<u>\$ 16,840</u>	<u>\$ 12,871,480</u>
<b>Liabilities:</b>					
Due to other governmental entities	\$ 316	\$ -	\$ -	\$ -	\$ 8,980,709
Due to other third parties	-	8,997	339,519	16,840	3,890,771
	<u>\$ 316</u>	<u>\$ 8,997</u>	<u>\$ 339,519</u>	<u>\$ 16,840</u>	<u>\$ 12,871,480</u>

**KANAWHA COUNTY, WEST VIRGINIA  
COMBINING BALANCE SHEET- GENERAL FUND**

June 30, 2018

	General Operating	Dog and Kennel	Federal Grants	County Manager's
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,438,120	\$ 27,858	\$ 39,738	\$ 308,815
Taxes receivable	6,365,457	-	-	-
Estimated uncollectible taxes	(40,887)	-	-	-
Due from other funds	180,840	35	-	-
Grants and other receivables	281,333	-	-	-
	<u>\$ 14,224,863</u>	<u>\$ 27,893</u>	<u>\$ 39,738</u>	<u>\$ 308,815</u>
<b>Total Assets and deferred outflows of resources</b>				
	<u>\$ 14,224,863</u>	<u>\$ 27,893</u>	<u>\$ 39,738</u>	<u>\$ 308,815</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,337,552	\$ -	\$ 375	\$ 29,850
Due to other funds	1,447	-	-	-
Other	23,696	-	-	-
	<u>1,362,695</u>	<u>-</u>	<u>375</u>	<u>29,850</u>
<b>Total Liabilities</b>				
	<u>1,362,695</u>	<u>-</u>	<u>375</u>	<u>29,850</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	5,641,604	-	-	-
	<u>5,641,604</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	39,363	-
Committed	-	27,893	-	278,965
Assigned	464,328	-	-	-
Unassigned	6,756,236	-	-	-
	<u>7,220,564</u>	<u>27,893</u>	<u>39,363</u>	<u>278,965</u>
<b>Total Fund Balances</b>				
	<u>7,220,564</u>	<u>27,893</u>	<u>39,363</u>	<u>278,965</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>				
	<u>\$ 14,224,863</u>	<u>\$ 27,893</u>	<u>\$ 39,738</u>	<u>\$ 308,815</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- GENERAL FUND**

June 30, 2018

	Emergency Response	Building Demolition	Capital Maintenance	Records Management & Preservation
<b>Assets:</b>				
Cash and cash equivalents	\$ 185,683	\$ 507,354	\$ 12,621	\$ 2,148
Taxes receivable	-	-	-	-
Estimated uncollectible taxes	-	-	-	-
Due from other funds	-	-	-	-
Grants and other receivables	-	-	-	-
	<u>\$ 185,683</u>	<u>\$ 507,354</u>	<u>\$ 12,621</u>	<u>\$ 2,148</u>
Total Assets and deferred outflows of resources	<u>\$ 185,683</u>	<u>\$ 507,354</u>	<u>\$ 12,621</u>	<u>\$ 2,148</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted	-	-	-	-
Committed	185,683	-	12,621	2,148
Assigned	-	-	-	-
Unassigned	-	507,354	-	-
	<u>-</u>	<u>507,354</u>	<u>-</u>	<u>-</u>
<i>Total Fund Balances</i>	<u>185,683</u>	<u>507,354</u>	<u>12,621</u>	<u>2,148</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 185,683</u>	<u>\$ 507,354</u>	<u>\$ 12,621</u>	<u>\$ 2,148</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- GENERAL FUND**  
June 30, 2018

	Financial Stabilization	Voters Registration	Unemployment Compensation	Drug Court Program	Special Law Enforcement Investigations
<b>Assets:</b>					
Cash and cash equivalents	\$ 4,676,005	\$ 5,268	\$ 78,213	\$ 1	\$ 65,216
Taxes receivable	-	-	-	-	-
Estimated uncollectible taxes	-	-	-	-	-
Due from other funds	-	-	-	-	-
Grants and other receivables	-	-	-	-	-
<b>Total Assets and deferred outflows of resources</b>	<b>\$ 4,676,005</b>	<b>\$ 5,268</b>	<b>\$ 78,213</b>	<b>\$ 1</b>	<b>\$ 65,216</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ -	\$ -	\$ 5,684	\$ -	-
Due to other funds	-	-	-	-	-
Other	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>5,684</b>	<b>-</b>	<b>-</b>
Deferred inflows resources:					
Unavailabel revenue - property taxes	-	-	-	-	-
Fund Balances:					
Restricted	-	5,268	-	-	65,216
Committed	4,676,005	-	72,529	1	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>4,676,005</b>	<b>5,268</b>	<b>72,529</b>	<b>1</b>	<b>65,216</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 4,676,005</b>	<b>\$ 5,268</b>	<b>\$ 78,213</b>	<b>\$ 1</b>	<b>\$ 65,216</b>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING BALANCE SHEET- GENERAL FUND**  
June 30, 2018

