

Audited Financial Statements

Kanawha County, West Virginia

Year Ended June 30, 2015

and

Independent Auditor's Report

Audited Financial Statements
KANAWHA COUNTY, WEST VIRGINIA
Year Ended June 30, 2015

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Audited Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

Year Ended June 30, 2015

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KANAWAH COUNTY, WEST VIRGINIA

LIST OF ELECTED COUNTY OFFICIALS

June 30, 2015

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



INDEPENDENT AUDITOR'S REPORT

To the Commission Of
Kanawha County
Charleston, West Virginia

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, 2015, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Kanawha County Emergency Ambulance Authority (KCEAA), Kanawha County Parks and Recreation Commission (the Parks Commission), and Regional Development Authority of Charleston - Kanawha County, West Virginia Metropolitan Region (the Authority), which represents 78%, 74%, and 79%, respectively, of the assets, net position, and revenues of the discretely presented component units. 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, Parks Commission, and Authority, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2015 the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*. Our opinion is not modified with respect to this matter.

Correction of Errors

As discussed in Note 3 the County made corrections to the net position of fiduciary funds relating to mathematical errors. Additionally the County reclassified certain funds to the correct fund types. Our opinions are not modified with respect to these matters. Also, the County has included its discretely presented component units in their financial statements. The component units had previously been excluded from the financial statements.

Other Matters

Required Supplementary Information

Management has omitted the Management’s Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 45 to 47, the schedule of retirement contributions for the last ten fiscal years information on page 48, and the schedule of the proportionate share of the net pension liabilities on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining fund financial statements and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Suttle & Stalaker, PLLC".

Charleston, West Virginia
March 24, 2016

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF NET POSITION

June 30, 2015

	Component Units				
	Primary Government	Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston-Kanawha	Kanawha County Parks and Recreation Commission
ASSETS					
Cash and cash equivalents	\$ 21,746,264	\$ 5,981,159	\$ 1,732,180	\$ 26,912	\$ 79,622
Investments	-	750,000	-	116,759	-
Taxes receivable, net	874,122	625,445	-	-	-
Accounts receivable, net	-	3,082,024	79,411	4,507	3,544
Grants and other receivables	1,136,247	200,715	201,581	-	56,143
Restricted assets:					
Restricted cash and cash equivalents	-	-	-	157,659	139,692
Capital assets:					
Capital assets, net	29,530,599	5,685,821	5,876,045	5,562,716	5,041,989
Total assets	\$ 53,287,232	\$ 16,325,164	\$ 7,889,217	\$ 5,868,553	\$ 5,320,990
DEFERRED OUTFLOWS OF RESOURCES					
Accumulated changes in fair value of hedging derivative instrument	\$ 239,814	-	-	-	-
Deferred loss on debt refunding	-	-	67,246	-	-
Related to pensions	2,945,696	1,150,325	539,997	-	88,131
	\$ 3,185,510	\$ 1,150,325	\$ 607,243	\$ -	\$ 88,131
LIABILITIES AND DEFERRED INFLOW OF RESOURCES					
Accounts payable	\$ 1,817,435	\$ 647,749	\$ 120,893	\$ 201,676	\$ 133,291
Other post employment benefits	726,555	6,086,379	-	-	-
Other	45,428	1,514,608	399,612	23,376	167,963
Fair value of hedging derivative instrument	239,814	-	-	-	-
Noncurrent liabilities:					
Due within one year	2,185,483	162,197	753,974	145,985	62,942
Due in more than one year	18,621,511	1,348,391	3,235,777	7,323,397	552,054
Total liabilities	\$ 23,636,226	\$ 9,759,324	\$ 4,510,256	\$ 7,694,434	\$ 916,250
Deferred inflows of resources:					
Related to pensions	\$ 5,225,540	\$ 1,657,544	\$ 958,356	\$ -	\$ 215,609
NET POSITION					
Invested in capital assets, net of related debt	\$ 18,071,183	\$ 5,523,624	\$ 3,139,264	\$ (1,923,898)	\$ 4,838,759
Restricted net position	11,469,840	-	-	157,659	-
Unrestricted net position	(1,930,047)	534,997	(111,416)	(59,642)	(561,497)
Total net position	\$ 27,610,976	\$ 6,058,621	\$ 3,027,848	\$ (1,825,881)	\$ 4,277,262

The Accompanying Notes Are An Integral Part of These Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2015

Functions/Programs	Net (Expenses) Revenues and Changes in Net Position																																																																																																																																																																																																															
	Program Services				Primary Government			Component Units																																																																																																																																																																																																								
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston-Kanawha	Kanawha County Parks and Recreation Commission																																																																																																																																																																																																							
Governmental activities:																																																																																																																																																																																																																
General government	\$ 36,559,774	\$ 2,426,449	\$ 2,696,870	\$ -	\$ (31,436,455)	\$ -	\$ -	\$ -	\$ -	\$ -																																																																																																																																																																																																						
Public safety	19,010,040	-	973,988	-	(18,036,052)	-	-	-	-	-																																																																																																																																																																																																						
Health and sanitation	434,117	-	-	-	(434,117)	-	-	-	-	-																																																																																																																																																																																																						
Culture and recreation	5,482,980	-	-	-	(5,482,980)	-	-	-	-	-																																																																																																																																																																																																						
Capital outlay	1,897,344	-	-	-	(1,897,344)	-	-	-	-	-	Total primary government	\$ 63,384,255	\$ 2,426,449	\$ 3,670,858	\$ -	\$ (57,286,948)	\$ -	\$ -	\$ -	\$ -	\$ -	Component units:											Kanawha County Emergency Ambulance Authority	\$ 20,441,973	\$ 14,625,502	\$ -	\$ -	\$ -	\$ (5,816,471)	\$ -	\$ -	\$ -	\$ -	Metro Emergency Operations Center of Kanawha County	6,632,435	6,568,016	55,864	-	-	-	(8,555)	-	-	-	Regional Development Authority of Charleston-Kanawha	739,841	657,710	144,950	-	-	-	-	62,819	-	-	Kanawha County Parks and Recreation Commission	2,667,552	753,090	92,330	-	-	-	-	-	(1,822,132)	-	Total component units	\$ 30,481,801	\$ 22,604,318	\$ 293,144	\$ -	\$ -	\$ (5,816,471)	\$ (8,555)	\$ 62,819	\$ (1,822,132)	\$ -	General revenues:											Taxes			51,729,914			5,991,186					Licenses and permits			327,540			-					Interest			8,926			84,155			127		Miscellaneous			4,409,697			670,849	26,508		1,475,057		Total general revenues			56,476,077			6,746,190	26,508	111	1,475,184		Change in net position			(810,871)			929,719	17,953	62,930	(346,948)		Net position, beginning of year- previously reported			38,446,572			7,912,392	4,714,118	(1,888,811)	5,004,070		Net effect of change in accounting policy			(10,024,725)			(2,783,490)	(1,704,223)	-	(379,860)		Net position, beginning of year- restated			28,421,847			5,128,902	3,009,895	(1,888,811)	4,624,210		Net position, end of year			\$ 27,610,976			\$ 6,058,621	\$ 3,027,848	\$ (1,825,881)	\$ 4,277,262	
Total primary government	\$ 63,384,255	\$ 2,426,449	\$ 3,670,858	\$ -	\$ (57,286,948)	\$ -	\$ -	\$ -	\$ -	\$ -	Component units:											Kanawha County Emergency Ambulance Authority	\$ 20,441,973	\$ 14,625,502	\$ -	\$ -	\$ -	\$ (5,816,471)	\$ -	\$ -	\$ -	\$ -	Metro Emergency Operations Center of Kanawha County	6,632,435	6,568,016	55,864	-	-	-	(8,555)	-	-	-	Regional Development Authority of Charleston-Kanawha	739,841	657,710	144,950	-	-	-	-	62,819	-	-	Kanawha County Parks and Recreation Commission	2,667,552	753,090	92,330	-	-	-	-	-	(1,822,132)	-	Total component units	\$ 30,481,801	\$ 22,604,318	\$ 293,144	\$ -	\$ -	\$ (5,816,471)	\$ (8,555)	\$ 62,819	\$ (1,822,132)	\$ -	General revenues:											Taxes			51,729,914			5,991,186					Licenses and permits			327,540			-					Interest			8,926			84,155			127		Miscellaneous			4,409,697			670,849	26,508		1,475,057		Total general revenues			56,476,077			6,746,190	26,508	111	1,475,184		Change in net position			(810,871)			929,719	17,953	62,930	(346,948)		Net position, beginning of year- previously reported			38,446,572			7,912,392	4,714,118	(1,888,811)	5,004,070		Net effect of change in accounting policy			(10,024,725)			(2,783,490)	(1,704,223)	-	(379,860)		Net position, beginning of year- restated			28,421,847			5,128,902	3,009,895	(1,888,811)	4,624,210		Net position, end of year			\$ 27,610,976			\$ 6,058,621	\$ 3,027,848	\$ (1,825,881)	\$ 4,277,262												
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Regional Development Authority of Charleston-Kanawha	739,841	657,710	144,950	-	-	-	-	62,819	-	-	Kanawha County Parks and Recreation Commission	2,667,552	753,090	92,330	-	-	-	-	-	(1,822,132)	-	Total component units	\$ 30,481,801	\$ 22,604,318	\$ 293,144	\$ -	\$ -	\$ (5,816,471)	\$ (8,555)	\$ 62,819	\$ (1,822,132)	\$ -	General revenues:											Taxes			51,729,914			5,991,186					Licenses and permits			327,540			-					Interest			8,926			84,155			127		Miscellaneous			4,409,697			670,849	26,508		1,475,057		Total general revenues			56,476,077			6,746,190	26,508	111	1,475,184		Change in net position			(810,871)			929,719	17,953	62,930	(346,948)		Net position, beginning of year- previously reported			38,446,572			7,912,392	4,714,118	(1,888,811)	5,004,070		Net effect of change in accounting policy			(10,024,725)			(2,783,490)	(1,704,223)	-	(379,860)		Net position, beginning of year- restated			28,421,847			5,128,902	3,009,895	(1,888,811)	4,624,210		Net position, end of year			\$ 27,610,976			\$ 6,058,621	\$ 3,027,848	\$ (1,825,881)	\$ 4,277,262																																																								
Kanawha County Parks and Recreation Commission	2,667,552	753,090	92,330	-	-	-	-	-	(1,822,132)	-	Total component units	\$ 30,481,801	\$ 22,604,318	\$ 293,144	\$ -	\$ -	\$ (5,816,471)	\$ (8,555)	\$ 62,819	\$ (1,822,132)	\$ -	General revenues:											Taxes			51,729,914			5,991,186					Licenses and permits			327,540			-					Interest			8,926			84,155			127		Miscellaneous			4,409,697			670,849	26,508		1,475,057		Total general revenues			56,476,077			6,746,190	26,508	111	1,475,184		Change in net position			(810,871)			929,719	17,953	62,930	(346,948)		Net position, beginning of year- previously reported			38,446,572			7,912,392	4,714,118	(1,888,811)	5,004,070		Net effect of change in accounting policy			(10,024,725)			(2,783,490)	(1,704,223)	-	(379,860)		Net position, beginning of year- restated			28,421,847			5,128,902	3,009,895	(1,888,811)	4,624,210		Net position, end of year			\$ 27,610,976			\$ 6,058,621	\$ 3,027,848	\$ (1,825,881)	\$ 4,277,262																																																																			
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KANAWHA COUNTY, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2015

