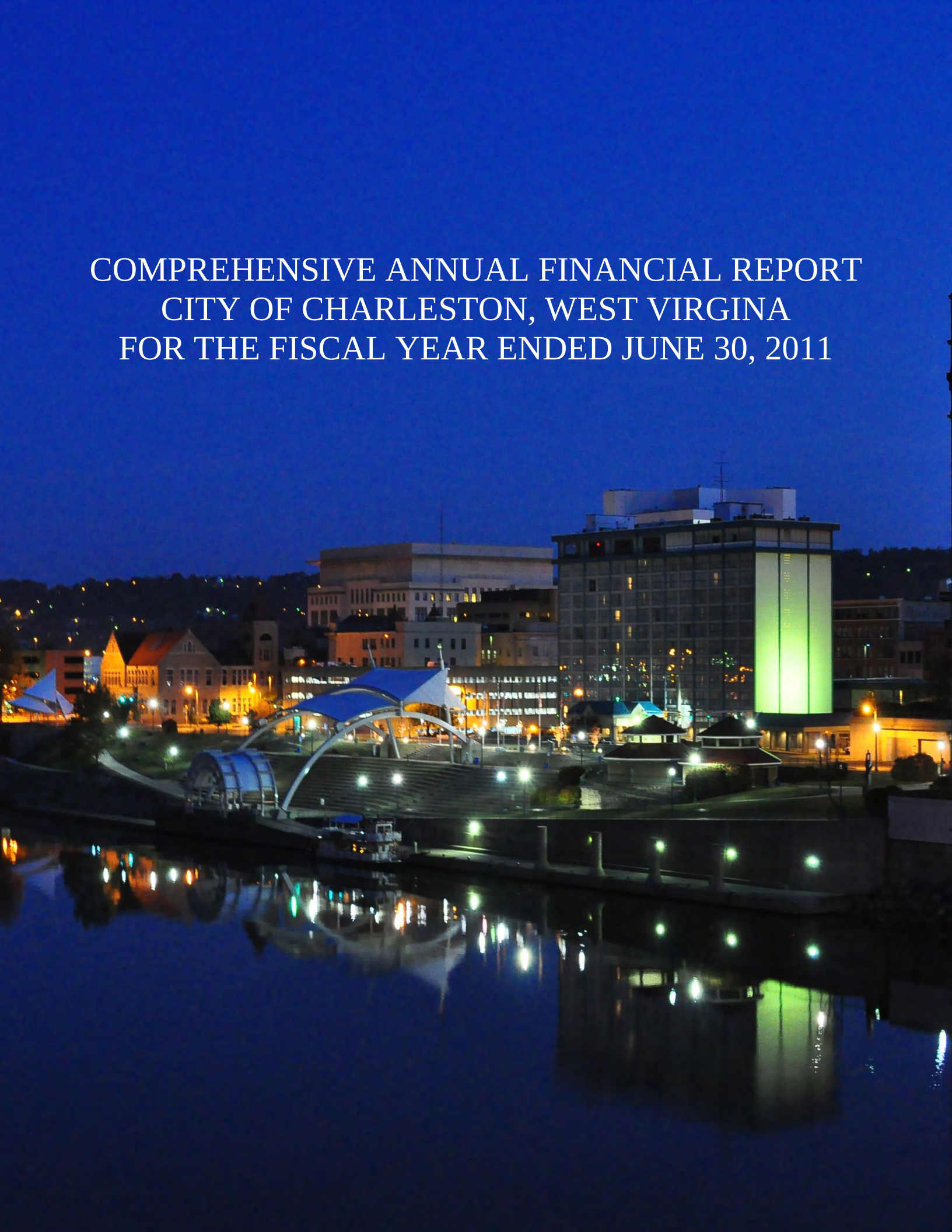
COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF CHARLESTON, WEST VIRGINA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF CHARLESTON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Mayor:	Danny Jones
City Manager:	David Molgaard
Finance Director:	Joseph Estep
City Auditor (Controller):	Brenda J. Lemon, CPA

Prepared by the
Charleston Accounting/Financial Department

CITY OF CHARLESTON
OFFICE OF THE MAYOR

To the Honorable Members of City Council and the Citizens of Charleston, West Virginia.

I am pleased to provide you with the City of Charleston's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2011. The State of West Virginia Auditor's Office, Chief Inspector Division, has audited the basic financial statements contained in this report.

The CAFR demonstrates the City of Charleston's commitment to financial accountability and national standards. This document provides the City Council and the citizens of Charleston with the City's financial data. The report can be accessed on the Internet at www.cityofcharleston.org/government/city-departments/accounting.

This report was compiled with the help of individuals throughout City government. Each department provided clear, concise information to ensure the highest level of financial accountability.

Sincerely,

Danny Jones
Mayor

P.O. BOX 2749 • CHARLESTON, WV 25330 • (304) 348-8174 OFFICE • (304) 348-8034 FAX

ACKNOWLEDGMENTS

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City of Charleston Accounting/Finance Department
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Special appreciation is given to all personnel throughout the City whose extra effort to contribute accurate, timely financial data for their departments made this report possible.

CITY OF CHARLESTON, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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CITY OF CHARLESTON, WEST VIRGINIA
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INTRODUCTORY SECTION

City of Charleston
PO Box 2749
Charleston WV 25330

March 7, 2012

The Honorable Danny Jones, Mayor
The Honorable Members of Council for the City of Charleston, West Virginia
Citizens of the City of Charleston, West Virginia

I am pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Charleston, West Virginia for the fiscal year ended June 30, 2011. State law requires that the State Auditor conduct an audit examination of every local government's financial affairs by performing the audit himself or appointing a certified public accountant. This CAFR has been prepared in conformity with generally accepted accounting principles (GAAP) and audited in conformance with generally accepted auditing standards (GAAS) by the WV State Auditor's Office.

The CAFR consists of management's representations concerning the finances of the City of Charleston. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. The City's accounting system supports an adequate internal control structure. This structure helps to safeguard the City's assets against loss, theft, or misuse. The accounting system provides reliable financial records for preparing financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure provides reasonable, but not absolute, assurance that the City's assets are safeguarded. The concept of reasonable assurance first recognizes that the cost of a control should not exceed the benefits likely to be derived. Secondly, the evaluation of costs and benefits requires estimates and judgments by management. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The State of West Virginia Auditor's Office has issued a qualified opinion on the City of Charleston's financial statements for the fiscal year ended June 30, 2011. The Independent Auditor's Report is located at the front of the financial section of this report.

The independent audit of the financial statements of the City of Charleston, West Virginia is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance in accordance with OMB Circular A-133. These reports are available in the City of Charleston's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the Independent Auditors Report.

Profile of the Government

The City of Charleston is located in southwestern West Virginia and is the county seat of Kanawha County and West Virginia's State Capital. Charleston was founded in 1794 and incorporated in 1818. According to the 2010 Census, Charleston has a population of 51,400 and a land area of 31.3 square miles. It is the transportation, retail, cultural, and telecommunications hub of the State and offers one-day shipping proximity to over 60% of the United States population and 30% of the Canadian population. The Charleston Metropolitan Statistical Area (MSA) is comprised of five counties: Boone, Clay, Kanawha, Lincoln, and Putnam. Charleston is located in the largest of these counties: Kanawha. Population of the metropolitan area is over 300,000. In addition to its business advantages, the area is a great place to live. The area provides affordable housing, low crime rates, state-of-the-art medical facilities, and a wealth of cultural and recreational opportunities to provide quality living.

Charleston is home to many facilities that provide quality of life to its citizens and visitors. West Virginia's largest medical center, Charleston Area Medical Center, is located in the City and provides employment to approximately 6,577 healthcare professionals and staff. The University of Charleston is a 1,500 student private college located along the banks of the Kanawha River which offers graduate programs that include psychology, pharmacy, and business administration. The Clay Center for the Arts and Sciences provides culture and recreation offering a variety of events, museums, and theatre. Many other facilities, including an airport, are immediately accessible. Many festivals and events are held annually including Multifest, Vandalia Festival, FestivALL, Live on the Levee, Rod Run & Doo Wop, a 4th of July celebration with fireworks, and others which provide enjoyment to citizens and visitors. Charleston also hosts special events such as the World's Strongest Man competition in 2008 and the World Championship Chili Cook-off in 2009. Charleston also has its own Class A baseball team and historic sites in our historic district referred to as the East End.

The City of Charleston is a municipal corporation. The present charter of the City is a legislative charter enacted in 1929, which provides for a mayor-council form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and twenty-seven other members. The mayor appoints, with confirmation by council, the government's manager. The mayor and six council members are elected at large and the remaining twenty-one council members are elected by ward. The mayor and council serve four year terms.

The City of Charleston provides a full range of services including police and fire protection; parks and recreational programming; parking garages; street and bridge repair, maintenance, and lighting; public record maintenance; building inspection; garbage disposal and recycling; business licensing; zoning regulation; code enforcement; and grant programs for community development. Sanitation services, sewage collection, and disposal services are provided through a legally separate entity, the City of Charleston Sanitary Board, which is included as a discretely presented component unit in the City of Charleston's financial statements. The City is also financially accountable for three other legally separate entities, the Charleston Urban Renewal Authority, the City of Charleston Convention and Visitor's Bureau, and the City of Charleston Building Commission, two of which are reported separately within the City of Charleston's financial statements and the latter is blended with the City's financial statements. Additional information on all four of these legally separate entities can be found in the notes to the financial statements (See Note I.A.).

The Council is required to adopt a final budget by March 28th for fiscal year beginning July 1. This annual budget serves as the foundation for the City of Charleston's financial planning and control. The budget is prepared by fund, function (e.g. public safety), and department (e.g. police). All budget amendments require council approval; however, the legal level of budgetary control is maintained at the department level and requires approval by Council as well as the West Virginia State Auditor's Office. All appropriations, except funds which are reappropriated, expire at the fiscal year-end.

Economic Conditions and Outlook

Major economic sectors located within the government's boundaries or in close proximity are chemical, automotive, healthcare, telecommunications, and professional services. In addition, retail, trade, and tourism are thriving economic sectors.

The Charleston area is the State's premier business center due to its industrial diversity and numerous job opportunities. The unemployment rate of 7.6 percent at June 30th reflected a decrease from prior year and it was lower than the State and United States unemployment rate of 8.5 and 9.2 percent, respectively. Since June the unemployment rate has decreased to 7.2 percent.

The City of Charleston has remained stable even with the recession and the current weak economy. A recently released report based upon data from the U.S. Bureau of Labor Statistics stated that the Charleston metro area had a 15 percent increase in construction employment during the past year, which was the fifth-highest jump in the nation. Charleston's construction employment increase came mostly by publicly funded projects, such as schools, bridge repairs and replacements, water and sewer lines, and the Yeager Airport renovations. These constructions jobs created about 2,300 new jobs. The State has weathered the national recession well, ending the fiscal year with a budget surplus. The coal industry has been a major factor in keeping West Virginia out of a recession. According to the state Department of Commerce, West Virginia's exports soared 43 percent in the first six months of 2011, which was led by coal. The state's top five export sectors are coal, plastics, machinery, medical products, and organic chemicals. Several West Virginia mines focus on metallurgical coal, which is used in steelmaking and reaps a significantly higher price than steam coal. According to a report by the U.S. Department of Commerce's Bureau of Economic Analysis, the State had the nation's fifth-fasting growing economy last year. Business sectors including mining, real estate, retail, technical services, and health care fueled the four percent growth rate.

During the fiscal year and subsequent to June 30, 2011, the economic activity in Charleston is very positive. New restaurants and businesses have opened or plan to open in the near future in Charleston. Restaurants and fast foods include Panera Bread employing approximately 30 workers, McDonalds on the East End with a Level 2 electric vehicle charging station, creating approximately 90 full-time and part-time jobs, and Five Guys Burgers to open in November 2011. Several coffee shops and retails stores have opened as well. Cabela's, an outdoor sporting goods retailer, has announced plans to build a 80,000 square-foot store expected to open in 2012. A new CVS drugstore and a Sheetz convenience store and gas station are planned. Highland Hospital plans to build a $29 million replacement facility in Kanawha City of Charleston. This project will create approximately 56 jobs. A Gulf Coast-based engineering firm, Audubon Engineering Co., has announced plans to open a regional office in Charleston and create up to 75 jobs. The company serves the oil, gas, petrochemical, and refining industries and power generation markets.

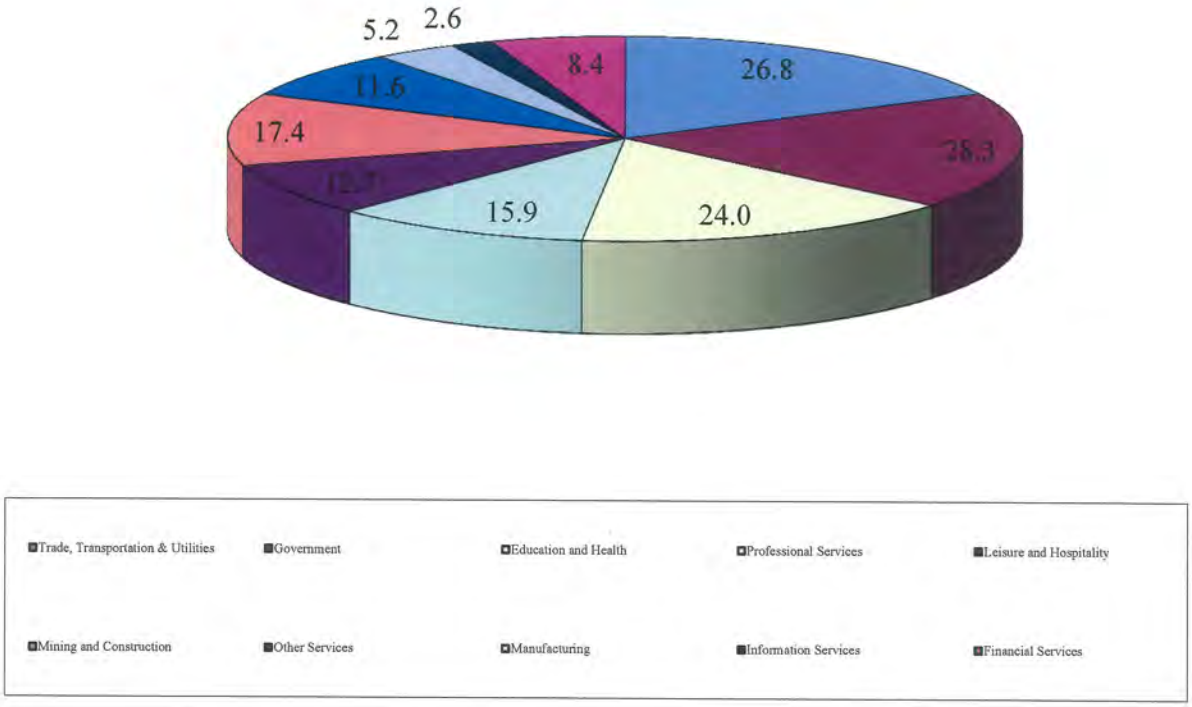
Several projects which will enhance the vitality and attractiveness of our downtown have been announced. One is to build a new 110-room Courtyard Marriott Hotel in Charleston with planned opening in 2014, which will bring the total room count in downtown to 1,538 rooms and total downtown hotels to eight. Charleston has 19 hotels with about 3,500 rooms outside the downtown area. This will increase the City's ability to attract a greater share of the convention market, which is one key way to grow our job and tax base. Another existing Ramada hotel has been purchased by a New York construction company that plans to invest $10 million to renovate the 256 room hotel and build a full-service, sports-themed family restaurant. It is expected that 40 additional jobs will be required to run the facility.

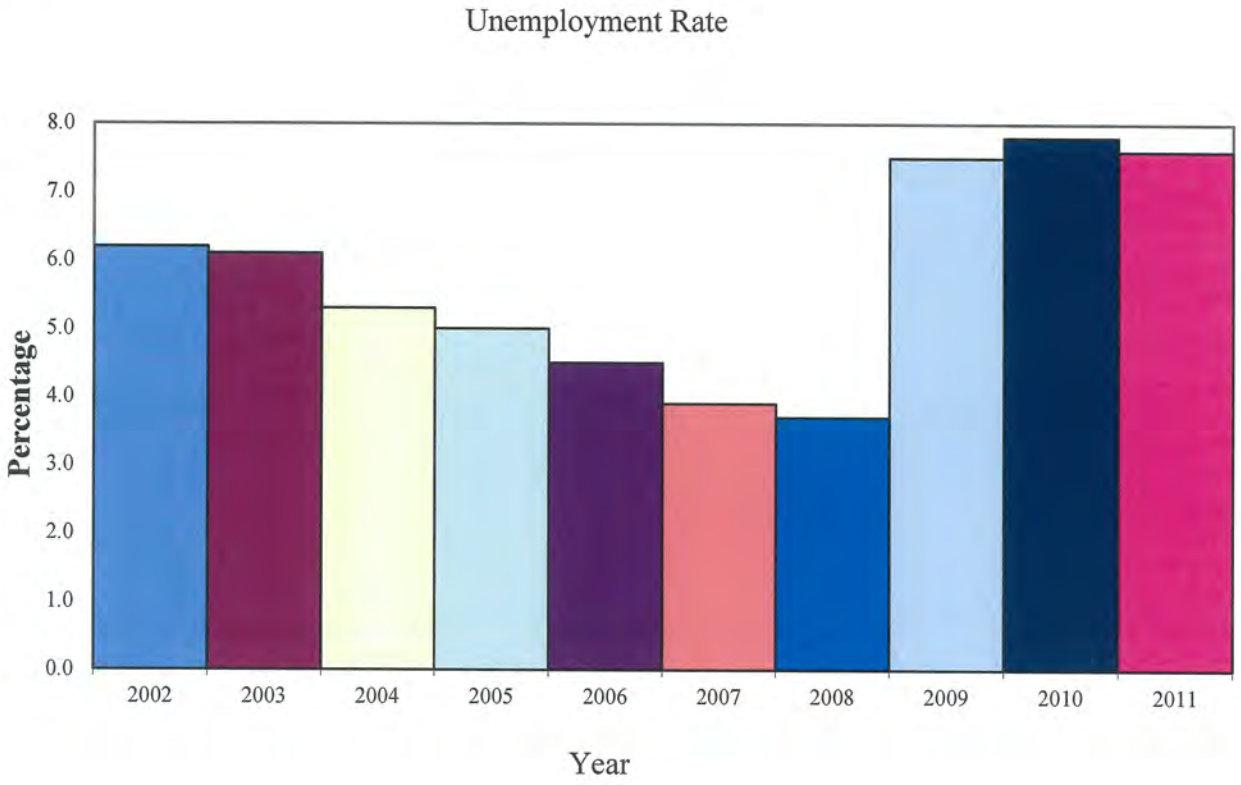
The Chase Tower building has been purchased by New York based Nightingale Realty that plans immediate renovations of $2.5 million and long-term improvements of $15 million. Another buyer has purchased a former school on the West Side of Charleston and plans to build a minimum of 29 senior apartments with parking. The renovations will require millions in investment and should be very positive for the neighborhood.

The East End Main Street, an economic renewal organization, has been instrumental in helping to create approximately 120-140 new jobs in the community since September 2010. It has helped attract 26 new businesses to the community and six public art projects since its inception in 2001. During its annual meeting, it was announced that the total investment included $144 million in private money and $104 million in public funds since its creation.

Many organizations such as the Charleston Area Alliance, the Main Street Programs, Charleston Urban Renewal Authority, and others work with the City to attract new jobs and investments to the Kanawha Valley.

Charleston, WV Metropolitan Statistical Area Employment by Major Industry (in Thousands)





Long-term Financial Planning and Relevant Financial Policies

The City Council and administration have developed their vision for the City of Charleston to be the Cultural, Recreational, and Business Capital of the Appalachian Mountains. By 2015, no municipal government will be more efficient or effective at balancing and meeting the needs and expectations of its core constituents than the City of Charleston, West Virginia. The mayor and city council have identified the core constituents to be residents, businesses, governmental organizations, non-governmental organizations and their employees, visitors, and other departmental units, boards, commissions, and employees.

The process perspectives identified are to perfect and perpetuate strong and sustainable neighborhoods; conduct efficient and collaborative government; produce and facilitate events and recreational opportunities; develop and maintain sound and adequate infrastructure; and foster and support business development and attraction. These perspectives will be accomplished by developing competencies and technology; strategically aligning duties and responsibilities; identifying, developing, and retaining leaders; reforming work environment and incentives to facilitate the mission; and collaborating with others. The City will need to procure appropriate and adequate resources and utilize resources and assets strategically and economically to accomplish this vision.

The administration has been very active during the fiscal year addressing many of the issues that face the City in order to reduce costs and achieve efficiencies within the government. The pension and OPEB liabilities are two of the greatest costs facing the City. The City was successful in getting legislation passed by the State that allows a municipality to elect to finance benefit obligations using a new Conservation Method as defined in West Virginia Code §8-22-20 and made effective by the passage of Senate Bill No. 544.

The key features of the Conservation Method are the current local pension plans are closed to new employees, new employees are covered in a newly established multiple employer statewide plan-Municipal Police Officers and Firefighters Retirement System, and benefits and expenses in the closed local plan are financed by contributions made to two asset accounts. The benefits are financed on a pay-as-you-go basis from a percentage of employee contributions, state insurance tax allocation, and employer contributions from the General Fund. The second account which is the trust cannot be used to pay benefits and expenses until assets exceed actuarial liabilities. It is funded ongoing by a percentage of employee contributions and state insurance tax allocation. The City Council has passed resolutions closing the police and fire pension local funds to new hires and have elected to join the State plan for new hires in the police and fire departments effective June 1, 2011. The costs for the 2012 year are higher to the City but then it should level out for subsequent years. Half of the 2012 funding came by eliminating 12 positions from the fire department and 10 positions from the police department due to attrition in both departments.

A consultant was commissioned to study deployment and efficiency within the City's Fire Department. The report identified problem areas within the department such as too many stations and trucks, excessive overtime, bad recordkeeping, overworked paramedics, etc. The identified areas are currently being reviewed to determine measures and options to be taken. The City has turned over the operations to one of its fire stations to South Charleston, which should save the City about $750,000 annually.

Another costly liability being addressed is the other post employment benefits. One proposal for reducing not only the City's OPEB liability, but also the amount that is spent from current revenues for health insurance for Medicare-eligible retirees is to shift the insurance liability for those retirees to a private insurance company. In addition, the OPEB liability can be better defined. Another large cost of the OPEB is the City's current policy of allowing trade-in of accumulated sick days upon retirement for insurance premiums. Proposals for elimination of the practice are being discussed. Actuaries are reviewing these proposals and the impact on the City's OPEB liabilities.

The City is in the process of developing a Comprehensive Plan which will focus on improvements to downtown incorporating the vision of where the City should be in the next five to ten years. It will be a blueprint for the next ten years to determine what is needed or missing in our city. The Charleston Area Alliance plans to work with the City on this downtown development plan.

Charleston was one of five capitals in the US chosen to receive renovations for main crossroads downtown provided by the Environmental Protection Agency, the US Department of Housing and Urban Development and the US Department of Transportation. A project by the Partnership for Sustainable Communities called "Greening America's Capitals" is responsible for this much needed improvement to this plaza. Additional funding will be necessary to complete the project.

Another top priority of the administration has been the much needed renovation and expansion of the City's Civic Center. More space is needed to draw large conventional groups and more sports events to Charleston. The administration is applying for a tax incremental financing (TIF) district, allowed under state legislation in 2002, to partially fund the renovations. With the several new construction projects to begin downtown for the Courtyard Marriott, Chase tower renovations, and Ramada renovations, the property taxes generated by the new construction could be dedicated to a specific project within the district. Revenue bonds could be issued secured by the TIF district revenues and other identified revenues. In addition, naming rights for the Civic Center are being considered.

Another large project that has been approved by City Council is the new storm water management plan which is needed to renew the City's National Pollutant Discharge Elimination System permit. Charleston and many other towns and cities across the state are required to map its storm sewers as part of this plan. A consultant has been hired and the mapping is currently being done at a cost of about $1.4 million dollars. The mapping is needed for later stages of the plan such as a system to detect and eliminate illegal discharges into storm sewers. The project will require more engineering staff with an approximate costs of $750,000 annually for the City.

Another cost saving measure attempted was a non-partisan election proposal. An Election Task Force was assigned to examine the proposal to have city election dates coincide with country or state elections as well as the one to make city elections non-partisan. This change would save the city about $200,000 each election year and would also keep voters from interrupting classes in schools where precincts are located. Another proposal being considered is moving city elections to even-numbered nonpresidential years but keeping the current system of party primaries followed by a general election. It is expected a bill will be introduced in council sometime in the next few months.

