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# PERRY & Associates

Certified Public Accountants, A.C.

**KANAWHA COUNTY COMMISSION  
Single Audit  
For the Year Ended June 30, 2016**

**RFP #16-313  
Kanawha County**

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**KANAWHA COUNTY, WEST VIRGINA**

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**KANAWHA COUNTY, WEST VIRGINA**

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**KANAWHA COUNTY, WEST VIRGINA**

**LIST OF ELECTED OFFICIALS**

**June 30, 2016**

<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 Rutheford



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## INDEPENDENT AUDITOR'S REPORT

February 21, 2017

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

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of **Kanawha County**, West Virginia (the County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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***Auditor's Responsibility (Continued)***

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

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

***Opinion***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component units, each major fund and the aggregate remaining fund information of Kanawha County, West Virginia, as of June 30, 2016, and the respective changes in its financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

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

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

*Other Information*

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

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

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

**Other Matters (Continued)**

*Other Information (Continued)*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



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

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
June 30, 2016

	Primary Government	Component Units			
	Governmental Activities	Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston - Kanawha	Kanawha County Parks and Recreation Commission
<b>ASSETS</b>					
<u>Current assets:</u>					
Cash and cash equivalents	\$ 23,968,800	\$ 6,028,708	\$ 2,523,554	\$ 31,605	\$ 118,927
Investments	-	751,872	-	155,982	-
Taxes receivable, net	1,446,028	710,332	-	-	-
Accounts receivable, net	-	3,076,524	170,687	-	3,608
Others	921,455	547,820	180,880	-	39,354
Restricted assets:					
Restricted cash and cash equivalents	-	-	-	156,682	379,344
Capital assets:					
Capital assets, net	29,277,924	6,568,560	5,473,867	5,479,661	4,756,181
Total assets	55,614,207	17,683,816	8,348,988	5,823,930	5,297,414
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated changes in fair value of hedging derivative instrument	206,340	-	-	-	-
Deferred loss on debt refunding	-	-	56,486	-	-
Related to pensions	4,242,338	2,038,078	803,881	-	189,567
Total deferred outflows of resources	4,448,678	2,038,078	860,367	-	189,567
Total assets and deferred outflows of resources	60,062,885	19,721,894	9,209,355	5,823,930	5,486,981
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>					
<u>Current liabilities:</u>					
Accounts payable	2,142,790	722,171	148,776	196,674	58,659
Other post employment benefits	693,004	6,425,860	-	-	231,101
Other	62,146	1,804,000	4,063	34,299	84,714
Fair value of hedging derivative instrument	206,340	-	-	-	-
<u>Noncurrent liabilities:</u>					
Due within one year	2,208,512	505,777	983,934	155,986	265,275
Due in more than one year	19,435,263	2,576,525	3,007,737	7,167,412	286,456
Total liabilities	24,748,055	12,034,333	4,144,510	7,554,371	926,205
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Related to pensions	2,410,832	1,760,958	474,348	-	193,283
Total deferred inflows of resources	2,410,832	1,760,958	474,348	-	193,283
<b>NET POSITION</b>					
Net investment in capital assets	19,383,991	5,157,049	3,364,638	(1,910,560)	4,606,518
Restricted	4,507,488	-	-	156,682	-
Unrestricted	9,012,519	769,554	1,225,859	23,437	(239,025)
Total net position (deficit)	32,903,998	5,926,603	4,590,497	(1,730,441)	4,367,493
Total liabilities, deferred inflows of resources and net position	\$ 60,062,885	\$ 19,721,894	\$ 9,209,355	\$ 5,823,930	\$ 5,486,981

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

	Program Revenues				Net (Expense) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants	Fines and Forfeits	Primary Government	Component Units			
					Governmental Activities	Kanawha County Emergency Ambulance Authority	Metro Emergency Operations Center of Kanawha County	Regional Development Authority of Charleston-Kanawha	Kanawha County Parks and Recreation Commission
<b>Functions / Programs</b>									
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 32,243,275	\$ 2,609,049	\$ 538,559	\$ 392,846	\$ (28,702,821)	\$ -	\$ -	\$ -	\$ -
Public safety	17,342,308	-	973,744	-	(16,368,564)	-	-	-	-
Health and sanitation	428,770	-	-	-	(428,770)	-	-	-	-
Culture and recreation	5,449,627	-	-	-	(5,449,627)	-	-	-	-
Social services	30,000	-	-	-	(30,000)	-	-	-	-
Capital outlay	1,323,088	-	-	-	(1,323,088)	-	-	-	-
Total governmental activities	<u>\$ 56,817,068</u>	<u>\$ 2,609,049</u>	<u>\$ 1,512,303</u>	<u>\$ 392,846</u>	<u>\$ (52,302,870)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component Units:</b>									
Kanawha County Emergency Ambulance Authority	24,705,844	15,476,064	-	-	-	(9,229,780)	-	-	-
Metro Emergency Operations Center of Kanawha County	6,308,647	7,586,395	174,176	-	-	-	1,451,924	-	-
Regional Development Authority of Charleston - Kanawha	731,345	651,684	169,241	-	-	-	-	89,580	-
Kanawha County Parks and Recreation Commission	2,565,475	2,161,356	263,997	-	-	-	-	-	(140,122)
Total component units	<u>\$ 34,311,311</u>	<u>\$ 25,875,499</u>	<u>\$ 607,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,229,780)</u>	<u>\$ 1,451,924</u>	<u>\$ 89,580</u>	<u>\$ (140,122)</u>
General revenues:									
Taxes					51,315,011	8,551,041	-	-	-
Licenses and permits					223,825	-	-	-	-
Interest					36,557	84,782	4,953	683	95
Miscellaneous					6,020,499	461,939	105,772	5,177	230,258
Total general revenues					<u>57,595,892</u>	<u>9,097,762</u>	<u>110,725</u>	<u>5,860</u>	<u>230,353</u>
Change in net assets					5,293,022	(132,018)	1,562,649	95,440	90,231
Net position - beginning					<u>27,610,976</u>	<u>6,058,621</u>	<u>3,027,848</u>	<u>(1,825,881)</u>	<u>4,277,262</u>
Net position - ending					<u>\$ 32,903,998</u>	<u>\$ 5,926,603</u>	<u>\$ 4,590,497</u>	<u>\$ (1,730,441)</u>	<u>\$ 4,367,493</u>

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2016**

	General	Coal Severance Tax	Assessor's Valuation	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 19,245,840	\$ 201,037	\$ 1,442,390	\$ 3,079,533	\$ 23,968,800
Taxes receivable, net	1,390,433	-	-	55,595	1,446,028
Due from other funds	35	609	5,641	1,651	7,936
Other	574,184	219,029	-	128,242	921,455
<b>Total assets</b>	<b>\$ 21,210,492</b>	<b>\$ 420,675</b>	<b>\$ 1,448,031</b>	<b>\$ 3,265,021</b>	<b>\$ 26,344,219</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 2,026,969	\$ 1,380	\$ 8,200	\$ 106,241	\$ 2,142,790
Due to other funds	7,901	-	-	35	7,936
Other	684,497	-	69,423	1,230	755,150
Total liabilities	2,719,367	1,380	77,623	107,506	2,905,876
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues - property taxes	4,365,919	-	-	93,175	4,459,094
Total deferred inflows of resources	4,365,919	-	-	93,175	4,459,094
Total liabilities and deferred inflows of resources	7,085,286	1,380	77,623	200,681	7,364,970
<b>Fund balances:</b>					
Restricted	347,947	-	1,370,408	2,789,133	4,507,488
Committed	10,321,357	419,295	-	275,207	11,015,859
Assigned	1,052,754	-	-	-	1,052,754
Unassigned	2,403,148	-	-	-	2,403,148
Total fund balances	14,125,206	419,295	1,370,408	3,064,340	18,979,249
<b>Total liabilities, deferred inflows of resources &amp; fund balances</b>	<b>\$ 21,210,492</b>	<b>\$ 420,675</b>	<b>\$ 1,448,031</b>	<b>\$ 3,265,021</b>	<b>\$ 26,344,219</b>

The notes to the financial statements are an integral part of this statement

**KANAWHA COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2016**

Total fund balances on the governmental fund's balance sheet	\$	18,979,249
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the governmental funds balance sheet		29,277,924
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.		4,459,094
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		( 10,943,933)
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.		( 8,178,963)
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet		4,242,338
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental funds balance sheet		( 2,410,832)
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 governmental funds balance sheet		( 462,000)
Compensated absences not due and payable in the current period and are not reported in the governmental funds balance sheet		( 2,058,879)
Net position of governmental activities	\$	32,903,998