	General Fund	Coal Severance Fund	Assessors Valuation Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS AND DEFERRED OUTFLOWS</u>					
Assets:					
Cash and cash equivalents	\$ 16,456,697	\$ 432,350	\$ 1,499,152	\$ 3,358,065	\$ 21,746,264
Taxes receivable	856,052	-	-	18,070	874,122
Due from other funds	240,675	102,988	15,747	32,318	391,728
Grants and other receivables	437,731	515,731	-	182,785	1,136,247
	<u>17,991,155</u>	<u>1,051,069</u>	<u>1,514,899</u>	<u>3,591,238</u>	<u>24,148,361</u>
Deferred outflows of resources:					
Total deferred outflows of resources	-	-	-	-	-
	<u>\$ 17,991,155</u>	<u>\$ 1,051,069</u>	<u>\$ 1,514,899</u>	<u>\$ 3,591,238</u>	<u>\$ 24,148,361</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 1,567,236	\$ 69,346	\$ 20,219	\$ 160,634	\$ 1,817,435
Due to other funds	151,053	115,971	-	124,704	391,728
Other	696,946	526	73,364	1,147	771,983
	<u>2,415,235</u>	<u>185,843</u>	<u>93,583</u>	<u>286,485</u>	<u>2,981,146</u>
Deferred inflows of resources:					
Taxes	3,662,753	-	-	78,194	3,740,947
Total deferred inflows of resources	<u>3,662,753</u>	<u>-</u>	<u>-</u>	<u>78,194</u>	<u>3,740,947</u>
	<u>6,077,988</u>	<u>185,843</u>	<u>93,583</u>	<u>364,679</u>	<u>6,722,093</u>
Fund balances:					
Restricted	290,285	-	1,421,316	3,048,147	4,759,748
Committed	9,199,479	865,226	-	191,620	10,256,325
Unassigned	2,423,403	-	-	(13,208)	2,410,195
	<u>11,913,167</u>	<u>865,226</u>	<u>1,421,316</u>	<u>3,226,559</u>	<u>17,426,268</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,991,155</u>	<u>\$ 1,051,069</u>	<u>\$ 1,514,899</u>	<u>\$ 3,591,238</u>	<u>\$ 24,148,361</u>

KANAWHA COUNTY, WEST VIRGINIA

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

June 30, 2015

Total fund balances on governmental funds balance sheet	\$ 17,426,268
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 are not reported in the governmental funds balance sheet.	29,530,599
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.	3,740,947
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	2,945,696
Long-term liabilities, including bonds, are not due and payable in the current period and therefore are not reported in the governmental funds balance sheet.	(12,659,416)
Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.	(5,686,729)
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet.	(5,225,540)
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	(470,000)
Compensated absences not due and payable in the current period and are not reported in the governmental funds balance sheet.	<u>(1,990,849)</u>
Net position of governmental activities	<u>\$ 27,610,976</u>

The Accompanying Notes Are An Integral
Part of These Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

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

For the Fiscal Year Ended June 30, 2015

	General Fund	Coal Severance Fund	Assessor's Valuation Fund	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Taxes (including interest and penalties)	\$ 46,448,117	\$ 1,489,833	\$ 2,366,610	\$ 1,992,308	\$ 52,296,868
Licenses and permits	118,660	-	-	208,880	327,540
Intergovernmental:					
Federal	3,002,984	-	-	-	3,002,984
State	208,046	-	-	-	208,046
Local	459,828	-	-	-	459,828
Charges for services	1,000,666	-	10,846	1,383,618	2,395,130
Fines and forfeits	-	-	-	31,319	31,319
Interest	7,936	108	503	379	8,926
Miscellaneous	4,023,582	-	-	386,115	4,409,697
Total revenues	55,269,819	1,489,941	2,377,959	4,002,619	63,140,338
Expenditures:					
General government	34,482,163	929,549	2,275,944	1,081,617	38,769,273
Public safety	16,017,294	621,178	-	2,495,756	19,134,228
Health and sanitation	434,117	-	-	-	434,117
Culture and recreation	5,292,708	175,000	-	-	5,467,708
Capital projects	2,000,933	30,000	-	-	2,030,933
Total expenditures	58,227,215	1,755,727	2,275,944	3,577,373	65,836,259
Excess (deficiency) of revenues Over expenditures	(2,957,396)	(265,786)	102,015	425,246	(2,695,921)
Other financing sources (uses):					
Operating transfers in	1,941,316	-	50,360	520,174	2,511,850
Operating transfers (out)	(570,534)	(155,781)	(473,983)	(1,311,552)	(2,511,850)
Total other financing sources (uses)	1,370,782	(155,781)	(423,623)	(791,378)	-
Net change in fund balances	(1,586,614)	(421,567)	(321,608)	(366,132)	(2,695,921)
Fund balances, beginning of year, previously stated	14,063,991	1,286,793	1,742,924	3,028,481	20,122,189
Adjustment for reclassification of special revenue funds	(564,210)	-	-	564,210	-
Fund balances, beginning of year, restated	13,499,781	1,286,793	1,742,924	3,592,691	20,122,189
Fund balances, end of year	\$ 11,913,167	\$ 865,226	\$ 1,421,316	\$ 3,226,559	\$ 17,426,268

The Accompanying Notes Are An Integral
Part of These Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

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

For the Fiscal Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds	\$	(2,695,921)
Governmental funds report capital outlays as expenditures while the cost of capital assets is allocated over their useful lives in the statement of activities.		772,076
The net effect of transactions to capital assets which decreases the change in net position.		(26,398)
Depreciation expense related to capital assets which is not reported in the governmental funds because it does not affect current financial resources.		(1,929,606)
Revenue that is not available at year end for expenditure is not reported in the governmental funds.		(566,952)
Governmental funds report pension contributions as expenditures while the cost of pension benefits earned net of employee contributions is allocated based on pension expense determined from the WV Public Employees' Retirement System.		2,058,152
Governmental funds report principal payments on long-term debt as expenditures while the repayment of such principal does not affect the statement of activities.		1,685,613
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.		39,000
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>(146,835)</u>
Change in net position of governmental activities	\$	<u><u>(810,871)</u></u>

The Accompanying Notes Are An Integral
Part of These Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

June 30, 2015

	Sheriff's Fiduciary Fund Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 4,461,346	\$ 10,021,062
Taxes receivable	-	3,747,192
Real and personal property	2,791,778	-
Other	125,050	-
	<u> </u>	<u> </u>
Total assets	<u>\$ 7,378,174</u>	<u>\$ 13,768,254</u>
<u>LIABILITIES</u>		
Due to other governmental entities	\$ -	\$ 10,708,002
Due to other third parties	150,041	3,060,252
	<u> </u>	<u> </u>
Total liabilities	<u>150,041</u>	<u>\$ 13,768,254</u>
<u>NET POSITION</u>		
Net position, held for individuals	<u>\$ 7,228,133</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

For the Fiscal Year Ended June 30, 2015

	Sheriff's Fiduciary Fund Private-Purpose Trust Fund
	<u> </u>
<u>ADDITIONS:</u>	
Contributions	\$ 4,427,711
	<u> </u>
<u>DEDUCTIONS:</u>	
Payments on behalf of beneficiaries	3,116,350
	<u> </u>
Changes in net position	1,311,361
	<u> </u>
Net position, beginning of year, previously reported	6,371,221
Prior period adjustment	(454,449)
	<u> </u>
Net position, beginning of year, as restated	5,916,772
	<u> </u>
Net position, end of year	\$ 7,228,133
	<u> </u>

The Accompanying Notes Are An Integral
Part of These Financial Statements

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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.

Description Of Entity

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 in the basic financial statements to emphasize they are legally separate from the government. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and, (3) the right to buy, sell or lease and mortgage property. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government. Other factors to consider in this evaluation are whether an entity is fiscally dependent on the City and there is a financial benefit or burden relationship present regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board. In addition, an organization should be evaluated if it is closely related to or financially integrated with the primary government.

Discretely Presented Component Units

The four entities described as follows are legally separate from the County and meet GAAP criteria for a discretely presented component unit of the government. The government either appoints the board or members of the government serve on the board of all three entities and a financial benefit/burden relationship exists or the component unit is fiscally dependent upon the government.

The Regional Development Authority of Charleston-Kanawha County Metropolitan Region (the Authority) 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 (KCEAA) 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 Commission.

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

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Blended Component Unit

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

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

Related Organizations

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

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

Government-Wide and Fund Financial Statements

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

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The County reports the following major government funds:

The *General Fund* accounts for the County's operating funds. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. In accordance with GAAP, certain individual internally maintained 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.) Additionally, certain of these funds were determined to be special revenue funds and therefore were reclassified to Other Non-major funds on the Balance Sheet - Governmental Funds. (See Note 2)

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 *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.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 accrual basis of accounting. The fund is used to account for assets that the County holds for others.

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

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

Budgetary Compliance and AccountabilityBudgetary Information

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

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

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

<u>Description</u>	General Operating Fund <u>Amount</u>	Coal Severance <u>Amount</u>	Assessors Valuation <u>Amount</u>
General government expenditure increase	\$ 1,147,847	\$ 852,137	\$ 143,644
Public safety expenditure increase (decrease)	2,887,578	(60,740)	-
Culture and recreation expenditures increase	34,600	-	-
Capital outlay expenditures increase	87,936	-	-

Deficit Fund Balance - The accident photo fund had a deficit fund balance of \$(13,208) at June 30, 2015. The fund did not charge enough for services to cover current year expenses.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Taxes Receivable -

	<u>General</u>	<u>Other Nonmajor</u>	<u>Agency</u>
Gross taxes receivable	\$ 4,323,711	\$ 92,279	\$ 13,998,608
Allowance for uncollectibles	<u>(3,467,659)</u>	<u>(74,209)</u>	<u>(10,251,416)</u>
Net taxes receivable	<u>\$ 856,052</u>	<u>\$ 18,070</u>	<u>\$ 3,747,192</u>

The allowance for uncollectibles is 6% of the total current, approximately 90% greater than 1 year but less than 5, and 100% greater than 5 years of delinquent taxes receivable at June 30, 2015. The total allowance represents approximately 1.5% of the original levy call for all open years.

Capital Assets - Capital assets are reported in the government-wide financial statements. The County defines capital assets 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
Improvements	5 - 25
Vehicles	3 - 10
Equipment	5 - 15
Computer Equipment	5
Infrastructure	15 - 40

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period.

Net Pension Liability - For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expenses, information about the fiduciary net position of the County's Public Employee Retirement System (PERS) and Deputy Sheriffs' Retirement System (DSRS) and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Detailed information on investment valuation can be found in the plans' financial statements. Management of the plans have made certain estimates and assumptions relating to employer allocation schedules, and actual results could differ. (See Note 8.)

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions - During the normal course of operations of the County, certain transactions, including expenditures and transfers of resources to provide services, take place between funds. Interfund transactions are recorded as operating transfers in the fund financial statements and have been eliminated in the governmental-wide financial statements. Intrafund transfers of \$11,800,166 have also been eliminated below.

	Transfers In				Total Transfers Out
	General Fund	Coal Severance Fund	Assessors Valuation Fund	Nonmajor Funds	
Transfers out:					
General	\$ -	\$ -	\$ 50,360	\$ 520,174	\$ 570,534
Coal severance tax	155,781	-	-	-	155,781
Assessors valuation	473,983	-	-	-	473,983
Nonmajor governmental funds	1,311,552	-	-	-	1,311,552
Total Transfers In	\$ 1,941,316	\$ -	\$ 50,360	\$ 520,174	\$ 2,511,850

The composition of interfund balances as of June 30, 2015 is as follows:

Interfund receivables/payables:

<u>Receivable Fund:</u>	<u>Payable Fund:</u>	<u>Purpose</u>	<u>Amount</u>
General	Coal Severance	Reimbursements	\$ 115,971
General	Nonmajor Fund	Reimbursements	124,704
Coal Severance	General	Reimbursements	102,988
Nonmajor Fund	General	Reimbursements	32,318
Assessors Valuation	General	Reimbursements	15,747
Total			<u>\$ 391,728</u>

Approximately \$373 thousand in intrafund transfers has been eliminated from the table above.

Fund Balances - 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, 2015.

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 an order (the highest level of formal action) of the Kanawha County Commission (the Commission). Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

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

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Unassigned fund balance is the portion of fund balance that has not been reported in any other classification. For governmental funds, only the general fund can report a positive amount of Unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of Unassigned fund balance.