The City received an "Our Town" grant from the National Endowment for the Arts for $50,000 to create public art policies, guidelines, and promotional programs. This is one of 51 grants awarded nationwide. Over the last ten years, Charleston has taken several steps to create a more vibrant community for the arts and culture with the creation of FestivAll, monthly Art Walks, the Clay Center, investments in several public art projects, and greater promotion of art and artists in the city. During FestivAll this summer, sponsored by the Strong Neighborhoods Task Force, ten artists were chosen to paint murals on piers underneath the interstate bridge. Each mural represents some phase of Charleston history.

Acknowledgements

The CAFR is an example of the Mayor's unwavering belief in, and commitment to, the City's financial accountability. Acknowledgment is given to the Mayor and the governing council for their commitment to sound budgeting and to meeting the financial obligations of the City. This report would not be possible without the support of all City of Charleston departments. The City's continued success directly depends upon their cooperation and support.

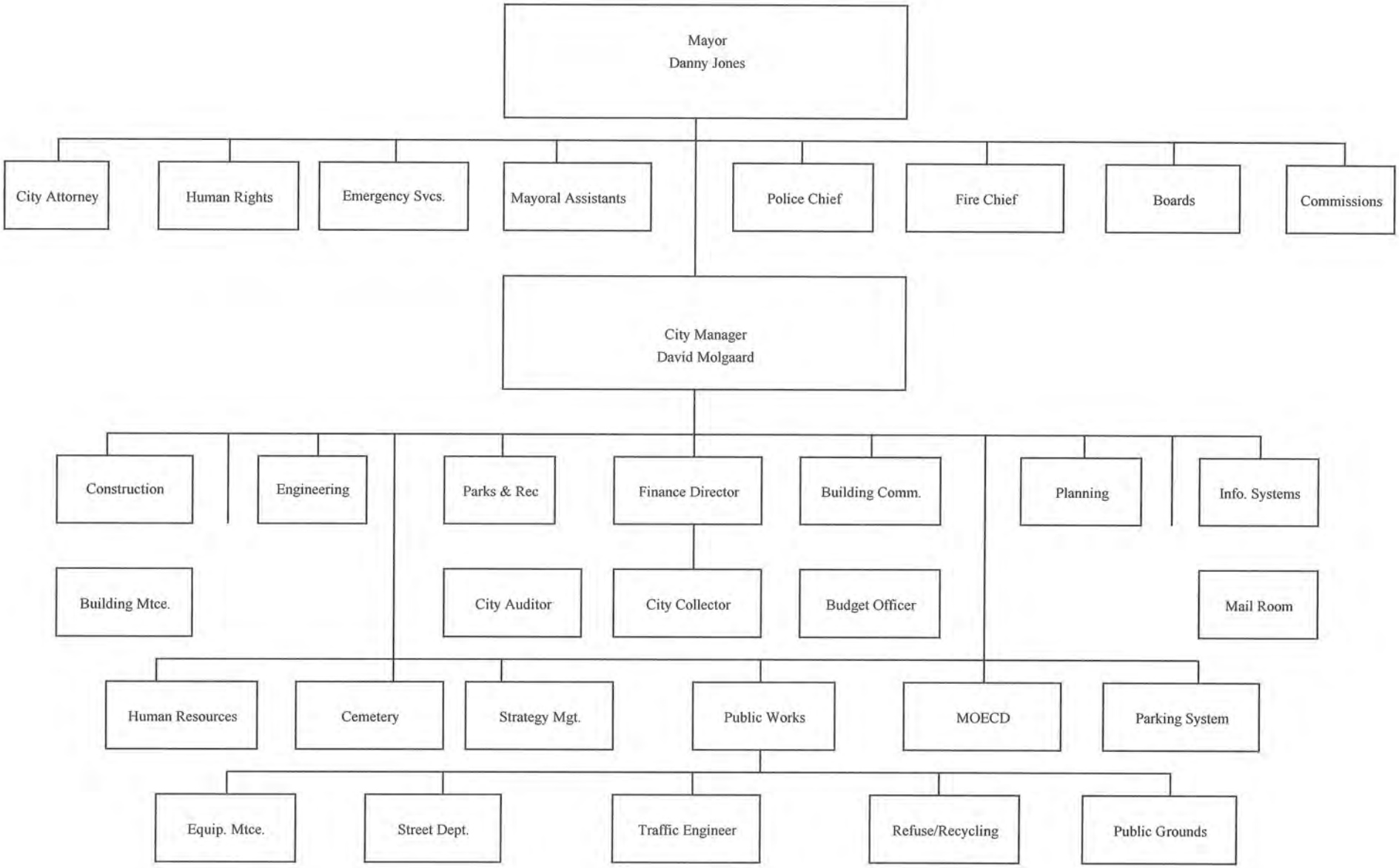
Respectfully submitted,

Brenda J. Lemon

Brenda J. Lemon, CPA
City Auditor (Controller)

CITY OF CHARLESTON

Organizational Chart



CITY OF CHARLESTON, WEST VIRGINIA
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2011

OFFICE	NAME	TERM
	Elective	
Mayor:	Danny Jones	06/21/11 - 06/21/15
Treasurer:	Victor Grigoraci	06/21/11 - 06/21/15
Municipal Judge:	Anne Charnock	06/21/11 - 06/21/15

Council Members

At Large	J. Thomas Lane	Ward 9	Cubert Smith
At Large	Andy Richardson	Ward 10	Robert Sheets
At Large	Jerry L. Ware	Ward 11	Marc Weintraub
At Large	Chris Dodrill	Ward 12	Shannon Snodgrass
At Large	Kasey Russell	Ward 13	Susie Salisbury
At Large	Mary Jean Davis	Ward 14	Jack E. Harrison
Ward 1	Bobby Haas	Ward 15	Courtney Persinger
Ward 2	William Kirk	Ward 16	Samuel Minardi
Ward 3	Joe Deneault	Ward 17	Bobby Reishman
Ward 4	Rev. James Ealy	Ward 18	John Miller, Jr.
Ward 5	Mike Nichols	Ward 19	Rick Burka
Ward 6	Edward Talkington	Ward 20	Brent Burton
Ward 7	Mike Stajduhar	Ward 21	Michael Clowser
Ward 8	Bob White		

Appointive

City Manager:	David Molgaard	Mayor Assistants:	Rod Blackstone Beverly Page
Finance Director:	Joseph Estep		
City Clerk:	James Reishman	City Collector:	Charles Thompson
Attorney:	Paul Ellis Gene Webb III	City Engineer:	Chris Knox
City Auditor:	Brenda J. Lemon, CPA	Economic & Community Development Director:	Brian King

FINANCIAL SECTION

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

State of West Virginia

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Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Charleston
Charleston, West Virginia 25301

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the entity's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charleston Sanitary Board and the Charleston Urban Renewal Authority, which represents 99 percent. 98 percent, and 92 percent, respectively of the assets, net assets, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Charleston Sanitary Board and the Charleston Urban Renewal Authority, is based on the report of the other auditors.

Except as discussed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit, and the report of other auditors, provides a reasonable basis for our opinions.

The financial statements of the Charleston Convention and Visitor's Bureau (CVB) have not been audited. We are engaged to conduct the audit of the CVB as part of our audit of the City of Charleston's basic financial statements. We were unable to complete that audit within the prescribed time for inclusion of audited figures for the CVB into the City of Charleston's basic financial statements. The CVB's financial activities are included in the City of Charleston's basic financial statements as a discretely presented component unit and represent 1 percent, 2 percent, and 8 percent of the assets, net assets, and revenues, respectively, of the City of Charleston's aggregate discretely presented components units.

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the Charleston Convention and Visitor's Bureau's financial statements been audited, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of the City of Charleston, West Virginia, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Further in our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in notes I.D.10, management has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 14 through 26 and the Schedule of Funding Progress on pages 83 and 84 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,

Glen B. Gainer III
West Virginia State Auditor

March 7, 2012

This section of the City of Charleston's Comprehensive Annual Financial Report presents Management's Discussion and Analysis of the City's financial performance during the fiscal year ended June 30, 2011. Please read it in conjunction with the transmittal letter in the Introductory Section of this report and the City's financial statements, which follow this section.

Financial Highlights

The assets of the City of Charleston exceeded its liabilities at the close of the fiscal year by $40,901,584 (*net assets*). Net assets primarily consists of the governments investment in capital assets (230 percent).

The City of Charleston's total net assets decreased over the course of this year's operations by $4,935,669. During the fiscal year, revenues decreased $3,505,617 (3 percent) and expenses decreased $4,659,447 (4 percent). Federal grants and contributions received for the 2011 fiscal year were $5,218,105 (31 percent) less than the prior year. Overall tax revenues increased $1,374,513 (2 percent) and charges for services increased $324,510 (1 percent). Pensions (NPO), other post-employment benefits (OPEB), compensated absences, and claims and judgments expenses, collectively, increased expenses $9,096,345. Capital asset additions decreased $7,339,603 (51 percent) in comparison with prior year.

At the close of the fiscal year the governmental funds, including General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds and Permanent Funds, had combined ending fund balances of $40,989,637, an increase of $3,958,494 from the prior year. This increase for the most part is attributed to a decrease in expenditures of nine percent which compensated for the total two percent decrease in revenues. Total capital outlay expenditures decreased 51 percent in comparison to the prior year, attributable to completion of some larger projects such as the Haddad Riverfront Park, Greenspace, and bridge renovation projects in the prior year.

General Fund unassigned fund balance at the end of the fiscal year was $19,729,491 which equates to 26 percent of total General fund expenditures and 60 percent of total fund balance.

The City of Charleston's total debt decreased $1,624,711 (5 percent). There were no new bond issuances, all general obligation bonds are paid off, and principal payments on all debt exceeded capital lease additions in the amount of $1,624,711.

Overview of the Financial Statements

This annual report consists of four parts-*Management's Discussion and Analysis* (this section), the *Basic Financial Statements, Required Supplementary Information,* and *Combining Statements* for Nonmajor Governmental Funds. The basic financial statements include two kinds of statements that present different views of the City.

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the City government reporting the City's operations in more detail than the government-wide statements.

The governmental fund statements tell how general government services like public safety were financed in the short-term as well as what remains for spending.

Proprietary fund statements offer short-term and long-term financial information about the activities the government operates like businesses, such as the Civic Center and Parking System.

Fiduciary fund statements provide information about the financial relationships, like the public safety employees retirement plan, in which the City acts solely as a trustee or agent for the benefit of others to whom the resources in question belong.

The financial statements also include notes that provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information concerning the City's progress in funding its obligations to the citizenry, as well as its employees.

Government-wide financial statements. The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets, the difference between the City's assets and liabilities, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the City, additional nonfinancial factors such as changes in the City's tax base and the condition of the City's roads must be considered.

The government-wide financial statements of the City are divided into three categories:

Governmental activities - Most of the City's basic services are included here, such as public safety, street maintenance, culture and recreation, and general administration. Business and occupation taxes, property taxes, and other taxes, charges for services, such as licenses, permits, inspection and refuse fees, and grants finance most of these activities.

Business-type activities - These are self-contained enterprise activities that are segregated from the general governmental activities. Revenues from fees derived from these services are not used to support other governmental activities, but remain entirely within the enterprise. The City's Civic Center and Parking System are included here.

Component units - The City includes four other entities in its report: The City of Charleston Sanitary Board, Charleston Urban Renewal Authority, Charleston Convention and Visitor's Bureau, and Charleston Building Commission. Although legally separate, these "component units" are important because the City is financially accountable for them.

The government-wide financial statements can be found on pages 28 through 31 of this report.

Fund financial statements. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and by bond covenants. The City Council establishes other funds to control and manage money for a particular purpose (like the City Service Fee Project Fund) or to show it is properly using certain grants (like aid from the U.S. Department of Housing and Urban Development).

GASB Statement No. 54 provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted, committed, assigned, and unassigned. Additional information on the City's fund balance can be found in Note 1 in the notes to the financial statements.

The City has three types of funds:

Governmental funds -most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view as to whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental fund statements, or on the subsequent page, that explains the relationship (or differences) between them.

The basic governmental fund financial statements can be found on pages 33 through 40 of this report.

Proprietary funds -Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. The government's policy is to establish fees designed to recover the cost of providing the services. In addition, the Parking System is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Consequently, GAAP requires the Civic Center and Parking System be reported as Enterprise Funds. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information.

The basic Proprietary Fund financial statements can be found on pages 42 through 46 of this report.

Fiduciary funds - The City is the trustee, or fiduciary, for its employees' pension plans. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The basic Fiduciary Fund financial statements can be found on pages 48 and 49 of this report.

Financial Analysis of the City as a Whole

Net Assets. The City's combined net assets reflect a ten percent decrease between fiscal years 2011 and 2010. Overall revenues decreased three percent in the amount of $3,505,617. Grants and contribution revenue decreased $5,218,105 (31 percent), primarily due to one-time grants, including ARRA grants. Some of the projects, such as the Haddad Riverfront Park, associated with these grants and contributions were completed, for the most part, in the prior year. However, taxes and charges for services revenue increased two percent over prior year in the amount of $1,699,023. The City's total expenses decreased four percent which offset some of the revenue decline. However, the government's operational expenses increased three percent. Personnel costs, which include salaries and benefits, increased two percent over prior year. Salaries and wages remained constant due to no across-the-board salary increases and reductions in fire and police positions through attrition and a hiring freeze. However, medical insurance and workers comp increased 13 percent and 25 percent, respectively. Other expenses for pension obligations, OPEB, compensated absences, and claims and judgments increased overall in the amount of $9,096,345.

The impact of the pension obligation expense increase of $7,320,198 was 33 percent less than prior year due to pension plan changes and new actuarial valuations required with the major change. The claims and judgments expense was less than prior year due to the reduction in the aggregate annual loss fund for the liability insurance of $1,000,000 since the City's claims history reflected no major charges in five years.

Although the net assets of our business-type activities increased to $15,280,890 (5 percent), these resources cannot be used to reduce the unrestricted net asset deficit in governmental activities.

CITY OF CHARLESTON'S NET ASSETS

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	$ 51,219,014	$ 46,395,009	$ 4,485,406	$ 3,906,140	$ 55,704,420	$ 50,301,149
Capital assets	95,279,098	96,308,581	22,911,175	23,678,556	118,190,273	119,987,137
Total assets	146,498,112	142,703,590	27,396,581	27,584,696	173,894,693	170,288,286
Long-term liabilities outstanding	104,182,676	92,499,719	10,128,727	11,388,616	114,311,403	103,888,335
Other liabilities	16,694,742	18,845,437	1,986,964	1,717,261	18,681,706	20,562,698
Total liabilities	120,877,418	111,345,156	12,115,691	13,105,877	132,993,109	124,451,033
Net Assets:						
Invested in capital assets, net of related debt	82,874,654	83,612,718	11,453,846	11,045,766	94,328,500	94,658,484
Restricted	21,260,146	8,954,706	2,010,685	1,987,636	23,270,831	10,942,342
Unrestricted	(78,514,106)	(61,208,990)	1,816,359	1,445,417	(76,697,747)	(59,763,573)
Total net assets	$ 25,620,694	$ 31,358,434	$ 15,280,890	$ 14,478,819	$ 40,901,584	$ 45,837,253

Governmental activities. Governmental activities decreased the City of Charleston's net assets by $5,737,740 thereby accounting for the total decrease in the net assets. Total governmental capital assets decreased due to less capital outlay and normal disposals during the 2011 fiscal year. The large governmental liabilities of compensated assets, net pension obligations, other post employment obligations, and claims and judgments continue to rise with a ten percent increase, collectively, over the prior year. The two major liabilities for NPO and OPEB increased $7,320,198 (9 percent) and $2,445,212 (47 percent), respectively. The pension plan changes made at the latter part of the fiscal year had a significant impact on this liability since the funding method was changed to a pay-as-you-go one, a new actuary was engaged, and a lower discount rate of five percent was used versus seven percent in previous valuations. The OPEB is funded on a pay-as-you-go method and this liability continues to rise.

Revenues decreased $3,699,149 (4 percent) over prior year. This is primarily attributable to a $5,637,046 (34 percent) decrease in grants and contributions. HUD grants decreased due to reductions in allocations and a $703,696 reduction in one-time ARRA grants. In addition, a one-time U.S. Business Administration grant and contributions received for the Haddad Riverfront Park decreased 94 percent from prior year since the project was basically completed in the 2010 fiscal year. The remainder of the grant in the amount of $96,507 and contributions of $78,455 were spent in the 2011 year. However, charges for services increased $572,139 (2 percent) over prior year. Rents from a City owned office building increased 1.66 percent over 2010 due to rental of the fourth floor by a law firm. The third floor renovations will be completed shortly and that space is already rented. The building will then be at full occupancy under long-term leases. In addition, the City has begun receiving royalties from the new methane-fueled plant which converts gas to electricity at the landfill. City service fee collections increased one percent over prior year due to more oversight by the collector's office. Overall tax revenues increased $1,374,513 (2 percent). Business and Occupation taxes, the City's principal revenue source, increased two percent over prior year and utility taxes increased thirteen percent as a result of continued increases in electricity and other utility costs. Other taxes remained stable with minor increases or decreases over prior year.

Governmental Activities expense decreased $4,423,750 (4 percent) over prior year. General government expense increased $2,750,209 (23 percent) over prior year. Operational expense overall increased three percent over prior year. Salaries increased minimally since there were no across-the-board raises for the fiscal year 2011 and a reduction in policemen and firemen due to attrition and a hiring freeze. Workers' comp expense increased 25 percent and medical expense increased 13 percent over prior year. Employer retirement expense to PERS increased 13 percent due to required percentage increases after the fund experienced significant loss from the market decline as a result of the recession. Public Safety expense decreased five percent over prior year due to a reduction in police grants and less increase in the net pension obligation due to the pension changes. Street and transportation expense decreased $1,735,313 (13 percent) due to more capital projects and less repair costs. Health and sanitation costs increased two percent. Culture and recreation remained in line with the prior year and social service expense decreased 15 percent due to less activity in the Human Rights department. Economic development costs decreased 49 percent due to reduction in grants received of 14 percent.

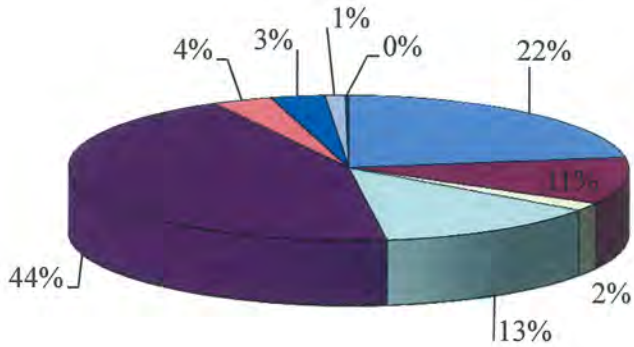
City of Charleston's Changes in Net Assets

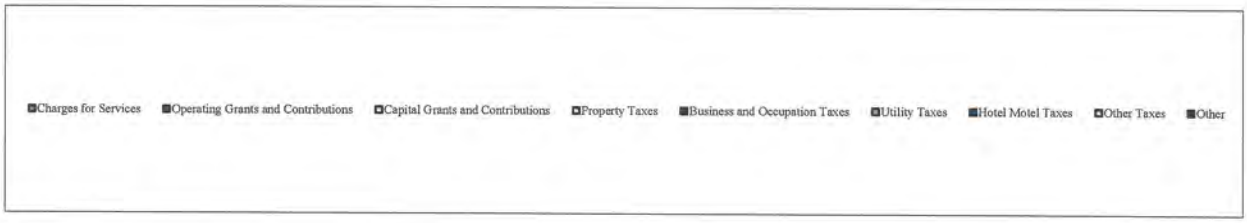
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	$ 19,699,952	$ 19,127,813	$ 6,206,441	$ 6,454,070	$ 25,906,393	$ 25,581,883
Operating Grants and Contributions	9,199,315	8,743,137	-	-	9,199,315	8,743,137
Capital Grants and Contributions	1,561,603	7,654,827	439,181	20,240	2,000,784	7,675,067
General Revenues:						
Property Taxes	11,548,479	11,438,498	-	-	11,548,479	11,438,498
Business & Occupation Taxes	38,852,038	37,874,423	-	-	38,852,038	37,874,423
Other Taxes	6,820,889	6,533,972	-	-	6,820,889	6,533,972
Other	189,270	198,025	44,465	22,245	233,735	220,270
Total Revenues	87,871,546	91,570,695	6,690,087	6,496,555	94,561,633	98,067,250
Expenses:						
General Government	14,678,134	11,927,925	-	-	14,678,134	11,927,925
Public Safety	48,939,715	51,702,101	-	-	48,939,715	51,702,101
Highways & Streets	11,247,814	12,983,127	-	-	11,247,814	12,983,127
Health & Sanitation	5,738,852	5,583,600	-	-	5,738,852	5,583,600
Economic Development	2,767,138	5,428,332	-	-	2,767,138	5,428,332
Culture & Recreation	7,296,468	7,235,426	-	-	7,296,468	7,235,426
Social Services	726,284	858,632	-	-	726,284	858,632
Interest on Long-Term Debt	680,588	779,600	-	-	680,588	779,600
Civic Center	-	-	4,553,220	4,769,531	4,553,220	4,769,531
Parking System	-	-	2,869,089	2,888,475	2,869,089	2,888,475
Total Expenses	92,074,993	96,498,743	7,422,309	7,658,006	99,497,302	104,156,749
Increase in Net Assets Before Transfers	(4,203,447)	(4,928,048)	(732,222)	(1,161,451)	(4,935,669)	(6,089,499)
Transfers	(1,534,293)	(1,540,897)	1,534,293	1,540,897	-	-
Increase in Net Assets	(5,737,740)	(6,468,945)	802,071	379,446	(4,935,669)	(6,089,499)
Net Assets- beginning-restated	31,358,434	37,827,379	14,478,819	14,099,373	45,837,253	51,926,752
Net Assets- ending	$ 25,620,694	$ 31,358,434	$ 15,280,890	$ 14,478,819	$ 40,901,584	$ 45,837,253

Business-type activities. Total net assets of the City's business-type activities increased five percent ($802,071) over prior year restated. Operating revenues decreased three percent in comparison to prior year. The Parking System actually increased one percent and the Civic Center experienced a ten percent decrease in revenues. The Parking System parking meter revenues and parking violations increased three percent and four percent, respectfully, due to aggressive enforcement, booting of vehicles after five violations outstanding, and regular meter maintenance so that they read accurately. In addition, all of the parking garages are full with waiting lists. The Civic Center decline in revenues is due to lack of concert and convention business. The operating expenses for the Civic Center were down two percent, which correlates with less concert and convention business since less irregular part time labor and supplies for cleaning are necessary. The Parking System expenses increased minimally.

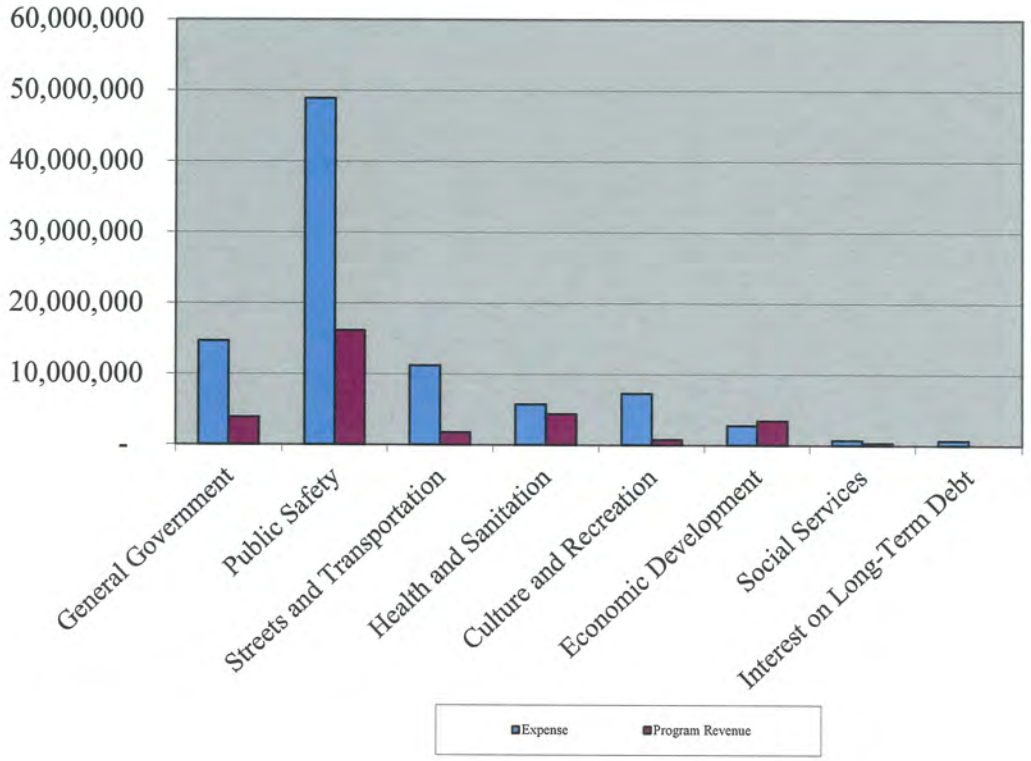
The Civic Center total net assets decreased $498,537 (9 percent). The Touring industry has been down for two years due to the downturn in the economy. The Parking System net assets increased $1,300,608 (14 percent). Total debt interest expense for these proprietary funds has realized a 14 percent reduction due to refunding of debt in prior years.