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2016**

	General	Coal Severance Tax	Assessor's Valuation	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 43,176,708	\$ -	\$ 2,397,231	\$ 1,418,389	\$ 46,992,328
Other taxes	2,305,187	831,118	-	468,231	3,604,536
Licenses and permits	8,450	-	-	215,375	223,825
Intergovernmental:					
Federal	629,014	-	-	-	629,014
State	516,086	-	-	-	516,086
Local	367,203	-	-	-	367,203
Charges for services	1,250,173	-	2,297	1,356,579	2,609,049
Fines and forfeits	279,520	-	-	113,326	392,846
Interest	36,403	-	37	117	36,557
Miscellaneous	5,559,033	1,010	77	495,898	6,056,018
<b>Total revenues</b>	<b>54,127,777</b>	<b>832,128</b>	<b>2,399,642</b>	<b>4,067,915</b>	<b>61,427,462</b>
<b>EXPENDITURES</b>					
General government	29,679,712	477,357	2,044,175	1,020,297	33,221,541
Public safety	15,298,438	648,452	-	2,359,856	18,306,746
Health and sanitation	428,770	-	-	-	428,770
Culture and recreation	5,384,356	50,000	-	-	5,434,356
Social services	-	30,000	-	-	30,000
Capital projects	406,051	-	-	-	406,051
Debt Service:					
Principal	1,565,483	-	-	-	1,565,483
Interest	331,534	-	-	150,000	481,534
<b>Total expenditures</b>	<b>53,094,344</b>	<b>1,205,809</b>	<b>2,044,175</b>	<b>3,530,153</b>	<b>59,874,481</b>
Excess (deficiency) of revenues over (under) expenditures	1,033,433	(373,681)	355,467	537,762	1,552,981
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	13,407,321	-	-	445,131	13,852,452
Transfers (out)	(12,228,715)	(72,250)	(406,375)	(1,145,112)	(13,852,452)
<b>Total other financing sources (uses)</b>	<b>1,178,606</b>	<b>(72,250)</b>	<b>(406,375)</b>	<b>(699,981)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,212,039</b>	<b>(445,931)</b>	<b>(50,908)</b>	<b>(162,219)</b>	<b>1,552,981</b>
Fund balances - beginning	11,913,167	865,226	1,421,316	3,226,559	17,426,268
<b>Fund balances - ending</b>	<b>\$ 14,125,206</b>	<b>\$ 419,295</b>	<b>\$ 1,370,408</b>	<b>\$ 3,064,340</b>	<b>\$ 18,979,249</b>

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

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

Net change in fund balances - total governmental funds	\$	1,552,981
Governmental funds report capital outlays as expenditures while the cost of capital assets is allocated over their useful lives in the statement of activities		1,627,352
The net effect of transactions to capital assets which decreases the change in net position		(35,519)
Depreciation expense related to capital assets which is not reported in the governmental funds because it does not affect current financial resources		(1,844,508)
Revenue that is not available at year end for expenditure is not reported in the governmental funds		718,147
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		1,619,116
Governmental funds report principal payments on long-term debt as expenditures while the repayment of such principal does not effect the statement of activities		1,715,483
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		8,000
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>(68,030)</u>
Change in net position of governmental activities	\$	<u><u>5,293,022</u></u>

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016**

	Sheriff's Fiduciary Fund Private Purpose Trust Fund	Agency Funds
<b><u>ASSETS</u></b>		
Cash and cash equivalents	\$ 2,326,818	\$ 8,458,127
Taxes receivable, net	-	4,298,715
Trust and investments	2,404,341	-
Real and personal property	2,750,706	-
Other	211,281	-
	<u>\$ 7,693,146</u>	<u>\$ 12,756,842</u>
<b><u>LIABILITIES</u></b>		
Due to other governmental entities	\$ -	\$ 9,274,901
Due to other third parties	242,419	3,481,941
	<u>242,419</u>	<u>\$ 12,756,842</u>
<b><u>NET POSITION</u></b>		
Net position held for individuals	<u>\$ 7,450,727</u>	

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2016**

	Sheriff's Fiduciary Fund Private Purpose Trust Fund <hr style="border: 0.5px solid black;"/>
<b>ADDITIONS</b>	
Contributions	\$ 3,030,282 <hr style="border: 0.5px solid black;"/>
<b>DEDUCTIONS</b>	
Benefits for beneficiaries	<hr style="border: 0.5px solid black;"/> 2,807,688
Changes in net position	222,594
Net position, beginning of year	<hr style="border: 0.5px solid black;"/> 7,228,133
Net position, end of year	<hr style="border: 0.5px solid black;"/> \$ 7,450,727 <hr style="border: 0.5px solid black;"/>

The notes to the financial statements are an integral part of this statement.

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

*Discretely Presented Component Units*

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

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

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

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

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

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

*Blended Component Unit*

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

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

**Related Organizations**

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

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

**Government-Wide and Fund Financial Statements**

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

**Government-Wide and Fund Financial Statements (Continued)**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

The County reports the following major government funds:

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

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

**Budgetary Compliance and Accountability**

Budgetary Information

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

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

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

**Budgetary Compliance and Accountability (Continued)**

Budgetary Information (Continued)

Description	General Operating Fund Amount	Coal Severance Amount	Assessors Valuation Amount
General government expenditure increase	\$ 826,046	\$ 363,471	\$ 171,151
Public safety expenditure increase	2,059,645	5,200	-
Health and sanitation increase	1,000	-	-
Culture and recreation increase	179,825	63,641	-
Capital outlay increase	382,041	-	-

Deficit Fund Balance – The emergency response fund had a deficit fund balance of \$(218,278) at June 30, 2016. The fund had unexpected expenditures due to flooding that occurred at the end of June.

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

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

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

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

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

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.

	General	Coal Severance Tax	Assessor's Valuation	Nonmajor Governmental	Total transfers in
General	\$ 12,226,031	\$ 72,250	\$ 404,980	\$ 704,060	\$ 13,407,321
Nonmajor governmental	<u>2,684</u>	<u>-</u>	<u>1,395</u>	<u>441,052</u>	<u>445,131</u>
Total transfers out	<u>\$ 12,228,715</u>	<u>\$ 72,250</u>	<u>\$ 406,375</u>	<u>\$ 1,145,112</u>	<u>\$ 13,852,452</u>

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Nonmajor Fund	Reimbursement	\$ 35
Coal Severance	General	Reimbursement	607
Nonmajor Fund	General	Reimbursement	1,243
Nonmajor Fund	General	Reimbursement	408
Assessor's Valuation Fund	General	Reimbursement	5,641
			<u>\$ 7,934</u>

Approximately \$62,000 in Interfund transfers have been eliminated from the table above.

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

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, 2016.

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

Fund Balances (Continued)

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

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

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

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

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

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

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

As of June 30, 2016 the County's fund balances are composed of the following:

	General Fund	Coal Severance Fund	Assessors Valuation Fund	Nonmajor Governmental Fund	Total Governmental Funds
<b>Restricted:</b>					
Public Safety	\$ -	\$ -	\$ -	\$ 1,655,147	\$ 1,655,147
Debt Service	249,169	-	-	-	249,169
Dog License	-	-	-	16,402	16,402
Capital Projects	-	-	380,000	-	380,000
Other Purposes	98,778	-	990,408	1,117,584	2,206,770
<b>Committed:</b>					
Public Safety	14,687	-	-	-	14,687
Economic Stabilization	9,021,908	-	-	-	9,021,908
Community Development	78,029	419,295	-	275,207	772,531
Capital Projects	1,123,683	-	-	-	1,123,683
Other Purposes	83,050	-	-	-	83,050
<b>Assigned:</b>					
Encumbrances	1,052,754	-	-	-	1,052,754
<b>Unassigned</b>					
	2,403,148	-	-	-	2,403,148
<b>Total Fund Balances</b>	<b>\$ 14,125,206</b>	<b>\$ 419,295</b>	<b>\$ 1,370,408</b>	<b>\$ 3,064,340</b>	<b>\$ 18,979,249</b>

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

- Net investment in capital assets – This represents the County's total investment in capital assets, net of depreciation and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- Restricted, nonexpendable – This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The County does not have any restricted nonexpendable net position at June 30, 2016.
- 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.

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

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

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

Taxes Receivable – The allowance for uncollectible is six percent of the total current, approximately ninety percent greater than one year but less than five, and one hundred percent greater than five years of delinquent taxes receivable at June 30, 2016. The total allowance represents approximately 1.47% of the original levy call for open years.