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

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

As of June 30, 2015 the County's fund balances are composed of the following:

	General Fund	Coal Severance Fund	Assessors Valuation Fund	Nonmajor Governmental Fund	Total Governmental Funds
Restricted:					
Public safety	\$ -	\$ -	\$ -	\$ 1,624,681	\$ 1,624,681
Debt service	248,880	-	-	-	248,880
Dog license	-	-	-	15,888	15,888
Capital projects	-	-	355,000	-	355,000
Other purposes	41,405	-	1,066,316	1,407,578	2,515,299
Committed:					
Public safety	90,953	426,628	-	-	517,581
Economic stabilization	8,003,701	-	-	-	8,003,701
Community development	114,383	388,598	-	191,620	694,601
Capital projects	963,972	-	-	-	963,972
Parks & recreation	-	50,000	-	-	50,000
Other purposes	26,470	-	-	-	26,470
Unassigned	2,423,403	-	-	(13,208)	2,410,195
Total fund balances	<u>\$ 11,913,167</u>	<u>\$ 865,226</u>	<u>\$ 1,421,316</u>	<u>\$ 3,226,559</u>	<u>\$ 17,426,268</u>

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 per 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.

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

- Invested in capital assets - This represents the County's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted, nonexpendable - This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The County does not have any restricted nonexpendable net position at June 30, 2015.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Restricted, expendable - This includes resources in which the County is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the County, and may be used at the discretion of the County to meet current expenses for any lawful purpose.

Use of Estimates - The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. Management is required to make estimates and assumptions that 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 expenses during the period reported. These estimates include assessing the collectibility of accounts receivable, and the useful lives and impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Newly Adopted Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement No. 27*, effective for fiscal years beginning after June 15, 2014. This Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. See note 2 for a discussion of the effect and additional disclosures at note 8.

The Governmental Accounting Standards Board has also issued Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for fiscal years beginning after December 15, 2013. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment. This Statement also improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The adoption of GASB Statement No. 69 had no impact on the June 30, 2015 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, effective for fiscal years beginning after June 15, 2014. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. This benefit will be achieved without the imposition of significant additional costs. See note 2 for a discussion of the effect and additional disclosures at note 8.

Recent Statements Issued by the Governmental Accounting Standards Board - The Governmental Accounting Standards Board has issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. The County has not yet determined the effect that the adoption of GASB Statement No. 72 may have on its financial statements.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Governmental Accounting Standards Board has also issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulate for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. The County has not yet determined the effect that the adoption of GASB Statement No. 73 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. The requirements of this Statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The County has not yet determined the effect that the adoption of GASB Statement No. 74 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The County has not yet determined the effect that the adoption of GASB Statement No. 75 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The County has not yet determined the effect that the adoption of GASB Statement No. 76 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. The requirements of this Statement will improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The County has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

2 - CHANGE IN ACCOUNTING POLICYImplementation of GASB Statement No. 68/71

The County has implemented GASB Statement No. 68 and No. 71, Accounting and Financial Reporting for Pensions and Pension Transition for Contributions Made Subsequent to the Measurement Date. As a result, beginning net position has been restated as follows:

Net Position as previously reported June 30, 2014:	\$ 38,446,572
Deduct:	
Net Pension Liability as of June 30, 2013	(12,671,240)
Add:	
Deferred outflows:	
Contributions made during fiscal year	2,646,515
 Total prior period adjustment	<u>(10,024,725)</u>
Net Position as restated at July 1, 2014	<u><u>\$ 28,421,847</u></u>

3 - CORRECTION OF ERRORSCorrection of Net Position for Fiduciary Funds

Prior to 2015, the Fiduciary Funds Statement of Net Position for the Sheriff's Private Purpose Trust Fund omitted or double counted certain individual balances. During 2015, the County found and corrected these errors.

As a result, the County determined that an adjustment to its previously reported June 30, 2014 Net Position Held for Individuals was necessary to decrease net position by \$454,449 to correct this error, as presented below:

Fiduciary Funds – Sheriff's Private Purpose Trust Fund—Held for Individuals, as originally presented at June 30, 2014	\$ 6,371,221
Adjustment to correct account balances—Held for Individuals	<u>(454,449)</u>
Fiduciary Funds – Sheriff's Private Purpose Trust Fund—Held for Individuals, as corrected at June 30, 2014	<u><u>\$ 5,916,772</u></u>

Inclusion of Discretely Presented Component Units

Prior to 2015, the County did not include its discretely presented component units as part of its financial statements. This practice was not in accordance with governmental accounting standards as established by the GASB. For the current year, the County evaluated its potential component units, and included the ones that met the criteria for inclusion in the County's financial statements.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

3 - CORRECTION OF ERRORS (Continued)

Reclassification of funds

Certain special revenue funds were historically reported as components of the general fund. Because a substantial portion of the revenues of these funds are restricted to the use of the funds they were reclassified as special revenue funds. Additionally the County’s debt service fund was previously presented as a special revenue fund. It was determined that the fund activity and purpose do not meet those of a special revenue fund or a debt service fund; therefore it should be reported as a component of the general fund. See below for a summary of the effects:

General fund balance as previously stated	\$ 14,063,991
Reclassification of special revenue funds	(813,035)
Reclassification of debt service fund	248,825
General fund balance as restated	<u>\$ 13,499,781</u>
Nonmajor governmental funds balance as previously stated	\$ 3,028,481
Reclassification of special revenue funds	813,035
Reclassification of debt service fund	(248,825)
Nonmajor governmental funds balance as restated	<u>\$ 3,592,691</u>

4 - DEPOSITS AND INVESTMENTS

Concentration of Credit Risk - Cash Deposits - At June 30, 2015, the County had deposits reported as cash and cash equivalents with carrying balances of \$36,228,672 of which bank balances are \$18,882,136, and \$4,461,346 was held in the Sheriff’s Fiduciary Private Purpose Trust Fund. Substantially all deposits are either insured by FDIC or are collateralized with securities held by the County’s agent in the County’s name.

Additionally the county has cash and cash equivalents on deposit with West Virginia Board of Treasury Investments (BTI) in the West Virginia Government Money Market Pool and is subject to the following BTI policies and limits:

The BTI has adopted an investment policy in accordance with the “Uniform Prudent Investor Act.” The “prudent investor rule” guides those with responsibility for investing the money for others. Such fiduciaries must act as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. The BTI’s investment policy is to invest assets in a manner that strives for maximum safety, provides adequate liquidity to meet all operating requirements, and achieves the highest possible investment return consistent with the primary objectives of safety and liquidity. The BTI recognizes that risk, volatility, and the possibility of loss in purchasing power are present to some degree in all types of investments. Due to the short-term nature of the Consolidated Fund, the BTI believes that it is imperative to review and adjust the investment policy in reaction to interest rate market fluctuations/trends on a regular basis and has adopted a formal review schedule. Investment policies have been established for each investment pool and account of the Consolidated Fund.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Two of the BTI’s pools, the WV Money Market and WV Government Money Market Pools, have been rated AAAM by Standard & Poor’s. A fund rated “AAAM” has extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit, market, and/or liquidity risks. “AAAM” is the highest principal stability fund rating assigned by Standard & Poor’s. Neither the BTI itself nor any of the other Consolidated Fund pools or accounts has been rated for credit risk by any organization. Of the Consolidated Fund pools and accounts, six are subject to credit risk: WV Money Market Pool, WV Government Money Market Pool, WV Short Term Bond Pool, WV Bank Pool, Loan Pool, and School Fund Account.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

4 - DEPOSITS AND INVESTMENTS (Continued)

The BTI limits the exposure to credit risk in the WV Government Money Market Pool by limiting the pool to U.S. Treasury issues, U.S. government agency issues, money market funds investing in U.S. Treasury issues and U.S. government agency issues, and repurchase agreements collateralized by U.S. Treasury issues and U.S. government agency issues. The pool must have at least 15% of its assets in U.S. Treasury issues. The following table provides information on the credit ratings of the WV Government Money Market Pool's investments (in thousands):

Security Type	Credit Rating		Carrying Value	Percent of Pool Assets
	Moody's	S&P		
U.S. agency bonds	Aaa	AA+	\$ 6,000	2.41%
U.S. Treasury notes *	Aaa	AA+	34,019	13.69
U.S. Treasury bills *	P-1	A-1+	11,991	4.83
U.S. agency discount notes	P-1	A-1+	152,299	61.30
Money market funds	Aaa	AAAm	59	0.02
Repurchase agreements (underlying securities):				
U.S. agency notes	Aaa	AA+	44,100	17.75
			<u>\$ 248,468</u>	<u>100.00%</u>

* U.S. Treasury issues are explicitly guaranteed by the United States government and are not subject to credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All Consolidated Fund pools and accounts are subject to interest rate risk.

The overall weighted average maturity of the investments of the WV Government Money Market Pool cannot exceed 60 days. Maximum maturity of individual securities cannot exceed 397 days from date of purchase, except for government floating rate notes, which can be up to 762 days. The following table provides information on the weighted average maturities for the various asset types in the WV Government Money Market Pool:

Security Type	Carrying Value (In Thousands)	WAM (Days)
Repurchase agreements	\$ 44,100	1
U.S. Treasury notes	34,019	80
U.S. Treasury bills	11,991	160
U.S. agency discount notes	152,299	51
U.S. agency bonds	6,000	30
Money market funds	59	1
	<u>\$ 248,468</u>	51

The BTI's policy does not specifically address maturity restrictions as a means of managing exposure to fair value losses in this pool arising from increasing interest rates.

Other Risks of Investing

Other risks of investing can include concentration of credit risk, custodial credit risk, and foreign currency risk. None of the Consolidated Fund's investment pools or accounts is exposed to these risks as described below.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

4 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk is the risk of loss attributed to the magnitude of a Consolidated Fund pool or account's investment in a single corporate issuer. The BTI investment policy prohibits those pools and accounts permitted to hold corporate securities from investing more than 5% of their assets in any one corporate name or one corporate issue.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the BTI will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. Repurchase agreements are required to be collateralized by at least 102% of their value, and the collateral is held in the name of the BTI. The BTI or its agent does not release cash or securities until the counterparty delivers its side of the transaction.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. None of the Consolidated Fund's investment pools or accounts holds interests in foreign currency or interests valued in foreign currency.

Deposits

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. The BTI does not have a deposit policy for custodial credit risk.

At June 30, 2015, the County had investments shown as cash and cash equivalents invested in the BTI sponsored external investment pool was approximately \$18,177,000 which represented 7.3% of the WV Government Money Market Pool.

Included in cash and cash equivalents at June 30, 2015 are \$4,461,346 of cash and cash equivalents, which are held at various local financial institutions and nationally recognized brokerage firms by the Kanawha County 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.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,613,178	\$ -	\$ -	\$ 1,613,178
Construction in progress	109,774	93,363	(109,774)	93,363
Total capital assets not being depreciated	<u>1,722,952</u>	<u>93,363</u>	<u>(109,774)</u>	<u>1,706,541</u>
Capital assets being depreciated:				
Buildings	26,880,489	-	-	26,880,489
Building improvements	14,308,643	-	-	14,308,643
Furniture and fixtures	10,335,846	788,487	(724,404)	10,399,929
Infrastructure	276,119	-	-	276,119
Total capital assets being depreciated	<u>51,801,097</u>	<u>788,487</u>	<u>(724,404)</u>	<u>51,865,180</u>
Less accumulated depreciation for:				
Buildings	(10,927,300)	(466,025)	-	(11,393,325)
Building improvements	(3,462,196)	(509,032)	-	(3,971,228)
Furniture and fixtures	(8,303,989)	(943,315)	698,006	(8,549,298)
Infrastructure	(116,037)	(11,234)	-	(127,271)
Total accumulated depreciation	<u>(22,809,522)</u>	<u>(1,929,606)</u>	<u>698,006</u>	<u>(24,041,122)</u>
Total capital assets being depreciated, net	<u>28,991,575</u>	<u>(1,141,119)</u>	<u>(26,398)</u>	<u>27,824,058</u>
Governmental activities capital assets, net	<u>\$ 30,714,527</u>	<u>\$ (1,047,756)</u>	<u>\$ (136,172)</u>	<u>\$ 29,530,599</u>

For the year ended June 30, 2015, depreciation expense for the governmental activities in the government-wide financial statements was \$1,929,606, comprised of \$856,225 charged to general government, \$1,058,109 charged to public safety, and \$15,272 charged to culture and recreation.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

6 - LONG-TERM DEBTRevenue Bonds

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

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

Principal and interest paid on the Series 2011 bonds for the year ended June 30, 2015 was \$772,525 and \$207,321, respectively.