Revenue by Source-Governmental Activities

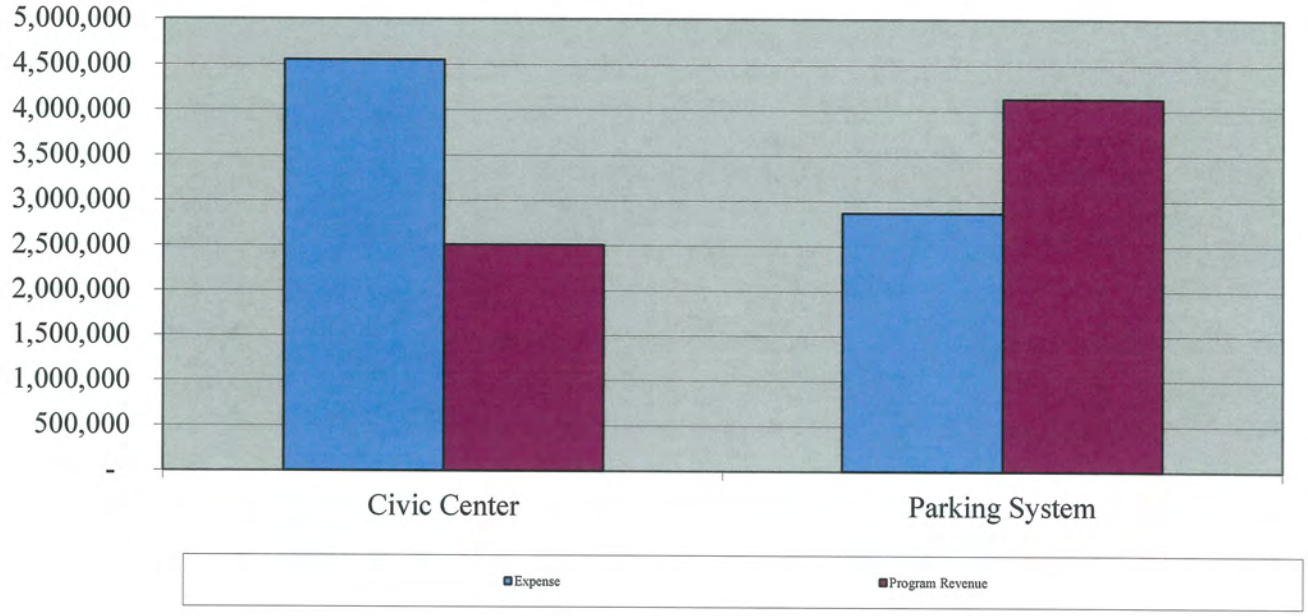




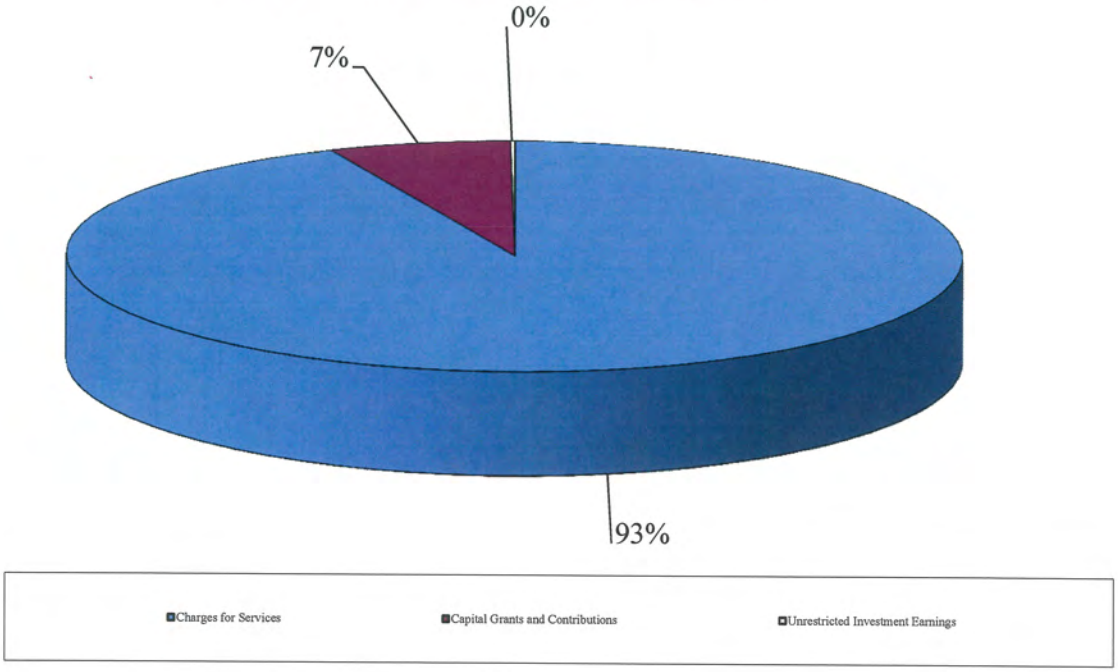
Expenses and Program Revenues-Governmental Activities



Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



Financial Analysis of the Government's Funds

The City of Charleston uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Charleston's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the government's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Charleston's Governmental Funds reported combined ending fund balances of $40,989,637, an increase of $3,958,494 in comparison with the prior year. Revenues were down two percent and expenses were down nine percent. In the fiscal year 2010, capital outlays were twice as much as 2011 due to big projects and, in addition, four bonds were refunded. Approximately 48 percent of this fund balance ($19,729,491) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable for prepaid items and permanent fund corpus ($1,715,598); restricted by external grants, contributors, and laws ($4,676,228); committed by the government's council ($11,473,916); and assigned by the governments council or administrative officials ($3,394,404).

The General Fund is the chief operating fund of the City of Charleston. At the end of the current fiscal year, unassigned fund balance of the General Fund was $19,729,491, while total fund balance reached $32,766,038. The General Fund beginning fund balance at July 1, 2010 was restated due to the implementation of GASB 54. Several special revenue funds no longer qualified as such and have been included within the General Fund as described in detail in Note IV. H. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26 percent of total General Fund expenditures, while total fund balance represents 43 percent of that same amount.

The fund balance of the City of Charleston's General Fund increased significantly by $17,583,442 with the implementation of GASB 54. Otherwise the fund remained stable with minimal increase. The additional fund balance included with the implementation was $16,605,029 of which $8,031,156 is assigned and the remainder is unassigned.

Expenditures increased $869,780, (1 percent) in comparison to prior year attributable for the most part to increased medical and workers comp expenditures by 13 and 25 percent, respectively. Salaries remained fairly constant due to no across-the-board budgetary increase and a reduction in the total policemen and firemen. Capital outlays were decreased twenty-three percent for the 2011 fiscal year. A fire engine with a cost of $400,000 was not purchased as anticipated in the budget and one refuse recycling truck with a cost of $112,000 was purchased with state grant funds.

The Coal Severance Tax Fund receives coal severance tax distributed from the State of West Virginia collections. These revenues are dedicated to the Civic Center bond debt service. Coal severance tax revenue increased five percent over the prior year because coal exports were higher and coal production and prices were up compared to the 2010 fiscal year. The Community Development and HOME Funds are funded totally by HUD federal grants for community development. The grant revenues recognized were $293,819 (11 percent) less in comparison to prior year attributable to decreased grant allocations and the greater portion of the ARRA grants were received in the prior year.

Proprietary funds. The City of Charleston's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of these two funds have already been addressed in the discussion of the City of Charleston's Business-type Activities.

General Fund Budgetary Highlights

The City periodically revises the budget throughout the year to recognize projects carried over from the previous year, grants, and contributions received for various projects, and to adjust budgets to reflect actual circumstances. Appropriations between the original budget and the final amended budget reflected an increase of ten percent ($8,438,883). The most significant can be briefly summarized as follows:

Legal expenses were increased $1,700,000 to provide a reserve for court costs and damages for general liability claims. The City has adopted the policy of carrying forward any remaining budgeted funds at year-end to have the additional reserve in place to provide for any unforeseen circumstances. Therefore, this tends to be a rolling balance.
Engineering remaining budgeted funds for storm water projects in the amount of $685,000 were carried forward for continuance of the projects that were not completed by the 2010 fiscal year-end.

The Mayor's incentive funds for economic activity related to conventions and tourism were increased approximately $200,000.

Planning Department professional services were increased for planned services for the Comprehensive Plan which is a master plan of where the government would like the City to be in five to ten years. The Street Department professional services were increased by $100,000 in conjunction with the GIS mapping plan.

Capital projects costs were increased approximately $566,212 to carry over remaining lease funding for vehicle and equipment purchases.

City Manager professional services remaining budgeted funds in the amount of $500,000 were carried forward for various contracted services that were not completed by the 2010 fiscal year-end.

Amendments were made to recognize savings from medical insurance and the transfer of the savings to the Health Reserve Fund ($2,208,363) and transfers from remaining fund balance in the amount of $2,340,736. This money is committed to healthcare budgetary shortfalls and OPEB liabilities.

All amendments were budgeted from available fund balance and increases in various charges for services, grants, insurance proceeds, and contributions. For the fiscal year 2011 General Fund revenues were less than budgetary estimates and expenditures were less than budgetary estimates.

The City's general fund balance of $32,766,038 differs from the general fund's budgetary fund balance of $6,092,184 reported in the budgetary financial statement principally because budgetary fund balance excludes accrual of business and occupation taxes. The total business and occupation tax accrual in the amount of $10,068,824 has not been reappropriated for budgetary purposes, only actual cash collections are budgeted each fiscal year. In addition, a significant difference of $16,605,029 is included in the General Fund due to the implementation of GASB 54 which dictates inclusion of several special revenue funds; however, it is not included for budgetary purposes.

Capital Asset and Debt Administration

Capital Assets. The City of Charleston's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to $118,190,273 (net of accumulated depreciation). This investment in capital assets includes land, building and system, machinery and equipment, park and other recreational facilities, roads, bridges and other infrastructure, parking building lighting and renovations, and civic center renovations.

Major capital asset events during the current fiscal year included the following:

Several projects were completed during the fiscal year, including Haddad Riverfront Park, green space, bridge replacements, Morris Building office renovations, and others in the total amount of $1,324,245.

A variety of projects for the Riverfront, renovations, bridge and retaining walls, and storm water project, and parking system lighting upgrade was remaining in construction in progress as of the end of the current fiscal year in the amount of $1,473,933.

City of Charleston's Capital Assets
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	$ 8,872,359	$ 8,872,359	$ 4,366,447	$ 4,366,447	$ 13,238,806	$ 13,238,806
Construction in Progress	1,117,064	8,974,151	356,869	216,231	1,473,933	9,190,382
Buildings & Improvements	28,952,164	29,735,108	17,333,035	18,086,648	46,285,199	47,821,756
Other Improvements	11,547,773	6,782,117	416,740	427,248	11,964,513	7,209,365
Machinery & Equipment	9,233,728	9,011,815	438,084	581,982	9,671,812	9,593,797
Infrastructure	35,556,010	32,933,031	-	-	35,556,010	32,933,031
Total	$ 95,279,098	$ 96,308,581	$ 22,911,175	$ 23,678,556	$ 118,190,273	$ 119,987,137

Additional information on the City of Charleston's capital assets can be found in Note IV.C. on pages 64 through 65 of this report.

Long-term debt. At the end of the current fiscal year, the City of Charleston had no general obligation bonded debt outstanding. The remainder of the City of Charleston's bonded debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

City of Charleston's Outstanding Debt
General Obligation and Revenue Bonds

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	$ -	$ -	$ -	$ -	$ -	$ -
Revenue Bonds	3,339,478	3,664,899	11,457,329	12,668,472	14,796,807	16,333,371
Total	$ 3,339,478	$ 3,664,899	$ 11,457,329	$ 12,668,472	$ 14,796,807	$ 16,333,371

State statutes limit the amount of general obligation debt a governmental entity may issue to five percent of its total assessed valuation. The current debt limitation for the City of Charleston is $144,180,795. The City currently has no general obligation bonds outstanding.

Additional information on the City of Charleston's long-term debt can be found in Note IV.F. on pages 67 through 70 of this report.

Economic Factors and Next Year's Budget

Many factors are considered each year by the City Council in its efforts to establish an operating budget, to evaluate its personnel needs, and to develop fees that are fair, reasonable, and adequately recover costs. Some of the major factors considered in this process are the local economy, labor force, unemployment rate, and inflation rates.

The unemployment rate remained high during June at 7.6 percent; however, it was less than the United States at 9.2 percent and the State at 8.5 percent. The average for the past twelve months was 8.3 percent and is currently at 7.2 percent. The last twelve months reflected decreases in the labor market for manufacturing (-3.8 percent) and government (-0.7 percent). Increases were reflected in mining and construction (16.9 percent), professional services (1.9 percent), education and health (4.3 percent), leisure and hospitality (0.8 percent), and the remaining sectors experienced no change.

The occupancy rate of the government's central business district has remained at 85 to 90 percent for the past several years. According to a recent real estate broker survey the city's five "Class A" office towers have a current occupancy rate of 94 percent. These office towers represent the best space available in Charleston.

Inflationary trends in the region compare favorably to national indices.

In March 2011, the City of Charleston approved a balanced budget for the fiscal year 2012, with General Fund appropriations of $81,950,858. The budget was approved with no city employee raises for the second consecutive year; reduction of twelve firefighters and six police officers; a decrease in medical insurance since some savings has been realized with the City clinic and wellness programs; and a decrease in liability insurance due to a positive claims history.

Requests for Information

This financial report is designed to provide a general overview of the City of Charleston's finances for all those with an interest in government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Controller (City Auditor), 501 Virginia Street, East, P.O. Box 2749, Charleston, WV 25330.

CITY OF CHARLESTON, WEST VIRGINIA
THE GOVERNMENT-WIDE STATEMENTS

The government-wide financial statements are presented on pages 28 through 31. A brief description of the City's discretely presented component units follows since these component units are presented only on these government-wide statements.

City of Charleston Sanitary Board is composed of a board and is a discretely presented component unit of the City. The Sanitary Board is responsible for governing the activity associated with providing sanitary sewerage services.

Charleston Urban Renewal Authority is composed of a separate board and is a discretely presented component unit of the City. The Authority is responsible for developing commercial property within the City.

City of Charleston Convention and Visitor's Bureau, Inc. was established in 1979 as a nonprofit corporation, is composed of a board and is a discretely presented component unit of the City. The primary purpose of the bureau is to operate a convention and visitors bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences, and conventions.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS
June 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau (Unaudited)
ASSETS						
Current assets:						
Cash & cash equivalents	$ 24,387,428	$ 1,975,044	$ 26,362,472	$ 5,738,937	$ 5,845,293	$ 631,272
Investments	1,772,328	--	1,772,328	--	--	--
Receivables:						
Accounts	3,432,177	119,467	3,551,644	962,048	--	224,013
Accrued interest	9,034	--	9,034	--	647	--
Taxes	12,135,178	--	12,135,178	--	--	--
Rents	--	--	--	--	3,098	--
Other	--	--	--	1,688	--	6,010
Loans	5,415,005	--	5,415,005		2,922,643	--
Grants	878,040	4,036	882,076	--	10,652	--
Internal balances	(44,711)	44,711	--	--	--	--
Due from:						
Component units	43,738	--	43,738	--	--	--
Inventory, at cost	--	--	--	638,265	--	81
Construction project deposit	--	--	--	--	129,120	--
Prepaid insurance and lease	599,086	156,390	755,476	167,280	--	1,938
Deferred charges	--	6,245	6,245	12,186	--	--
Restricted assets:						
Regular account	--	301,610	301,610	1,884,359	--	--
Reserve account	--	--	--	5,094,145	--	--
Renewal and replacement	--	--	--	6,875,645	--	--
Reserve for bond retirement	--	572,244	572,244	--	--	--
Restricted cash	2,526,228	--	2,526,228	--	--	--
Reserve for construction	--	--	--	39,679	--	--
Reserve for health care	--	--	--	1,491,585	--	--
Customer deposits	--	91,186	91,186	--	--	--
Total current assets	51,153,531	3,270,933	54,424,464	22,905,817	8,911,453	863,314
Noncurrent assets						
Restricted:						
Revenue bond covenant accounts	--	1,136,831	1,136,831	--	--	--
Deferred charges	65,483	77,642	143,125	28,047	--	--
Capital assets not being depreciated:						
Land	8,872,359	4,366,447	13,238,806	1,524,405	6,460,656	--
Construction in progress	1,117,064	356,869	1,473,933	8,758,816	--	--
Capital assets being depreciated:						
Buildings and improvements	66,787,291	65,721,700	132,508,991	32,008,301	39,378	--
Vehicles	18,375,538	--	18,375,538	--	--	--
Infrastructure	87,423,539	--	87,423,539	--	--	--
Transmission and distribution	--	--	--	104,218,230	--	--

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau (Unaudited)
Machinery & equipment	$ 15,949,623	$ 2,112,432	$ 18,062,055	$ 6,507,583	$ 18,747	$ 253,975
Leasehold improvements	--	--	--	--	--	146,545
Less: accumulated depreciation	(103,246,316)	(49,646,273)	(152,892,589)	(54,991,732)	(25,671)	(293,551)
Total capital assets	95,279,098	22,911,175	118,190,273	98,025,603	6,493,110	106,969
Total noncurrent assets	95,344,581	24,125,648	119,470,229	98,053,650	6,493,110	106,969
Total assets	$ 146,498,112	$ 27,396,581	$ 173,894,693	$ 120,959,467	$ 15,404,563	$ 970,283
LIABILITIES						
Current liabilities:						
Current liabilities payable from current assets:						
Accounts payable	2,331,692	218,602	2,550,294	1,377,603	7,941	14,126
Payroll payable	935,077	48,154	983,231	116,261	6,142	463
Other accrued expenses	21,817	22,431	44,248	49,960	5,886	--
Solicitation bonds payable	25,510	--	25,510	--	--	--
Compensated absences payable	--	--	--	169,757	--	1,515
Benefits payable	99,604	64,556	164,160	--	--	--
Reserve for future insurance claims	787,276	--	787,276	--	--	--
Due to:						
Primary government	--	--	--	43,738	--	--
Current liabilities payable from restricted assets:						
Accrued bond interest payable	11,120	74,960	86,080	611,265	--	--
Accrued capital lease interest payable	100,494	--	100,494	--	--	--
Customer deposits	--	37,762	37,762	--	--	--
Deferred revenues:						
Unearned revenue	5,409,112	--	5,409,112	--	58,491	--
Due within one year	6,973,040	1,520,499	8,493,539	2,624,655	46,298	--
Total current liabilities	16,694,742	1,986,964	18,681,706	4,993,239	124,758	16,104
Noncurrent liabilities:						
Due in more than one year	104,182,676	10,128,727	114,311,403	61,694,274	--	--
Total noncurrent liabilities	104,182,676	10,128,727	114,311,403	61,694,274	--	--
Total liabilities	120,877,418	12,115,691	132,993,109	66,687,513	124,758	16,104

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2011

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau (Unaudited)
NET ASSETS						
Invested in capital assets, net of related debt	$ 82,874,654	$ 11,453,846	$ 94,328,500	$ 34,089,705	$ 6,493,110	$ 106,969
Restricted for:						
General government	11,889,616	--	11,889,616	--	--	--
Debt service	292,682	2,010,685	2,303,367	13,854,149	--	--
Capital projects	3,375,319	--	3,375,319	--	--	--
Community development projects	513,697	--	513,697	--	--	--
Public safety and streets	528,708	--	528,708	--	--	--
Health and sanitation	2,749,472	--	2,749,472	--	--	--
Social services	45,574	--	45,574	--	--	--
Perpetual care:						
Expendable	748,567	--	748,567	--	--	--
Nonexpendable	1,116,511	--	1,116,511	--	--	--
Unrestricted	(78,514,106)	1,816,359	(76,697,747)	6,328,100	8,786,695	847,210
Total net assets	$ 25,620,694	$ 15,280,890	$ 40,901,584	$ 54,271,954	$ 15,279,805	$ 954,179

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

		Program Revenues			Net (Expense) Revenues and Changes in Net Assets					
					Primary Government			Component Units		
Functions / Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
Primary government:										
Governmental activities:										
General government	$ 14,678,134	$ 3,485,637	$ 348,330	$ 53,716	$ (10,790,451)	$ --	$ (10,790,451)	$ --	$ --	$ --
Public safety	48,939,715	10,110,851	5,750,737	311,300	(32,766,827)	--	(32,766,827)	--	--	--
Streets and transportation	11,247,814	1,687,280	--	73,276	(9,487,258)	--	(9,487,258)	--	--	--
Health and sanitation	5,738,852	4,202,709	81,602	99,800	(1,354,741)	--	(1,354,741)	--	--	--
Culture and recreation	7,296,468	101,352	192,700	478,333	(6,524,083)	--	(6,524,083)	--	--	--
Interest on long-term debt	680,588	--	--	--	(680,588)	--	(680,588)	--	--	--
Social services	726,284	112,123	217,588	--	(396,573)	--	(396,573)	--	--	--
Economic development	2,767,138	--	2,608,358	545,178	386,398	--	386,398	--	--	--
Total governmental activities	92,074,993	19,699,952	9,199,315	1,561,603	(61,614,123)	--	(61,614,123)	--	--	--
Business-type activities:										
Civic Center	4,553,220	2,503,899	--	9,405	--	(2,039,916)	(2,039,916)	--	--	--
Parking System	2,869,089	3,702,542	--	429,776	--	1,263,229	1,263,229	--	--	--
Total business-type activities	7,422,309	6,206,441	--	439,181	--	(776,687)	(776,687)	--	--	--
Total primary government	$ 99,497,302	$ 25,906,393	$ 9,199,315	$ 2,000,784	(61,614,123)	(776,687)	(62,390,810)	--	--	--
Component units:										
Sanitary Board	15,937,589	17,911,932	--	--				1,974,343	--	--
Urban Renewal Authority	764,318	745,629	8,521	--				--	(10,168)	--
Convention & Visitor's Bureau	1,445,395	9,500	1,476,666	--				--	--	40,771
Total component units	$ 18,147,302	$ 18,667,061	$ 1,485,187	$ --				1,974,343	(10,168)	40,771
General revenues:										
Ad valorem property taxes					11,548,479	--	11,548,479	--	--	--
Business & occupation tax					38,852,038	--	38,852,038	--	--	--
Alcoholic beverages tax					821,111	--	821,111	--	--	--
Utility services tax					3,055,717	--	3,055,717	--	--	--
Hotel occupancy tax					2,745,140	--	2,745,140	--	--	--
Amusement tax					150,312	--	150,312	--	--	--
Other taxes					48,609	--	48,609	--	--	--
Unrestricted investment earnings					78,352	11,416	89,768	55,633	137,402	1,921
Gain on sale of capital assets					110,918	33,049	143,967	--	--	--
Miscellaneous					--	--	--	121,834	--	--
Transfers					(1,534,293)	1,534,293	--	--	--	--
Total general revenues and transfers					55,876,383	1,578,758	57,455,141	177,467	137,402	1,921
Change in net assets					(5,737,740)	802,071	(4,935,669)	2,151,810	127,234	42,692
Net assets - beginning (Restated - Note IV.J.)					31,358,434	14,478,819	45,837,253	52,120,144	15,152,571	911,487
Net assets - ending					$ 25,620,694	$ 15,280,890	$ 40,901,584	$ 54,271,954	$ 15,279,805	$ 954,179

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

THE CITY OF CHARLESTON

WEST VIRGINIA

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND FINANCIAL STATEMENTS

Major Funds

General Fund This fund is used as the City's operating fund. It accounts for the financial resources and transactions that are not accounted for in other funds. The revenues are from taxes and other general revenues.

Coal Severance Tax Fund This special revenue fund accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State of West Virginia requires this fund to be presented separately for budgetary compliance requirements.

Community Development Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities," which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low-and moderate-income people.