	General	Other Nonmajor	Agency
Gross Taxes Receivable	\$ 4,955,594	\$ 105,739	\$ 15,610,489
Allowance for Uncollectible	(3,565,161)	(50,144)	(11,311,774)
Net Taxes Receivable	\$ 1,390,433	\$ 55,595	\$ 4,298,715

**2 – DEPOSITS AND INVESTMENTS**

Concentration of Credit Risk – Cash Deposits – At June 30, 2016, the County had deposits reported as cash and cash equivalents with carrying balances of \$37,157,886, of which bank balances are \$22,633,713, and \$4,730,959 was held in the Sheriff’s Fiduciary Private Purpose Trust Fund. All deposits are either insured by FDIC or are collateralized with securities held by the County’s agent in the County’s name.

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

At June 30, 2016, the County has investments shown as cash and cash equivalents invested in a certificate of deposit with United Bank for approximately \$2,000,000. Additionally, \$4,730,959 included in investments was held at various local financial institutions and brokerage firms by the Sheriff in his capacity as fiduciary agent. No one investment or group of investments held in this fiduciary capacity represents a significant concentration of credit risk.

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,613,178	\$ -	\$ -	\$ 1,613,178
Construction in progress	93,363	-	(93,363)	-
Total capital assets not being depreciated	<u>1,706,541</u>	<u>-</u>	<u>(93,363)</u>	<u>1,613,178</u>
Capital assets being depreciated:				
Buildings	26,880,489	-	(74,300)	26,806,189
Building improvements	14,308,643	93,363	-	14,402,006
Furniture and fixtures	10,399,929	1,627,352	(526,932)	11,500,349
Infrastructure	276,119	-	-	276,119
Total capital assets being depreciated	<u>51,865,180</u>	<u>1,720,715</u>	<u>(601,232)</u>	<u>52,984,663</u>
Less accumulated depreciation for:				
Buildings	(11,393,325)	(464,370)	23,881	(11,833,814)
Building improvements	(3,971,228)	(514,917)	-	(4,486,145)
Furniture and fixtures	(8,549,298)	(853,988)	541,832	(8,861,454)
Infrastructure	(127,271)	(11,233)	-	(138,504)
Total accumulated depreciation	<u>(24,041,122)</u>	<u>(1,844,508)</u>	<u>565,713</u>	<u>(25,319,917)</u>
Total capital assets being depreciated, net	<u>27,824,058</u>	<u>(123,793)</u>	<u>(35,519)</u>	<u>27,664,746</u>
Governmental activities capital assets, net	<u>\$ 29,530,599</u>	<u>\$ (123,793)</u>	<u>\$ (128,882)</u>	<u>\$ 29,277,924</u>

For the year ended June 30, 2016, depreciation expense for the governmental activities in the government-wide financial statements was \$1,844,508, comprised of \$898,305 charged to general government, \$930,931 charged to public safety, and \$15,272 charged to culture and recreation.

**4 – LONG-TERM DEBT**

Revenue Bonds

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**4 – LONG-TERM DEBT (Continued)**

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, 2016 was \$802,397 and \$177,583, respectively.

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

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

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

The fair value balance of the hedging derivative instrument outstanding is \$206,340 at June 30, 2016, and is classified as a liability in the Statement of Net Position. The change in fair value of the hedging derivative instrument for the year end ended June 30, 2016, is \$33,474. The accumulated changes in fair value of the hedging derivatives instrument is \$206,340 at June 30, 2016, 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 Baa2 from Moody's A- from Standards & Poors, and A+ from Fitch. The interest rate swap agreement requires certain collateralization if the credit rating of the counterparty falls below specific levels. As of June 30, 2016, no collateralization was required by the interest rate swap agreement.

*Interest Rate Risk*

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**4 – LONG-TERM DEBT (Continued)**

*Basis Risk*

The County is exposed on basis risk on the fixed interest rate swap because the variable rate payments received by the County on this hedging derivative instrument are based on an index other than interest rates the County pays on the hedged variable rate debt, which are remarketed every week. As of June 30, 2016, the weighted-average interest rate on the County's hedged variable rate debt was 2.30%, while 65% on the one month LIBOR was .30%.

*Termination Risk*

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

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

*Rollover Risk*

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

*Swap Payment and Associated Debt*

Using rates as of June 30, 2016, 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, 2016	Variable Rate Bonds		Interest Rate Swap, Net	Total
	Principal	Interest		
2017	\$ 833,425	\$ 87,218	\$ 58,523	\$ 979,166
2018	865,653	67,713	45,442	978,808
2019	899,127	47,453	31,854	978,434
2020	933,895	26,410	17,842	978,147
2021	638,442	5,812	3,429	647,683
	<u>\$ 4,170,542</u>	<u>\$ 234,606</u>	<u>\$ 157,090</u>	<u>\$ 4,562,238</u>

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**4 – 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 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 refinancing 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, 2016	Principal	Interest	Total
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	763,087	60,761	823,848
2022-2024	<u>1,907,956</u>	<u>70,108</u>	<u>1,978,064</u>
	<u>\$ 5,723,391</u>	<u>\$ 560,868</u>	<u>\$ 6,284,259</u>

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

Year Ending June 30, 2016	Principal	Interest	Total
2017	\$ 1,596,512	\$ 331,791	\$ 1,928,303
2018	1,628,740	281,049	1,909,789
2019	1,662,214	229,824	1,892,038
2020	1,696,982	177,339	1,874,321
2021	1,401,529	70,002	1,471,531
2022-2024	<u>1,907,956</u>	<u>70,108</u>	<u>1,978,064</u>
	<u>\$ 9,893,933</u>	<u>\$ 1,160,113</u>	<u>\$ 11,054,046</u>

**Long-term Contribution Payable**

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**4 – LONG-TERM DEBT (Continued)**

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

Year Ending June 30, 2016	Contribution
2017	\$ 150,000
2018	150,000
2019	150,000
2020	150,000
2021	150,000
2022-2023	300,000
	<u>\$ 1,050,000</u>

The following is a summary of the long-term debt activity for the year ended June 30, 2016:

	Balance June 30, 2015	Additions	Reductions	Balance June 30, 2016	Due Within One Year
<b>Governmental activities:</b>					
Revenue bonds payable	\$ 11,459,416	\$ -	\$ (1,565,483)	\$ 9,893,933	\$ 1,596,512
Contributions payable	1,200,000	-	(150,000)	1,050,000	150,000
Net pension liability PERS	3,695,713	2,091,366	-	5,787,079	-
Net pension liability DSRS	1,991,016	400,868	-	2,391,884	-
Compensated absences	1,990,849	1,358,710	(1,290,680)	2,058,879	-
Health claims	470,000	462,000	(470,000)	462,000	462,000
Total governmental activity long-term liabilities	<u>\$ 20,806,994</u>	<u>\$ 4,312,944</u>	<u>\$ (3,476,163)</u>	<u>\$ 21,643,775</u>	<u>\$ 2,208,512</u>

Total cash paid for interest for the year ended June 30, 2016, on outstanding debt was \$439,085.

**5 – PROPERTY TAXES**

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

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

**5 – PROPERTY TAXES (Continued)**

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

The rates levied (including the excess levy) by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2016, were as follows:

Class of Property	Assessed Valuations For Tax Purposes	Current Expense	Excess
Class I	0	14.30¢	6.09¢
Class II	3778902276	28.60¢	12.18¢
Class III	2654130847	57.20¢	24.36¢
Class IV	3328880661	57.20¢	24.36¢

**6 – RETIREMENT SYSTEMS**

West Virginia Public Employees' Retirement System

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

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

Eligibility to participate	All county full-time employees, except those covered by other pension plans
Authority establishing contribution obligations and benefit provisions:	State Statute
Plan member's contribution rate:	4.50%
County's contribution rate:	13.50%
Period required to vest:	5 years

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

**6 – RETIREMENT SYSTEMS (Continued)**

Benefits and eligibility for distribution:	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred portion	No
Provision for:	
Cost of living	No
Death benefits	Yes

**Deputy Sheriff Retirement System (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 Statue
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. DSRS members are required to contribute 8.5% of their annual covered salary and the County is required to contribute 12.5%. 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

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

**6 – RETIREMENT SYSTEMS (Continued)**

Trend Information

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

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

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

At June 30, 2016, the County reported the following liabilities for its proportionate share of the net pension liabilities. The County's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2016, the County reported the following proportions and increases/decreases from its proportion measure as of June 30, 2016.