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

Type:	Pay-fixed interest rate swap
Objective:	Hedge changes in cash flows on the Series 2011 variable rate Lease Revenue Refunding Bonds
Notional Amount:	\$8,121,600
Effective Date:	February 15, 2011
Maturity Date:	February 15, 2021
Terms:	Pay 3.79%, receive 65% of One Month LIBOR

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 \$239,814 at June 30, 2015, 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, 2015, is \$75,288. The accumulated changes in fair value of the hedging derivatives instrument is \$239,814 at June 30, 2015, and is classified as a deferred outflow of resources in the Statement of Net Position.

Credit Risk

The credit ratings of the counterparty to the interest rate swap are Baa1 from Moody's, BBB+ from Standards & Poor's, 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, 2015, no collateralization was required by the interest rate swap agreement.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

6 - LONG-TERM DEBT (Continued)*Interest Rate Risk*

The County is exposed to interest rate risk on its fixed interest rate swap because as LIBOR increases the net payment on the swap increases.

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 debt, which are remarketed every week. As of June 30, 2015, the weighted-average interest rate on the County's hedged variable rate debt was 3.79%, while 65% on the one month LIBOR plus 2.00% was 2.12%.

Termination Risk

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

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

Rollover Risk

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

Swap Payments and Associated Debt

Using rates as of June 30, 2015, 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		
2016	\$ 802,396	\$ 97,671	\$ 79,881	\$ 979,948
2017	833,425	80,157	65,349	978,931
2018	865,653	62,235	50,741	978,629
2019	899,127	43,619	35,568	978,314
2020	933,895	24,338	19,909	978,142
2021	638,442	5,083	3,884	647,409
	<u>\$ 4,972,938</u>	<u>\$ 313,103</u>	<u>\$ 255,332</u>	<u>\$ 5,541,373</u>

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

6 - LONG-TERM DEBT (Continued)

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

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

Year Ending June 30	Principal	Interest	Total
2016	\$ 763,087	\$ 154,239	\$ 917,326
2017	763,087	135,543	898,630
2018	763,087	116,848	879,935
2019	763,087	98,152	861,239
2020	763,087	79,456	842,543
2021-2024	<u>2,671,043</u>	<u>130,869</u>	<u>2,801,912</u>
	<u>\$ 6,486,478</u>	<u>\$ 715,107</u>	<u>\$ 7,201,585</u>

Total debt service costs for all revenue bonds for each

Year Ending June 30	Principal	Interest	Total
2016	\$ 1,565,483	\$ 331,791	\$ 1,897,274
2017	1,596,512	281,049	1,877,561
2018	1,628,740	229,824	1,858,564
2019	1,662,214	177,339	1,839,553
2020	1,696,982	123,703	1,820,685
2021-2024	<u>3,309,485</u>	<u>139,836</u>	<u>3,449,321</u>
	<u>\$ 11,459,416</u>	<u>\$ 1,283,542</u>	<u>\$ 12,742,958</u>

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

6 - LONG-TERM DEBT (Continued)Long-term Contribution Payable

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

<u>Year Ending June 30</u>	<u>Contribution</u>
2016	\$ 150,000
2017	150,000
2018	150,000
2019	150,000
2020	150,000
2021-2023	450,000
	<u>\$ 1,200,000</u>

The following is a summary of the long-term debt activity for the year ended June 30, 2015:

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Revenue bonds payable	\$ 12,995,029	\$ -	\$ (1,535,613)	\$ 11,459,416	\$ 1,565,483
Contribution payable	1,350,000	-	(150,000)	1,200,000	150,000
Net pension liability PERS	6,812,707	-	(3,116,994)	3,695,713	-
Net pension liability DSRS	3,212,018	-	(1,221,002)	1,991,016	-
Compensated absences	1,844,014	2,020,519	(1,873,684)	1,990,849	-
Health claims	509,000	470,000	(509,000)	470,000	470,000
Total governmental activity long-term liabilities	<u>\$ 26,722,768</u>	<u>\$ 2,490,519</u>	<u>\$ (8,406,293)</u>	<u>\$ 20,806,994</u>	<u>\$ 2,185,483</u>

Total cash paid for interest for the year ended June 30, 2015, on outstanding debt was \$380,201.

Bonds Payable - Metro Emergency Operations Center of Kanawha County

On August 1, 2004, the Kanawha County Building Commission (KCBC) issued Lease Revenue Bonds, Series 2004A to Metro Emergency Operations Center in the amount of \$4,000,000. The proceeds from the bond issue were used to acquire land and construct a new building to house the Center. The bonds are secured by the revenues derived from the lease agreement between KCBC and the Kanawha County Commission.

The Center refinanced its bonds through JP Morgan Chase during the year ended June 30, 2012 at an interest rate of 2.53% resulting in a cash flow savings of approximately \$631,000 over the term of the bonds. The refinanced bonds mature on November 1, 2021. As a result of the refinancing, the Series 2004A Lease Revenue Bonds were refunded and Series 2011A Lease Revenue Bonds were issued.

A refunding loss of \$107,594 was incurred during the year ended June 30, 2012. The related unamortized loss on refinancing of \$67,246 and \$78,005 for the years ended June 30, 2015 and 2014, respectively, is included as a deferred outflow on the statement of net position.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

6 - LONG-TERM DEBT (Continued)

Total debt service cost for each of the next five years and thereafter is as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 290,094	\$ 47,136	\$ 337,230
2017	297,519	39,711	337,230
2018	305,134	32,096	337,230
2019	312,944	24,286	337,230
2020	320,955	16,275	337,230
2021-2022	<u>468,372</u>	<u>8,946</u>	<u>477,318</u>
	1,995,018	<u>\$ 168,450</u>	<u>\$ 2,163,468</u>
Less: current portion	(290,094)		
Noncurrent portion	<u>\$ 1,704,924</u>		

7 - PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July each year. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of the county may distraint for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on the first day of September in the year for which the assessment is made, and becomes delinquent on 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 (14.30¢); on Class II property, twenty-eight and sixty-tenths cents (28.60¢); and on Class III and IV property, fifty-seven and twenty-tenths cents (57.20¢). In addition, counties may provide for an election to lay an excess levy, the rates of which are not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor 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.

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, 2015, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations For Tax Purposes</u>	<u>Current Expense</u>	<u>Excess</u>
Class I	\$ -	14.30¢	6.09¢
Class II	\$ 3,724,726,494	28.60¢	12.18¢
Class III	\$ 2,684,911,219	57.20¢	24.36¢
Class IV	\$ 3,282,371,504	57.20¢	24.36¢

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMSPlan Descriptions, Contribution information and Funding Policies

The County participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of County employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

All of the County's cost-sharing, multiple-employer plans are administered by the 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. The following is a summary of eligibility factors, contribution methods, and benefit provisions:

Public Employees Retirement System (PERS)

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	4.5%
County's contribution rate	14.00%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years 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 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMS (Continued)**West Virginia Deputy Sheriff Death, Disability, and Retirement Plan (DSRS)**

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 Statute
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. DSRS members are required to contribute 8.5% of their annual covered salary and the County is required to contribute to 12.5%. The contribution requirements of DSRS members are established and may be amended only by the State of West Virginia Legislature.
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years of contributing service 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 years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMS (Continued)

Trend Information

<u>Fiscal Year</u>	<u>Public Employees Retirement System (PERS)</u>		<u>Deputy Sheriff Retirement System (DSRS)</u>	
	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
	2015	\$ 2,599,625	100%	\$ 1,165,797
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, 2015, the County reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2014, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of July 1, 2013, and rolled forward to June 30, 2014 using the actuarial assumptions and methods described in the appropriate section of this note. The County's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the County reported the following proportions and increase/decreases from its proportion measured as of June 30, 2013.

	<u>PERS</u>	<u>DSRS</u>
Amount for proportionate share of net pension liability	\$ 3,695,713	\$ 1,991,016
Percentage for proportionate share of net pension liability	1.001338%	11.672465%
Increase/(decrease) % from prior proportion measured	(0.04242)%	0.089062%

For the year ended June 30, 2015, the County recognized the following pension expenses:

	<u>PERS</u>	<u>DSRS</u>
Government-wide pension expense	\$ 507,943	\$ 95,113

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMS (Continued)

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

Public Employees Retirement System (PERS)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 3,909,425
Changes in proportion and differences between government contributions and proportionate share of contributions	284,488	-
Government contributions subsequent to the measurement date	1,967,281	-
	<u>\$ 2,251,769</u>	<u>\$ 3,909,425</u>

Deputy Sheriffs Retirement System (DSRS)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 1,313,106
Changes in proportion and differences between government contributions and proportionate share of contributions	-	3,009
Government contributions subsequent to the measurement date	693,927	-
	<u>\$ 693,927</u>	<u>\$ 1,316,115</u>

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - 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, 2016. 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	Deferred Outflows of Resources	Deferred Inflows of Resources	Year Ended June 30	Deferred Inflows of Resources
2016	\$ (86,999)	\$ 977,356	2016	\$ 328,761
2017	(86,999)	977,356	2017	328,761
2018	(86,999)	977,356	2018	328,761
2019	(23,491)	977,357	2019	328,761
2020	-	-	2020	485
Thereafter	-	-	Thereafter	586
	<u>\$ (284,488)</u>	<u>\$ 3,909,425</u>		<u>\$ 1,316,115</u>

Actuarial assumptions

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

Public Employees' Retirement System

Actuarial assumptions

Inflation rate	2.20%
Salary increases	4.25% - 6.0%
Investment Rate of Return	7.50%
Mortality Rates:	Healthy males - 1983 GAM
	Healthy females - 1971 GAM
	Disabled males - 1971 GAM
	Disabled females - Revenue ruling 96-7

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

Deputy Sheriffs Retirement System

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 disabled RP-2000 healthy annuitant mortality table, scale BB

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMS (Continued)

The actuarial assumptions used in the July 1, 2013 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2007 to June 30, 2011.

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>	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	DSRS Target Asset Allocation
US Equity (Russell 3000)	7.6%	27.5%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%	27.5%
Fixed Income	2.9%	15.0%	15.0%
High Yield	4.8%	0.0%	0.0%
TPS	2.9%	0.0%	0.0%
Real Estate	6.8%	10.0%	10.0%
Private Equity	9.9%	10.0%	10.0%
Hedge Funds	5.0%	10.0%	10.0%
Inflation (CPI)	2.2%	0.0%	0.0%
		100.0%	100.0%

Discount rate

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

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

	1% Decrease 6.50%	Current Rate 7.50%	1% Increase 8.50%
PERS net pension liability share	\$ 10,442,473	\$ 3,695,713	\$ (2,053,374)
DSRS net pension liability share	4,918,310	1,991,016	(427,446)

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

8 - RETIREMENT SYSTEMS (Continued)Pension plans' fiduciary net position

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

9 - OTHER POST EMPLOYMENT BENEFITS

Employees of the County hired prior to July 1, 1998 are eligible to participate 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), upon retirement. The OPEB Plan provides retiree post-employment health care benefits for participating state and local government employers. Employees hired after July 1, 1998 are not eligible for OPEB.

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 information for the OPEB plan. That report may be obtained by writing to West Virginia Public Employees Insurance Agency, 601 57th Street, Charleston, West Virginia 25304, or by calling 1-888-680-7342.

Employees enroll in the WVPEIA plan upon retirement. The County pays a "penalty" for each retiree that elects to participate in the plan. The County is only assessed a "penalty" for employees hired prior to July 1, 1986. The OPEB Plan costs are funded by the County monthly based on invoices received from WVPEIA for the Plan's actuarially determined "pay as you go" balance, which is based on the number of retirees that have elected to participate in the plan. The County's Annual Required Contribution (ARC) (net of interest and amortization adjustments) was \$362,301, \$370,790, and \$476,654 for the years ended June 30, 2015, 2014, and 2013, respectively, and the County has contributed \$417,224, \$428,317, and \$458,755 respectively, which represents 115.2%, 115.5%, and 96.24% of the ARC, respectively, for the years ending June 30, 2015, 2014, and 2013. At June 30, 2015 and 2014, the liability related to OPEB was \$726,555 and \$781,478, respectively. At June 30, 2015, 2014, and 2013 there were 86, 90, and 94 individuals receiving these benefits.