HOME Fund This fund accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

Nonmajor governmental funds are presented in aggregate and then by fund type beginning on page 85.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 19,624,165	$ 74,371	$ 2,447	$ 10,275	$ 4,676,170	$ 24,387,428
Investments	--	--	--	--	1,772,328	1,772,328
Receivables:						
Taxes	12,135,178	--	--	--	--	12,135,178
Accounts	3,021,336	--	--	--	410,841	3,432,177
Grants	317,542	--	185,608	29,369	345,521	878,040
Loans	--	--	1,611,102	3,541,886	262,017	5,415,005
Accrued interest	1,596	--	3,971	18	3,449	9,034
Due from:						
Other funds	456,504	--	--	--	92,909	549,413
Component units	16,694	--	--	--	27,044	43,738
Prepaid insurance	599,086	--	--	--	--	599,086
Equity in state treasurer's investment pool	--	--	--	--	1,015,135	1,015,135
Restricted cash	218,305	--	--	--	1,292,788	1,511,093
Total assets	$ 36,390,406	$ 74,371	$ 1,803,128	$ 3,581,548	$ 9,898,202	$ 51,747,655
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	1,080,375	--	118,451	21,555	1,111,311	2,331,692
Payroll payable	935,077	--			--	935,077
Other accrued expenditures	21,817	--	--	--	--	21,817
Solicitation bonds payable	25,510	--	--	--	--	25,510
Benefits payable	99,604	--	--	--	--	99,604
Reserve for future insurance claims	-- 787,276	--	-- --	-- --	--	787,276
Due to:						
Other funds	39,837	--	67,157	7,813	479,317	594,124
Deferred revenue:						
Unearned revenue	81,066	--	1,605,304	3,552,180	170,562	5,409,112
Taxes	553,806	--	--	--	--	553,806
Total liabilities	3,624,368	--	1,790,912	3,581,548	1,761,190	10,758,018
Fund balances:						
Nonspendable	599,087	--	--	--	1,116,511	1,715,598
Restricted	981,788	--	12,216	--	3,682,224	4,676,228
Committed	8,061,268	74,371	--	--	3,338,277	11,473,916
Assigned	3,394,404	--	--	--	--	3,394,404
Unassigned	19,729,491	--	--	--	--	19,729,491
Total fund balances	32,766,038	74,371	12,216	--	8,137,012	40,989,637
Total liabilities and fund balances	$ 36,390,406	$ 74,371	$ 1,803,128	$ 3,581,548	$ 9,898,202	$ 51,747,655

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

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2011

Total fund balances on the governmental fund's balance sheet	$	40,989,637
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. (Note IV.C.)		95,279,098
Deferral of bond issuance cost which is amortized over the life of the bonds is not reported in the funds.		65,483
Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds. (Note IV.B.)		553,806
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note II.A).		(111,267,330)
Net assets of governmental activities	$	25,620,694

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes:						
Ad valorem property taxes	$ 11,533,634	$ --	$ --	$ --	$ 3,000	$ 11,536,634
Business & occupation tax	38,852,038	--	--	--	--	38,852,038
Alcoholic beverages tax	821,111	--	--	--	--	821,111
Utility services tax	3,055,717	--	--	--	--	3,055,717
Hotel occupancy tax	2,745,140	--	--	--	--	2,745,140
Animal tax	6,356	--	--	--	--	6,356
Gas and oil severance tax	42,253	--	--	--	--	42,253
Amusement tax	150,312	--	--	--	--	150,312
Licenses and permits	1,624,147	--	--	--	--	1,624,147
Intergovernmental:						
Federal	176,354	--	1,505,142	875,234	2,742,027	5,298,757
State	3,662,740	269,586	--	--	--	3,932,326
Charges for services	13,014,641	--	--	--	4,157,390	17,172,031
Fines and forfeits	--	--	--	--	865,220	865,220
Interest and investment earnings	80,297	55	--	--	230,269	310,621
Reimbursements	1,276,371	--	--	--	83,796	1,360,167
Payments in lieu of taxes	78,958	--	--	--	--	78,958
Contributions and donations	362,670	--	--	--	151,884	514,554
Miscellaneous	389,910	--	248	--	11,664	401,822
Total revenues	77,872,649	269,641	1,505,390	875,234	8,245,250	88,768,164
EXPENDITURES						
Current:						
General government	14,908,358	--	--	--	190,290	15,098,648
Public safety	39,106,933	--	--	--	2,151,543	41,258,476
Streets and transportation	9,282,021	--	--	--	1,532	9,283,553
Health and sanitation	4,600,930	--	--	--	1,099,118	5,700,048
Culture and recreation	6,153,230	--	--	--	73,727	6,226,957
Social services	741,304	--	--	--	24,094	765,398
Economic development	4,352	--	1,581,282	875,234	1,156,043	3,616,911
Debt service:						
Principal	501,861	--	--	--	195,000	696,861
Interest	370,177	--	--	--	134,091	504,268
Refunding debt issuance costs	--	--	--	--	--	--
Capital outlay:						
Highways and streets	--	--	--	--	2,583,511	2,583,511
Total expenditures	75,669,166	--	1,581,282	875,234	7,608,949	85,734,631
Excess (deficiency) of revenues over (under) expenditures	2,203,483	269,641	(75,892)	--	636,301	3,033,533
OTHER FINANCING SOURCES (USES)						
Transfers in	3,322,725	--	--	--	3,800,812	7,123,537
Transfers (out)	(4,311,018)	(267,692)	--	--	(4,052,054)	(8,630,764)
Bonds issued	--	--	--	--	--	--
Premium paid on debt issued	--	--	--	--	--	--
Proceeds from the sale of assets	165,688	--	--	--	--	165,688
Capital leases	2,266,500	--	--	--	--	2,266,500
Total other financing sources (uses)	1,443,895	(267,692)	--	--	(251,242)	924,961
Net change in fund balances	3,647,378	1,949	(75,892)	--	385,059	3,958,494
Fund balances - beginning- Restated Note IV.J.	29,118,660	72,422	88,108	--	7,751,953	37,031,143
Fund balances - ending	$ 32,766,038	$ 74,371	$ 12,216	$ --	$ 8,137,012	$ 40,989,637

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

CITY OF CHARLESTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds	$	3,958,494
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period (Note II.B).		(974,712)
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold (Note III.C).		(54,770)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (Change in Deferred Taxes).		11,846
The issuance of long-term debt (e.g, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items (Note II.B).		417,747
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds (Note II.B).		(9,096,345)
Change in net assets of governmental activities	$	(5,737,740)

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	$ 11,656,749	$ 11,656,749	$ 11,533,634	$ (92,738)	$ 11,440,896	$ (215,853)
Business & occupation	40,229,313	40,023,969	38,852,038	(339,884)	38,512,154	(1,511,815)
Utility	2,900,000	2,900,000	3,055,717	--	3,055,717	155,717
Hotel motel	2,780,000	2,780,000	2,745,140	--	2,745,140	(34,860)
Alcoholic beverages	797,247	797,247	821,111	--	821,111	23,864
Amusement	162,976	162,976	150,312	--	150,312	(12,664)
Animal	5,000	5,000	6,356	--	6,356	1,356
Gas & oil severance	60,000	60,000	42,253	--	42,253	(17,747)
Licenses and permits	1,718,851	1,718,851	1,624,147	--	1,624,147	(94,704)
Charges for services	12,609,556	12,616,522	13,014,641	--	13,014,641	398,119
Intergovernmental:						
Federal	80,000	170,000	176,354	--	176,354	6,354
State	--	102,700	3,662,740	(3,559,970)	102,770	70
Interest and investment earnings	56,168	56,168	80,297	(52,946)	27,351	(28,817)
Reimbursements	785,170	785,170	1,276,371	--	1,276,371	491,201
Payments in lieu of taxes	10,000	10,000	78,958	--	78,958	68,958
Contributions and donations	325,000	381,475	362,670	--	362,670	(18,805)
Miscellaneous	363,600	372,159	389,910	--	389,910	17,751
Total revenues	74,539,630	74,598,986	77,872,649	(4,045,538)	73,827,111	(771,875)
EXPENDITURES						
General government:						
Mayor's office	505,141	715,142	436,757	(25,617)	411,140	304,002
City council	150,742	150,742	153,942	(12,808)	141,134	9,608
City manager	2,980,569	3,462,569	2,909,253	(12,809)	2,896,444	566,125
City treasurer	152,702	152,702	177,895	(25,617)	152,278	424
City collector	968,211	968,211	940,371	(38,425)	901,946	66,265
City clerk	163,016	163,016	151,780	--	151,780	11,236
Municipal court	437,892	438,096	415,677	(25,617)	390,060	48,036
Legal	611,283	2,311,282	1,062,874	--	1,062,874	1,248,408
Accounting	539,575	539,575	512,048	(25,617)	486,431	53,144
Engineering	875,986	1,562,603	782,413	(25,617)	756,796	805,807
MOECD	554,890	554,890	561,505	(25,617)	535,888	19,002
Human resources	521,546	521,546	507,544	--	507,544	14,002
Contributions to Main Street Program	30,000	30,000	30,000	--	30,000	--
Regional Intergovernmental Council	20,011	20,011	20,011	--	20,011	--
Mail room	268,642	268,642	263,708	(25,617)	238,091	30,551
Building commission	956,918	956,918	874,356	(25,617)	848,739	108,179
Planning	576,443	776,443	573,469	(17,160)	556,309	220,134
Elections	230,000	230,000	206,298	--	206,298	23,702

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Information systems	$ 788,861	$ 792,735	$ 754,262	$ (12,808)	$ 741,454	$ 51,281
Building maintenance	2,172,361	2,191,680	623,036	1,344,884	1,967,920	223,760
Internal audit	288,270	288,270	170,349	- -	170,349	117,921
Morris Square	110,000	110,000	103,846	- -	103,846	6,154
Employee health clinic	365,000	485,000	510,536	- -	510,536	(25,536)
Public works	331,734	331,734	298,842	- -	298,842	32,892
Public grounds	1,475,874	1,475,874	1,397,480	(38,425)	1,359,055	116,819
Contingency	123,928	59,583	- -	- -	- -	59,583
Total general government	16,199,595	19,557,264	14,438,252	1,007,513	15,445,765	4,111,499
Public safety:						
Police	16,082,071	15,944,945	17,299,359	(1,740,862)	15,558,497	386,448
Fire	16,643,645	16,640,531	18,040,418	(1,908,766)	16,131,652	508,879
Traffic engineering	1,063,267	1,185,722	1,178,535	(25,617)	1,152,918	32,804
C-K emergency services	218,339	218,339	200,314	- -	200,314	18,025
Total public safety	34,007,322	33,989,537	36,718,626	(3,675,245)	33,043,381	946,156
Streets and transportation:						
Streets and transportation	4,478,639	4,574,167	4,739,329	(358,636)	4,380,693	193,474
Equipment maintenance	3,072,715	3,072,716	3,267,606	(115,276)	3,152,330	(79,614)
Total streets and transportation	7,551,354	7,646,883	8,006,935	(473,912)	7,533,023	113,860
Health and sanitation:						
Refuse collection & recycling	3,682,714	3,685,614	3,563,916	(243,360)	3,320,556	365,058
Kanawha-Charleston health	200,000	200,000	200,000	- -	200,000	- -
CARES	55,000	55,000	55,000	- -	55,000	- -
Total health and sanitation	3,937,714	3,940,614	3,818,916	(243,360)	3,575,556	365,058
Culture and recreation:						
Parks and recreation	2,775,766	2,775,766	2,797,243	(153,701)	2,643,542	132,224
Convention and visitor's bureau	1,390,000	1,390,000	1,368,657	- -	1,368,657	21,343
Cultural/fairs/festivals	259,500	333,087	303,732	- -	303,732	29,355
Contribution to Charleston YWCA	- -	- -	- -	- -	- -	- -
Festival Fund for the Arts	77,000	77,000	77,000	- -	77,000	- -
Municipal auditorium	239,067	239,067	237,121	- -	237,121	1,946
Charleston Area Alliance	100,000	100,000	100,000	- -	100,000	- -
Library	879,263	879,263	879,263	- -	879,263	- -
Appalachian Power Park	327,500	327,500	307,044	- -	307,044	20,456
Total culture and recreation	6,048,096	6,121,683	6,070,060	(153,701)	5,916,359	205,324
Social services:						
Spring hill cemetery	633,809	632,730	565,316	(25,617)	539,699	93,031
Human rights	222,949	222,949	151,805	- -	151,805	71,144
Total social services	856,758	855,679	717,121	(25,617)	691,504	164,175

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND (CONTINUED)
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Capital projects:						
General government	$ 519,458	$ 537,410	$ 474,460	$ --	$ 474,460	$ 62,950
Public safety	2,317,424	2,753,684	2,388,307	--	2,388,307	365,377
Streets and transportation	1,358,797	1,358,797	1,275,086	--	1,275,086	83,711
Health and sanitation	973,070	1,085,070	782,014	--	782,014	303,056
Culture and recreation	101,777	101,777	83,169	--	83,169	18,608
Social services	24,684	24,684	24,182	--	24,182	502
Total capital projects	5,295,210	5,861,422	5,027,218	--	5,027,218	834,204
Debt service:						
Principal	502,027	501,861	501,861	--	501,861	--
Interest	368,811	368,977	368,977	--	368,977	--
Bond Service Charges	--	--	1,200	--	1,200	(1,200)
Total debt service	870,838	870,838	872,038	--	872,038	(1,200)
Total expenditures	74,766,887	78,843,920	75,669,166	(3,564,322)	72,104,844	6,739,076
Excess of revenues over (under) expenditures	(227,257)	(4,244,934)	2,203,483	(481,216)	1,722,267	5,967,201
OTHER FINANCING SOURCES (USES)						
Transfers in	3,443,247	6,628,247	3,322,725	3,185,000	6,507,725	(120,522)
Transfers out	(5,632,490)	(9,994,340)	(4,311,018)	(5,712,633)	(10,023,651)	(29,311)
Capital lease proceeds	2,266,500	2,007,372	2,266,500	--	2,266,500	259,128
Sale of capital assets	150,000	150,000	165,688	--	165,688	15,688
Total other financing sources (uses)	227,257	(1,208,721)	1,443,895	(2,527,633)	(1,083,738)	124,983
Net change in fund balance	--	(5,453,655)	3,647,378	(3,008,849)	638,529	6,092,184
Fund balance-beginning-Restated Note IV.J.	--	5,453,655	29,118,660	(23,665,005)	5,453,655	--
Fund balance-ending	$ --	$ --	$ 32,766,038	$ (26,673,854)	$ 6,092,184	$ 6,092,184

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental:				
State	$ 225,000	$ 225,000	$ 269,586	$ 44,586
Interest and investment earnings	750	750	55	(695)
Total revenues	225,750	225,750	269,641	43,891
Excess (deficiency) of revenues over (under) expenditures	225,750	225,750	269,641	43,891
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(303,975)	(298,172)	(267,692)	30,480
Total other financing sources (uses)	(303,975)	(298,172)	(267,692)	30,480
Net change in fund balance	(78,225)	(72,422)	1,949	74,371
Fund balance - beginning	78,225	72,422	72,422	- -
Fund balance - ending	$ - -	$ - -	$ 74,371	$ 74,371

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

THE CITY OF CHARLESTON

WEST VIRGINIA

CITY OF CHARLESTON, WEST VIRGINIA
PROPRIETARY FUND FINANCIAL STATEMENTS

Major Funds

Civic Center Fund This Enterprise Fund accounts for the operations of the Civic Center multi-purpose meeting, convention, and entertainment facility.

Parking System Fund This Enterprise Fund accounts for the operations of the City parking buildings, parking lots, and metered spaces.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2011

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
ASSETS			
Current assets:			
Cash and cash equivalents	$ 30,200	$ 1,944,844	$ 1,975,044
Receivables:			
Accounts	- -	119,467	119,467
Grants	- -	4,036	4,036
Due from:			
Other funds	89,114	880	89,994
Prepaid insurance and lease	61,720	94,670	156,390
Deferred issuance costs	6,245	- -	6,245
Restricted:			
Regular account	- -	301,610	301,610
Revenue bond covenant accounts	292,281	279,963	572,244
Customer deposits	91,186	- -	91,186
Total current assets	570,746	2,745,470	3,316,216
Noncurrent assets:			
Deferred issuance costs	77,642	- -	77,642
Restricted:			
Revenue bond covenant accounts	- -	1,136,831	1,136,831
Capital assets not being depreciated:			
Land	300,000	4,066,447	4,366,447
Construction in progress	- -	356,869	356,869
Capital assets being depreciated:			
Buildings and improvements	36,445,784	29,275,916	65,721,700
Machinery and equipment	1,058,237	1,054,195	2,112,432
Less: accumulated depreciation	(26,780,739)	(22,865,534)	(49,646,273)
Total capital assets (net of accumulated depreciation)	11,023,282	11,887,893	22,911,175
Total noncurrent assets	11,100,924	13,024,724	24,125,648
Total assets	$ 11,671,670	$ 15,770,194	$ 27,441,864

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)
June 30, 2011

	Civic Center	Parking System	Totals
LIABILITIES			
Current liabilities:			
Accounts payable	$ 187,478	$ 31,124	$ 218,602
Benefits payable	29,782	34,774	64,556
Payroll payable	24,039	24,115	48,154
Other accrued expenses	11,061	11,370	22,431
Compensated absences payable	41,311	34,188	75,499
Customer deposits payable	37,762	- -	37,762
Due to:			
Other funds	22,057	23,226	45,283
Accrued interest payable	55,424	19,536	74,960
Revenue bonds payable-current	385,000	1,060,000	1,445,000
Total current liabilities	793,914	1,238,333	2,032,247
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discount)	6,002,336	4,009,993	10,012,329
Other postemployment benefits	106,291	10,107	116,398
Total noncurrent liabilities	6,108,627	4,020,100	10,128,727
Total liabilities	6,902,541	5,258,433	12,160,974
NET ASSETS			
Invested in capital assets (net of related debt)	4,635,946	6,817,900	11,453,846
Restricted:			
Debt service	292,281	1,718,404	2,010,685
Unrestricted	(159,098)	1,975,457	1,816,359
Total net assets	$ 4,769,129	$ 10,511,761	$ 15,280,890

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Operating revenues:			
Sales and services to customers	$ 1,418,418	$ 3,687,727	$ 5,106,145
Rental fees	1,085,481	- -	1,085,481
Miscellaneous	- -	14,815	14,815
Total operating revenues	2,503,899	3,702,542	6,206,441
Operating expenses:			
Administrative and general	- -	1,822,025	1,822,025
Recreational	3,254,405	- -	3,254,405
Depreciation	957,446	671,340	1,628,786
Total operating expenses	4,211,851	2,493,365	6,705,216
Operating income (loss)	(1,707,952)	1,209,177	(498,775)
Nonoperating revenues (expenses):			
Investment earnings	1,103	10,313	11,416
Gain on sale of capital assets	33,049	- -	33,049
Interest and fiscal charges	(341,369)	(375,724)	(717,093)
Total nonoperating revenues (expenses)	(307,217)	(365,411)	(672,628)
Income (loss) before contributions and transfers	(2,015,169)	843,766	(1,171,403)
Capital contributions	9,405	456,842	466,247
Transfers in	1,592,551	- -	1,592,551
Transfers (out)	(85,324)	- -	(85,324)
Change in net assets	(498,537)	1,300,608	802,071
Total net assets - beginning-Restated Note IV.J.	5,267,666	9,211,153	14,478,819
Total net assets - ending	$ 4,769,129	$ 10,511,761	$ 15,280,890

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Cash flows from operating activities:			
Receipts from customers and users	$ 2,413,667	$ 3,700,901	$ 6,114,568
Payments to suppliers	(1,810,537)	(646,017)	(2,456,554)
Payments to employees	(1,278,413)	(1,077,155)	(2,355,568)
Net cash provided (used) by operating activities	(675,283)	1,977,729	1,302,446
Cash flows from noncapital financing activities:			
Transfers in from other funds	670,197	- -	670,197
Cash flows from capital and related financing activities:			
Transfers from other funds for capital debt	644,620	- -	644,620
Transfers from other funds for capital projects	192,410	- -	192,410
Capital contributions	9,405	429,776	439,181
Proceeds from sale of capital assets	33,049	- -	33,049
Acquisition and construction of capital assets	(277,598)	(556,742)	(834,340)
Proceeds from refunding capital debt	- -	- -	- -
Principal paid on capital debt	(315,000)	(1,025,000)	(1,340,000)
Interest and fees paid on capital debt	(305,206)	(282,501)	(587,707)
Net cash provided (used) by capital and related financing activities	(18,320)	(1,434,467)	(1,452,787)
Cash flows from investing activities:			
Interest and dividends received	1,103	10,313	11,416
Net increase (decrease) in cash and cash equivalents	(22,303)	553,575	531,272
Cash and cash equivalents, July 1, 2010 (including $265,987 and $1,721,649 in restricted)	344,784	3,109,673	3,454,457
Cash and cash equivalents, June 30, 2011 (including $292,281 and $1,718,404 in restricted)	$ 322,481	$ 3,663,248	$ 3,985,729

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	$ (1,707,952)	$ 1,209,178	$ (498,774)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	957,446	671,340	1,628,786
Decrease (increase) in accounts receivable	8,230	(1,228)	7,002
Decrease (increase) in due from other funds	(89,114)	(875)	(89,989)
Decrease (increase) in restricted deposits	(14,793)	- -	(14,793)
Decrease (increase) in prepaid insurance	1,023	3,663	4,686
Increase (decrease) in accounts payable	115,438	23,355	138,793
Increase (decrease) in payroll payable	(6,554)	850	(5,704)
Increase (decrease) in other accrued expenses	18,389	18,941	37,330
Increase (decrease) in due to other funds	(3,543)	3,374	(169)
Increase (decrease) in OPEB	46,147	49,131	95,278
Net cash provided by operations	$ (675,283)	$ 1,977,729	$ 1,302,446
Noncash investing, capital & financing activities:			
Contribution of capital asset from governmental fund	- -	27,066	27,066
	$ - -	$ 27,066	$ 27,066

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

CITY OF CHARLESTON, WEST VIRGINIA
FIDUCIARY FUND FINANCIAL STATEMENTS

Pension Trust Funds These funds are accounted for in essentially the same manner as proprietary funds using the accrual basis of accounting and account for the activities of the Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees.

Policemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time police employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code using the Conservation Method. This plan is closed to new employees effective June 1, 2011 and new employees are covered in a multiple employer statewide plan. The State will contract and actuary annually to obtain an actuarial valuation to determine solvency of this local plan.

Firemen's Pension and Relief Fund This fund provides retirement benefits for substantially all full-time fire department employees and designated beneficiaries. The Board of Directors oversees the financial activities of the Pension Plan. The City is required to make annual contributions to the fund in accordance with West Virginia State Code using the Conservation Method. This plan is closed to new employees effective June 1, 2011 and new employees are covered in a multiple employer statewide plan. The State will contract an actuary annually to obtain an actuarial valuation to determine solvency of this local plan.

Agency Funds These funds are accounted for using the accrual basis of accounting and are used to account for assets that the City of Charleston, West Virginia holds for others in an agency capacity.

The individual Agency Fund descriptions and financial statements begin on page 109.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2011

	Pension Trust Funds			
	Policemen's Pension and Relief	Firemen's Pension and Relief	Total Pension Trust Funds	Agency Funds
ASSETS				
Non-pooled cash	$ 1,438,412	$ 1,132,335	$ 2,570,747	$ 2,230,126
Total cash	1,438,412	1,132,335	2,570,747	2,230,126
Investments, at fair value:				
Federal government securities	2,326,109	2,292,734	4,618,843	--
Certificates of deposit	--	301,795	301,795	--
Managed bond funds	2,596,893	--	2,596,893	--
Managed stock funds	4,995,216	5,244,936	10,240,152	--
Total investments	9,918,218	7,839,465	17,757,683	--
Receivables:				
Interest	48,126	521	48,647	--
Accounts receivable	44,751	--	44,751	4,433
Total receivables	92,877	521	93,398	4,433
Total assets	$ 11,449,507	$ 8,972,321	$ 20,421,828	$ 2,234,559
LIABILITIES				
Benefits payable	--	508,768	508,768	--
Total liabilities	--	508,768	508,768	--
NET ASSETS				
Net assets held in trust for pension benefits	$ 11,449,507	$ 8,463,553	$ 19,913,060	$ 2,234,559

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

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2011

	Pension Trust Funds		
	Policemen's Pension and Relief	Firemen's Pension and Relief	Totals
ADDITIONS			
Contributions:			
Employer	$ 2,257,657	$ 3,561,911	$ 5,819,568
Plan members	746,926	770,873	1,517,799
State of West Virginia insurance premium surtax allocations	1,702,437	1,857,533	3,559,970
Total contributions	4,707,020	6,190,317	10,897,337
Investment earnings:			
Net increase (decrease) in fair value of investments	1,270,459	1,146,789	2,417,248
Interest and dividends	296,306	135,888	432,194
Less: investment expense	(103,752)	(35,918)	(139,670)
Net investment income	1,463,013	1,246,759	2,709,772
Total additions	6,170,033	7,437,076	13,607,109
DEDUCTIONS			
Benefits	5,576,566	6,055,225	11,631,791
Administrative expenses	24,173	12,834	37,007
Refunds of contributions	31,487	152,643	184,130
Total deductions	5,632,226	6,220,702	11,852,928
Change in net assets	537,807	1,216,374	1,754,181
Net assets held in trust for pension benefits:			
Beginning of year	10,911,700	7,247,179	18,158,879
End of year	$ 11,449,507	$ 8,463,553	$ 19,913,060

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Charleston, West Virginia, conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

The City of Charleston is a municipal corporation governed by an elected mayor and twenty-seven member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

The services provided by the government and accounted for within these financial statements include law enforcement for the City, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by the accounting principles generally accepted in the United States. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued and, (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and, (2) the ability to impose will or, (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the City of Charleston.