	PERS	DSRS
Amount for proportionate share of net pension liability	\$ 5,787,079	\$ 2,391,884
Percentage for proportionate share of net pension liability	1.036176%	11.648759%
Increase/(decrease) % from prior proportion measured	0.034838%	-0.023684%

For the year ended June 30, 2016, the County recognized the following pension expenses:

	PERS	DSRS
Government-wide pension expense	\$ 819,129	\$ 130,422

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**6 – RETIREMENT SYSTEMS (Continued)**

<b>Public Employees Retirement System (PERS)</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 1,268,767
Difference between expected and actual experience	1,183,386	-
Deferred difference in assumption	-	695,968
Changes in proportion and differences between government contributions and proportionate share of contributions	395,930	-
Government contributions subsequent to the measurement date	1,903,779	-
	\$ 3,483,095	\$ 1,964,735

<b>Deputy Sheriffs Retirement System (DSRS)</b>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions:		
Net differences between projected and actual earnings on pension plan investments	\$ -	\$ 437,828
Difference between expected and actual experience	94,355	-
Changes in proportion and differences between government contributions and proportionate share of contributions	-	8,269
Government contributions subsequent to the measurement date	664,888	-
	\$ 759,243	\$ 446,097

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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

PERS	DSRS
Year ended June 30:	Year ended June 30:
2017           \$       (275,582)	2017           \$       (176,956)
2018                       (275,582)	2018                       (176,956)
2019                       (275,583)	2019                       (176,952)
2020                       441,328	2020                       150,632
Thereafter                       -	Thereafter                       28,490
\$       (385,419)	\$       (351,742)

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

**6 – RETIREMENT SYSTEMS (Continued)**

Actuarial assumptions

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

**Public Employees Retirement System (PERS)**

Actuarial assumptions:

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

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

**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-annultant mortality table, scale BB Retired and disabled RP-2000 healthy annultant mortality table, scale BB

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

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**6 – RETIREMENT SYSTEMS (Continued)**

Investment	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	DSRS Target Asset Allocation
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	7.5%
High Yield Fixed Income	5.5%	7.5%	7.5%
Real Estate	5.6%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%

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	13,344,144	5,787,079	(599,407)
DSRS net pension liability share	5,466,646	2,391,884	(69,823)

Pension plans' fiduciary net position

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

**7 – OTHER POST EMPLOYMENT BENEFITS**

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

KAWAWHA COUNTY, WEST VIRGINIA  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2016

**7 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

The OPEB Plan costs are funded by the County monthly based on invoices received from WVPEIA fro the Plan's actuarially determined "pay as you go" balance. The County's Annual Required Contribution (ARC) (net of interest and amortization adjustments) was \$352,631, \$362,301, and \$370,790 for the years ended June 30, 2016, 2015, and 2014, respectively, and the County has contributed \$386,184, \$417,224, and \$428,317 respectively, which represents 109.5%, 115.2%, and 115.5% of the ARC, respectively, for the years ending June 30, 2016, 2015, and 2014. At June 30, 2016 and 2015, the liability related to OPEB was \$693,002 and \$726,555, respectively.

**8 – DEFERRED COMPENSATION PLAN**

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, are held for the exclusive benefit of the participants and their beneficiaries.

**9 – COMMITMENTS AND CONTINGENCIES**

The County is self-insured for employee health claims with a stop-loss insurance policy which covers health claims in excess of \$90,000 individually and \$2,000,000 in the aggregate. Claims of \$462,000 have been accrued in the Statement of Net Position for claims incurred prior to June 30, 2016 and paid as of December 31, 2016. Changes in the balances of claims liability during the past two years are as follows:

	June 30, 2016	June 30, 2015
Unpaid claims, beginning of fiscal year	\$ 470,000	\$ 509,000
Incurred claims (including IBNRS)	6,660,218	6,153,256
Claims paid	(6,668,218)	(6,192,256)
Unpaid claims, end of fiscal year	\$ 462,000	\$ 470,000

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

The County committed \$2,000,000 to the Appalachian Power Baseball Park, payable to the City of Charleston, in annual payments of \$133,000. The balance of this commitment at June 30, 2016 was \$437,000.

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**9 – COMMITMENTS AND CONTINGENCIES (Continued)**

The Kanawha County Metro Emergency Operations Center entered into a lease agreement with the Kanawha County Building Commission effective August 1, 2001 to lease a building in which the Metro Emergency Operations Center is located. The lease is subject to annual renewals through August 1, 2024, at which point the deed to the premises will pass the Kanawha County Metro Emergency Operations Center. The annual lease payment is variable, and corresponds to the repayment of bonds used to finance the project as defined in Note 14. The Kanawha County Commission is obligated as guarantor of the lease payments should the Metro Emergency Operations Center fail to meet its payment obligations.

**10 – RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; public officials and law enforcement actions and other acts of the County or its representatives. The County has transferred its risks in exchange for premiums to purchase general liability, property loss, law enforcement liability, employee practice liability and workers compensation coverage insurance, from various high credit quality insurance companies which carry various deductibles and aggregates per year. Additionally, the County is self-insured for employee health claims and has purchased stop-loss coverage to mitigate the risk of exposure. The amounts of stop-loss coverage are discussed in Note 12.

**11 – CONDUIT DEBT OBLIGATIONS**

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

As of June 30, 2016, there have been 136 series of Industrial Revenue Bonds, one series of local government Lease Revenue Bonds, and one series of Student Housing Revenue Bonds issued by the Kanawha County Commission. The aggregate principal amount payable for the one local government series issued after June 1, 1995 (Metro Emergency Operations Center, originally issued November 2004 - \$4,500,000 authorized, and refunded in 2011 with Series A was \$1,704,889 at June 30, 2016. 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 \$7,580,946 at June 30, 2016.

**12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS**

The Governmental Accounting Standards Board has also 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. The adoption of GASB Statement No. 72 had no impact on the June 30, 2016 financial statements.

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (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, 2015 – except for those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016. The requirements of this Statement extend the approach to accounting and financial reporting established in Statement 68 to all pensions. This Statement also clarifies the application of certain provisions of Statement 67 and Statement 68. The adoption of GASB Statement No. 73 had no impact on the June 30, 2016 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 the hierarchy of generally accepted accounting principles (GAAP) in the context of the current governmental financial reporting environment. 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. The adoption of GASB Statement No. 76 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 79, *Certain External Investment Pools and Pool Participants*, effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investment at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The adoption of GASB Statement No. 79 had no impact on the June 30, 2016 financial statements.

The Governmental Accounting Standards Board has issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to 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 School Board 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 primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The School Board 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. 77, *Tax Abatement Disclosures*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs in order to better assess (a) whether current-year revenues were sufficient to pay for current-year services, (b) compliance with finance-related legal or contractual requirements, (c) where a government's financial resources come from and how it uses them, and (d) financial position and economic condition and how they have changed over time. The School Board has not yet determined the effect that the adoption of GASB Statement No. 77 may have on its financial statements.

KAWAWHA COUNTY, WEST VIRGINIA  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2016

**12 – EFFECT OF NEW ACCOUNTING PRONOUNCEMENTS (Continued)**

The Governmental Accounting Standards Board has also issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, effective for fiscal years beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The School Board has not yet determined the effect that the adoption of GASB Statement No. 78 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, effective for fiscal years beginning after June 15, 2016. This Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. Management has not yet determined the effect that the adoption of GASB Statement No. 82 may have on its financial statements.