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The County obtained a separate actuarial study to evaluate its net OPEB obligation as part of its participation in the RHBTF for the year ended June 30, 2015 and 2014, which includes current participating retirees and those employees who are eligible but have not yet retired and are therefore not included in the WVPEIA actuarially determined liability.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

10 - 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 \$470,000 have been accrued in the Statement of Net Position for claims incurred prior to June 30, 2015 and paid as of December 31, 2015. Changes in the balances of claims liability during the past two years are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Unpaid claims, beginning of fiscal year	\$ 509,000	\$ 425,464
Incurred claims (including IBNRS)	6,153,256	6,589,033
Claim paid	<u>(6,192,256)</u>	<u>(6,505,497)</u>
Unpaid claims, end of fiscal year	<u>\$ 470,000</u>	<u>\$ 509,000</u>

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

The County committed \$2,000,000 to the Appalachian Power Baseball Park, payable to the City of Charleston, in annual payments of \$133,000. The County has not committed fund balance or recorded a liability for this commitment as it is only payable from certain annual revenues received. The balance of this commitment at June 30, 2015 was \$570,000.

The Kanawha County Metro Emergency Operations Center entered into a lease agreement with the Kanawha County Building Commission effective August 1, 2001 to lease a building in which the Metro Emergency Operations Center is located. The lease is subject to annual renewals through August 1, 2024, at which point the deed to the premises will pass the Kanawha County Metro Emergency Operations Center. The annual lease payment is variable, and corresponds to the repayment of bonds used to finance the project as defined in Note 6 and 12. The Kanawha County Commission is obligated as guarantor of the lease payments should the Metro Emergency Operations Center fail to meet its payment obligations.

Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of the formal budgetary process. Encumbrances outstanding at year-end are reported in the appropriate fund balance category (restricted, committed or assigned) since they do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. A summary of encumbrances at June 30, 2015 is as follows:

<u>General Fund</u>	<u>Coal Severance Fund</u>	<u>Assessors Valuation Fund</u>	<u>Other Nonmajor Funds</u>
<u>\$ 2,890,618</u>	<u>\$ 104,639</u>	<u>\$ 105,242</u>	<u>\$ 407,193</u>

In addition, there are various legal proceedings concerning the collection of taxes being contested, personnel matters, and matters regarding the application of law. The outcome of these claims and actions are not presently determinable; however, in the opinion of the County's management, after consulting legal counsel, the ultimate disposition of these matters will not have a material adverse effect on these financial statements.

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

11 - 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 10.

12 - 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, 2015, 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 July 1, 1995 (Metro Emergency Operations Center), originally issued November 2004 - \$4,500,000 authorized, and refunded in 2011 with Series A was \$1,995,018 at June 30, 2015 (Notes 6 and 12). The aggregate principal amount payable for the one student revenue bond series issued after July 1, 1995 (West Virginia State Student Housing Revenue Bonds, originally issued September 2013 - \$25,305,000 authorized) was \$25,175,000. The aggregate principal amount payable for the two industrial revenue bonds issued after July 1995 (\$11,485,000 authorized) was \$8,132,475 at June 30, 2015. Bonds issued prior to July 1, 1995, could not be determined; however, that original authorized amount totaled \$797,940,000.

REQUIRED SUPPLEMENTARY INFORMATION

KANAWHA COUNTY, WEST VIRGINIA

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Taxes (including interest and penalties)	\$ 46,074,894	\$ 46,074,894	\$ 46,448,117	\$ (748,995)	\$ 45,699,122	\$ 375,772
Licenses and permits	155,000	155,000	118,160	-	118,160	36,840
Intergovernmental:						
Federal	345,000	401,608	357,411	-	357,411	44,197
State	260,977	268,942	208,046	-	208,046	60,896
Local	468,000	481,825	459,828	-	459,828	21,997
Charges for services	1,179,100	1,179,100	1,000,666	-	1,000,666	178,434
Interest	4,000	4,000	2,875	-	2,875	1,125
Miscellaneous	2,690,387	2,908,387	1,683,818	-	1,683,818	1,224,569
Total revenue	51,177,358	51,473,756	50,278,921	(748,995)	49,529,926	1,943,830
Expenditures:						
General government	24,059,592	25,207,439	24,430,880	(49,431)	24,381,449	825,990
Public safety	16,284,536	19,172,114	15,105,952	-	15,105,952	4,066,162
Health and sanitation	437,560	438,060	354,191	-	354,191	83,869
Culture and recreation	5,239,802	5,276,202	5,292,708	-	5,292,708	(16,506)
Capital outlay	212,000	299,936	85,120	-	85,120	214,816
Total expenditures	46,233,490	50,393,751	45,268,851	(49,431)	45,219,420	5,174,331
Excess(deficiency) of revenues over (under) expenditures	4,943,868	1,080,005	5,010,070	(699,564)	4,310,506	(3,230,501)
Other financing sources (uses):						
Operating transfers in	100,000	155,000	2,783,502	(2,000,000)	783,502	(628,502)
Operating transfers out	(5,043,868)	(5,878,736)	(10,224,055)	-	(10,224,055)	4,345,319
Total other financing sources and uses	(4,943,868)	(5,723,736)	(7,440,553)	(2,000,000)	(9,440,553)	3,716,817
Net change in fund balances	-	(4,643,731)	(2,430,483)	(2,699,564)	(5,130,047)	486,316
Fund balances, beginning of year	400,000	5,043,731	4,063,015	-	4,063,015	980,716
Fund balances, end of year	\$ 400,000	\$ 400,000	\$ 1,632,532	\$ (2,699,564)	\$ (1,067,032)	\$ 1,467,032

KANAWHA COUNTY, WEST VIRGINIA

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes (including interest and penalties)	\$ 1,592,762	\$ 1,592,762	\$ 1,489,833	\$ 102,929
Interest	1,000	1,000	108	892
Miscellaneous	-	8,000	-	8,000
Total revenue	1,593,762	1,601,762	1,489,941	111,821
Expenditures:				
General government	530,000	1,382,137	929,549	452,588
Public safety	858,762	798,022	621,178	176,844
Culture and recreation	175,000	175,000	175,000	-
Capital projects	30,000	30,000	30,000	-
Total expenditures	1,593,762	2,385,159	1,755,727	629,432
Excess(deficiency) of revenues over (under) expenditures	-	(783,397)	(265,786)	(517,611)
Other financing sources (uses):				
Operating transfers out	-	(80,000)	(155,781)	75,781
Total other financing sources and uses	-	(80,000)	(155,781)	75,781
Net change in fund balances	-	(863,397)	(421,567)	(441,830)
Fund balances, beginning of year	-	863,397	1,286,793	(423,396)
Fund balances, end of year	\$ -	\$ -	\$ 865,226	\$ (865,226)

KANAWHA COUNTY, WEST VIRGINIA

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

Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
Revenues:						
Taxes (including interest and penalties)	\$ 2,281,287	\$ 2,281,287	\$ 2,366,610	\$ -	\$ 2,366,610	\$ (85,323)
Interest	5,972	5,972	503	-	503	5,469
Charges for Services	6,200	6,200	10,846	-	10,846	(4,646)
Total revenue	<u>2,293,459</u>	<u>2,293,459</u>	<u>2,377,959</u>	<u>-</u>	<u>2,377,959</u>	<u>(84,500)</u>
Expenditures:						
General government	<u>3,993,459</u>	<u>4,137,103</u>	<u>2,275,944</u>	<u>(5,492)</u>	<u>2,270,452</u>	<u>1,866,651</u>
Total expenditures	<u>3,993,459</u>	<u>4,137,103</u>	<u>2,275,944</u>	<u>(5,492)</u>	<u>2,270,452</u>	<u>1,866,651</u>
Excess(deficiency) of revenues over (under) expenditures	(1,700,000)	(1,843,644)	102,015	5,492	107,507	(1,951,151)
Other financing sources (uses):						
Operating transfers in	-	100,720	50,360	-	50,360	50,360
Operating transfers out	<u>-</u>	<u>-</u>	<u>(473,983)</u>	<u>473,983</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	-	100,720	(423,623)	473,983	50,360	50,360
Net change in fund balances	(1,700,000)	(1,742,924)	(321,608)	479,475	157,867	(1,900,791)
Fund balances, beginning of year	<u>1,700,000</u>	<u>1,742,924</u>	<u>1,742,924</u>	<u>-</u>	<u>1,742,924</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,421,316</u>	<u>\$ 479,475</u>	<u>\$ 1,900,791</u>	<u>\$ (1,900,791)</u>

Kanawha County, West Virginia
 Schedule of Retirement Contributions for the Last Ten Fiscal Years**
 June 30, 2015

Public Employees' Retirement System

	2015
Contractually required contribution	\$ 1,967,281
Contributions in relation to the contractually required contribution	1,967,281
Contribution excess (deficiency)	\$ -
Covered-Employee Payroll	\$ 14,052,002
Contributions as a percentage of covered-employee payroll	14.00%

Deputy Sheriff's Retirement System

	2015
Contractually required contribution	\$ 693,927
Contributions in relation to the contractually required contribution	693,927
Contribution excess (deficiency)	\$ -
Covered-Employee Payroll	\$ 5,551,410
Contributions as a percentage of covered-employee payroll:	12.50%

***Data prior to 2015 is unavailable.*

Kanawha County, West Virginia
Schedule of the Proportionate Share of the Net Pension Liabilities

June 30, 2015

Public Employees' Retirement System

	<u>2015</u>	<u>2014</u>
Proportion percentage of net pension liability	1.001338%	0.960588%
Proportion dollar share of net pension liability	3,695,713	8,757,009
Covered employee payroll	14,052,002	13,432,419
Proportionate share of net pension liability as percentage of covered employee payroll	26.30%	65.19%
Plan fiduciary net position as a percentage of total pension liability	93.98%	79.70%

Deputy Sheriff's Retirement System

	<u>2015</u>	<u>2014</u>
Proportion percentage of net pension liability	11.672468%	11.682872%
Proportion dollar share of net pension liability	1,991,016	3,914,231
Covered employee payroll	5,551,410	5,401,638
Proportionate share of net pension liability as percentage of covered employee payroll	35.87%	72.46%
Plan fiduciary net position as a percentage of total pension liability	90.52%	80.20%

KANAWHA COUNTY, WEST VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2015

A. Budgets and Budgetary Accounting:

All counties within West Virginia are required by statute to prepare annual budgets and levy rate estimates on prescribed forms and submit these for approval. Budgets are presented on the modified accrual basis of accounting for all governmental funds. The modified accrual basis of accounting for West Virginia Counties does not include amounts for other post-employment benefits billed by PEIA beyond the retiree subsidy (pay-as-you-go) amount because only the retiree subsidy amounts are required to be remitted according to WVC 5-16d-6(e). Certain other transactions, such as certain transfers are also not included in the County's modified accrual basis budget. Budgets are not adopted for agency funds. The following procedures are followed in preparing the annual budget:

Pursuant to State statute, the County is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain its financial condition and to determine the amount that is to be raised from the levy of taxes for the fiscal year commencing July 1. The County adjourns the meeting and submits its Schedule of Proposed Levy Rates to the State Auditor's Office for approval. The County then reconvenes its meeting in April to formally lay the approved levy.

Revisions to the budget are authorized only with the prior written approval of the State Auditor's Office.

B. Excess of Expenditures over Appropriations:

For the year ended June 30, 2015, expenditures exceeded appropriations in the funds listed at the function level, which is the level at which budgetary controls must be maintained.

	<u>General Fund</u>
Culture and recreation	\$16,506

The over-expenditures in this function was funded by revenues received in excess of the anticipated amounts budgeted.