Blended Component Unit

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

The *City of Charleston Building Commission* (the Commission) serves the City of Charleston, West Virginia, and is governed by a board comprised of five members appointed by the City Council for a term of five years each. The Building Commission acquires property and debt on behalf of the City with the approval of the government's council and the legal liability for the general obligation portion of the Commission's debt remains with the government. The Commission does not issue separate financial statements.

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with generally accepted accounting principles. The discretely presented component units are presented on the government-wide statements.

The *City of Charleston Sanitary Board* serves all the citizens of the City of Charleston and is governed by a three member board comprised of the Mayor and two members of council. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The *City of Charleston Urban Renewal Authority* serves the City of Charleston, West Virginia, and is governed by a board comprised of members appointed by the City. The bond issuance authorizations are approved by the government's elected council. The City of Charleston Urban Renewal Authority derives its income from the leasing of developed properties.

The *City of Charleston Convention and Visitor's Bureau, Inc. (the Bureau)* was established in 1979, as a nonprofit corporation. The Bureau is governed by a board comprised of members stipulated to be no less than fifteen but no more than nineteen which consists of three permanent members (the City of Charleston Civic Center Manager, Director of Yeager Airport, and Mayor of the City of Charleston) and the remainder of the board members are appointed by the City Council. The primary purpose of the Bureau is to operate a convention and visitor's bureau for the Charleston, West Virginia area and to advance, stimulate, and promote exhibits, conferences and conventions. The Bureau derives most of its revenue from hotel room taxes. The City of Charleston contributes 50% of the Hotel Occupancy Taxes collected to the Bureau. If these taxes were discontinued, the Bureau's ability to continue in business would be threatened.

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e, the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements; however, if applicable, interfund services provided and used are not eliminated in the process of consolidation. 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and 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 and collectible. Grants and similar items are recognized as revenue 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required or elected to be accounted for in another fund.

The *Coal Severance Tax Fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties.

The *Community Development Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development for the purpose of developing "viable urban communities", which are achieved by providing decent housing, a suitable living environment, and expanded economic opportunities principally for low-and moderate income people.

The *HOME Fund*, a special revenue fund, accounts for federal grants received from the U.S. Housing and Urban Development to provide forgivable, deferred mortgage loans to first-time homebuyers that meet income and credit guidelines.

The government reports the following major proprietary funds:

The *Civic Center Fund* is a large multi-purpose meeting, convention and entertainment facility. The Civic Center/Auditorium Board was created in 1953, to supervise, operate and maintain the Civic Center and the Municipal Auditorium. The Board is appointed by the Mayor with approval of City Council. This fund accounts for the receipts and expenses of the operations of this facility.

The *Parking System Fund* consists of parking buildings, parking lots and metered spaces. The City has delegated a special committee of the Council, designated as the Parking Facilities Committee composed of the Mayor and members of the finance committee of council, to promulgate rules and regulations governing the usage of all the parking facilities. This fund accounts for all receipts and expenses of operating the parking system.

Additionally, the government reports the following fund types:

The *Pension Trust Funds* account for the activities of the Public Safety Employees Retirement Systems, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the accrual basis of accounting.

The *Agency Funds* account for assets held by the City of Charleston, West Virginia for others in a custodial capacity. The two Civic Center Agency Funds account for revenues from event ticket sales, subsequently dispersed to promoters, and for revenues received for the Cooking Show, the Wedding Show and for a series of reunions the Civic Center is producing which are subsequently paid to the Civic Center once the events are over. The police agency funds account for forfeited funds and confiscated property subsequently dispersed upon court order to the appropriate party. Agency funds are accounted for using the accrual basis of accounting and do not present results of operations or have a measurement focus.

The City of Charleston, West Virginia follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with GASB Pronouncements in both the government-wide and proprietary fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, if applicable, interfund services provided and used are not eliminated in the process of consolidation.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the Civic Center and Parking System (enterprise funds) and the Sanitary Board, Urban Renewal Authority, and Convention and Visitor's Bureau (discretely presented component units) are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City of Charleston, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition. For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

In accordance with generally accepted accounting principles, the City reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

State statutes authorize the government to invest in the State Investment Pool or the Municipal Bond Commission or to invest such funds in the following classes of securities: Obligations of the United States or any agency thereof, certificates of deposit (which mature in less than one year), general and direct obligations of the State of West Virginia; obligations of the federal mortgage association; indebtedness secured by first lien deeds of trust for property situated within this State if the payment is substantially insured or guaranteed by the federal government; pooled mortgage trusts (subject to limitations); indebtedness of any private corporation that is properly graded in the top three ratings, at the time of acquisition; interest earning deposits which are fully insured or collateralized; and mutual funds registered with the S.E.C. which have fund assets over three hundred million dollars.

State statute limitations concerning the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have more than nine percent invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

Municipal Pension Funds are governed as to type of investments by *West Virginia Code §8-22-22.* Pension funds are permitted to invest in all of the above mentioned types of investments with the exceptions of: (1) Direct and general obligations of the State and (2) Pooled mortgage trusts. Additionally, pension funds are permitted to invest funds in the following categories of investments: (1) Repurchase agreements and (2) Common stock, securities convertible into common stocks, or warrants and rights to purchase such securities. Pension funds have different rules concerning the purchase of marketable debt securities.

The following restrictions apply only to pension portfolios and are separate and distinct from the limitations mentioned above: (1) fixed income securities which are issued by one issuer (with the exception of the United States government) are not to exceed ten percent of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed sixty percent of the total portfolio.

2. Receivables and Payables

Interfund Transactions

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e, the current portion of interfund loans) or "advances to/from other funds" (i.e, the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

Trade Receivables

All trade receivables are shown at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Property Tax Receivable

The property tax receivable is equal to 75 percent of the property taxes outstanding at June 30, 2011.

All current taxes assessed on real and personal property have a levy date of the 3rd Tuesday in April of each year. The due date for the taxes is September 1st for the first half and March 1st for the second half of the year. The lien date in which the sheriff has a legal right to collect is between October 14th and November 23rd of each year. 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 the taxes are not paid on or before the date in 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 the date they are paid. The City receives from the County its portion of property taxes for current, excess, and bond levies each month for the preceding month collections.

All municipalities 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, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per $100 of assessed valuation for each class of property for the fiscal year ended June 30, 2011, were as follows:

Class of Property		Assessed Valuation For Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	$	-	7.93 cents	5.03 cents	0.00 cents
Class II	$	1,178,564,682	15.86 cents	10.06 cents	0.00 cents
Class IV	$	1,705,051,212	31.72 cents	20.12 cents	0.00 cents

The City of Charleston, West Virginia held a special election on May 6, 2007. The City was authorized to lay an excess levy to provide approximately $3,958,752 annually for four fiscal years which began fiscal year ended June 30, 2008, through June 30, 2011, for the purpose of subsidizing the payment of current governmental expenses.

3. Prepaid Items

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

4. Restricted Assets

Certain assets of the Civic Center and Parking System enterprise fund revenue bonds as well as certain proceeds set aside for their repayment are classified as restricted assets because their use is limited by applicable bond covenants. Certain assets of the Solid Waste, a governmental special revenue fund, are restricted for solid waste landfill closure expenditures.

The "regular" account is used to segregate resources accumulated for debt service payments over the next twelve months.

The "restricted cash" account is used to report resources set aside to pay for potential solid waste capital expenditures.

The "reserve for bond retirement" account is used to segregate resources accumulated for debt service payments.

The "customer deposit" account is used to report the segregation of returnable cash deposits from customers of the utility upon initial receipt of the service.

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g, roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of $5,000 or more and estimated to have a 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 market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	40
Structures and improvements	40
Infrastructure	40-50
Machinery and equipment	05-10
Vehicles	03-05
Furniture	05

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Balances

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

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government has $11,473,916 of committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the City Council/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The government has $3,394,404 of assigned fund balance this fiscal year.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The City Council is the government's highest level of decision-making authority. The Council would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if required by contracts, grant matches, or it is in the best interest of the Municipality.

The government does not have a formal minimum fund balance policy except for reference to anticipated fund balance or deficit in the annual budget as described in City Code VI. Division 2. Sec. 2-406 and setting aside stabilization amounts as provided in Resolution No. 875-01 on November 1, 2005.

9. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for the purpose of covering a general fund shortfall or other purpose the municipality considers appropriate. The stabilization balance at fiscal year-end was $4,511,401.

10. Fund Equity

Effective July 1, 2010, the City adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes standards of accounting and financial reporting for fund balance classifications and governmental fund type definitions including note disclosures in the financial reports of state and local governments. The city has applied any required adjustments to the financial statements. The details of the fund balances for major governmental funds and nonmajor governmental funds presented in the aggregate on the balance are shown in Note IV.H.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $111,267,330 difference are as follows:

Bonds payable:	$ (3,487,291)
Less: issuance cost (to be amortized as interest expense)	147,813
Accrued interest payable	(111,614)
Capital leases payable	(11,068,526)
Claims and judgments	(5,039,087)
Compensated absences	(1,850,484)
Net OPEB obligation	(7,638,913)
Net pension obligation	(82,219,228)
Net adjustment to decrease fund balance-total governmental funds to arrive at net assets-governmental activities	$ (111,267,330)

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that, "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount that depreciation expense exceeded capital outlays for the current period." The details of the $974,712 difference are as follows:

Capital outlays	$ 6,795,128
Depreciation expense	(7,769,840)
Net adjustment to decrease net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	$ (974,712)

Another element of that reconciliation states that, "The issuance of long-term debt (i.e, bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities." The details of this $417,747 difference are as follows:

Debt issued or incurred:	
Capital lease financing	$ (2,266,500)
Principal repayments:	
Revenue bonds and capital leases	2,691,508
Amortization of issuance costs	(18,740)
Decrease of accrued interest expense	11,479
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ 417,747

Another element of that reconciliation states that, "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $9,096,345 difference are as follows:

Compensated absences	$ (63,042)
Claims and judgments	732,107
Net OPEB Obligation	(2,445,212)
Net pension obligation	(7,320,198)
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	$ (9,096,345)

Another element of reconciliation is the difference of $27,066 in the amount of transfers between the fund level and the government-wide level. This difference is due to transfers that consisted of nonfinancial resources (capital assets) transferred from governmental funds to a proprietary fund. The governmental funds did not record the transfer because only financial resources are accounted for in a governmental fund; however, the proprietary fund recorded the transaction not as a transfer but as capital contribution revenue in the lower portion of its operating statement. Even though the transfers are not presented in the governmental funds it must be presented as transfers in the governmental activities column in the statement of activities. Consequently, the amount of transfers from the fund level to the government-wide level increased in the amount of $27,066.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Except as noted, annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the City and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

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

Amount	Description
$ 3,357,669	General Government Expenditure Increase
566,212	Capital Projects Expenditure Increase
(4,361,850)	Transfers to Other Funds
3,185,000	Transfers from Other Funds

Encumbrance accounting is employed as an extension of the formal budgetary process. Encumbrances (e.g. purchase orders, contracts) are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

The government's budget basis differs from generally accepted accounting principles in the general fund due to: (1) implementation of GASB 54 for GAAP, (2) the allocation of amounts received from the State of West Virginia for pension allocation (see note IV.I.), (3) the cost allocation of the pay as you go portion related to other post employment benefits, (4) separate reporting of capital outlay for budgetary purposes, and (5) the reflection of business and occupation taxes on the cash basis for budgetary purposes.

Of these differences, only GASB 54 implementation and the method of recording business and occupation taxes have an effect on the fund balance per GAAP basis and budgetary basis as follows:

	Net Change in Fund Balance	Fund Balance
Budgetary Basis	$ 638,529	$ 6,092,184
Basis of Accounting Difference	3,008,849	26,673,854
GAAP Basis	$ 3,647,378	$ 32,766,038

Intergovernmental revenues - state and public safety expenditures both decreased by $3,559,970 per budget basis for the pension allocation from the State of West Virginia.

The remaining differences in the functional categories per budget and GAAP are attributed to the method in which capital outlay and the pay as you go portion of other post-employment benefits are allocated in the budget.

B. Encumbrances

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances are listed below for major funds, and nonmajor funds in the aggregate.

Encumbrance Description	General Fund
Professional Services	$ 610,908
Court Costs & Damages	1,216,161
Storm Water Project	715,437
Capital Outlays	204,683
Contributions	313,555
Employee Insurance	329,731
Training and maintenance	18,442
	$ 3,408,917

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

		Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Primary Government	Fair Value		
State Investment Management Board pool	$ 1,884,407	AAA	AAA
WV Short Term Bond Pool	1,015,135	AAA	Aaa
Repurchase Agreements-FNMA	1,223,087	Not Rated	Not Rated
U.S. Government Agency Securities	194,113	AAA	Not Rated
Corporate Bonds-Bank America Corp	78,164	A	Not Rated
Corporate Bonds-Barclays	51,205	AA-	Not Rated
Corporate Bonds-Cisco Systems	28,425	A+	Not Rated
Corporate Bonds-General Electric	83,087	AA+	Not Rated
National Rural Utilities Bond	50,171	A	Not Rated
Corporate Bonds-General Electric Diversified	50,387	AA+	Not Rated
Total Rated Securities	4,658,181		
Total Unrated Securities	1,236,776		
Total Primary Government	$ 5,894,957		
Policemen's Pension and Relief			
U.S. Government Agency Securities	$ 2,326,109	AAA	AAA
Corporate Bonds-BP Capital Markets PLC	97,279	A2	A
Corporate Bonds-Walt Disney Company	217,070	A2	A
Corporate Bonds-Target Corp Global	181,415	A2	A+
Corporate Bonds-Costco Wholesale Corp	181,225	A2	A+
Corporate Bonds-Bank of America Corp Global	182,381	A2	A
Corporate Bonds-Oracle Corp	187,749	A1	A
Corporate Bonds-General Electric Capital Corp	185,829	AA2	AA+
Corporate Bonds-Goldman Sachs Group	191,968	A1	A
Corporate Bonds-Bank of New York Melon	189,168	AA2	AA-
Corporate Bonds-US Bancorp	188,480	AA3	A+
Corporate Bonds-Allstate Corp	198,053	A3	A-
Corporate Bonds-Abbott Laboratories	202,808	A1	AA
Corporate Bonds-Walgreen Co.	195,058	A2	A
Corporate Bonds-McDonalds Corp	198,410	A2	A
Total Rated Securities	4,923,002		
Total Unrated Securities	4,995,216		
Total Policemen's Pension and Relief	$ 9,918,218		
Firemen's Pension and Relief			
U.S. Government Agency Securities	$ 2,292,734	AAA	Aaa
Certificate of Deposit-Bank America NA Charlotte NC FDIC Insured	100,647	Not Rated	Not Rated
Certificate of Deposit-City Bank Salt Lake City UT FDIC Insured	99,279	Not Rated	Not Rated
Certificate of Deposit-First State Bank & Trust Valdosta GA FDIC Insured	101,869	Not Rated	Not Rated
Total Rated Securities	2,594,529		
Total Unrated Securities	5,244,936		
Total Firemen's Pension and Relief	$ 7,839,465		

The City's investment in the State Investment Management Board Investment Pool includes funds held at the Municipal Bond Commission (Commission) for the Parking System and Civic Center, Proprietary Funds, revenue bond issuances and an amount remaining from General Obligation Bond reserve; however, that bond has been paid off and the funds are free for General Fund use. The West Virginia Legislature created this Commission to act as the fiscal agent/trustee for the bond issuances of the State and its political subdivisions. The oversight of the Commission is the State Treasurer's Office, the State Auditor's Office, and other financial professionals not associated with government. For seventy-six years, the Legislature has made a blanket appropriation annually to cover possible deficiencies that could arise in State and general obligation sinking fund accounts. Standard & Poor has recognized this annual Legislative appropriation and the Commission's management as a Credit Enhancement Program, and has awarded all West Virginia general obligation administered by the Commission a minimum rating of AA-. The City's fair value position in the pool is the same as the value of the pool shares.

The City has invested in The West Virginia Short Term Bond Pool which was created to invest restricted moneys of the State which have a longer term investment horizon. The goal of the Pool is to earn an incremental return over the West Virginia Money Market Pool with an objective of Asset growth rather than current income. The Pool is structured as a mutual fund and is limited to monthly withdrawals and deposits by Participants. The risk factor on this Pool is higher than the West Virginia Money Market Pool.

Net investment income and realized gains and losses are declared as dividends on the last day of the month and distributed to the Participants in the Pool on the first day of the following month. Gains and losses (realized and unrealized) are reflected in the net asset value calculated each month. The City's equity in the West Virginia Short Term Bond Pool at June 30, 2011 was $1,015,135.

Credit Risk

It's the government's policy to limit its investments as stated in the West Virginia State Code §8-13-22a and c and §8-22-22 and §8-22-22a. The specific investments allowed for municipal and pension investments are fully described with all applicable limitations in Note I.D.1. The government does not have a policy for credit risk in addition to governing statutes. As of June 30, 2011, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Interest Rate Risk

The City of Charleston has adopted the provisions of West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a (for policemen and firemen's pension plans) as it's investment policy, the specific provisions of which are more fully described in Note I.D.1. The government does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
Primary Government:					
State Investment Management Board Pool	$ 1,884,407	$ 1,884,407	$ -	$ -	$ -
WV Short Term Bond Pool	1,015,135	1,015,135	-	-	-
Repurchase Agreements	1,223,087	1,223,087	-	-	-
U.S. Government Agencies	194,113	-	100,072	-	94,041
Corporate Bonds-Bank of America	78,164	-	78,164	-	-
Corporate Bonds-Barclays	51,205	-	51,205	-	-
Corporate Bonds-Cisco Systems	28,425	-	28,425	-	-
Corporate Bonds-General Electric	83,087	-	-	83,087	-
Corporate Bonds-General Electric Diversified	50,387	-	-	-	50,387
Corporate Bonds-National Rural Utilities Bond	50,171	-	50,171	-	-

Security Type	Fair Value	1 Year	1-5	6-10	10 Years
Policemen's Pension and Relief:					
U.S. Government Agency Securities	$ 2,326,109	$ 494,886	$ 1,173,285	$ 657,938	$ -
Corporate Bonds-BP Capital Markets PLC	97,279	-	97,279	-	-
Corporate Bonds-Walt Disney	217,070	-	217,070	-	-
Corporate Bonds-Target Corp Global	181,415	181,415	-	-	-
Corporate Bonds-Costco Wholesale Corp	181,225	181,225	-	-	-
Corporate Bonds-Bank of America Corp Global	182,381	-	182,381	-	-
Corporate Bonds-Oracle Corp	187,749	-	187,749	-	-
Corporate Bonds-General Electric Capital Corp	185,829	-	185,829	-	-
Corporate Bonds-Goldman Sachs Group	191,968	-	191,968	-	-
Corporate Bonds-Bank of New York Melon	189,168	-	189,168	-	-
Corporate Bonds-US Bancorp	188,480	-	188,480	-	-
Corporate Bonds-Allstate Corp	198,053	-	198,053	-	-
Corporate Bonds-Abbott Laboratories	202,808	-	-	202,808	-
Corporate Bonds-McDonalds Corp	198,410	-	-	198,410	-
Corporate Bonds-Walgreen Co	195,058	-	-	195,058	-
Firemen's Pension & Relief:					
U.S. Government Agency Securities	2,292,734	799,694	994,620	-	498,420
Certificate of Deposit-Bank America NA Charlotte NC	100,647	100,647	-	-	-
Certificate of Deposit-City Bank Salt Lake City UT	99,279	-	99,279	-	-
Certificate of Deposit-First State Bank & Trust Valdosta GA	101,869	-	101,869	-	-
Totals	$ 12,175,712	$ 5,880,496	$ 4,315,067	$ 1,337,301	$ 642,848

Concentration of Credit Risk

The government has adopted the provisions contained in West Virginia Code §8-13-22a and c and §8-22-22 and §8-22-22a as its investment policy which does not allow for an investment in any one issuer that is in excess of nine percent of the government's total investment or ten percent of the pension fund total investment. Other limitations on investments are more fully described in Note I.D.1. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes.

Any investment in one issuer of five percent or greater must be disclosed in accordance with GAAP. The Firemen's Pension Fund had two common stock investments in ISHARES TR Russel Midcap Value Index and ISHARES TR Russell 2000 Value Index that were five percent and five percent, respectively, of the total portfolio; and Spring Hill Cemetery had three mutual fund investments in Federated Strategic Income Fund, Pimco Global Bond Fund Hedged, and JPMorgan Chase Mortgage that were twelve percent, seven percent, and eighteen percent, respectively, of the total portfolio and two bond fund investments in General Electric (assumed one issuer) that were seven percent of the total portfolio at June 30, 2011.

Custodial Credit Risk

The City of Charleston's deposits with financial institutions are fully insured or collateralized by securities held in the government's name at June 30, 2011.