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULES OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustments for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Ad valorem property taxes	\$ 44,620,007	\$ 44,620,007	\$ 43,176,708	\$ -	\$ 43,176,708	\$ 1,443,299
Other taxes	2,085,845	2,235,845	2,296,323	-	2,296,323	(60,478)
Licenses and permits	15,000	15,000	8,450	-	8,450	6,550
Intergovernmental:						
Federal	370,039	578,539	390,193	-	390,193	188,346
State	260,977	368,449	516,086	(147,637)	368,449	-
Local	483,303	483,303	367,203	-	367,203	116,100
Charges for services	1,072,130	1,072,130	1,248,284	-	1,248,284	(176,154)
Fines and forfeits	-	-	279,520	(279,520)	-	-
Interest	4,000	4,000	18,196	-	18,196	(14,196)
Miscellaneous	1,816,180	1,846,708	1,703,536	(360,591)	1,342,945	503,763
<b>Total revenues</b>	<b>50,727,481</b>	<b>51,223,981</b>	<b>50,004,499</b>	<b>(787,748)</b>	<b>49,216,751</b>	<b>2,007,230</b>
<b>EXPENDITURES</b>						
General government	24,415,468	25,241,504	20,573,865	(19,233)	20,554,632	4,686,872
Public safety	17,258,649	19,318,294	15,249,921	-	15,249,921	4,068,373
Health and sanitation	437,560	438,560	323,777	-	323,777	114,783
Culture and recreation	5,411,000	5,590,825	5,384,356	-	5,384,356	206,469
Capital outlay	118,000	500,041	406,051	-	406,051	93,990
<b>Total expenditures</b>	<b>47,640,677</b>	<b>51,089,224</b>	<b>41,937,970</b>	<b>(19,233)</b>	<b>41,918,737</b>	<b>9,170,487</b>
Excess (deficiency) of revenues over (under) expenditures	3,086,804	134,757	8,066,529	(768,515)	7,298,014	(7,163,257)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	600,000	1,824,305	2,709,360	(2,000,000)	709,360	1,114,945
Transfers (out)	(4,086,804)	(8,198,342)	(10,159,474)	-	(10,159,474)	(1,961,132)
<b>Total other financing sources (uses)</b>	<b>(3,486,804)</b>	<b>(6,374,037)</b>	<b>(7,450,114)</b>	<b>(2,000,000)</b>	<b>(9,450,114)</b>	<b>(846,187)</b>
Net change in fund balance	(400,000)	(6,239,280)	616,415	(2,768,515)	(2,152,100)	(8,009,444)
Fund balances - beginning	400,000	6,639,280	1,632,532	-	1,632,532	5,006,748
Fund balances - ending	\$ -	\$ 400,000	\$ 2,248,947	\$ (2,768,515)	\$ (519,568)	\$ (3,002,696)

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts	Adjustments for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes	\$ 1,218,319	\$ 1,218,319	\$ 831,118	\$ -	\$ 831,118	\$ 387,201
Interest	1,000	1,000	-	-	-	1,000
Miscellaneous	-	-	1,010	-	1,010	(1,010)
Total revenues	<u>1,219,319</u>	<u>1,219,319</u>	<u>832,128</u>	<u>-</u>	<u>832,128</u>	<u>387,191</u>
<b>EXPENDITURES</b>						
General government	358,598	722,069	477,357	-	477,357	244,712
Public safety	780,721	785,921	648,452	-	648,452	137,469
Culture and recreation	50,000	113,641	50,000	-	50,000	63,641
Social services	30,000	30,000	30,000	-	30,000	-
Total expenditures	<u>1,219,319</u>	<u>1,651,631</u>	<u>1,205,809</u>	<u>-</u>	<u>1,205,809</u>	<u>445,822</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(432,312)</u>	<u>(373,681)</u>	<u>-</u>	<u>(373,681)</u>	<u>(58,631)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	-	(72,250)	72,250	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(72,250)</u>	<u>72,250</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	(432,312)	(445,931)	72,250	(373,681)	(58,631)
Fund balances - beginning	-	432,312	865,226	-	865,226	(432,914)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 419,295</u>	<u>\$ 72,250</u>	<u>\$ 491,545</u>	<u>\$ (491,545)</u>

The notes to the financial statements are an integral part of this statement.

**KANAWHA COUNTY, WEST VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -**  
**ASSESSOR'S VALUATION FUND**  
**For the Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts GAAP Basis	Adjustment for Budgetary Basis	Actual Amounts Budgetary Basis	Variance with Final Budget
	Original	Final				
<b>REVENUES</b>						
Taxes	2,271,395	2,271,395	2,397,231	-	2,397,231	(125,836)
Interest	660	660	37	-	37	623
Charges for services	2,400	2,400	2,297	-	2,297	103
Miscellaneous	-	-	77	-	77	(77)
Total revenues	<u>2,274,455</u>	<u>2,274,455</u>	<u>2,399,642</u>	<u>-</u>	<u>2,399,642</u>	<u>(125,187)</u>
<b>EXPENDITURES</b>						
General government	<u>3,524,455</u>	<u>3,695,606</u>	<u>2,044,175</u>	<u>(2,137)</u>	<u>2,044,175</u>	<u>1,651,431</u>
Total expenditures	<u>3,524,455</u>	<u>3,695,606</u>	<u>2,044,175</u>	<u>(2,137)</u>	<u>2,044,175</u>	<u>1,651,431</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,250,000)</u>	<u>(1,421,151)</u>	<u>355,467</u>	<u>2,137</u>	<u>355,467</u>	<u>(1,776,618)</u>
Other Financing (Uses)						
Transfers in	-	-	-	-	-	-
Transfers (out)	-	(1,395)	(406,375)	406,375	-	(1,395)
Total other financing (uses)	<u>-</u>	<u>(1,395)</u>	<u>(406,375)</u>	<u>406,375</u>	<u>-</u>	<u>(1,395)</u>
Net change in fund balance	(1,250,000)	(1,422,546)	(50,908)	408,512	355,467	(1,778,013)
Fund balance at beginning of year	<u>1,250,000</u>	<u>1,422,546</u>	<u>1,421,316</u>	<u>-</u>	<u>1,421,316</u>	<u>1,230</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,370,408</u>	<u>\$ 408,512</u>	<u>\$ 1,776,783</u>	<u>\$ (1,776,783)</u>

The notes to the financial statements are an integral part of this statement.

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

**June 30, 2016**

**Public Employees Retirement System**

	2016	2015
Contractually required contribution	\$ 1,903,779	\$ 1,967,281
Contribution in relation to the contractually required contribution	(1,903,779)	(1,967,281)
Contribution excess (deficiency)	\$ -	\$ -
Covered employee payroll	\$ 14,102,016	\$ 14,052,002
Contributions as a percentage of covered employee payroll	13.50%	14.00%

**Deputy Sheriff's Retirement System**

	2016	2015
Contractually required contribution	\$ 664,888	\$ 693,927
Contribution in relation to the contractually required contribution	(664,888)	(693,927)
Contribution excess (deficiency)	\$ -	\$ -
Covered employee payroll	\$ 5,540,730	\$ 5,551,410
Contributions as a percentage of covered employee payroll	12.00%	12.50%

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

**June 30, 2016**

**Public Employees Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate percentage of net pension liability	1.036176%	1.001338%	0.960588%
Proportion dollar share of net pension liability	5,786,048	3,695,713	8,757,009
Covered employee payroll	14,102,016	14,052,002	13,432,419
Proportionate share of net pension liability as percentage of covered employee payroll	41.03%	26.30%	65.19%
Plan fiduciary net position as a percentage of total pension liability	91.29%	93.98%	79.70%

**Deputy Sheriff's Retirement System**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportionate percentage of net pension liability	11.648759%	11.672465%	11.682872%
Proportion dollar share of net pension liability	2,389,393	1,991,016	3,914,231
Covered employee payroll	5,540,730	5,551,410	5,401,638
Proportionate share of net pension liability as percentage of covered employee payroll	43.12%	35.87%	72.46%
Plan fiduciary net position as a percentage of total pension liability	89.31%	90.52%	80.20%

**KANAWHA COUNTY, WEST VIRGINIA  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2016**

**1 – BUDGETS AND BUDGETARY ACCOUNTING**

All counties within West Virginia are required by code to prepare annual budgets and levy rate estimates 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 these are the only amounts required to be remitted by the West Virginia State Code. Certain other transactions, such as interfund transfers, are also not included in the modified accrual basis budget. Budgets are not adopted for the agency funds. The following procedures are followed in preparing the annual budget.

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.