	Capital Equipment	Debt Service	Special Health Insurance	Total General Funds *
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,004,026	\$ 249,383	\$ 1,676,810	\$ 16,277,259
Taxes receivable	-	-	-	6,365,457
Estimated uncollectible taxes	-	-	-	(40,887)
Due from other funds	-	-	-	180,875
Grants and other receivables	-	-	-	281,333
	<u>\$ 1,004,026</u>	<u>\$ 249,383</u>	<u>\$ 1,676,810</u>	<u>\$ 23,064,037</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 125,734	\$ -	\$ 694,008	\$ 2,193,203
Due to other funds	1,642	-	202,851	205,940
Other	-	-	-	23,696
	<u>127,376</u>	<u>-</u>	<u>896,859</u>	<u>2,422,839</u>
Deferred inflows resources:				
Unavailabel revenue - property taxes	-	-	-	5,641,604
	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,641,604</u>
Fund Balances:				
Restricted	-	249,383	-	359,230
Committed	876,650	-	-	6,132,495
Assigned	-	-	-	464,328
Unassigned	-	-	779,951	8,043,541
	<u>876,650</u>	<u>249,383</u>	<u>779,951</u>	<u>14,999,594</u>
<i>Total Fund Balances</i>	<u>876,650</u>	<u>249,383</u>	<u>779,951</u>	<u>14,999,594</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 1,004,026</u>	<u>\$ 249,383</u>	<u>\$ 1,676,810</u>	<u>\$ 23,064,037</u>

\* 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, 2018

	General Operating	Dog and Kennel	Federal Grants	County Manager's
<b>REVENUES:</b>				
Taxes	\$ 44,504,483	\$ -	\$ -	\$ -
Other taxes	2,291,546	500	-	-
Licenses and permits	5,298	-	-	-
Intergovernmental				
Federal	660,440	-	1,916,459	-
State	163,887	-	-	-
Local	418,911	-	-	-
Charges for services	1,407,516	-	-	-
Fines and forfeitures	-	-	-	-
Interest	100,875	-	-	-
Miscellaneous	1,731,023	-	-	402,921
<i>Total Revenues</i>	<u>51,283,979</u>	<u>500</u>	<u>1,916,459</u>	<u>402,921</u>
<b>EXPENDITURES:</b>				
General government	16,221,571	-	1,915,974	304,050
Public safety	16,517,755	-	-	-
Health and sanitation	298,857	-	-	-
Culture and recreation	5,157,699	-	-	-
Social services	30,000	-	-	-
Capital projects	616,004	-	-	-
<i>Total Expenditures</i>	<u>38,841,886</u>	<u>-</u>	<u>1,915,974</u>	<u>304,050</u>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>12,442,093</u>	<u>500</u>	<u>485</u>	<u>98,871</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	2,988,749	23,917	-	200,000
Operating transfers out	(11,367,283)	-	-	(118,514)
<i>Total Other Financing Sources and Uses</i>	<u>(8,378,534)</u>	<u>23,917</u>	<u>-</u>	<u>81,486</u>
<i>Net Change in Fund Balances</i>	4,063,559	24,417	485	180,357
<i>Fund Balances at Beginning of Year</i>	<u>3,157,005</u>	<u>3,476</u>	<u>38,878</u>	<u>98,608</u>
<i>Fund Balance at End of Year</i>	<u>\$ 7,220,564</u>	<u>\$ 27,893</u>	<u>\$ 39,363</u>	<u>\$ 278,965</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
For the Year Ended June 30, 2018

	Emergency Response	Building Demolition	Capital Maintenance	Records Management & Preservation
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Licenses and permits	-	104,590	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Miscellaneous	496,148	8,624	-	-
<b>Total Revenues</b>	<b>496,148</b>	<b>113,214</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES:</b>				
Current:				
General government	675,064	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	34,461	-	-
Culture and recreation	-	-	-	-
Social services	-	-	-	-
Capital projects	-	-	-	-
<b>Total Expenditures</b>	<b>675,064</b>	<b>34,461</b>	<b>-</b>	<b>-</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<u>(178,916)</u>	<u>78,753</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	-	-	-	-
Operating transfers out	(1,100,000)	-	-	-
<b>Total Other Financing Sources and Uses</b>	<u>(1,100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	(1,278,916)	78,753	-	-
<i>Fund Balances at Beginning of Year</i>	<u>1,464,599</u>	<u>428,601</u>	<u>12,621</u>	<u>2,148</u>
<i>Fund Balance at End of Year</i>	<u>\$ 185,683</u>	<u>\$ 507,354</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**  
For the Year Ended June 30, 2018