B. Receivables

Receivables at year end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	General	Community Development	HOME
Receivables:			
Accounts	$ 3,582,074	$ -	$ -
Accrued interest	1,596	3,971	18
Taxes	12,430,290	-	-
Loans	-	2,148,136	3,541,886
Grants	317,542	185,608	29,369
Gross receivables	16,331,502	2,337,715	3,571,273
Less: allowance for uncollectible	(855,850)	(537,034)	-
Net total receivables	$ 15,475,652	$ 1,800,681	$ 3,571,273

	Parking System	Nonmajor Funds and Fiduciary Funds	Total
Receivables:			
Accounts	$ 140,967	$ 3,126,272	$ 6,849,313
Accrued interest	-	52,096	57,681
Taxes	-	-	12,430,290
Loans	-	312,065	6,002,087
Grants	4,036	345,521	882,076
Gross receivables	145,003	3,835,954	26,221,447
Less: allowance for uncollectible	(21,500)	(2,716,295)	(4,130,679)
Net total receivables	$ 123,503	$ 1,119,659	$ 22,090,768

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Property Taxes	$ 553,806	$ -
Prepaid License Fees and Cemetery Fees (general fund)	-	81,066
Grant drawdowns prior to meeting all eligibility requirements	-	5,328,046
Total deferred/unearned revenue for governmental funds	$ 553,806	$ 5,409,112

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 8,872,359	$ -	$ -	$ 8,872,359
Construction in progress-restated	8,974,151	2,241,365	(10,098,452)	1,117,064
Total capital assets not being depreciated	17,846,510	2,241,365	(10,098,452)	9,989,423
Capital assets being depreciated:				
Buildings and improvements	46,985,110	405,020	(28,470)	47,361,660
Structures and improvements	13,998,076	5,427,555	-	19,425,631
Machinery and equipment	15,060,472	1,320,905	(807,024)	15,574,353
Vehicles	17,497,841	2,177,968	(1,300,271)	18,375,538
Furniture	370,878	5,311	(919)	375,270
Infrastructure	82,108,084	5,315,455	-	87,423,539
Total capital assets being depreciated	176,020,461	14,652,214	(2,136,684)	188,535,991
Less accumulated depreciation:				
Buildings and improvements	(17,250,002)	(1,183,505)	24,011	(18,409,496)
Structures and improvements	(7,215,959)	(661,899)	-	(7,877,858)
Machinery and equipment	(11,353,893)	(1,286,760)	807,024	(11,833,629)
Vehicles	(12,288,590)	(1,909,483)	1,249,960	(12,948,113)
Furniture	(274,893)	(35,717)	919	(309,691)
Infrastructure	(49,175,053)	(2,692,476)	-	(51,867,529)
Total accumulated depreciation	(97,558,390)	(7,769,840)	2,081,914	(103,246,316)
Total capital assets being depreciated, net	78,462,071	6,882,374	(54,770)	85,289,675
Governmental activities capital assets, net	$ 96,308,581	$ 9,123,739	$ (10,153,222)	$ 95,279,098

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 4,366,447	$ -	$ -	$ 4,366,447
Construction in progress-Restated Note IV.J.	216,231	665,863	(525,225)	356,869
Total capital assets, not being depreciated	4,582,678	665,863	(525,225)	4,723,316
Capital assets being depreciated:				
Buildings and improvements	64,295,715	644,440	(2,032)	64,938,123
Structures and improvement	767,572	16,005	-	783,577
Machinery and equipment	1,942,071	60,322	(94,144)	1,908,249
Vehicles	204,183	-	-	204,183
Total capital assets being depreciated	67,209,541	720,767	(96,176)	67,834,132
Less accumulated depreciation:				
Buildings and improvements	(46,209,068)	(1,398,052)	2,032	(47,605,088)
Structures and improvements	(340,324)	(26,513)	-	(366,837)
Machinery and equipment	(1,415,095)	(177,013)	94,144	(1,497,964)
Vehicles	(149,176)	(27,208)	-	(176,384)
Total accumulated depreciation	(48,113,663)	(1,628,786)	96,176	(49,646,273)
Total capital assets being depreciated, net	19,095,878	(908,019)	-	18,187,859
Business-type activities capital assets, net	$ 23,678,556	$ (242,156)	$ (525,225)	$ 22,911,175

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

Governmental activities:		
General government	$	3,305,479
Public safety		1,998,731
Highways and streets, including depreciation of general infrastructure assets		720,451
Health and sanitation		600,919
Culture and recreation		1,096,302
Social services		47,958
Total depreciation expense-governmental activities	$	7,769,840
Business-type activities:		
Civic Center		957,446
Parking System		671,340
Total depreciation expense-business-type activities	$	1,628,786

Construction in Progress

The government has active construction projects as of June 30, 2011. The projects include street, retaining walls, and bridge repairs, City Hall renovations and additions, fire station remodel, storm water project, Kanawha Trestle Trail Project, Riverfront Project and Parking System lighting upgrades. At year end, the amounts for primary government spent-to-date are as follows:

Project		Spent-to-Date	Funded
Morris Square at Power Park	$	10,723	General Fund
Riverfront Project		110,323	General Fund , Federal Grants, & Contributions
Fire Department-Station #1 Remodel		49,093	General Fund
City Hall Renovations & Additions		95,058	General Fund & Federal Grants
Storm Water Project		146,733	General Fund
Kanawha Trestle Trail Project		64,125	General Fund, Federal & State Grants
Bridge & Retaining Walls Projects		499,396	General Fund and CDBG Grants
Feasibility Study-Civic Center		38,968	General Fund
Spring Hill Cemetery Building		80,893	General Fund
Whipple Bridge Rehabilitation Project		21,752	General Fund
Parking System Lighting Upgrade		356,869	Federal Grant- Parking System
Total	$	1,473,933	

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011 is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose		Amount
General	Civic Center	Reimbursements Insurance	$	22,057
	Parking System	Reimbursement Insurance		23,226
	CDBG	Reimbursement Salary, Utilities & Demolition		67,157
	HOME	Reimbursement Salary & Utilities		7,813
				-
	Nonmajor Governmental Fund	Reimbursements Salaries, loans, and transfer of fines		336,251
Civic Center	Nonmajor Governmental Fund	Transfers		89,114
Parking System	General Fund	Reimbursement		880
Nonmajor Governmental Funds	Nonmajor Governmental Fund	Reimbursements/transfers		53,952
Nonmajor Governmental Funds	General Fund	Commissions/Transfers		38,957
	Total		$	639,407

Interfund transfers:

	Transfers In			
	General Fund	Nonmajor Governmental	Civic Center	Total Transfers Out
Transfers out:				
General fund	$ -	$ 3,263,893	$ 1,047,125	$ 4,311,018
Coal severance tax	-	-	267,692	267,692
Nonmajor governmental funds	3,322,725	451,595	277,734	4,052,054
Civic Center	-	85,324	-	85,324
Total Transfers In	$ 3,322,725	$ 3,800,812	$ 1,592,551	$ 8,716,088

Interfund transfers provide appropriations to subsidize the funds to support the programs and activities of the government.

E. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

On November 1, 2004, the City of Charleston entered into a Contract of Lease-Purchase with the West Virginia Economic Development Authority in the amount of $8,000,000 with an average interest rate of 5.29 percent to be used to acquire, construct, renovate, equip and complete a baseball stadium complex, including renovations of an existing building for leasing to prospective tenants.

The Civic Center and Parking System prior years lease obligations have been fully satisfied as of June 30, 2011.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Civic Center	Parking System
Appalachian Power Park	$ 21,438,651	$ -	$ -
Machinery, equipment and vehicles	33,949,890	28,677	196,998
Less: accumulated depreciation	(25,317,822)	(28,677)	(196,998)
Total	$ 30,070,719	$ -	$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

Year Ending June 30	Governmental Activities
2012	$ 2,674,365
2013	2,228,288
2014	1,726,373
2015	1,287,639
2016	915,716
2017 - 2021	3,101,328
2022 - 2026	1,913,395
Total minimum lease payments	13,847,104
Less: amount representing interest	(2,778,578)
Present value of minimum lease payments	$ 11,068,526

F. Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. The City as of June 30, 2011 has no general obligation bonds payable.

Revenue Bonds

The City has issued bonds in prior years where the government pledged designated revenues to pay debt service. The proceeds of these bonds were used to acquire or construct assets. The City has the following revenue bonds outstanding at June 30, 2011:

Governmental Activities:

The Charleston Building Commission, a blended component unit of the City, issued the Public Safety Center Refunding Lease-Revenue Bonds Series 2009 in the amount of $1,180,000 to current refund the 1999 Series which was used to acquire, construct, and equip a new public safety center. The bonds are secured by a first lien on the rental payments to be paid to the Commission pursuant to the Contract of Lease-Purchase between the Commission and the City. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $1,080,000 and interest in the amount of $359,520 on the bonds when due until bond maturity in 2024. During the fiscal year 2011, lease payments in the principal amount of $65,000 and interest in the amount of $45,155 were used to pay the debt service on these bonds.

The Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010 in the amount of $2,280,000 to current refund the 1999 Series which was used to acquire and equip the Center. These bonds are a limited special obligation of the Commission payable solely from the revenues and receipts derived from leasing the equipment. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of $2,105,000 and interest in the amount of $643,809 on the bonds when due until bond maturity in 2024. During the fiscal year 2011, lease payments in the principal amount of $130,000 and interest in the amount of $105,936 were used to pay the debt service on the bonds.

The Building Commission, a blended component unit of the City, issued $1,300,000 of the City of Charleston Building Commission (West Virginia), Facilities Revenue Bonds, Series 2002 (City of Charleston Fire Station) to construct and equip a new fire station on certain real property adjoining the Orchard Manor housing complex. The bonds are secured by the fire station and an irrevocable pledge of lease payments which are required to be in sufficient amount to pay principal in the amount of $302,291 and interest in the amount of $10,787 on the bonds when due until bond maturity in 2013. During the fiscal year 2011, lease payments in the principal amount of $141,861 and interest in the amount of $15,692 were used to pay the debt service on these bonds.

Revenue Bonds - Business-type Activities

The City of Charleston Parking System issued $11,365,000 in revenue bonds to current-refund $11,950,000 of 1993, 1994 A&B, and 1995 A Series Bonds. The bonds were refunded, defeased, paid and discharged in accordance with the bond ordinance and the liability removed from the Parking System Statement of Net Assets. The 2005 A and B Refunding bonds are secured solely by the net revenues of the Parking System as described in the ordinance-gross revenues less operating expense. Remaining revenue pledged is equal to the outstanding principal amount of $585,000 and interest in the amount of $34,830 until bond maturity in 2013 and outstanding principal amount of $4,875,000 and interest in the amount of $699,580 until bond maturity in 2016. During the fiscal year 2011, Parking System net revenues in the principal amount of $1,025,000 and interest in the amount of $279,410 were used to pay the debt service which was 79% of net revenues.

The City of Charleston, WV Civic Center Improvement Bonds, Series 1998 in the amount of $3,635,000 were issued for the purpose of acquiring, equipping and making improvements to the Charleston Civic Center secured by revenues pledged from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the outstanding debt in the principal amount of $2,400,000 and interest in the amount of $941,715 until bond maturity in 2023. During the fiscal year 2011, these pledged revenues in the principal amount of $130,000 and interest amount of $128,380 were used to pay the debt service on these bonds which is eight percent of the specified revenues.

The Civic Center Refunding Improvement Bonds, Series 2009, in the amount of $3,275,000 were issued to current refund the Series 1999 which were issued to construct additions, betterments, and improvements to the Civic Center secured by pledged revenues from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the principal amount of $3,160,000 and interest amount of $1,005,925 until bond maturity in 2024. During the fiscal year 2011, these pledged revenues were used to pay the principal amount of $115,000 and interest amount of $126,425 on these bonds which is eight percent of the specified revenues.

The Charleston Building Commission Civic Center Refunding Lease Revenue Bonds, Series 2009 issued in the amount of $1,325,000 to current refund the Series 1999 which were issued for the acquisition, construction, and new equipment installed at the Civic Center payable solely from revenues to be derived from lease payments to the Commission. These irrevocable pledge of lease payments which are required to be sufficient in amount to pay principal of $1,255,000 and interest of $399,070 until bond maturity in 2024. During the fiscal year 2011, lease payments in the principal amount of $70,000 and interest amount of $50,600 were used to pay the debt service on these bonds.

Revenue bonds outstanding, net of unamortized issuance costs of $965,484 (Public Safety Center $46,374; Center for the Arts & Sciences $101,439; Parking System $390,007, and Civic Center of $427,664) at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2011
Governmental activities:					
Public Safety Center Refunding Series 2009	2024	3.00-4.40%	$ 1,180,000	$ 146,373	$ 1,033,627
Center for the Arts & Sciences Refunding Series 2010	2024	3.10-4.375%	2,280,000	276,440	2,003,560
Fire Station Series 2002B	2013	3.81%	1,300,000	997,709	302,291
Total governmental activities			$ 4,760,000	$ 1,420,522	$ 3,339,478
Business-type activities:					
Parking System Refunding Series 2005A	2016	2.50-4.50%	$ 8,710,000	$ 4,184,878	$ 4,525,122
Parking System Refunding Series 2005B	2013	3.00-4.40%	2,655,000	2,110,129	544,871
Civic Center Improvement Series 1998	2023	4.60-5.10%	3,635,000	1,302,189	2,332,811
Civic Center Improvement Refunding Series 2009	2024	3.00-4.40%	3,275,000	360,870	2,914,130
Civic Center Lease Revenue Series 1999 Series 2009	2024	3.00-4.40%	1,325,000	184,605	1,140,395
Total revenue bonds			$ 19,600,000	$ 8,142,671	$ 11,457,329

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	$ 330,900	$ 135,060	$ 1,316,143	$ 530,590
2013	343,511	119,740	1,191,876	471,315
2014	198,560	112,536	1,479,074	415,885
2015	208,560	105,011	1,534,074	348,435
2016	213,560	97,130	1,442,488	277,445
2017 - 2021	1,197,800	347,855	2,383,662	828,175
2022 - 2026	846,587	77,784	2,110,012	209,275
Totals	$ 3,339,478	$ 995,116	$ 11,457,329	$ 3,081,120

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	$ 3,824,151	$ -	$ (336,861)	$ 3,487,290	$ 342,340
Less: deferred amounts:					
Issuance costs	(159,252)	-	11,440	(147,812)	(11,440)
Total bonds payable	3,664,899	-	(325,421)	3,339,478	330,900
Capital leases	11,156,673	2,266,500	(2,354,647)	11,068,526	2,208,110
Net OPEB obligation	5,193,701	2,445,212	-	7,638,913	-
Net pension obligation	74,899,030	7,320,198	-	82,219,228	-
Claims and judgments	5,771,195	2,769,047	(3,501,155)	5,039,087	2,572,097
Compensated absences	1,787,443	1,850,484	(1,787,443)	1,850,484	1,850,484
Governmental activities Long-term liabilities	$ 102,472,941	$ 16,651,441	$ (7,968,666)	$ 111,155,716	$ 6,961,591

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	$ 13,615,000	$ -	$ (1,340,000)	$ 12,275,000	$ 1,445,000
Less: deferred amounts:					
Issuance costs	(946,528)	-	128,857	(817,671)	(128,857)
Total bonds payable	12,668,472	-	(1,211,143)	11,457,329	1,316,143
Net OPEB obligation	60,144	56,254	-	116,398	-
Compensated absences	75,039	75,499	(75,039)	75,499	75,499
Business-type activities Long-term liabilities	$ 12,803,655	$ 131,753	$ (1,286,182)	$ 11,649,226	$ 1,391,642

For the governmental activities, the General Fund has been used to liquidate other long-term liabilities.

Conduit Debt

On June 17, 2009, the Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission University Facilities Revenue Bonds (The University of Charleston, Inc.) Series 2009 in the principal amount of $22,000,000 for the purpose of financing the costs of designing, acquiring, constructing and equipping an approximately 150-bed student housing facility upon the University of Charleston campus and designing, acquiring and constructing an approximately 525-space motor vehicle parking facility upon the University of Charleston campus. This debt was issued for the express purpose of providing financing to a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the Charleston Building Commission, however, the Commission is not responsible for the payment of the original debt but rather the debt is secured by payments to be paid by the nongovernmental entity.

The City of Charleston, in accordance with Bill No. 7370 approved by Council on December 15, 2008, has issued its Multifamily Housing Revenue Bonds (Littlepage Terrace Apartment Project), Series 2008A, and Multi-Family Housing Revenue Bond (Washington Manor Apartment Project), Series 2008B in the aggregate amount of $11,495,000, variable rate yield, final maturity April 1, 2048 for the express purpose of providing capital financing for a specific third party that is not a part of the City of Charleston financial reporting entity. This obligation bears the name of the City of Charleston, however, the City is not responsible for the payment of the original debt but rather the debt is secured only by the cash payments agreed to be paid by the nongovernmental entity under the terms of the mortgage.

These bonds are a portion of the Mixed-Finance Proposal submitted by Charleston Replacement Housing #3 (Project) on April 22, 2009 to the Department of Housing and Urban Development (HUD). The submission, together with supplemental document submissions, satisfied the requirements in 24 CFR 941, subpart F, and was approved by HUD. Charleston Replacement Housing #3 will construct 96 affordable housing units, including 51 public housing units and 45 project-based Section 8 units which shall be rented to income-eligible residents. One-hundred percent of the units will qualify for federal low-income housing tax credits as provided for in Section 42 of the IRS Code of 1986.

The development costs totaling approximately $18,311,767 will be funded by several sources, one of which is the proceeds from the multifamily housing revenue bonds, of which a portion were purchased by Chase Bank (the "Series CB Bonds") and a portion were purchased by the Authority using the proceeds of a Fannie Mae Modernization Express Loan (the "Series FM Bonds") made available as a result of CFFP financing. The proceeds of the Series CB Bonds were used to a make a construction loan of $5,789,779, which, at conversion, will be reduced to a $1,295,000 permanent loan (the "First Priority Loan"). Proceeds of the Series FM Bonds will be used by the Authority to make a loan in the amount of $5,397,820 (the "Second Priority Loan") to the Partnership which will carry a 6.75% interest rate until conversion then a 1.25% interest rate during the forty year term.

The City of Charleston in accordance with Ordinance No. 7446 dated December 6, 2010 issued $7,797,204 in aggregate principal amount of its Multifamily Housing Revenue Bonds (Charleston Replacement #5 Project) 2010 Series A, to provide funds to acquire, construct and equip commercial projects in Kanawha County, WV, consisting of demolition of existing multifamily rental housing projects (Washington Manor Apartments), approving the loan of said bond proceeds, and other necessary actions in connection with the issuance and sale of such bonds. New buildings will be constructed consisting of forty-four one-bedroom units and thirty two-bedroom units on the former Washington Manor Apartments site. This obligation bears the name of the City of Charleston; however, the City is not responsible for the payment of the original debt but rather the debt is secured by payments to be paid by a nongovernmental entity.

G. Restricted Assets

The balances of the restricted asset accounts for the primary government are as follows:

	Governmental Activities	Business-type Activities
Customer deposits	$ -	$ 91,186
Cash - contractual agreement	1,292,788	-
Capital lease debt service	218,305	-
Equity in state treasurer's investment pool	1,015,135	-
Revenue bond operations and maintenance account	-	301,610
Revenue bond debt service account	-	572,244
Revenue bond reserve account	-	1,136,831
Total restricted assets	$ 2,526,228	$ 2,101,871

H. Fund Balance Detail

At year-end, the detail of the government's fund balances is as follows:

	General Fund	Coal Severance	Community Development	HOME	Nonmajor Funds	Total
Nonspendable:						
Prepaids	$ 599,087	$ --	$ --	$ --	$ --	$ 599,087
Perpetual care	--	--	--	--	1,116,511	1,116,511
Restricted:						
General Government	--	--	--	--	140,179	140,179
Public Safety	--	--	--	--	233,913	233,913
Social services	--	--	--	--	16,220	16,220
Capital projects	763,483	--	--	--	1,294	764,777
Perpetual care	--	--	--	--	748,567	748,567
Debt Service	218,305	--	--	--	6	218,311
Community development	--	--	12,216	--	2,542,045	2,554,261
Committed:						
Public safety	30,112	--	--	--	49,027	79,139
Health and sanitation	--	--	--	--	430,070	430,070
Capital projects	--	--	--	--	2,610,542	2,610,542
Community development	62,811	--	--	--	216,027	278,838
Other post employment benefits	7,968,345	--	--	--	--	7,968,345
Street and transportation	--	--	--	--	32,611	32,611
Debt Service	--	74,371	--	--	--	74,371
Assigned:						
General government	3,182,005	--	--	--	--	3,182,005
Public safety	183,045	--	--	--	--	183,045
Social services	29,354	--	--	--	--	29,354
Unassigned	19,729,491	--	--	--	--	19,729,491
Total fund balances	$ 32,766,038	$ 74,371	$ 12,216	$ --	$ 8,137,012	$ 40,989,637

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2011, the State of West Virginia contributed estimated payments on behalf of the government's public safety employees in accordance with West Virginia State Code §33-3-14d. These contributions are funded by State collections of insurance premium tax and are shown in the General Fund (Employer) Statement of Revenues, Expenditures, and Changes in Fund Balance as Intergovernmental-State revenues and as Public Safety Expenditures for the contribution to the Police and Fire Pension Funds in accordance with GAAP. The State contributions were deposited directly into the Policemen's and Firemen's Pension Funds as follows:

Plan	Amount
Policemen's Pension and Relief Fund	$ 1,702,437
Firemen's Pension and Relief Fund	1,857,533
Total	$ 3,559,970

J. Prior Period Adjustments

Beginning fund balance for the General Fund was restated at July 1, 2010 due to the implementation of GASB 54 from the previously reported $15,182,596 to $29,118,660. Four funds no longer qualified to be special revenue because there were no specific revenue sources that were restricted or committed to expenditure for a specified purpose. Consequently, the fund balances for Municipal Stabilization ($7,678,559), Employee Insurance Reserves ($2,256,244), Wayfinding ($46,991), and Sister Cities Program ($274) for a total of $9,982,068 are included in General Fund. In addition, funds remaining in a debt sinking fund, that are no longer needed for general obligation debt service and are free for General Fund use in the amount of $3,953,996, are included in the General Fund. The net effect of the restatement was an increase in the General Fund balance in the amount of $13,936,064.

Beginning net assets for the Civic Center Revenue Fund were restated at July 1, 2010 from the previously reported $5,303,348 to $5,267,666 to correct an error for capitalization of costs incurred in the amount of $35,682 to determine the value the center represented as a sponsorship property, specifically, to determine value of naming rights. The study was completed and the center has not been successful in selling any name rights and the possibility of doing so is remote. According to GASB 51 it would not meet the definition of an intangible asset. The net effect of the restatement was a decrease in the Civic Center net assets in the amount of $35,682.

V. OTHER INFORMATION

A. Risk Management

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

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the State. Other private insurance companies could begin to offer coverage to private sector employers beginning July 1, 2008, and to government employers July 1, 2010. For the most part, all employers in the State, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

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

Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments include an amount for claims that have been incurred but not reported (IBNRs). An excess coverage insurance policy covers individual claims in excess of $300,000 for liability retention and loss and $500,000 for workers' comp retention-all employees. Settlements have not exceeded coverages for each of the past three fiscal years. Changes in the balances of claims liabilities during the past two years are as follows:

	Year Ended 6/30/2011	Year Ended 6/30/2010
Unpaid claims, beginning of fiscal year	$ 5,771,195	$ 3,637,940
Incurred claims (including IBNRs)	2,769,047	5,771,195
Claims paid	(3,501,155)	(3,637,940)
Unpaid claims, end of fiscal year	$ 5,039,087	$ 5,771,195

The government is the owner and permit holder for the City of Charleston's landfill. In accordance with the provisions of an Operating Agreement between the government and contractor dated February 15, 1994, the government maintains a contingency fund for the closure/post closure costs for the landfill in the event of default by contractor.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material effect on the financial condition of the government.

C. Deferred Compensation Plan

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or 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, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

D. Joint Venture

The Kanawha-Charleston Board of Health is a multi-government arrangement which qualifies as a joint venture. An annual contract is signed between the Board, Kanawha County and the City of Charleston. The Kanawha-Charleston Board of Health is a separate and specific activity which is jointly controlled by the County and City due to their shared responsibility for appointment of the five-member Board. In addition, there is an ongoing financial responsibility for the participating governments pursuant to Article 2, Chapter 16, Paragraph 14 of the Code of West Virginia which states in part, "the appointing authorities for local boards of health shall provide financial support for the operation of the local health department." It further authorizes the county or municipality to appropriate and spend money from the general funds for public health purposes and to pay the expenses of the operation of the local board of health services and facilities. There is no ongoing financial interest for the participating governments. Complete financial statements for the Kanawha-Charleston Board of Health can be obtained at the entity's administrative offices.

E. Donor-Restricted Endowment

The City of Charleston was a recipient of a donor-restricted endowment for the Spring Hill Cemetery. The corpus of the trust is non-expendable and only the income earned from the trust may be spent for the general care and maintenance of the cemetery. The government's council at its regular meeting held on November 16, 1970, adopted a resolution authorizing the creation of Spring Hill, Inc. and charged the corporation with the management of funds it might receive for the perpetual care of Spring Hill Cemetery. The corporation qualified as a tax-exempt organization under Section 501(c)(13) of the Internal Revenue Code of 1954. The unspent endowment earnings of $748,567 since the inception may be spent for the general maintenance of the cemetery. This amount is reported in the government's net assets as restricted for perpetual care-expendable.

F. Post-employment Healthcare Plan

V:F.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Charleston's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund. The City maintains a single employer self-insured defined benefit health plan including dental and vision administered by Wells Fargo, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the City Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Civic Center Revenue Fund and Parking System Revenue Fund.

Non-uniform employees are eligible to receive retiree health care coverage at the earlier of age 55 with 25 years of service; or age 60 with 5 years of service.

Police and fire uniform employees are eligible to receive retiree health care coverage at the earlier of age 50 with 20 years of service or age 65.

Upon the death of the retiree or active employee, the surviving spouse may continue coverage by paying the full COBRA rate.

The City subsidizes retiree health care coverage for lifetime. The City's subsidy depends on the hire date. Retirees receive free coverage if they are eligible for sick leave benefits at retirement. Once the sick leave benefits end, retirees are responsible for the portion of the premium rate not subsidized by the City. Effective as July 1, 2011 the monthly retiree contribution for non-tobacco users is as follows:

	Under 65		Over 65	
Date of Hire	Single	2-Person	Single	2-Person
Before July 1984				
Non-uniform	$ 184	$ 292	$ 87	$ 62
Uniform	$ 162	$ 239	$ 96	$ 62
July 1, 1984-July 1, 1989	$ 184	$ 292	$ 139	$ 224
July 1, 1989-July 1, 1994	$ 197	$ 313	$ 148	$ 242
July 1, 1994-July 1, 2000	$ 208	$ 333	$ 158	$ 242

The City does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 45 purposes it was assumed that these rates remain level in future years.

Employees hired after July 1, 2000 are required to contribute a) the COBRA rate less b) a 2.0% credit for every year of service (limited to 50%).

Retiree contributions for tobacco users are 115% of the non-tobacco rate.

Active employees can roll over unlimited number of unused sick leave annually which upon retirement can be converted to free health care coverage at two days of unused sick leave for one month of single coverage or three days for one month family coverage.

The same benefit options are available to retirees as active employees. The City's health plans are self-insured. There is no prescription drug coverage for post-medicare retirees.

The 2010-2011 monthly premium rates effective on January 1, 2011 are $346 for single and $762 for employee with spouse coverage.

The number of participants as of July 1, 2010, the effective date of the biennial OPEB valuation, was 809 active employees and 453 retired employees.

Employees who retire under the WV Public Employees Retirement System have the option of maintaining the City's OPEB plan or electing P.E.I.A insurance. To date only a few retirees have chosen the P.E.I.A. insurance coverage.