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

KANAWHA COUNTY, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-Through/ Project Number	Federal Expenditures
<b>U. S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Passed Through WV Division of Homeland Security and Emergency Management:</b>			
Homeland Security Grant	97.067	14-SHS-16	\$ 40,763
Homeland Security Grant	97.067	14-LE-52	200,000
Total Homeland Security Grant			240,763
Emergency Management Performance Grant	97.042	EMPG2012KANAWHA02	61,657
Emergency Management Performance Grant	97.042	2013	184,126
Total Emergency Management Performance Grant			245,783
Hazard Mitigation	97.039	DR-4093-WV-0001	47,616
Hazard Mitigation	97.039	DR-4093-WV-0003	62,287
Hazard Mitigation	97.039	DR-4093-WV-0004	63,812
Total Hazard Mitigation			173,715
<b>Total U. S. Department of Homeland Security</b>			660,261
<b>U. S. DEPARTMENT OF JUSTICE</b>			
<b>Passed Through WV Department of Criminal Justice Services:</b>			
Crime Victim Assistance	16.575	14-VA-013	25,414
Crime Victim Assistance	16.575	15-VA-013	79,446
Total Crime Victim Assistance			104,860
Juvenile Accountability Block Grant	16.523	15-JJP-002	12,550
Violence Against Women Formula Grants	16.588	13-VAW-022	595
Violence Against Women Formula Grants	16.588	14-VAW-026	27,754
Violence Against Women Formula Grants	16.588	12-VAW-022	6,120
Total Violence Against Women Formula Grants			34,469
<b>Total U. S. Department of Justice</b>			151,879
<b>U. S. DEPARTMENT OF DEFENSE</b>			
<b>Direct Funding</b>			
Central WV Environmental Infrastructure (Section 571) - ARRA	12.126	446263	80,552
<b>Total U. S. DEPARTMENT OF DEFENSE</b>			80,552
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 892,692</b>

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

**KANAWHA COUNTY, WEST VIRGINIA**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) includes the federal award activity of **Kanawha County**, West Virginia (the County) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

	General School	Magistrate Court	Worthless Check	Home Confinement	Fiduciary	Accident Photo	Worthless Check Restitution
<b>ASSETS</b>							
Cash and cash equivalents	\$ 239,657	\$ 49,352	\$ 2,188	\$ 325,063	\$ 422,515	\$ 49,040	\$ 15,817
Taxes receivable	-	-	-	-	-	-	-
Estimated uncollectible taxes	-	-	-	-	-	-	-
Due from other funds	-	-	-	1,243	408	-	-
Grants and other receivables	-	-	-	-	-	-	-
<b>Total Assets and Deferred Outflows</b>	<b><u>\$ 239,657</u></b>	<b><u>\$ 49,352</u></b>	<b><u>\$ 2,188</u></b>	<b><u>\$ 326,306</u></b>	<b><u>\$ 422,923</u></b>	<b><u>\$ 49,040</u></b>	<b><u>\$ 15,817</u></b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable	\$ -	\$ 3,363	\$ -	\$ 8,819	\$ 2,551	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Other	-	-	-	982	248	-	-
<b>Total liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,801</u></b>	<b><u>2,799</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total liabilities and deferred inflows of resources</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>9,801</u></b>	<b><u>2,799</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balances:</b>							
Restricted	239,657	45,989	2,188	316,505	420,124	49,040	15,817
Committed	-	-	-	-	-	-	-
<b>Total fund balances</b>	<b><u>239,657</u></b>	<b><u>45,989</u></b>	<b><u>2,188</u></b>	<b><u>316,505</u></b>	<b><u>420,124</u></b>	<b><u>49,040</u></b>	<b><u>15,817</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$ 239,657</u></b>	<b><u>\$ 45,989</u></b>	<b><u>\$ 2,188</u></b>	<b><u>\$ 326,306</u></b>	<b><u>\$ 422,923</u></b>	<b><u>\$ 49,040</u></b>	<b><u>\$ 15,817</u></b>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2016

Public Safety Levy	Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons	Day Reporting Collections	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
\$ 697,760	\$ 357,817	\$ 244,763	\$ 17,018	\$ 413,713	\$ 59,361	\$ 92,433	\$ 93,036	\$ 3,079,533
105,739	-	-	-	-	-	-	-	105,739
(50,144)	-	-	-	-	-	-	-	(50,144)
-	-	-	-	-	-	-	-	1,651
-	97,798	30,444	-	-	-	-	-	128,242
<u>\$ 753,355</u>	<u>\$ 455,615</u>	<u>\$ 275,207</u>	<u>\$ 17,018</u>	<u>\$ 413,713</u>	<u>\$ 59,361</u>	<u>\$ 92,433</u>	<u>\$ 93,036</u>	<u>\$ 3,265,021</u>
\$ 75,640	\$ -	\$ -	\$ 581	\$ 1,919	\$ -	\$ -	\$ 13,368	\$ 106,241
-	-	-	35	-	-	-	-	35
-	-	-	-	-	-	-	-	1,230
<u>75,640</u>	<u>-</u>	<u>-</u>	<u>616</u>	<u>1,919</u>	<u>-</u>	<u>-</u>	<u>13,368</u>	<u>107,506</u>
93,175	-	-	-	-	-	-	-	93,175
93,175	-	-	-	-	-	-	-	93,175
168,815	-	-	616	1,919	-	-	13,368	200,681
584,540	455,615	-	16,402	411,794	59,361	92,433	79,668	2,789,133
-	-	275,207	-	-	-	-	-	275,207
<u>584,540</u>	<u>455,615</u>	<u>275,207</u>	<u>16,402</u>	<u>411,794</u>	<u>59,361</u>	<u>92,433</u>	<u>79,668</u>	<u>3,064,340</u>
<u>\$ 753,355</u>	<u>\$ 455,615</u>	<u>\$ 275,207</u>	<u>\$ 17,018</u>	<u>\$ 413,713</u>	<u>\$ 59,361</u>	<u>\$ 92,433</u>	<u>\$ 93,036</u>	<u>\$ 3,265,021</u>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2016

	General School	Magistrate Court	Worthless Check	Home Confinement	Fiduciary	Accident Photo	Worthless Check Restitution	Public Safety Levy
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,389
Other taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Charges for services	512,315	89,610	2,187	237,563	271,000	207,149	2,375	-
Fines and forfeits	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	117
Miscellaneous	-	604	-	1,016	-	39,174	-	4,407
<b>Total revenues</b>	<u>512,315</u>	<u>90,214</u>	<u>2,187</u>	<u>238,579</u>	<u>271,000</u>	<u>246,323</u>	<u>2,375</u>	<u>1,422,913</u>
<b>EXPENDITURES</b>								
General government	30,920	40,831	-	-	275,499	154,102	-	-
Public safety	-	-	-	570,553	-	-	-	1,548,369
Debt Service:								
Principal	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<u>30,920</u>	<u>40,831</u>	<u>-</u>	<u>570,553</u>	<u>275,499</u>	<u>154,102</u>	<u>-</u>	<u>1,548,369</u>
Excess (deficiency) of revenues over (under) expenditures	481,395	49,383	2,187	(331,974)	(4,499)	92,221	2,375	(125,456)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	350,000	55,000	35,152	-	-
Transfers (out)	(522,089)	(52,557)	(21,346)	(88,731)	(31,669)	(65,125)	-	(35,000)
<b>Total other financing sources (uses)</b>	<u>(522,089)</u>	<u>(52,557)</u>	<u>(21,346)</u>	<u>261,269</u>	<u>23,331</u>	<u>(29,973)</u>	<u>-</u>	<u>(35,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(40,694)	(3,174)	(19,159)	(70,705)	18,832	62,248	2,375	(160,456)
Fund balances - beginning	280,351	49,163	21,347	387,210	401,292	(13,208)	13,442	744,996
Fund balances - ending	<u>\$ 239,657</u>	<u>\$ 45,989</u>	<u>\$ 2,188</u>	<u>\$ 316,505</u>	<u>\$ 420,124</u>	<u>\$ 49,040</u>	<u>\$ 15,817</u>	<u>\$ 584,540</u>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2016

Coal Reallocated Severance Tax	Table Games	Assessor's Dog	Concealed Weapons	Day Reporting Collection	Special Prosecuting Attorney	Special Law Enforcement	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,418,389
439,546	-	28,685	-	-	-	-	468,231
-	-	-	215,375	-	-	-	215,375
-	-	-	-	34,380	-	-	1,356,579
-	-	-	-	-	-	113,326	113,326
-	-	-	-	-	-	-	117
-	346,587	-	-	-	69,739	34,371	495,898
<u>439,546</u>	<u>346,587</u>	<u>28,685</u>	<u>215,375</u>	<u>34,380</u>	<u>69,739</u>	<u>147,697</u>	<u>4,067,915</u>
295,127	203,000	10,829	-	-	9,989	-	1,020,297
-	-	-	147,710	-	-	93,224	2,359,856
150,000	-	-	-	-	-	-	150,000
<u>445,127</u>	<u>203,000</u>	<u>10,829</u>	<u>147,710</u>	<u>-</u>	<u>9,989</u>	<u>93,224</u>	<u>3,530,153</u>
(5,581)	143,587	17,856	67,665	34,380	59,750	54,473	537,762
-	-	4,979	-	-	-	-	445,131
<u>(246,274)</u>	<u>(60,000)</u>	<u>(22,321)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,145,112)</u>
<u>(246,274)</u>	<u>(60,000)</u>	<u>(17,342)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(699,981)</u>
(251,855)	83,587	514	67,665	34,380	59,750	54,473	(162,219)
<u>707,470</u>	<u>191,620</u>	<u>15,888</u>	<u>344,129</u>	<u>24,981</u>	<u>32,683</u>	<u>25,195</u>	<u>3,226,559</u>
<u>\$ 455,615</u>	<u>\$ 275,207</u>	<u>\$ 16,402</u>	<u>\$ 411,794</u>	<u>\$ 59,361</u>	<u>\$ 92,433</u>	<u>\$ 79,668</u>	<u>\$ 3,064,340</u>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS  
 June 30, 2016