C. Actuarial Revisions:

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

	<u>PERS</u>	<u>DSRS</u>
Total pension liability	\$ 6,130,174,000	\$ 179,797,000
Plan fiduciary net position	<u>(5,761,109,000)</u>	<u>(162,746,000)</u>
Total	<u>\$ 369,065,000</u>	<u>\$ 17,051,000</u>

Plan fiduciary net position as a		
percentage of the total pension liability	93.98%	90.52%

OTHER SUPPLEMENTARY INFORMATION

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2015

	General School	Magistrate Court	Worthless Check	Home Confinement
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Assets:				
Cash and cash equivalents	\$ 280,351	\$ 52,558	\$ 21,347	\$ 390,854
Taxes receivable	-	-	-	-
Due from other funds	-	-	-	4,249
Grants and other receivables	-	-	-	-
Total assets	<u>280,351</u>	<u>52,558</u>	<u>21,347</u>	<u>395,103</u>
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 280,351</u>	<u>\$ 52,558</u>	<u>\$ 21,347</u>	<u>\$ 395,103</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ 3,395	\$ -	\$ 6,794
Due to other funds	-	-	-	-
Other	-	-	-	1,099
Total liabilities	<u>-</u>	<u>3,395</u>	<u>-</u>	<u>7,893</u>
Deferred inflows of resources:				
Taxes	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>3,395</u>	<u>-</u>	<u>7,893</u>
Fund balances:				
Restricted	280,351	49,163	21,347	387,210
Committed	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>280,351</u>	<u>49,163</u>	<u>21,347</u>	<u>387,210</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 280,351</u>	<u>\$ 52,558</u>	<u>\$ 21,347</u>	<u>\$ 395,103</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2015

	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Assets:				
Cash and cash equivalents	\$ 386,006	\$ 79,641	\$ 13,442	\$ 983,584
Taxes receivable	-	-	-	18,070
Due from other funds	16,335	-	-	-
Grants and other receivables	-	-	-	-
Total assets	<u>402,341</u>	<u>79,641</u>	<u>13,442</u>	<u>1,001,654</u>
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 402,341</u>	<u>\$ 79,641</u>	<u>\$ 13,442</u>	<u>\$ 1,001,654</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 1,001	\$ -	\$ -	\$ 146,609
Due to other funds	-	92,849	-	31,855
Other	48	-	-	-
Total liabilities	<u>1,049</u>	<u>92,849</u>	<u>-</u>	<u>178,464</u>
Deferred inflows of resources:				
Taxes	-	-	-	78,194
Total deferred inflows of resources	-	-	-	78,194
Total liabilities and deferred inflows of resources	<u>1,049</u>	<u>92,849</u>	<u>-</u>	<u>256,658</u>
Fund balances:				
Restricted	401,292	-	13,442	744,996
Committed	-	-	-	-
Unassigned	-	(13,208)	-	-
Total fund balances	<u>401,292</u>	<u>(13,208)</u>	<u>13,442</u>	<u>744,996</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 402,341</u>	<u>\$ 79,641</u>	<u>\$ 13,442</u>	<u>\$ 1,001,654</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2015

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Assets:				
Cash and cash equivalents	\$ 524,685	\$ 191,620	\$ 4,154	\$ 346,964
Taxes receivable	-	-	-	-
Due from other funds	-	-	11,734	-
Grants and other receivables	182,785	-	-	-
	<u>707,470</u>	<u>191,620</u>	<u>15,888</u>	<u>346,964</u>
Total assets				
Deferred outflows of resources:				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 707,470</u>	<u>\$ 191,620</u>	<u>\$ 15,888</u>	<u>\$ 346,964</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,835
Due to other funds	-	-	-	-
Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835</u>
Total liabilities				
Deferred inflows of resources:				
Taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835</u>
Fund balances:				
Restricted	707,470	-	15,888	344,129
Committed	-	191,620	-	-
Unassigned	-	-	-	-
	<u>707,470</u>	<u>191,620</u>	<u>15,888</u>	<u>344,129</u>
Total fund balances				
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 707,470</u>	<u>\$ 191,620</u>	<u>\$ 15,888</u>	<u>\$ 346,964</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (Continued)

JUNE 30, 2015

	Day Reporting Collections	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
Assets:				
Cash and cash equivalents	\$ 24,981	\$ 32,683	\$ 25,195	\$ 3,358,065
Taxes receivable	-	-	-	18,070
Due from other funds	-	-	-	32,318
Grants and other receivables	-	-	-	182,785
Total assets	<u>24,981</u>	<u>32,683</u>	<u>25,195</u>	<u>3,591,238</u>
Deferred outflows of resources:				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 24,981</u>	<u>\$ 32,683</u>	<u>\$ 25,195</u>	<u>\$ 3,591,238</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 160,634
Due to other funds	-	-	-	124,704
Other	-	-	-	1,147
Total liabilities	-	-	-	<u>286,485</u>
Deferred inflows of resources:				
Taxes	-	-	-	78,194
Total deferred inflows of resources	-	-	-	<u>78,194</u>
Total liabilities and deferred inflows of resources	-	-	-	<u>364,679</u>
Fund balances:				
Restricted	24,981	32,683	25,195	3,048,147
Committed	-	-	-	191,620
Unassigned	-	-	-	(13,208)
Total fund balances	<u>24,981</u>	<u>32,683</u>	<u>25,195</u>	<u>3,226,559</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,981</u>	<u>\$ 32,683</u>	<u>\$ 25,195</u>	<u>\$ 3,591,238</u>

KANAWHA COUNTY, WEST VIRGINIA

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General School	Magistrate Court	Worthless Check	Home Confinement
Revenues:				
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Charges for services	539,704	93,339	2,461	287,063
Fines and forfeits	-	-	-	-
Interest	91	11	6	102
Miscellaneous	-	-	-	53
Total revenues	539,795	93,350	2,467	287,218
Expenditures:				
General government	30,970	41,037	-	-
Public safety	-	-	-	530,513
Total expenditures	30,970	41,037	-	530,513
Excess (deficiency) of revenues Over expenditures	508,825	52,313	2,467	(243,295)
Other financing sources (uses):				
Operating transfers in	-	-	-	361,539
Operating transfers out	(515,436)	(64,175)	-	(78,137)
Total other financing sources (uses)	(515,436)	(64,175)	-	283,402
Net change in fund balances	(6,611)	(11,862)	2,467	40,107
Fund balances, beginning of year, restated	286,962	61,025	18,880	347,103
Fund balances, end of year	<u>\$ 280,351</u>	<u>\$ 49,163</u>	<u>\$ 21,347</u>	<u>\$ 387,210</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
Revenues:				
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ 1,440,920
Licenses and permits	-	-	-	-
Charges for services	276,000	155,885	2,736	1,449
Fines and forfeits	-	-	-	-
Interest	106	-	-	9
Miscellaneous	-	-	-	19
Total revenues	<u>276,106</u>	<u>155,885</u>	<u>2,736</u>	<u>1,442,397</u>
Expenditures:				
General government	370,216	-	-	-
Public safety	-	163,978	-	1,506,951
Total expenditures	<u>370,216</u>	<u>163,978</u>	<u>-</u>	<u>1,506,951</u>
Excess (deficiency) of revenues				
Over expenditures	(94,110)	(8,093)	2,736	(64,554)
Other financing sources (uses):				
Operating transfers in	158,635	-	-	-
Operating transfers out	(51,396)	-	-	(235,000)
Total other financing sources (uses)	<u>107,239</u>	<u>-</u>	<u>-</u>	<u>(235,000)</u>
Net change in fund balances	13,129	(8,093)	2,736	(299,554)
Fund balances, beginning of year, restated	<u>388,163</u>	<u>(5,115)</u>	<u>10,706</u>	<u>1,044,550</u>
Fund balances, end of year	<u>\$ 401,292</u>	<u>\$ (13,208)</u>	<u>\$ 13,442</u>	<u>\$ 744,996</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons
Revenues:				
Taxes (including interest and penalties)	\$ 508,568	\$ -	\$ 42,820	\$ -
Licenses and permits	-	-	-	208,880
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Interest	-	-	5	37
Miscellaneous	-	330,434	-	-
Total revenues	<u>508,568</u>	<u>330,434</u>	<u>42,825</u>	<u>208,917</u>
Expenditures:				
General government	180,000	446,290	13,104	-
Public safety	-	-	-	194,298
Total expenditures	<u>180,000</u>	<u>446,290</u>	<u>13,104</u>	<u>194,298</u>
Excess (deficiency) of revenues				
Over expenditures	328,568	(115,856)	29,721	14,619
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(34,660)	(150,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(34,660)</u>	<u>(150,000)</u>
Net change in fund balances	<u>328,568</u>	<u>(115,856)</u>	<u>(4,939)</u>	<u>(135,381)</u>
Fund balances, beginning of year, restated	<u>378,902</u>	<u>307,476</u>	<u>20,827</u>	<u>479,510</u>
Fund balances, end of year	<u>\$ 707,470</u>	<u>\$ 191,620</u>	<u>\$ 15,888</u>	<u>\$ 344,129</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Day Reporting Collections	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
Revenues:				
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ 1,992,308
Licenses and permits	-	-	-	208,880
Charges for services	24,981	-	-	1,383,618
Fines and forfeits	-	-	31,319	31,319
Interest	-	-	12	379
Miscellaneous	-	42,132	13,477	386,115
Total revenues	24,981	42,132	44,808	4,002,619
Expenditures:				
General government	-	-	-	1,081,617
Public safety	-	-	100,016	2,495,756
Total expenditures	-	-	100,016	3,577,373
Excess (deficiency) of revenues Over expenditures	24,981	42,132	(55,208)	425,246
Other financing sources (uses):				
Operating transfers in	-	-	-	520,174
Operating transfers out	(127,748)	(55,000)	-	(1,311,552)
Total other financing sources (uses)	(127,748)	(55,000)	-	(791,378)
Net change in fund balances	(102,767)	(12,868)	(55,208)	(366,132)
Fund balances, beginning of year, restated	127,748	45,551	80,403	3,592,691
Fund balances, end of year	\$ 24,981	\$ 32,683	\$ 25,195	\$ 3,226,559

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS

JUNE 30, 2015

	<u>Delinquent and Non- Entered Lands</u>	<u>Sale of Lien Surplus</u>	<u>Board of Health</u>	<u>School</u>
ASSETS				
Cash and cash equivalents	\$ 551,596	\$ 2,152,022	\$ 2,449,893	\$ 1,265,000
Taxes receivable, net	-	-	-	2,015,567
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 551,596</u>	<u>\$ 2,152,022</u>	<u>\$ 2,449,893</u>	<u>\$ 3,280,567</u>
LIABILITIES				
Due to other governmental entities	\$ 551,596	\$ 2,152,022	\$ 2,449,893	\$ 3,280,567
Due to other third parties	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 551,596</u>	<u>\$ 2,152,022</u>	<u>\$ 2,449,893</u>	<u>\$ 3,280,567</u>

KANAWHA COUNTY, WEST VIRGINIA

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

JUNE 30, 2015

	<u>State</u>	<u>Municipal</u>	<u>Kanawha County Emergency Ambulance Authority</u>	<u>Kanawha Valley Regional Transit Authority</u>
ASSETS				
Cash and cash equivalents	\$ 9,590	\$ 313,726	\$ 105,760	\$ 105,760
Taxes receivable, net	14,817	1,373,462	171,673	171,673
	<u>24,407</u>	<u>1,687,188</u>	<u>277,433</u>	<u>277,433</u>
Total assets	<u>\$ 24,407</u>	<u>\$ 1,687,188</u>	<u>\$ 277,433</u>	<u>\$ 277,433</u>
LIABILITIES				
Due to other governmental entities	\$ 24,407	\$ 1,687,188	\$ 277,433	\$ 277,433
Due to other third parties	-	-	-	-
	<u>24,407</u>	<u>1,687,188</u>	<u>277,433</u>	<u>277,433</u>
Total liabilities	<u>\$ 24,407</u>	<u>\$ 1,687,188</u>	<u>\$ 277,433</u>	<u>\$ 277,433</u>

KANAWHA COUNTY, WEST VIRGINIA

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

JUNE 30, 2015

	Circuit Clerk	Records Office	Clerk's Delinquent Land	Domestic Violence
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and cash equivalents	\$ 1,838,610	\$ 662,390	\$ 270,832	\$ 3,450
Taxes receivable, net	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,838,610</u>	<u>\$ 662,390</u>	<u>\$ 270,832</u>	<u>\$ 3,450</u>
LIABILITIES				
Due to other governmental entities	\$ -	\$ -	\$ -	\$ -
Due to other third parties	1,838,610	662,390	270,832	3,450
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 1,838,610</u>	<u>\$ 662,390</u>	<u>\$ 270,832</u>	<u>\$ 3,450</u>