The City's current funding policy for post-employment health care benefits is on a pay-as-you-go basis.

The government does not provide post-retirement health benefits except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the City. However, employees who elect COBRA are covered under the City's self-insured health plan as are all active employees and those retired employees who maintain City health plan coverage.

V:F.2 Annual Other Post-Employment Benefit (OPEB) Cost

The City's annual OPEB cost is calculated on the annual required contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB 45. ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded liabilities over a period of 30 years. As of July 1, 2010, the most recent actuarial valuation date, the Plan was not funded. The following tables illustrate the components of the City's annual OPEB cost for the year, the amount actually contributed to the Plan, changes in the net OPEB obligation, funding progress, and the covered payroll and the ratio of the UAAL to the covered payroll.

The City's annual other post-employment benefit cost is as follows:

	OPEB		
	Governmental Activities	Business-type Activities	Total
Annual required contribution	$ 5,184,880	$ 140,735	$ 5,325,615
Interest on net OPEB obligation	259,685	1,056	260,741
Adjustment to annual required contribution	(208,121)	(847)	(208,968)
Annual OPEB cost	5,236,444	140,944	5,377,388
Contributions made	(2,791,232)	(45,666)	(2,836,898)
Increase (decrease) in net OPEB obligation	2,445,212	95,278	2,540,490
Net OPEB obligation at beginning of the year	5,193,701	21,120	5,214,821
Net OPEB obligation at the end of the year	$ 7,638,913	$ 116,398	$ 7,755,311

V.F.3. Trend Information

Other Post-Employment Benefits (OPEB)

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2011	$ 5,377,388	52.8%	$ 7,755,311
2010	$ 5,850,812	48.7%	$ 5,214,821
2009	$ 5,263,104	58.1%	$ 2,204,947

V.F.4. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
7/1/10	$ --	$ 75,615,299	$ 75,615,299	0.0%	$ 31,448,512	240.4%
7/1/09	$ --	$ 79,643,383	$ 79,643,383	0.0%	$ 31,068,215	256.4%
7/1/08	$ --	$ 70,539,275	$ 70,539,275	0.0%	$ 29,873,284	236.1%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare trend rate. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress and schedule of employer contributions, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits and employer contributions as a percentage of the ARC. However, because the City maintains no plan assets, information relative to plan assets required disclosures is not applicable.

V:F.5. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of pay based on an open group.

In the July 1, 2010 actuarial valuation, the liabilities were computed using the projected unit credit method on a level percentage of pay over 30 years based on an open group amortization. The actuarial assumptions utilized a 5% discount rate and 4% projected salary increases per year. Because the plan is unfunded, reference to the general assets, which are short-term in nature (such as money market funds), was considered in the selection of the 5% rate. The valuation assumes a 10% healthcare trend increase for the fiscal year 2011, reduced by decrements to a rate of 4.5% in fiscal year 2021, and later.

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

VI:A.1. Plan Descriptions, Contribution Information, and Funding Policies

The City of Charleston, West Virginia participates in two single employer, public employee retirement systems. Assets are held separately and may be used only for the payment of benefits to the members of the respective plans, as follows:

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2010.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2010.

Actuarial valuations are required to be performed once every three years per state Statute. The State will contract an actuary to perform annual valuations of the PPRF and FPRF. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and IV.A.

The Firemen's Pension and Relief Fund (FPRF) and the Policemen's Pension and Relief Fund (PPRF) recognizes benefits and refunds when due and payable in accordance with the terms of the plans.

Memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	179	194	373
Vested Terminated Benefits	--	3	3
Retirees and Beneficiaries Currently Receiving Benefits	206	224	430
Total	385	421	806

These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

As of June 1, 2011, the City of Charleston has elected to fund benefit obligations using the Conservation Method as defined in West Virginia Code §3-22-20 (f)(1), and effected by the passage of Senate Bill No. 544.

The key features of the Conservation Method, effective for plan years beginning after April 1, 2011, are summarized below:

The current local Plan is closed to new employees.

New employees are covered in the newly established multiple employer statewide plan-*Municipal Police Officers and Firefighters Retirement System*.

Benefits and expenses in the closed local Plan are financed by contributions made to two asset accounts:

The first asset account (Benefit Payment Account) is used to finance benefits and expenses for the fiscal year on a pay-as-you-go basis. Sources to pay current year benefits and expenses include minimum employee contributions of 6.5% of pay, a portion of the premium tax allocation not assigned to the accumulation account as defined below, and employer contributions.

The second account (Accumulation Account) cannot be used to pay benefits and expenses until assets exceed actuarial liabilities. Contributions to the accumulation account include employee contributions of 1.5% of pay and a percentage of premium tax allocation. The percentage of premium tax allocation is based on the amounts needed to produce 100% funding of liabilities in 35 years when considering assets from both the benefit payment account and the accumulation account. This account also includes the Fund's assets prior to the adoption of the Conservation Method.

The employer contributions will be made from the City's General Fund and will be used directly to pay benefits not covered by member contributions or the premium tax allocation. The Plan's assets will accumulate in the closed Pension and Relief Fund and no benefits or expenses will be paid from this trust until the funded ratio exceeds 100%.

Under the funding methodology for the Conservation Method of financing, the fund's market value of assets is projected to be greater than zero for all plan years prior to the end of the 15-year projection period. Accordingly, this contribution methodology satisfies the minimum standard for actuarial soundness.

Employer contributions are expected to increase from $4,653,525 for the plan year end June 30, 2012, to a high of $10,852,997 for the plan year end June 30, 2034.

The funded ratio is projected to increase from 5.0% in 2010 to 21% in 2030, and ultimately to 100% in 2046. This policy defers contributions and produces virtually no significant growth in the funded ratio until the last 10 years of the projection period. This policy is not consistent with generally accepted actuarial principles.

	PPRF	FPRF
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than thirty years in accordance with West Virginia State Code §8-22-10. However, municipalities may elect to finance benefit obligations using the Conservation Method as defined in West Virginia Code §8-22-20 (f)(1), and effected by the passage of Senate Bill No. 544.	
Plan Members	8% of covered payroll	8% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees), multiplied by the sum of the allowable amount (first $15,000 of initial benefits paid) and the accumulated supplemental pensions paid in prior years.	
Eligibility for Distribution	Members are eligible at the earlier of age 50 with 20 years of credited service or age 65.	
Provisions for:	PPRF	FPRF
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

Annual Required Contributions and Significant Actuarial Assumptions

The actuarial assumptions and other information used to determine the annual required contributions (ARC) are as follows:

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Valuation Date	7/1/2010	7/1/2010
Actuarial Cost Method	Entry age normal-Closed Group	Entry Age Normal-Closed Group
Amortization Method/Period	30 Years, Level % of Pay	30 Years, Level % of Pay
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.0% per year, net of expenses	5.0% per year, net of expenses
Projected Salary Increases	5% per year	5% per year
Post-Retirement Benefit Increases	None	None
Wage Inflation	4.00%	4.00%
Cost of Living Adjustments	3.00%	3.00%
Cost of Living Adjustments	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees).

VI.A.2. Annual Pension Cost, Net Pension Obligation and Reserves

Current year annual pension costs for the PPRF and FPRF are shown in the trend information provided in VI.A.4. The annual required contributions were not made by both the PPRF or FPRF. The net pension obligation is listed in VI.A.3.

Benefits, Refund, and Administrative Costs

Benefits and refunds of the defined benefit pension plans are recognized when due and payable in accordance with the terms of the plans. Administrative costs are financed with revenues from contributions and investment earnings.

Reserves

There are no assets legally reserved for purposes other than the payment of plan members benefits for either plan.

VI:A.3 Annual Pension Cost and Net Pension Obligation (NPO)

The City's annual pension cost and net pension obligation for the Policemen's and Firemen's Pension and Relief funds are as follows:

	PPRF	FPRF
Annual required contribution	$ 7,483,771	$ 8,329,444
Interest on short-term	2,003,698	1,741,254
Adjustment to annual required contribution	(1,529,374)	(1,329,057)
Annual pension cost	7,958,095	8,741,641
Contributions made	(3,960,094)	(5,419,444)
Increase in net pension obligation	3,998,001	3,322,197
Net pension obligation at beginning of the year	40,073,957	34,825,073
Net pension obligation at the end of the year	$ 44,071,958	$ 38,147,270

VI.A.4. Trend Information

Policemen's Pension and Relief Fund (PPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	$ 7,958,095	49%	$ 44,071,958
2010	$ 7,962,320	26%	$ 40,073,957
2009	$ 7,856,875	25%	$ 34,202,060
2008	$ 7,414,233	24%	$ 28,280,762
2007	$ 4,438,134	37%	$ 22,658,730
2006	$ 3,830,559	40%	$ 19,880,042
2005	$ 4,046,054	36%	$ 17,600,365
2004	$ 3,995,277	34%	$ 15,003,734
2003	$ 3,490,259	36%	$ 12,363,057

Firemen's Pension and Relief Fund (FPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
2011	$ 8,741,641	61%	$ 38,147,270
2010	$ 8,423,774	39%	$ 34,825,073
2009	$ 8,087,129	38%	$ 29,699,365
2008	$ 8,421,080	34%	$ 24,666,001
2007	$ 7,516,226	35%	$ 19,072,481
2006	$ 4,157,681	59%	$ 14,174,365
2005	$ 4,115,289	56%	$ 12,463,517
2004	$ 4,075,783	52%	$ 10,634,988
2003	$ 4,028,690	50%	$ 8,696,363

VI.A.5. Funding Progress

SCHEDULE OF FUNDING PROGRESS:

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/10	$ 10,911,700	$ 131,022,282	$ 120,110,582	8.00%	$ 9,241,583	1300%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/10	$ 7,247,179	$ 145,743,999	$ 138,496,820	5.00%	$ 9,441,334	1467%

The schedule of funding progress included in the required supplementary information immediately following the notes indicates the actuarial value of the plan assets is (decreasing 3% for the PPRF and increasing 9% for the FPRF) over time relative to the actuarial accrued liability for both pension plans (is increasing 99% for the PPRF and increasing 1.04% for the FPRF) over time relative to the actuarial accrued liability.

Separate audited financial statements for the defined pension plans for public safety employees are not available.

VI.B.1 Plan Descriptions, Contribution Information and Funding Policies

Public Employees Retirement System (PERS)

The City of Charleston, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of general City 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.

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

	Public Employees Retirement System (PERS)
Eligibility to participate:	All City 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%
City's contribution rate:	12.50%
Period required to vest:	Five Years
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 retirement portion:	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

VI.B.2. Trend Information

Public Employees Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2011	$ 2,046,007	100%
2010	1,799,608	100%
2009	1,675,990	100%
2008	1,600,134	100%
2007	1,522,933	100%
2006	1,408,585	100%
2005	1,367,748	100%
2004	1,113,501	100%
2003	1,089,353	100%

PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Avenue. S.E., Charleston, WV 25304.

THE CITY OF CHARLESTON

WEST VIRGINIA

REQUIRED SUPPLEMENTARY INFORMATION

SOLE EMPLOYER DEFINED BENEFIT PLANS

I. SCHEDULES OF FUNDING PROGRESS

Policemen's Pension and Relief Fund (PPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
7/1/97	$ 11,329,860	$ 65,658,421	$ 54,328,561	17.26%	$ 6,430,212	845%
7/1/99	13,183,185	68,856,200	55,673,015	19.15%	6,545,780	851%
7/1/01	14,436,077	76,015,300	61,579,223	18.99%	6,606,800	932%
7/1/03	13,955,874	86,255,000	72,299,126	16.18%	6,916,700	1045%
7/1/05	14,028,062	90,598,400	76,570,338	15.00%	7,901,100	969%
7/1/07	15,582,123	95,751,500	80,169,377	16.27%	8,666,547	925%
7/1/09	10,887,968	94,965,409	84,077,441	11.47%	8,933,610	941%
7/1/10	10,911,700	131,022,282	120,110,582	8.00%	9,241,583	1300%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
7/1/98	$ 6,613,424	$ 71,358,728	$ 64,745,304	9.27%	$ 7,063,357	917%
7/1/00	6,492,763	68,627,600	62,134,837	9.46%	7,140,380	870%
7/1/02	6,281,501	79,213,700	72,932,199	7.93%	7,674,090	950%
7/1/04	6,427,687	87,142,700	80,715,013	7.38%	7,818,820	1032%
7/1/06	7,121,731	97,573,128	90,451,397	7.30%	8,589,398	1053%
7/1/08	7,838,077	96,724,077	88,886,000	8.10%	8,959,494	992%
7/1/09	6,539,893	115,716,105	109,176,212	5.65%	9,047,021	1207%
7/1/10	7,247,179	145,743,999	138,496,820	4.97%	9,441,334	1467%

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS

Policemen's Pension and Relief Fund (PPRF)

Year Ended June 30	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2006	$ 3,478,988	$ 1,550,883	45%
2007	4,041,025	1,659,445	41%
2008	7,240,761	1,792,201	25%
2009	7,664,881	1,935,577	25%
2010	7,822,761	2,090,423	27%
2011	7,483,711	2,257,657	30%

Firemen's Pension and Relief Fund (FPRF)

Year Ended June 30	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2006	$ 3,868,733	$ 2,446,833	63%
2007	7,876,536	2,618,111	33%
2008	8,275,064	2,827,560	34%
2009	7,919,675	3,053,765	39%
2010	8,302,588	3,296,066	40%
2011	8,329,444	3,561,911	42%

OTHER POST EMPLOYMENT BENEFITS (OPEB)

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
7/1/10	$ - -	$ 75,615,299	$ 75,615,299	$ 0.00%	$ 31,448,512	240.4%
7/1/09	- -	79,643,383	79,643,383	0.00%	31,068,215	256%
7/1/08	- -	70,539,275	70,539,275	0.00%	29,873,284	236%

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended June 30	Annual Required Contribution	Employer Contributions	Percentage Contributed
2011	$ 5,325,615	$ 2,836,898	53.3%
2010	5,828,921	2,840,938	48.7%
2009	5,263,104	3,058,157	58.1%

Note to Required Supplementary Information-Other Post Employment Benefits:

The Policemen's Pension and Firemen's Pension Actuarial Valuations are as of July 1, 2010. The City of Charleston elected to adopt the Conservation Method as defined in WV Code §8-22-20 (f)(1), and effected by the passage of Senate Bill No 544. Prior to June 1, 2011 the City was funding the plans under the Alternative Method allowed by State Code. In addition, a change in the actuary used was made for the July 1, 2010 valuations. With the election of the Conservation method the discount rate used is 5% versus 7% previously which has resulted in a larger unfunded liability for the funds. The notes to the financial statements more fully describe the changes to the pension funds' actuarial information.

The OPEB Actuarial Valuation is as of July 1, 2010.

THE CITY OF CHARLESTON

WEST VIRGINIA

SUPPLEMENTARY INFORMATION

CITY OF CHARLESTON, WEST VIRGINIA
GOVERNMENTAL FUND TYPES - NONMAJOR

Special Revenue Funds are used to account for the receipt and use of specific revenues that are legally restricted by ordinance or grant agreements for specific purposes.

Debt Service Funds are used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support specific programs, for the benefit of the City or its citizens.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,067,794	$ 3,520,694	$ --	$ 87,682	$ 4,676,170
Investments	--	--	--	1,772,328	1,772,328
Receivables:					
Accounts	408,878	1,963	--	--	410,841
Grants	345,521	--	--	--	345,521
Loans	262,017	--	--	--	262,017
Accrued interest	58	--	--	3,391	3,449
Due from:					
Other funds	47,702	43,530	--	1,677	92,909
Component units	27,044	--	--	--	27,044
Equity in state treasurer's investment pool	1,015,135	--	--	--	1,015,135
Restricted cash	1,292,782	--	6	--	1,292,788
Total assets	$ 4,466,931	$ 3,566,187	$ 6	$ 1,865,078	$ 9,898,202
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	293,776	817,535	--	--	1,111,311
Due to:					
Other funds	342,501	136,816	--	--	479,317
Deferred revenue:					
Unearned revenue	170,562	--	--	--	170,562
Total liabilities	806,839	954,351	--	--	1,761,190
Fund balances:					
Nonspendable	--	--	--	1,116,511	1,116,511
Restricted	2,932,357	1,294	6	748,567	3,682,224
Committed	727,735	2,610,542	--	--	3,338,277
Total fund balances	3,660,092	2,611,836	6	1,865,078	8,137,012
Total liabilities and fund balances	$ 4,466,931	$ 3,566,187	$ 6	$ 1,865,078	$ 9,898,202

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2011

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	$ --	$ --	$ 3,000	$ --	$ 3,000
Intergovernmental:					
Federal	2,742,027	--	--	--	2,742,027
Charges for services	4,153,577	3,813	--	--	4,157,390
Fines and forfeits	865,220	--	--	--	865,220
Interest and investment earnings	23,637	9,880	--	196,752	230,269
Reimbursements	--	83,796	--	--	83,796
Contributions and donations	84,370	65,868	--	1,646	151,884
Miscellaneous	11,664	--	--	--	11,664
Total revenues	7,880,495	163,357	3,000	198,398	8,245,250
EXPENDITURES					
Current:					
General government	190,290	--	--	--	190,290
Public safety	2,151,543	--	--	--	2,151,543
Streets and transportation	1,532	--	--	--	1,532
Health and sanitation	1,099,118	--	--	--	1,099,118
Social Services	--	--	--	24,094	24,094
Culture and recreation	73,727	--	--	--	73,727
Economic development	1,156,043	--	--	--	1,156,043
Debt service:					
Principal	--	--	195,000	--	195,000
Interest	--	--	134,091	--	134,091
Capital outlay:					
Highways and streets	--	2,583,511	--	--	2,583,511
Total expenditures	4,672,253	2,583,511	329,091	24,094	7,608,949
Excess (deficiency) of revenues over (under) expenditures	3,208,242	(2,420,154)	(326,091)	174,304	636,301
OTHER FINANCING SOURCES (USES)					
Transfers in	489,420	2,962,604	326,091	22,697	3,800,812
Transfers (out)	(3,322,725)	(729,329)	--	--	(4,052,054)
Total other financing sources (uses)	(2,833,305)	2,233,275	326,091	22,697	(251,242)
Net change in fund balances	374,937	(186,879)	--	197,001	385,059
Fund balances beginning	3,285,155	2,798,715	6	1,668,077	7,751,953
Fund balances ending	$ 3,660,092	$ 2,611,836	$ 6	$ 1,865,078	$ 8,137,012

CITY OF CHARLESTON, WEST VIRGINIA
SPECIAL REVENUE FUNDS

Nonmajor Funds

Asset Forfeiture and Reimbursement Fund This fund is used to account for monies seized by the Charleston Police department or Drug Unit and have been ordered released or forfeited by a court of law.

Byrne Justice Assistance Grant Fund This fund was established to account for grants received from the U.S. Department of Justice passed through from the West Virginia Department of Criminal Justice Services to encourage arrest policies and enforcement of protection orders.

Charleston Land Trust Commission Fund This fund was established to account for donations or other funding to acquire, maintain, improve, and preserve public trust lands.

Community Development Recovery Program Fund This fund was established to account for grants received from the American Recovery and Reinvestment Act of 2009. The Recovery Act appropriated CDBG funding to carry out, on an expedited basis, eligible activities under the CDBG program. Except as described in the notice, the statutory and regulatory provisions governing the CDBG program apply to this program. These grant funds, except for administrative costs, have been allocated to the Engineering Department for replacement of curbs, sidewalks, concrete streets, and asphalt streets in CD eligible areas of Charleston.

COPS Meth Grant Fund This fund was established to account for grants received from the Department of Justice for meth enforcement overtime, purchase meth lab investigation supplies (haz-mat suits, evidence collection tubes, etc.) and materials and supplies such as computers, first aid kits and travel training.

DOT Federal Grant Fund This fund was established to account for federal grant revenues from the Department of Transportation for capital improvements.

EPA Brownfields Grant Fund This fund is used to account for federal grant revenues received from the U.S. Environmental Protection Agency for a three-year period to inventory sites either perceived to be contaminated or actually contaminated with petroleum. The funds will be used to pay a consultant who will work with the technical aspects of the project and to purchase supplies needed for public meetings and creating a reuse plan for sites that may be re-developed.

FEMA-WV Flood Mitigation Fund This fund was established to account for federal grants received from the U.S. Federal Emergency Management Agency passed through the WV Office of Emergency Services for City Flood disaster relief area improvements and repairs.

Historic Preservation Fund This fund was established to account for federal grants received from the U.S. Department of the Interior, National Park Service, to be granted by the State Historic Preservation Office to organizations participating in activities authorized in the National Historic Preservation Act of 1966.

Homeless Prevention & Rapid Re-Housing Fund This fund was established to account for grant funds received from the American Recovery and Investment Act of 2009. The program intent is to focus on housing stabilization, provide temporary financial assistance and/or services to help persons gain housing stability, to serve persons who are homeless or would be homeless if not for this assistance and to serve persons who can remain stably housed after this temporary assistance ends. All of these funds, except for three percent administrative costs, have been allocated to the Kanawha Valley Collective (KVC) to carry out the activities described above.

Human Rights Fund This fund is a cooperative agreement with HUD for the Fair Housing Assistance Program (FHAP) within the City.

Metro Loan Fund This fund was established to account for funds received from the State for small business loans. Loans are no longer given, however, collection of payments on prior loans are accounted for.

Municipal Beautification Fund This fund was established to account for revenues received from fee charges for clean up of properties within the City and for donations received to be used for beautification of the City.

Municipal Court Fund This fund accounts for monies received for fines and forfeitures.

Police & Fire Donations Fund This fund was established to receive private contributions to be utilized for police and fire operations.

Police Grants Fund This fund was established to account for federal grants received from the U.S. Department of Justice to encourage arrest policies and enforcement of protection orders.

Rail Trail Project Fund This fund was established to account for federal grants to acquire a railroad bridge, railroad trestle, and additional railroad right of way and convert them to a rail trail referred to as the Charleston Kanawha Trestle Trail Project.

Rental Rehabilitation Fund This fund was established to account for loan payments collected from housing rehabilitation clients to MOECD. The rehab program no longer exists, however, this fund still accounts for payments received from loans originating several years ago.

Safe Routes to School Program Fund This fund was established to account for federal grants received from the Federal Highway Administration for the East End Kids Walk & Bike Safe Routes to Piedmont Project for infrastructure-related project and non-infrastructure-related activities.

Solid Waste Fund This fund accounts for the revenues collected from refuse fees and royalties from the contracted landfill operations. This fund also reserves monies for contingency post fund closure landfill cost.

Special Demolition Fund This fund accounts for monies to be used for demolition of buildings as necessary within the City.

Supportive Housing Fund This fund accounts for Supporting Housing Grants received to pay salaries for supportive service coordinators and other direct expenses for five shelters.