	Delinquent and Non- Entered Lands	Sale of Lien Surplus	Board of Health	School	State	Municipal	Kanawha County Emergency Ambulance Authority
<b>ASSETS</b>							
Cash and cash equivalents	\$ 559,676	\$ 2,201,479	\$ 1,977,306	\$ -	\$ 12,090	\$ -	\$ 109,337
Taxes receivable	-	-	-	12,271,443	86,761	1,243,255	1,004,515
Estimated uncollectible taxes	-	-	-	(8,782,238)	(62,551)	(1,018,955)	(724,015)
<b>Total assets</b>	<b><u>\$ 559,676</u></b>	<b><u>\$ 2,201,479</u></b>	<b><u>\$ 1,977,306</u></b>	<b><u>\$ 3,489,205</u></b>	<b><u>\$ 36,300</u></b>	<b><u>\$ 224,300</u></b>	<b><u>\$ 389,837</u></b>
<b>LIABILITIES</b>							
Due to other governmental entities	\$ 559,676	\$ 2,201,479	\$ 1,977,306	\$ 3,489,205	\$ 36,300	\$ 224,300	\$ 389,837
Due to other third parties	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b><u>\$ 559,676</u></b>	<b><u>\$ 2,201,479</u></b>	<b><u>\$ 1,977,306</u></b>	<b><u>\$ 3,489,205</u></b>	<b><u>\$ 36,300</u></b>	<b><u>\$ 224,300</u></b>	<b><u>\$ 389,837</u></b>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS  
 June 30, 2016

	Kanawha Valley Regional Transit Authority	Circuit Clerk	Records Office	Clerk's Delinquent Land	Domestic Violence	Deputy Retirement	Enhanced 911 System	Writ of Execution	Evidence Fund	Total Agency
<b>ASSETS</b>										
Cash and cash equivalents	\$ 109,337	\$ 2,130,816	\$ 727,552	\$ 305,626	\$ 4,275	\$ 6,645	\$ 316	\$ 6,234	\$ 307,438	8,458,127
Taxes receivable	1,004,515	-	-	-	-	-	-	-	-	15,610,489
Estimated uncollectible taxes	(724,015)	-	-	-	-	-	-	-	-	( 11,311,774)
<b>Total assets</b>	<b>\$ 389,837</b>	<b>\$ 2,130,816</b>	<b>\$ 727,552</b>	<b>\$ 305,626</b>	<b>\$ 4,275</b>	<b>\$ 6,645</b>	<b>\$ 316</b>	<b>\$ 6,234</b>	<b>\$ 307,438</b>	<b>12,756,842</b>
<b>LIABILITIES</b>										
Due to other governmental entities	\$ 389,837	\$ -	\$ -	\$ -	\$ -	\$ 6,645	\$ 316	\$ -	\$ -	9,274,901
Due to other third parties	-	2,130,816	727,552	305,626	4,275	-	-	6,234	307,438	3,481,941
<b>Total liabilities</b>	<b>\$ 389,837</b>	<b>\$ 2,130,816</b>	<b>\$ 727,552</b>	<b>\$ 305,626</b>	<b>\$ 4,275</b>	<b>\$ 6,645</b>	<b>\$ 316</b>	<b>\$ 6,234</b>	<b>\$ 307,438</b>	<b>12,756,842</b>

The notes to the financial statements

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING BALANCE SHEET - GENERAL FUND  
 June 30, 2016

	General Operating	Dog and Kennel	Federal Grants	County Manager's	Emergency Response	Building Demolition	Capital Maintenance	Records Management & Preservation	Financial Stabilization	Voters Registration
<b>ASSETS</b>										
Cash and cash equivalents	\$ 6,410,409	\$ 42,948	\$ 38,878	\$ 78,029	\$ 125,982	\$ 110,014	\$ 12,621	\$ 2,148	\$ 9,021,908	\$ 5,150
Taxes	4,955,594	-	-	-	-	-	-	-	-	-
Estimated uncollectible taxes	(3,565,161)	-	-	-	-	-	-	-	-	-
Due from other funds	61,549	35	-	-	-	-	-	-	-	-
Other	573,782	402	-	-	-	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 8,436,173</b>	<b>\$ 43,385</b>	<b>\$ 38,878</b>	<b>\$ 78,029</b>	<b>\$ 125,982</b>	<b>\$ 110,014</b>	<b>\$ 12,621</b>	<b>\$ 2,148</b>	<b>\$ 9,021,908</b>	<b>\$ 5,150</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts payable	\$ 1,136,810	\$ -	\$ -	\$ -	\$ 344,260	\$ 14,686	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-
Other	684,497	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>1,821,307</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,260</b>	<b>14,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>										
Unavailable revenue - property taxes	4,365,919	-	-	-	-	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>4,365,919</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>6,187,226</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>344,260</b>	<b>14,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>										
Restricted	-	-	38,878	-	-	-	-	-	-	5,150
Committed	-	43,385	-	78,029	-	14,686	12,621	2,148	9,021,908	-
Assigned	1,052,754	-	-	-	-	-	-	-	-	-
Unassigned (Deficit)	1,196,193	-	-	-	(218,278)	80,642	-	-	-	-
<b>Total fund balances</b>	<b>2,248,947</b>	<b>43,385</b>	<b>38,878</b>	<b>78,029</b>	<b>(218,278)</b>	<b>95,328</b>	<b>12,621</b>	<b>2,148</b>	<b>9,021,908</b>	<b>5,150</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 8,436,173</b>	<b>\$ 43,385</b>	<b>\$ 38,878</b>	<b>\$ 78,029</b>	<b>\$ 125,982</b>	<b>\$ 110,014</b>	<b>\$ 12,621</b>	<b>\$ 2,148</b>	<b>\$ 9,021,908</b>	<b>\$ 5,150</b>

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
COMBINING BALANCE SHEET - GENERAL FUND  
June 30, 2016

	Unemployment Compensation	Drug Court Program	Special Law Enforcement Investigations	Capital Equipment	Debt Service	Special Health Insurance	Total General Fund
<b>ASSETS</b>							
Cash and cash equivalents	\$ 42,963	\$ 1	\$ 54,750	\$ 1,243,175	\$ 249,169	\$ 1,807,695	\$ 19,245,840
Taxes	-	-	-	-	-	-	4,955,594
Estimated uncollectible taxes	-	-	-	-	-	-	(3,565,161)
Due from other funds	-	-	-	-	-	-	61,584
Other	-	-	-	-	-	-	574,184
<b>Total Assets</b>	<b>\$ 42,963</b>	<b>\$ 1</b>	<b>\$ 54,750</b>	<b>\$ 1,243,175</b>	<b>\$ 249,169</b>	<b>\$ 1,807,695</b>	<b>\$ 21,272,041</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND B/</b>							
<b>Liabilities:</b>							
Accounts payable	\$ 5,446	\$ -	\$ -	\$ 130,471	\$ -	\$ 395,296	\$ 2,026,969
Due to other funds	-	-	-	1,642	-	67,808	69,450
Other	-	-	-	-	-	-	684,497
<b>Total liabilities</b>	<b>5,446</b>	<b>-</b>	<b>-</b>	<b>132,113</b>	<b>-</b>	<b>463,104</b>	<b>2,780,916</b>
<b>Deferred Inflows of Resources:</b>							
Unavailable revenue - property taxes	-	-	-	-	-	-	4,365,919
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,365,919</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,113</b>	<b>-</b>	<b>463,104</b>	<b>7,146,835</b>
<b>Fund balances:</b>							
Restricted	-	-	54,750	-	249,169	-	347,947
Committed	37,517	1	-	1,111,062	-	-	10,321,357
Assigned	-	-	-	-	-	-	1,052,754
Unassigned (Deficit)	-	-	-	-	-	1,344,591	2,403,148
<b>Total fund balances</b>	<b>37,517</b>	<b>1</b>	<b>54,750</b>	<b>1,111,062</b>	<b>249,169</b>	<b>1,344,591</b>	<b>14,125,206</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 37,517</b>	<b>\$ 1</b>	<b>\$ 54,750</b>	<b>\$ 1,243,175</b>	<b>\$ 249,169</b>	<b>\$ 1,807,695</b>	<b>\$ 21,272,041</b>