KANAWHA COUNTY, WEST VIRGINIA

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

JUNE 30, 2015

	<u>Deputy Retirement</u>	<u>Enhanced 911 System</u>	<u>Writ of Execution</u>	<u>Evidence Fund</u>	<u>Total Agency Funds</u>
ASSETS					
Cash and cash equivalents	\$ 7,147	\$ 316	\$ 2,879	\$ 282,091	\$ 10,021,062
Taxes receivable, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,747,192</u>
Total assets	<u>\$ 7,147</u>	<u>\$ 316</u>	<u>\$ 2,879</u>	<u>\$ 282,091</u>	<u>\$ 13,768,254</u>
LIABILITIES					
Due to other governmental entities	\$ 7,147	\$ 316	\$ -	\$ -	\$ 10,708,002
Due to other third parties	<u>-</u>	<u>-</u>	<u>2,879</u>	<u>282,091</u>	<u>3,060,252</u>
Total liabilities	<u>\$ 7,147</u>	<u>\$ 316</u>	<u>\$ 2,879</u>	<u>\$ 282,091</u>	<u>\$ 13,768,254</u>

KANAWHA COUNTY, WEST VIRGINIA
COMBINING BALANCE SHEET - GENERAL FUND

JUNE 30, 2015

	<u>General Operating</u>	<u>Dog and Kennel</u>	<u>Federal Grants</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 6,084,336	\$ 5,073	\$ -
Taxes receivable, net	856,052	-	-
Due from other funds	441,439	22,596	38,878
Grants and other receivables	<u>226,892</u>	<u>267</u>	<u>-</u>
Total assets	<u>7,608,719</u>	<u>27,936</u>	<u>38,878</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources:	<u>\$ 7,608,719</u>	<u>\$ 27,936</u>	<u>\$ 38,878</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ 1,328,145	\$ -	\$ 57,598
Due to other funds	288,343	11,734	-
Other	<u>696,946</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,313,434</u>	<u>11,734</u>	<u>57,598</u>
Deferred inflows of resources:			
Taxes	<u>3,662,753</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>3,662,753</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources:	<u>5,976,187</u>	<u>11,734</u>	<u>57,598</u>
Fund balances:			
Restricted	-	-	(18,720)
Committed	-	16,202	-
Unassigned	<u>1,632,532</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>1,632,532</u>	<u>16,202</u>	<u>(18,720)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 7,608,719</u>	<u>\$ 27,936</u>	<u>\$ 38,878</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	<u>State Grants</u>	<u>County Manager's</u>	<u>Emergency Response</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 3,940	\$ 114,383	\$ 60,257
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Grants and other receivables	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	3,940	114,383	60,257
	<hr/>	<hr/>	<hr/>
Deferred outflows of resources:			
Total deferred outflows of resources	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets and deferred outflows of resources:	\$ 3,940	\$ 114,383	\$ 60,257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 8,968
Due to other funds	-	-	-
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities	-	-	8,968
	<hr/>	<hr/>	<hr/>
Deferred inflows of resources:			
Taxes	-	-	-
Total deferred inflows of resources	-	-	-
	<hr/>	<hr/>	<hr/>
Total liabilities and deferred inflows of resources:	-	-	8,968
	<hr/>	<hr/>	<hr/>
Fund balances:			
Restricted	3,940	-	-
Committed	-	114,383	51,289
Unassigned	-	-	-
	<hr/>	<hr/>	<hr/>
Total fund balances	3,940	114,383	51,289
	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,940	\$ 114,383	\$ 60,257
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	DARE and Community Policing	Building Demolition	Capital Maintenance
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 636	\$ 38,277	\$ 12,621
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Grants and other receivables	-	-	-
	<u>636</u>	<u>38,277</u>	<u>12,621</u>
Total assets	<u>636</u>	<u>38,277</u>	<u>12,621</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 636</u>	<u>\$ 38,277</u>	<u>\$ 12,621</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ 17,606	\$ -
Due to other funds	-	-	-
Other	-	-	-
	<u>-</u>	<u>17,606</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>17,606</u>	<u>-</u>
Deferred inflows of resources:			
Taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>17,606</u>	<u>-</u>
Fund balances:			
Restricted	-	-	-
Committed	636	17,606	12,621
Unassigned	-	3,065	-
	<u>636</u>	<u>20,671</u>	<u>12,621</u>
Total fund balances	<u>636</u>	<u>20,671</u>	<u>12,621</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 636</u>	<u>\$ 38,277</u>	<u>\$ 12,621</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	Hazard Mitigation Tax Escrow	Records Management & Preservation	WV Drug Court Testing
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 879	\$ 2,148	\$ 3,054
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Grants and other receivables	-	-	-
	<u>879</u>	<u>2,148</u>	<u>3,054</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources:	<u>\$ 879</u>	<u>\$ 2,148</u>	<u>\$ 3,054</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Restricted	879	-	-
Committed	-	2,148	3,054
Unassigned	-	-	-
	<u>879</u>	<u>2,148</u>	<u>3,054</u>
Total fund balances	<u>879</u>	<u>2,148</u>	<u>3,054</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 879</u>	<u>\$ 2,148</u>	<u>\$ 3,054</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	<u>Financial Stabilization</u>	<u>Voters Registration</u>	<u>Unemployment Compensation</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 8,003,701	\$ 3,261	\$ 28,408
Taxes receivable, net	-	-	-
Due from other funds	-	-	-
Grants and other receivables	-	-	-
Total assets	<u>8,003,701</u>	<u>3,261</u>	<u>28,408</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources:	<u>\$ 8,003,701</u>	<u>\$ 3,261</u>	<u>\$ 28,408</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 21,020
Due to other funds	-	-	-
Other	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>21,020</u>
Deferred inflows of resources:			
Taxes	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>21,020</u>
Fund balances:			
Restricted	-	3,261	-
Committed	8,003,701	-	7,388
Unassigned	-	-	-
Total fund balances	<u>8,003,701</u>	<u>3,261</u>	<u>7,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,003,701</u>	<u>\$ 3,261</u>	<u>\$ 28,408</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	<u>Drug Court Program</u>	<u>Special Law Enforcement Investigations</u>	<u>Capital Equipment</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>			
Assets:			
Cash and cash equivalents	\$ 18,368	\$ 52,045	\$ 842,102
Taxes receivable, net	-	-	-
Due from other funds	-	-	110,891
Grants and other receivables	-	-	-
	<u>18,368</u>	<u>52,045</u>	<u>952,993</u>
Deferred outflows of resources:			
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources:	<u>\$ 18,368</u>	<u>\$ 52,045</u>	<u>\$ 952,993</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	1,642
Other	-	-	-
	<u>-</u>	<u>-</u>	<u>1,642</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>1,642</u>
Deferred inflows of resources:			
Taxes	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources:	<u>-</u>	<u>-</u>	<u>1,642</u>
Fund balances:			
Restricted	-	52,045	-
Committed	18,368	-	951,351
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>18,368</u>	<u>52,045</u>	<u>951,351</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,368</u>	<u>\$ 52,045</u>	<u>\$ 952,993</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	<u>Parking Facility</u>	<u>Debt Service</u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
Assets:		
Cash and cash equivalents	\$ 732	\$ 248,880
Taxes receivable, net	-	-
Due from other funds	-	-
Grants and other receivables	-	-
	<u>732</u>	<u>248,880</u>
Total assets	<u>732</u>	<u>248,880</u>
Deferred outflows of resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 732</u>	<u>\$ 248,880</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ -	\$ -
Due to other funds	-	-
Other	-	-
	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>
Deferred inflows of resources:		
Taxes	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources:	<u>-</u>	<u>-</u>
Fund balances:		
Restricted	-	248,880
Committed	732	-
Unassigned	-	-
	<u>732</u>	<u>248,880</u>
Total fund balances	<u>732</u>	<u>248,880</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 732</u>	<u>\$ 248,880</u>

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

KANAWHA COUNTY, WEST VIRGINIA

COMBINING BALANCE SHEET - GENERAL FUND (Continued)

JUNE 30, 2015

	Special Health Insurance	Total General Fund*
	<u> </u>	<u> </u>
<u>ASSETS AND DEFERRED OUTFLOWS</u>		
Assets:		
Cash and cash equivalents	\$ 933,596	\$ 16,456,697
Taxes receivable, net	-	856,052
Due from other funds	-	613,804
Grants and other receivables	210,572	437,731
	<u>1,144,168</u>	<u>18,364,284</u>
Deferred outflows of resources:		
Total deferred outflows of resources	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,144,168</u>	<u>\$ 18,364,284</u>
<u>LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</u>		
Liabilities:		
Accounts payable	\$ 133,899	\$ 1,567,236
Due to other funds	222,463	524,182
Other	-	696,946
	<u>356,362</u>	<u>2,788,364</u>
Deferred inflows of resources:		
Taxes	-	3,662,753
Total deferred inflows of resources	<u>-</u>	<u>3,662,753</u>
Total liabilities and deferred inflows of resources	<u>356,362</u>	<u>6,451,117</u>
Fund balances:		
Restricted	-	290,285
Committed	-	9,199,479
Unassigned	787,806	2,423,403
	<u>787,806</u>	<u>11,913,167</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,144,168</u>	<u>\$ 18,364,284</u>

* The due to/due 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 FISCAL YEAR ENDED JUNE 30, 2015

	General Operating	Dog and Kennel	Federal Grants	State Grants
Revenues:				
Taxes (including interest and penalties)	\$ 46,448,117	\$ -	\$ -	\$ -
Licenses and permits	118,160	500	-	-
Intergovernmental:				
Federal	357,411	-	2,645,573	-
State	208,046	-	-	-
Local	459,828	-	-	-
Charges for services	1,000,666	-	-	-
Interest	2,875	7	-	1
Miscellaneous	1,683,818	-	-	-
Total revenues	50,278,921	507	2,645,573	1
Expenditures:				
General government	24,430,880	-	2,702,917	-
Public safety	15,105,952	40,000	-	-
Health and sanitation	354,191	-	-	-
Culture and recreation	5,292,708	-	-	-
Capital projects	85,120	-	-	-
Total expenditures	45,268,851	40,000	2,702,917	-
Excess (deficiency) of revenues Over expenditures	5,010,070	(39,493)	(57,344)	1
Other financing sources (uses):				
Operating transfers in	2,783,502	27,121	-	-
Operating transfers out	(10,224,055)	-	(254)	-
Total other financing sources (uses)	(7,440,553)	27,121	(254)	-
Net change in fund balances	(2,430,483)	(12,372)	(57,598)	1
Fund balances, beginning of year	4,063,015	28,574	38,878	3,939
Fund balances, end of year	\$ 1,632,532	\$ 16,202	\$ (18,720)	\$ 3,940