	<u>Financial Stabilization</u>	<u>Voters Registration</u>	<u>Unemployment Compensation</u>	<u>Drug Court Program</u>	<u>Special Law Enforcement Investigations</u>
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-	-
Licenses and permits	-	-	-	-	-
Intergovernmental					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	25,100	-	-	-	-
Miscellaneous	-	-	-	-	9,639
Total Revenues	<u>25,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,639</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	37,428	-	-
Public safety	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Social services	-	-	-	-	-
Capital projects	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>37,428</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,100</u>	<u>-</u>	<u>(37,428)</u>	<u>-</u>	<u>9,639</u>
<b>OTHER FINANCING SOURCES AND USES:</b>					
Operating transfers in	3,600,000	-	40,000	-	-
Operating transfers out	<u>(4,746,546)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources and Uses	<u>(1,146,546)</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,121,446)	-	2,572	-	9,639
Fund Balances at Beginning of Year	<u>5,797,451</u>	<u>5,268</u>	<u>69,957</u>	<u>1</u>	<u>55,577</u>
Fund Balance at End of Year	<u>\$ 4,676,005</u>	<u>\$ 5,268</u>	<u>\$ 72,529</u>	<u>\$ 1</u>	<u>\$ 65,216</u>

**KANAWHA COUNTY, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND**  
For the Year Ended June 30, 2018

	Capital Equipment	Debt Service	Special Health Insurance	Total General Fund
<b>REVENUES:</b>				
Taxes	\$ -	\$ -	\$ -	\$ 44,504,483
Other taxes	-	-	-	2,292,046
Licenses and permits	-	-	-	109,888
Intergovernmental				
Federal	-	-	-	2,576,899
State	-	-	-	163,887
Local	-	-	-	418,911
Charges for services	-	-	-	1,407,516
Interest	-	-	-	125,975
Miscellaneous	-	-	2,648,328	5,296,683
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>2,648,328</b>	<b>56,896,288</b>
<b>EXPENDITURES:</b>				
Current:				
General government	3,492,559	978,554	8,277,863	31,903,063
Public safety	132,097	-	-	16,649,852
Health and sanitation	-	-	-	333,318
Culture and recreation	85,252	118,514	-	5,361,465
Social services	-	-	-	30,000
Capital projects	-	879,828	-	1,495,832
<b>Total Expenditures</b>	<b>3,709,908</b>	<b>1,976,896</b>	<b>8,277,863</b>	<b>55,773,530</b>
<i>Excess (deficiency) of revenues over expenditures</i>	<u><b>(3,709,908)</b></u>	<u><b>(1,976,896)</b></u>	<u><b>(5,629,535)</b></u>	<u><b>1,122,758</b></u>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Operating transfers in	490,600	1,977,247	4,924,013	14,244,526
Operating transfers out	-	-	-	(17,332,343)
<b>Total Other Financing Sources and Uses</b>	<b>490,600</b>	<b>1,977,247</b>	<b>4,924,013</b>	<b>(3,087,817)</b>
<i>Net Change in Fund Balances</i>	(3,219,308)	351	(705,522)	(1,965,059)
<i>Fund Balances at Beginning of Year</i>	4,095,958	249,032	1,485,473	16,964,653
<i>Fund Balance at End of Year</i>	<u><b>\$ 876,650</b></u>	<u><b>\$ 249,383</b></u>	<u><b>\$ 779,951</b></u>	<u><b>\$ 14,999,594</b></u>



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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***

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the aggregate 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, 2018, 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 13, 2019. Our report refers to other auditors who audited the financial statements of Kanawha Emergency Ambulance Authority, Metro Emergency Operations Center of Kanawha County, Regional Development Authority of Charleston-Kanawha, and Kanawha County Parks and Recreation Commission, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

***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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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*.

***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.

*BHM CPA Group*

BHM CPA Group Inc.  
Huntington, West Virginia  
February 13, 2019



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**Independent Auditor's Report on Compliance with Requirements Applicable to  
its Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance**

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

To the Board of Commissioners:

***Report on Compliance for Each Major Federal Program***

We have audited the 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 the Kanawha County's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the County's major federal program.

***Management's Responsibility***

The County's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the County's compliance for the County's major federal programs 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 to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration 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.

***Opinion on Each Major Federal Program***

In our opinion, the Kanawha County Commission 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, 2018.

***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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group Inc.  
Huntington, West Virginia  
February 13, 2019

**KANAWHA COUNTY, WEST VIRGINIA**

Schedule of Audit Findings  
*2 CFR § 200.515*  
 For the Year Ended June 30, 2018

**1. SUMMARY OF AUDITOR'S RESULTS**

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

**KANAWHA COUNTY, WEST VIRGINIA**

Schedule of Audit Findings  
*2 CFR § 200.515*  
For the Year Ended June 30, 2018

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

**None**

**3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS**

**None**