The notes to the financial statements are an integral part of this statement

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND  
 For the Year Ended June 30, 2016

	General Operating	Dog and Kennel	Federal Grants	State Grants	County Manager's	Emergency Response	DARE and Community Policing	Building Demolition	Capital Maintenance	Hazard Mitigation Tax Escrow	Records Management & Preservation	WV Drug Court Testing
<b>REVENUES</b>												
Taxes	\$ 43,176,708	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other taxes	2,296,323	8,864	-	-	-	-	-	-	-	-	-	-
Licenses and permits	8,450	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental:												
Federal	390,193	-	238,821	-	-	-	-	-	-	-	-	-
State	516,086	-	-	-	-	-	-	-	-	-	-	-
Local	367,203	-	-	-	-	-	-	-	-	-	-	-
Charges for services	1,248,284	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeits	279,520	-	-	-	-	-	-	-	-	-	-	-
Interest	18,196	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	1,703,536	-	-	-	23,892	335,597	-	179,650	-	-	-	-
<b>Total revenues</b>	<b>50,004,499</b>	<b>8,864</b>	<b>238,821</b>	<b>-</b>	<b>23,892</b>	<b>335,597</b>	<b>-</b>	<b>179,650</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>EXPENDITURES</b>												
General government	20,573,865	-	181,223	-	246	755,164	-	-	-	-	-	-
Public safety	15,249,921	-	-	-	-	-	-	-	-	-	-	-
Health and sanitation	323,777	-	-	-	-	-	-	104,993	-	-	-	-
Culture and recreation	5,384,356	-	-	-	-	-	-	-	-	-	-	-
Capital projects	406,051	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal	-	-	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>41,937,970</b>	<b>-</b>	<b>181,223</b>	<b>-</b>	<b>246</b>	<b>755,164</b>	<b>-</b>	<b>104,993</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures	8,066,529	8,864	57,598	-	23,646	(419,567)	-	74,657	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	2,709,360	18,319	-	-	-	150,000	-	-	-	-	-	-
Transfers (out)	(10,159,474)	-	-	(3,940)	(60,000)	-	(636)	-	-	(879)	-	(3,054)
<b>Total other financing sources (uses)</b>	<b>(7,450,114)</b>	<b>18,319</b>	<b>-</b>	<b>(3,940)</b>	<b>(60,000)</b>	<b>150,000</b>	<b>(636)</b>	<b>-</b>	<b>-</b>	<b>(879)</b>	<b>-</b>	<b>(3,054)</b>
<b>Net change in fund balances</b>	<b>616,415</b>	<b>27,183</b>	<b>57,598</b>	<b>(3,940)</b>	<b>(36,354)</b>	<b>(269,567)</b>	<b>(636)</b>	<b>74,657</b>	<b>-</b>	<b>(879)</b>	<b>-</b>	<b>(3,054)</b>
Fund balances - beginning	1,632,532	16,202	(18,720)	3,940	114,383	51,289	636	20,671	12,621	879	2,148	3,054
Fund balances - ending	\$ 2,248,947	\$ 43,385	\$ 38,878	\$ -	\$ 78,029	\$ (218,278)	\$ -	\$ 95,328	\$ 12,621	\$ -	\$ 2,148	\$ -

The notes to the financial statements are an integral part of this statement.

KANAWHA COUNTY, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GENERAL FUND  
 For the Year Ended June 30, 2016

	Financial Stabilization	Voters Registration	Unemployment Compensation	Drug Court Program	Special Law Enforcement Investigations	Capital Equipment	Parking Facility	Debt Service	Special Health Insurance	Total General Fund
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,176,708
Other taxes	-	-	-	-	-	-	-	-	-	2,305,187
Licenses and permits	-	-	-	-	-	-	-	-	-	8,450
Intergovernmental:										-
Federal	-	-	-	-	-	-	-	-	-	629,014
State	-	-	-	-	-	-	-	-	-	516,086
Local	-	-	-	-	-	-	-	-	-	367,203
Charges for services	-	1,889	-	-	-	-	-	-	-	1,250,173
Fines and forfeits	-	-	-	-	-	-	-	-	-	279,520
Interest	18,207	-	-	-	-	-	-	-	-	36,403
Miscellaneous	500,000	-	-	670	2,705	527,544	-	-	2,285,439	5,559,033
<b>Total revenues</b>	<b>518,207</b>	<b>1,889</b>	<b>-</b>	<b>670</b>	<b>2,705</b>	<b>527,544</b>	<b>-</b>	<b>-</b>	<b>2,285,439</b>	<b>54,127,777</b>
<b>EXPENDITURES</b>										
General government	-	-	9,871	19,037	-	1,480,088	-	-	6,660,218	29,679,712
Public safety	-	-	-	-	-	48,517	-	-	-	15,298,438
Health and sanitation	-	-	-	-	-	-	-	-	-	428,770
Culture and recreation	-	-	-	-	-	-	-	-	-	5,384,356
Capital projects	-	-	-	-	-	-	-	-	-	406,051
Debt service:										-
Principal	-	-	-	-	-	-	-	1,565,483	-	1,565,483
Interest	-	-	-	-	-	-	-	331,534	-	331,534
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>9,871</b>	<b>19,037</b>	<b>-</b>	<b>1,528,605</b>	<b>-</b>	<b>1,897,017</b>	<b>6,660,218</b>	<b>53,094,344</b>
Excess (deficiency) of revenues over (under) expenditures	518,207	1,889	(9,871)	(18,367)	2,705	(1,001,061)	-	(1,897,017)	(4,374,779)	1,033,433
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	2,500,000	-	40,000	-	-	1,160,772	-	1,897,306	4,931,564	13,407,321
Transfers (out)	(2,000,000)	-	-	-	-	-	(732)	-	-	(12,228,715)
<b>Total other financing sources (uses)</b>	<b>500,000</b>	<b>-</b>	<b>40,000</b>	<b>-</b>	<b>-</b>	<b>1,160,772</b>	<b>(732)</b>	<b>1,897,306</b>	<b>4,931,564</b>	<b>1,178,606</b>
<b>Net change in fund balances</b>	<b>1,018,207</b>	<b>1,889</b>	<b>30,129</b>	<b>(18,367)</b>	<b>2,705</b>	<b>159,711</b>	<b>(732)</b>	<b>289</b>	<b>556,785</b>	<b>2,212,039</b>
Fund balances - beginning	8,003,701	3,261	7,388	18,368	52,045	951,351	732	248,880	787,806	11,913,167
<b>Fund balances - ending</b>	<b>\$ 9,021,908</b>	<b>\$ 5,150</b>	<b>\$ 37,517</b>	<b>\$ 1</b>	<b>\$ 54,750</b>	<b>\$ 1,111,062</b>	<b>\$ -</b>	<b>\$ 249,169</b>	<b>\$ 1,344,591</b>	<b>\$ 14,125,206</b>

The notes to the financial statements are an integral part of these statements.



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

February 17, 2017

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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, discretely presented component units, each major fund and the aggregate remaining fund information of **Kanawha County**, West Virginia, (the County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated February 21, 2017.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist.

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***Compliance and Other Matters***

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

We did note a certain matter not requiring inclusion in this report that we reported to the County's management in a separate letter dated February 21, 2017.

***Purpose of this Report***

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



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



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

February 21, 2017

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

To the Board of Commissioners:

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

We have audited **Kanawha County's** (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Kanawha County's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the County's major federal programs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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***Opinion on the Major Federal Program***

In our opinion, Kanawha County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2016.

***Report on Internal Control Over Compliance***

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

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

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

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



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

**KANAWHA COUNTY, WEST VIRGINIA**

**SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515  
FOR THE YEAR ENDED JUNE 30, 2016**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #97.067; Homeland Security Grant Program CFDA #97.039; Hazard Mitigation
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

KANAWHA COUNTY, WEST VIRGINIA

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2015-001	Reconciliation, Review, and Approval	Yes	N/A
2015-002	Taxes Receivable	Yes	N/A
2015-003	Financial Reporting	Yes	N/A
2015-004	Allowance for Delinquent Taxes Receivable	Yes	N/A