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	County Manager's	Emergency Response	DARE and Community Policing	Building Demolition
Revenues:				
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	12
Miscellaneous	29,885	255,863	-	17,485
	<u>29,885</u>	<u>255,863</u>	<u>-</u>	<u>17,497</u>
Total revenues	<u>29,885</u>	<u>255,863</u>	<u>-</u>	<u>17,497</u>
Expenditures:				
General government	15,157	300,925	-	-
Public safety	-	-	-	-
Health and sanitation	-	-	-	79,926
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
	<u>15,157</u>	<u>300,925</u>	<u>-</u>	<u>79,926</u>
Total expenditures	<u>15,157</u>	<u>300,925</u>	<u>-</u>	<u>79,926</u>
Excess (deficiency) of revenues				
Over expenditures	14,728	(45,062)	-	(62,429)
Other financing sources (uses):				
Operating transfers in	-	130,000	-	50,254
Operating transfers out	-	(146,391)	-	-
	<u>-</u>	<u>(16,391)</u>	<u>-</u>	<u>50,254</u>
Total other financing sources (uses)	<u>-</u>	<u>(16,391)</u>	<u>-</u>	<u>50,254</u>
Net change in fund balances	14,728	(61,453)	-	(12,175)
Fund balances, beginning of year	<u>99,655</u>	<u>112,742</u>	<u>636</u>	<u>32,846</u>
Fund balances, end of year	<u>\$ 114,383</u>	<u>\$ 51,289</u>	<u>\$ 636</u>	<u>\$ 20,671</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Capital Maintenance	Hazard Mitigation Tax Escrow	Records Management & Preservation	WV Drug Court Testing
Revenues:				
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental:				
Federal	-	-	-	-
State	-	-	-	-
Local	-	-	-	-
Charges for services	-	-	-	-
Interest	4	-	-	-
Miscellaneous	-	-	-	-
	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues				
Expenditures:				
General government	-	-	-	-
Public safety	-	-	-	-
Health and sanitation	-	-	-	-
Culture and recreation	-	-	-	-
Capital projects	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues Over expenditures	4	-	-	-
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4	-	-	-
Fund balances, beginning of year	<u>12,617</u>	<u>879</u>	<u>2,148</u>	<u>3,054</u>
Fund balances, end of year	<u>\$ 12,621</u>	<u>\$ 879</u>	<u>\$ 2,148</u>	<u>\$ 3,054</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Financial Stabilization	Voters Registration	Unemployment Compensation	Drug Court Program	Special Law Enforcement Investigations
Revenues:					
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental:					
Federal	-	-	-	-	-
State	-	-	-	-	-
Local	-	-	-	-	-
Charges for services	-	-	-	-	-
Interest	2,426	1	5	-	2,428
Miscellaneous	-	-	-	10,316	20,917
	<u>2,426</u>	<u>1</u>	<u>5</u>	<u>10,316</u>	<u>23,345</u>
Total revenues					
Expenditures:					
General government	500,000	5,000	63,515	6,775	-
Public safety	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital projects	-	-	-	-	-
	<u>500,000</u>	<u>5,000</u>	<u>63,515</u>	<u>6,775</u>	<u>-</u>
Total expenditures					
Excess (deficiency) of revenues Over expenditures	(497,574)	(4,999)	(63,510)	3,541	23,345
Other financing sources (uses):					
Operating transfers in	2,000,000	-	40,000	-	21,396
Operating transfers out	(2,000,000)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>21,396</u>
Total other financing sources (uses)					
Net change in fund balances	(497,574)	(4,999)	(23,510)	3,541	44,741
Fund balances, beginning of year	8,501,275	8,260	30,898	14,827	7,304
Fund balances, end of year	<u>\$ 8,003,701</u>	<u>\$ 3,261</u>	<u>\$ 7,388</u>	<u>\$ 18,368</u>	<u>\$ 52,045</u>

KANAWHA COUNTY, WEST VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Capital Equipment	Parking Facility	Debt Service	Special Health Insurance	Total General Fund
Revenues:					
Taxes (including interest and penalties)	\$ -	\$ -	\$ -	\$ -	\$ 46,448,117
Licenses and permits	-	-	-	-	118,660
Intergovernmental:					
Federal	-	-	-	-	3,002,984
State	-	-	-	-	208,046
Local	-	-	-	-	459,828
Charges for services	-	-	-	-	1,000,666
Interest	-	1	-	176	7,936
Miscellaneous	-	-	-	2,005,298	4,023,582
Total revenues	-	1	-	2,005,474	55,269,819
Expenditures:					
General government	303,738	-	-	6,153,256	34,482,163
Public safety	871,342	-	-	-	16,017,294
Health and sanitation	-	-	-	-	434,117
Culture and recreation	-	-	-	-	5,292,708
Capital projects	-	-	1,915,813	-	2,000,933
Total expenditures	1,175,080	-	1,915,813	6,153,256	58,227,215
Excess (deficiency) of revenues Over expenditures	(1,175,080)	1	(1,915,813)	(4,147,782)	(2,957,396)
Other financing sources (uses):					
Operating transfers in	1,685,551	-	1,915,868	5,087,790	13,741,482
Operating transfers out	-	-	-	-	(12,370,700)
Total other financing sources (uses)	1,685,551	-	1,915,868	5,087,790	1,370,782
Net change in fund balances	510,471	1	55	940,008	(1,586,614)
Fund balances, beginning of year	440,880	731	248,825	(152,202)	13,499,781
Fund balances, end of year	\$ 951,351	\$ 732	\$ 248,880	\$ 787,806	\$ 11,913,167



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Commission Of
Kanawha County
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 24, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, 2015-003, and 2015-004 to be material weaknesses.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
March 24, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Commission Of
Kanawha County
Charleston, West Virginia

Report on Compliance for Each Major Federal Program

We have audited the Kanawha County, West Virginia's (the County's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2015. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for each major federal 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 County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Charleston, West Virginia

March 24, 2016

KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Homeland Security			
Passed-through State of WV Office of Emergency Management and Homeland Security			
Hazard Mitigation Grant	97.039	DR-4093-WV	\$ 1,953,655
Homeland Security Grant Program	97.067	14-SHS-16, 11-SHS-40	41,137
Emergency Management Performance Grants	97.042	2014-020	<u>184,126</u>
Total U.S. Department of Homeland Security			<u>2,178,918</u>
U.S. Department of Justice			
Passed-through State of WV Division of Justice and Community Services			
Crime Victim Assistance	16.575	14-VA-013	91,727
Juvenile Accountability Block Grants	16.523	12-ABG-009	23,668
Violence Against Women Formula Grants	16.588	13-VAW-022, 11-VAW-021, 12-VAW-022, 10-VAW-015	<u>55,844</u>
Total U.S. Department of Justice			<u>171,239</u>
Total Expenditures of Federal Awards			<u>\$ 2,350,157</u>

KANAWHA COUNTY, WEST VIRGINIA

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2015

Note 1 - Basis of Presentation

The schedule of expenditures of federal awards includes the federal grant activity of the primary government of Kanawha County, West Virginia, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of, the financial statements.

KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

2015 - 001 RECONCILIATION, REVIEW, AND APPROVAL

- Criteria:** A key component of an effective system of internal control is accurate and timely supervisory review of all significant account transactions and reconciliations which support the amounts reported in the financial statements.
- Condition:** We noted that the monthly financial reporting process over fiduciary accounts performed by the Sheriff's Tax Office, including the valuation of assets and liabilities and the accuracy of the financial reporting spreadsheet, is not consistently subjected to effective timely supervisory review by an individual independent of the fiduciary accounting process. Multiple individuals were excluded from the financial reporting spreadsheet. Additionally, an individual's investments were double counted. A similar finding was noted in the prior year.
- Context:** The total assets and liabilities reported by the Sheriff's Fiduciary Fund were \$7,378,174 and \$150,041, respectively, at June 30, 2015.
- Cause:** The Sheriff's Tax Office is continuing to implement documentation procedures for the conduct of supervisory review and approval over the fiduciary accounting function. Additionally, the use of electronic spreadsheets to record all accounting activity, which contained several clerical errors and omissions, increases the complexity and risk of errors.
- Effect:** Without effective supervisory review, errors or fraud involving the fiduciary accounts may not be detected in a timely manner by employees in the normal course of performing their assigned functions. The unaudited financial statements for the Sheriff's Fiduciary Fund contained the following errors: total assets were understated by \$179,422, total additions were understated by \$714,586, total deductions were understated by \$115,899, total liabilities were overstated by \$55,238, and beginning fiduciary net position were overstated by \$56,128. Additionally, prior year ending net position was overstated by \$454,449 due to the double counting of investments.
- Recommendation:** Practices should continue to be established to improve the supervisory review procedures over the monthly financial reporting process for the Sheriff's Fiduciary Fund. Reviews should be performed in a timely manner by an individual that is independent of recording transactions and compiling balances, valuing assets and liabilities in custody, the cash disbursement function, cash receipts function, and the reconciliation process. This supervisory review should be documented by the independent individual performing the procedures in a timely manner. The policy should be monitored and enforced by the Sheriff's Tax Office. In addition, we recommend that accounting software be procured and implemented to record and maintain the balances and activity of the fund, which will assist in decreasing any errors in recording the transactions resulting from the use of electronic spreadsheets.
- Management Response:** *The Sheriff' Tax Office continues to refine its policies and procedures to ensure that our financial reports are both complete and accurately stated. Due to the nature of the fiduciary accounts there are no monthly financial reports prepared-only annual accountings (December) and an annual financial summary (June). Bank accounts are reconciled monthly by the Senior Accountant, and reviewed by the Accounting Manager. In order to facilitate the annual reporting process and ensure timely review of the reporting process, we will begin generating quarterly financial reports with documented review and approval.*

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

2015 - 002 TAXES RECEIVABLE

- Criteria:** Management of the County is responsible for preparation of complete and accurate financial statements.
- Condition:** We noted that taxes receivable for the Agency funds was originally recorded on the modified accrual basis of accounting, while the Government Accounting Standards Board requires balances to be reported under the full accrual basis.
- Context:** Total taxes receivable reported in the Agency funds at June 30, 2015 totaled \$13,998,608.
- Cause:** Improper knowledge regarding the proper method to record the Agency funds financial statement balances and lack of effective supervisory review of the prepared financial statements.
- Effect:** Without effective supervisory review and knowledge regarding reporting requirements, errors or fraud involving the Agency funds amounts may not be detected in a timely manner, resulting in financial statement misstatements. The unaudited financial statements for the Agency funds taxes receivable were understated by \$11,737,731 at June 30, 2015.
- Recommendation:** We recommend management implement policies and procedures to ensure that all balances are properly recorded in accordance with accounting principles generally accepted in the United States of America.
- Management Response:** *We recognize that GASB standards state that fiduciary funds should be reported using an economic resource measurement focus, and the accrual basis of accounting. We also recognize that guidance provided by the GAAFR Blue Book in relation to GASB 34 states that Agency funds have no measurement focus for economic resources, and further that Agency funds follow the basis of accounting established for Fiduciary funds-full accrual.*

We will ensure this is reported properly going forward.

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

2015 - 003 FINANCIAL REPORTING

Criteria:	Management of the County is responsible for preparation of complete and accurate financial statements.
Condition:	The unaudited financial statements prepared by the County were missing multiple required disclosures. Additionally, several accounts were classified incorrectly.
Context:	Multiple accounts were classified incorrectly and required disclosures were missing from the financial statements. Over \$1.8 million of expenses were classified incorrectly.
Cause:	Management was not aware of all necessary disclosures.
Effect:	Disclosures required for reporting under generally accepted accounting principles were omitted from the County's unaudited financial report and various accounts were recorded incorrectly.
Recommendation:	We recommend that management keep up-to-date on the required disclosures required and take some time to discuss any improvements that can be made going forward to catch and/or prevent any missing items in the future. We also recommend that the financial statements are reviewed thoroughly to ensure proper classification and accuracy. In addition management should ensure adequate training is offered to employees to allow for financial reporting in compliance with necessary standards.
Management Response:	<i>Management will ensure that the appropriate staff has the opportunity to attend training and get any necessary materials needed to prepare the required disclosures. Due to the limited number of experienced and trained personnel available for review, it will not be possible to have the financial statements reviewed thoroughly for proper classification.</i>

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

2015 - 004 ALLOWANCE FOR DELINQUENT TAXES RECEIVABLE

Criteria:	Management of the County is responsible for preparation of complete and accurate financial statements.
Condition:	We noted that the allowance for delinquent taxes receivables was significantly understated due to the estimation methods used by management
Context:	Total gross taxes receivable reported in the governmental funds at June 30, 2015 were \$4,415,990; total gross taxes receivable reported in the Agency funds at June 30, 2015 totaled \$13,998,608. The allowance is 6% for current collections and approximate 90% for subsequent years.
Cause:	Lack of communication between the Sheriff's office and the County Clerk's office in the preparation of the financial statements and actual amounts expected to be received caused the error.
Effect:	The unaudited financial statements for the taxes receivable were overstated by \$3,541,868 in the governmental funds and \$10,251,416 in the agency funds at June 30, 2015.
Recommendation:	We recommend that the County implement policies and procedures to provide for communication between departments in the preparation of the financial statements.
Management Response:	<i>The office of the County Clerk and the Sheriff's Tax Division developed and implemented an estimation method to estimate uncollectible accounts during this audit. We will continue to periodically review the process for determining an allowance for doubtful accounts in relation to taxes receivable. Our offices routinely communicate regarding accounting policies and procedures, and we will continue to work together to develop appropriate accounting and reporting policies.</i>

KANAWHA COUNTY, WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015

SECTION III

FEDERAL AWARD FINDINGS
AND QUESTIONED COSTS SECTION

None

KANAWHA COUNTY, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2015

Prior Year Audit Findings:

Audit finding 2014-002 has been corrected.