U.S. Small Business Administration Fund This fund accounts for federal grants received from the U.S. Small Business Administration under a grant/cooperative agreement for the City of Charleston, WV Riverfront Park Improvement Project.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2011

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
ASSETS					
Cash and cash equivalents	$ 209,378	$ 19,362	$ 49,161	$ --	$ --
Receivables:					
Accounts	--	--	--	--	--
Grants	--	106,575	--	--	--
Loans	--	--	--	--	--
Interest	--	--	--	--	--
Due from:					
Other funds	--	--	--	--	--
Component units	--	--	--	--	--
Equity in state treasurer's investment pool	--	--	--	--	--
Restricted cash	--	--	--	--	--
Total assets	$ 209,378	$ 125,937	$ 49,161	$ --	$ --
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	12,301	106,790	--	--	--
Due to:					
Other funds	--	--	--	--	--
Deferred revenue:					
Unearned revenue	--	19,147	--	--	--
Total liabilities	12,301	125,937	--	--	--
Fund balances:					
Restricted	197,077	--	49,161	--	--
Committed	--	--	--	--	--
Total fund balances	197,077	--	49,161	--	--
Total liabilities and fund balances	$ 209,378	$ 125,937	$ 49,161	$ --	$ --

DOT Federal Grant	EPA Brownsfield Grant	FEMA-WV Flood Mitigation	Historic Preservation	Homeless Prevention & Rapid Re-Housing	Human Rights	Metro Loan
$ --	$ --	$ --	$ --	$ --	$ 167,720	$ 6,524
--	--	--	--	--	--	--
11,034	--	--	9,225	26,997	--	--
--	--	--	--	--	--	111,874
--	--	--	--	--	--	58
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
$ 11,034	$ --	$ --	$ 9,225	$ 26,997	$ 167,720	$ 118,456
--	--	--	--	26,644	85	--
11,034	--	--	9,225	353	--	--
--	--	--	--	--	151,415	--
11,034	--	--	9,225	26,997	151,500	--
--	--	--	--	--	16,220	118,456
--	--	--	--	--	--	--
--	--	--	--	--	16,220	118,456
$ 11,034	$ --	$ --	$ 9,225	$ 26,997	$ 167,720	$ 118,456

Municipal Beautification	Municipal Court	Police & Fire Donations	Police Grants	Rail Trail Project	Rental Rehabilitation
$ 32,611	$ 199,387	$ 49,027	$ 61,982	$ 6,250	$ 20,000
--	80,990	--	--	--	--
--	--	--	151,936	5,925	--
--	--	--	--	--	150,143
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
$ 32,611	$ 280,377	$ 49,027	$ 213,918	$ 12,175	$ 170,143
--	8,143	--	18,200	5,925	--
--	132,055	--	158,882	6,250	--
--	--	--	--	--	--
--	140,198	--	177,082	12,175	--
--	140,179	--	36,836	--	--
32,611	--	49,027	--	--	170,143
32,611	140,179	49,027	36,836	--	170,143
$ 32,611	$ 280,377	$ 49,027	$ 213,918	$ 12,175	$ 170,143

Safe Routes To School Program	Solid Waste	Special Demolition	Supportive Housing	U.S. Small Business Administration	Total Nonmajor Special Revenue Funds
$ --	$ 134,774	$ 45,884	$ --	$ 65,734	$ 1,067,794
--	327,888	--	--	--	408,878
16,242	--	--	17,587	--	345,521
--	--	--	--	--	262,017
--	--	--	--	--	58
--	--	--	--	47,702	47,702
--	27,044	--	--	--	27,044
--	1,015,135	--	--	--	1,015,135
--	1,292,782	--	--	--	1,292,782
$ 16,242	$ 2,797,623	$ 45,884	$ 17,587	$ 113,436	$ 4,466,931
478	48,151	--	17,473	49,586	293,776
15,764	--	--	114	8,824	342,501
--	--	--	--	--	170,562
16,242	48,151	--	17,587	58,410	806,839
--	2,319,402	--	--	55,026	2,932,357
--	430,070	45,884	--	--	727,735
--	2,749,472	45,884	--	55,026	3,660,092
$ 16,242	$ 2,797,623	$ 45,884	$ 17,587	$ 113,436	$ 4,466,931

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2011

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
REVENUES					
Intergovernmental:					
Federal	$ --	$ 531,596	$ --	$ 75,237	$ 24,366
Charges for services	--	--	--	--	--
Fines and forfeits	146,769	--	--	--	--
Interest and investment earnings	722	207	126	--	--
Contributions and donations	--	--	5,475	--	--
Miscellaneous	--	--	--	--	--
Total revenues	147,491	531,803	5,601	75,237	24,366
EXPENDITURES					
Current:					
General government	--	--	--	--	--
Public safety	129,099	531,803	--	--	24,366
Streets and transportation	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Culture and recreation	--	--	--	--	--
Economic development	--	--	31,325	75,237	--
Total expenditures	129,099	531,803	31,325	75,237	24,366
Excess (deficiency) of revenues over (under) expenditures	18,392	--	(25,724)	--	--
OTHER FINANCING SOURCES (USES)					
Transfers in	--	--	35,000	--	--
Transfers (out)	--	--	--	--	--
Total other financing sources (uses)	--	--	35,000	--	--
Net change in fund balances	18,392	--	9,276	--	--
Fund balances - beginning -Restated	178,685	--	39,885	--	--
Fund balances - ending	$ 197,077	$ --	$ 49,161	$ --	$ --

DOT Federal Grant	EPA Brownfields Grant	FEMA-WV Flood Mitigation	Historic Preservation	Homeless Prevention & Rapid Re-Housing	Human Rights	Metro Loan
$	$ 5,265	$ 859,033	$ 14,000	$ 319,550	$ 19,190	$ --
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--		--	--	--	--	23
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	5,265	859,033	14,000	319,550	19,190	23
--	--	--	--	--	--	--
--	--	859,033	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	5,265	--	14,000	319,550	19,190	--
--	5,265	859,033	14,000	319,550	19,190	--
--	--	--	--	--	--	23
--		--	--	--	--	--
--		--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	23
--	--	--	--	--	16,220	118,433
$ --	$ --	$ --	$ --	$ --	$ 16,220	$ 118,456

Municipal Beautification	Municipal Court	Police & Fire Donations	Police Grants	Rail Trail Project	Rental Rehabilitation	Safe Routes To School Program
$ --	$ --	$ --	$ 607,242	$ 12,175	$ --	$ 73,727
3,207	--	--	--	--	--	--
--	718,451	--	--	--	--	--
110	--	171	--	--	--	--
350	--	100	--	--	--	--
--	--					
3,667	718,451	271	607,242	12,175	--	73,727
--	190,290	--	--	--	--	--
--	--	--	607,242	--	--	--
1,532	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	73,727
--	--	--	--	12,175	--	--
1,532	190,290	--	607,242	12,175	--	73,727
2,135	528,161	271	--		--	--
--	--	--	--	--	--	--
--	(522,725)	--	--	--	--	--
--	(522,725)	--	--	--	--	--
2,135	5,436	271	--	--	--	--
30,476	134,743	48,756	36,836	--	170,143	--
$ 32,611	$ 140,179	$ 49,027	$ 36,836	$ --	170,143	$ --

Solid Waste	Special Demolition	Supportive Housing	U.S. Small Business Administration	Total Nonmajor Special Revenue Funds
$ --	$ --	$ 104,139	$ 96,507	$ 2,742,027
4,150,370	--	--	--	4,153,577
--	--	--	--	865,220
21,737	122	--	419	23,637
--	--	--	78,445	84,370
	11,664	--	--	11,664
4,172,107	11,786	104,139	175,371	7,880,495
--	--	--	--	190,290
--	--	--	--	2,151,543
--	--	--	--	1,532
1,099,118	--	--	--	1,099,118
--	--	--	--	73,727
--	--	104,139	575,162	1,156,043
1,099,118	--	104,139	575,162	4,672,253
3,072,989	11,786	--	(399,791)	3,208,242
--	--	--	454,420	489,420
(2,800,000)	--	--	--	(3,322,725)
(2,800,000)	--	--	454,420	(2,833,305)
272,989	11,786	--	54,629	374,937
2,476,483	34,098	--	397	3,285,155
$ 2,749,472	$ 45,884	$ --	$ 55,026	$ 3,660,092

CITY OF CHARLESTON, WEST VIRGINIA
CAPITAL PROJECTS FUNDS

Nonmajor Funds

Ball Park Maintenance Fund This fund is used to account for contributions by the General Fund of $25,000 annually for maintenance and improvements of the ball park in accordance with a contract between the City and West Virginia Power Ball Team.

Ball Park Stadium Fund This fund accounts for receipts of State funds, contributions, and lease proceeds that have been used for the construction of a new ball park within the City.

Bridge Fund This City Council established fund is maintained to account for revenue sources expended for the construction and maintenance of bridges.

City Service Fee Project Fund This fund receives transfers from the General Fund of the city service fee revenues, that are dedicated for street maintenance and infrastructure throughout the City, in order to better provide public accountability for the monies.

Civic Center Capital Improvements Fund This City Council established fund is operated to receive transfers of all capital improvement fees collected at the Civic Center events. These revenue sources are maintained for capital improvements to the Civic Center.

Facilities Maintenance Fund This fund was established to account for various facility renovation projects separately and is funded by transfers from the General Fund.

General Maintenance Fund This City Council established fund is operated to receive transfers from the General Fund to separately account for funds expended for capital improvements.

Infrastructure Fund This City Council established fund is used to maintain revenue sources for capital improvements to infrastructure.

Municipal Auditorium Capital Improvements Fund This City Council established fund is operated to receive capital improvement fees collected at the Municipal Auditorium events to account for funds expended for capital improvements to the Municipal Auditorium.

Soccer Field Fund This City Council established fund is used to receive revenue resources dedicated to improvements of City soccer fields.

South Side Recreation Fund This City Council established fund is used to receive revenue sources dedicated to improvements for recreation on the South Side of Charleston, WV.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2011

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
ASSETS					
Cash and cash equivalents	$ 1,294	$ 89,857	$ 109	$ 755,352	$ 228,158
Receivable:					
Accounts	--	--	--	--	--
Due from:					
Other funds	--	--	--	37,280	--
Total assets	$ 1,294	$ 89,857	$ 109	$ 792,632	$ 228,158
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	--	24	--	792,632	--
Due to:					
Other funds	--	--	--	--	89,114
Total liabilities	--	24	--	792,632	89,114
FUND BALANCES					
Restricted	1,294	--	--	--	--
Committed	--	89,833	109	--	139,044
Total fund balances	1,294	89,833	109	--	139,044
Total liabilities and fund balances	$ 1,294	$ 89,857	$ 109	$ 792,632	$ 228,158

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ 607,581	$ 1,600,303	$ 143,647	$ 81,735	$ 3,022	$ 9,636	$ 3,520,694
--	--	--	1,963	--	--	1,963
--	6,250	--	--	--	--	43,530
$ 607,581	$ 1,606,553	$ 143,647	$ 83,698	$ 3,022	$ 9,636	$ 3,566,187
8,084	16,795	--	--	--	--	817,535
--	47,702	--	--	--	--	136,816
8,084	64,497	--	--	--	--	954,351
--	--	--	--	--	--	1,294
599,497	1,542,056	143,647	83,698	3,022	9,636	2,610,542
599,497	1,542,056	143,647	83,698	3,022	9,636	2,611,836
$ 607,581	$ 1,606,553	$ 143,647	$ 83,698	$ 3,022	$ 9,636	$ 3,566,187

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2011

	Ball Park Maintenance	Ball Park Stadium	Bridge	City Service Fee Project	Civic Center Capital Improvements
REVENUES					
Charges for services	$ --	$ --	$ --	$ --	$ --
Interest and investment earnings	28	414	1	926	763
Contributions and donations	--	--	--	--	56,000
Reimbursements	--	--	--	72,350	--
Total revenues	28	414	1	73,276	56,763
EXPENDITURES					
Current:					
Capital projects	29,871	84,069	--	1,761,279	--
Total expenditures	29,871	84,069	--	1,761,279	--
Excess (deficiency) of revenues over (under) expenditures	(29,843)	(83,655)	1	(1,688,003)	56,763
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	--	--	1,687,280	85,324
Transfers (out)	--	--	--	--	(277,734)
Total other financing sources (uses)	25,000	--	--	1,687,280	(192,410)
Net change in fund balances	(4,843)	(83,655)	1	(723)	(135,647)
Fund balances - beginning	6,137	173,488	108	723	274,691
Fund balances - ending	$ 1,294	$ 89,833	$ 109	$ --	$ 139,044

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
$ --	$ --	$ --	$ 3,813	$ --	$ --	$ 3,813
1,319	5,603	502	281	10	33	9,880
--	9,868	--	--	--	--	65,868
--	11,446	--	--	--	--	83,796
1,319	26,917	502	4,094	10	33	163,357
326,453	381,839	--	--	--	--	2,583,511
326,453	381,839	--	--	--	--	2,583,511
(325,134)	(354,922)	502	4,094	10	33	(2,420,154)
450,000	715,000	--	--	--	--	2,962,604
--	(451,595)	--	--	--	--	(729,329)
450,000	263,405	--	--	--	--	2,233,275
124,866	(91,517)	502	4,094	10	33	(186,879)
474,631	1,633,573	143,145	79,604	3,012	9,603	2,798,715
$ 599,497	$ 1,542,056	$ 143,647	$ 83,698	$ 3,022	$ 9,636	$ 2,611,836

THE CITY OF CHARLESTON

WEST VIRGINIA

CITY OF CHARLESTON, WEST VIRGINIA
DEBT SERVICE FUND

Nonmajor Fund

Debt Service Sinking Fund This fund is used to account for the accumulation of resources and payment of general long-term debt principal and interest from governmental resources and for governmental revenue bonds debt principal and interest from specified revenues. The City currently has no general obligation bonds outstanding.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2011

	Sinking Fund
ASSETS	
Restricted cash	$ 6
Total assets	$ 6
LIABILITIES AND FUND BALANCES	
FUND BALANCE	
Restricted	6
Total fund balance	6
Total liabilities and fund balance	$ 6

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR DEBT SERVICE FUND
For the Fiscal Year Ended June 30, 2011

	Sinking Fund
REVENUES	
Taxes:	
Ad valorem property taxes	$ 3,000
Total revenues	3,000
EXPENDITURES	
Current:	
Principal	195,000
Interest	134,091
Total expenditures	329,091
Excess (deficiency) of revenues over (under) expenditures	(326,091)
OTHER FINANCING SOURCES (USES)	
Transfers in	326,091
Total other financing sources (uses)	326,091
Net change in fund balance	- -
Fund balance - beginning- Restated (Note III.J.)	6
Fund balance - ending	$ 6

THE CITY OF CHARLESTON

WEST VIRGINIA

CITY OF CHARLESTON, WEST VIRGINIA
PERMANENT FUND

Nonmajor Fund

Spring Hill Cemetery Fund This fund was created in 1973 by City Council to manage funds received for the perpetual care of Spring Hill Cemetery. The corpus is maintained in trust and the earnings thereon are to be expended for the general care and maintenance of the cemetery.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR PERMANENT FUND
June 30, 2011

	Spring Hill Cemetery
ASSETS	
Cash and cash equivalents	$ 87,682
Investments	1,772,328
Receivables:	
Accrued interest	3,391
Due from:	
Other funds	1,677
Total assets	$ 1,865,078
FUND BALANCE	
Nonspendable	1,116,511
Restricted	748,567
Total fund balances	1,865,078
Total liabilities and fund balance	$ 1,865,078

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR PERMANENT FUND
For the Fiscal Year Ended June 30, 2011

	Spring Hill Cemetery
REVENUES	
Investment earnings	$ 196,752
Contributions and donations	1,646
Total revenues	198,398
EXPENDITURES	
Current:	
Social services	24,094
Excess (deficiency) of revenues over (under) expenditures	174,304
OTHER FINANCING SOURCES (USES)	
Transfers in	22,697
Net change in fund balance	197,001
Fund balance - beginning	1,668,077
Fund balance - ending	$ 1,865,078

THE CITY OF CHARLESTON

WEST VIRGINIA

CITY OF CHARLESTON, WEST VIRGINIA
AGENCY FUNDS

Civic Center Ticket Fund This fund is custodial in nature and accounts for revenues received from ticket sales for events held at the Civic Center and subsequently dispersed to promoters of the various events.

Civic Center Promotions Fund This fund is custodial in nature and accounts for revenues received from customers for the Cooking Show, the Wedding Show, and a series of reunions that the Civic Center produces and are subsequently dispersed and deposited to the Civic Center Revenue Fund after the events are over.

Metro Drug Enforcement Task Force Fund This fund is custodial in nature where revenues from forfeitures and donations are held until dispersed to various other City or State Agencies.

Pending Forfeiture Fund This fund is custodial in nature and is operated to hold revenues from forfeitures until disbursed to appropriate federal or state entity or returned by court order.

Police Asset & Liability Fund This fund is custodial in nature and is operated by the Charleston Police Department for confiscated property that will normally be refunded upon court order.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS -
AGENCY FUNDS
June 30, 2011

	Civic Center Ticket	Civic Center Promotions	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents	$ 580,152	$ 5,728	$ 289,130	$ 1,348,826	$ 6,290	$ 2,230,126
Receivables:						
Accounts	--	--	4,433	--	--	4,433
Total assets	$ 580,152	$ 5,728	$ 293,563	$ 1,348,826	$ 6,290	$ 2,234,559
LIABILITIES						
Refunds payable and others	580,152	5,728	293,563	1,348,826	6,290	2,234,559
Total liabilities	$ 580,152	$ 5,728	$ 293,563	$ 1,348,826	$ 6,290	$ 2,234,559

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUNDS
For the Fiscal Year Ended June 30, 2011

	Civic Center Ticket	Civic Center Promotions	Metro Drug Enforcement Task Force	Pending Forfeiture	Police Asset & Liability	Total Agency Funds
ASSETS						
Cash and cash equivalents July, 1, 2010	$ 189,661	$ 10,096	$ 179,137	$ 1,065,459	$ 6,268	$ 1,450,621
Receivables, July 1, 2010	- -	- -	4,433	- -	- -	4,433
Additions-cash	5,815,635	25,226	886,342	510,713	22	7,237,938
Deductions-cash	(5,425,144)	(29,594)	(776,349)	(227,346)	- -	(6,458,433)
Cash and cash equivalents June 30, 2011	580,152	5,728	289,130	1,348,826	6,290	2,230,126
Receivables, June 30, 2011	- -	- -	4,433	- -	- -	4,433
Total assets, June 30, 2010	$ 580,152	$ 5,728	$ 293,563	$ 1,348,826	$ 6,290	$ 2,234,559
LIABILITIES						
Refunds payable and others July 1, 2010	189,661	10,096	183,570	1,065,459	6,268	1,455,054
Additions	5,815,635	25,226	678,751	490,645	22	7,010,279
Deductions	(5,425,144)	(29,594)	(568,758)	(207,278)	- -	(6,230,774)
June 30, 2011	$ 580,152	$ 5,728	$ 293,563	$ 1,348,826	$ 6,290	$ 2,234,559

THE CITY OF CHARLESTON

WEST VIRGINIA

STATISTICAL SECTION

CITY OF CHARLESTON, WEST VIRGINIA
STATISTICAL SECTION

This part of the City of Charleston's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property, business and occupation taxes and other tax revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the City's audited financial statements for the relevant year. The City implemented Governmental Accounting Standards Board Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 1
Net Assets by Component -
Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Investment in capital assets, net of related debt	$ 48,464,912	$ 55,719,550	$ 66,448,722	$ 68,309,020	$ 71,869,697	$ 69,648,983	$ 73,968,963	$ 83,612,718	$ 82,874,654
Restricted	10,893,812	11,422,818	9,488,250	10,392,753	12,211,193	14,713,465	13,856,864	8,954,706	21,260,146
Unrestricted	(20,073,060)	(16,200,296)	(15,967,485)	(20,756,708)	(32,287,210)	(39,331,088)	(49,998,448)	(61,208,990)	(78,514,106)
Total governmental activities net assets	$ 39,285,664	$ 50,942,072	$ 59,969,487	$ 57,945,065	$ 51,793,680	$ 45,031,360	$ 37,827,379	$ 31,358,434	$ 25,620,694
Business-type activities									
Investment in capital assets, net of related debt	9,576,130	9,135,802	10,485,290	10,907,278	10,854,966	10,508,737	11,003,316	11,045,766	11,453,846
Restricted	371,033	3,597,002	1,855,216	1,967,296	1,989,077	2,055,937	2,132,493	1,987,636	2,010,685
Unrestricted	(284,787)	(137,205)	196,325	140,807	298,804	739,912	963,564	1,481,099	1,816,359
Total business-type activities	$ 9,662,376	$ 12,595,599	$ 12,536,831	$ 13,015,381	$ 13,142,847	$ 13,304,586	$ 14,099,373	$ 14,514,501	$ 15,280,890
Primary government									
Investment in capital assets, net of related debt	58,441,042	64,855,352	76,934,012	79,216,302	82,724,663	80,157,720	84,972,279	94,658,484	94,328,500
Restricted	14,603,845	15,019,820	11,343,466	12,360,049	14,200,270	16,769,402	15,989,357	10,942,342	23,270,831
Unrestricted	(20,357,847)	(16,337,501)	(15,771,160)	(20,615,905)	(31,988,406)	(38,591,176)	(49,034,884)	(59,727,891)	(76,697,747)
Total primary government net assets	$ 52,687,040	$ 63,537,671	$ 72,506,318	$ 70,960,446	$ 64,936,527	$ 58,335,946	$ 51,926,752	$ 45,872,935	$ 40,901,584

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 2
Changes in Net Assets - Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses									
Governmental activities									
General government	$ 16,007,554	$ 12,892,126	$ 18,117,093	$ 15,595,021	$ 16,226,688	$ 15,897,074	$ 14,323,394	$ 11,927,925	$ 14,678,134
Public safety	31,452,519	34,016,023	34,256,666	35,437,345	39,543,593	48,241,928	49,742,002	51,702,101	48,939,715
Streets and transportation	5,535,598	6,173,346	3,185,260	6,454,730	7,993,195	8,346,954	10,646,908	12,983,127	11,247,814
Health and sanitation	4,021,705	4,503,132	3,672,291	4,302,817	5,354,317	5,207,158	5,729,637	5,583,600	5,738,852
Culture and recreation	4,786,629	4,659,938	5,930,600	6,962,595	6,378,521	6,675,344	7,305,225	7,235,426	7,296,468
Social services	803,574	648,972	637,832	666,342	360,025	822,953	831,811	858,632	726,284
Economic development	1,814,596	1,494,515	2,351,533	2,746,483	3,358,208	2,995,622	2,024,572	5,428,332	2,767,138
Administrative and general	24,095	-	-	-	-	-	-	-	-
Interest on long-term debt	972,348	724,960	1,082,377	982,256	881,524	58,003	920,328	779,600	680,588
Total governmental activities	65,418,618	65,113,012	69,233,652	73,147,589	80,096,071	88,245,036	91,523,877	96,498,743	92,074,993
Business-type activities									
Civic center	3,703,883	4,041,658	4,266,734	4,515,951	4,735,314	4,889,784	4,787,698	4,733,849	4,553,220
Parking system	3,601,138	3,522,269	3,347,906	3,141,969	3,233,036	3,140,715	2,921,629	2,888,475	2,869,089
Total business-type activities	7,305,021	7,563,927	7,614,640	7,657,920	7,968,350	8,030,499	7,709,327	7,622,324	7,422,309
Total primary government	$ 72,723,639	$ 72,676,939	$ 76,848,292	$ 80,805,509	$ 88,064,421	$ 96,275,535	$ 99,233,204	$ 104,121,067	$ 99,497,302
Program revenues									
Governmental activities									
Charges for services									
General government	12,212,222	4,167,161	5,926,506	3,621,630	3,708,650	3,535,513	3,456,574	3,032,201	3,485,637
Public safety	22,898	5,563,713	5,718,864	5,575,741	6,837,529	8,163,860	8,569,748	10,125,363	10,110,851
Culture and recreation	56,114	124,499	140,381	113,375	129,364	95,038	120,618	103,740	101,352
Streets and transportation	-	3,981	4,858	2,183,248	1,615,441	2,071,313	2,639,926	1,650,000	1,687,280
Health and sanitation	-	4,070,540	4,382,690	4,024,738	4,167,357	4,193,130	4,103,198	4,078,634	4,202,709
Economic development	-	-	2,252	-	-	-	-	-	-
Social services	-	131,898	154,468	194,080	213,931	191,635	161,208	137,875	112,123
Operating grants and contributions	3,421,187	5,136,988	4,802,708	4,720,285	4,730,700	9,541,628	8,572,211	8,743,137	9,199,315
Capital grants and contributions	3,072,562	11,506,048	5,075,683	2,194,445	2,107,864	1,471,975	1,509,503	7,654,827	1,561,603
Total governmental activities program revenues	18,784,983	30,704,828	26,208,410	22,627,542	23,510,836	29,264,092	29,132,986	35,525,777	30,460,870

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities:									
Charges for services									
Rentals	$ 2,845,573	$ 3,402,583	$ 3,504,671	$ 3,488,733	$ 3,653,123	$ 3,572,936	$ 3,663,108	$ 3,596,690	$ 3,606,545
Catering services	574,527	533,695	966,151	683,345	722,995	698,859	627,378	626,077	525,923
Parking violations	301,391	545,797	454,985	525,906	606,142	690,898	561,973	511,177	517,353
Parking meters	491,997	505,994	492,123	486,990	529,717	550,322	501,244	511,011	526,958
Other	746,539	732,283	847,534	827,436	874,709	1,105,029	1,074,676	1,231,360	1,029,662
Capital grants and contributions	5,253	63,615	26,032	40,334	73,344	224,125	48,387	20,240	439,181
Total business-type activities program revenues	4,965,280	5,783,967	6,291,496	6,052,744	6,460,030	6,842,169	6,476,766	6,496,555	6,645,622
Net (expense) revenue									
Governmental activities	(46,633,635)	(34,408,184)	(43,025,242)	(50,520,047)	(56,585,235)	(58,980,944)	(62,390,891)	(60,972,966)	(61,614,123)
Business-type activities	(2,339,741)	(1,779,960)	(1,323,144)	(1,605,176)	(1,508,320)	(1,188,330)	(1,232,561)	(1,125,769)	(776,687)
Total primary government net (expense) revenue	$ (48,973,376)	$ (36,188,144)	$ (44,348,386)	$ (52,125,223)	$ (58,093,555)	$ (60,169,274)	$ (63,623,452)	$ (62,098,735)	$ (62,390,810)
General revenues and other changes in net assets									
Governmental activities:									
Taxes									
Property taxes	10,800,459	9,846,179	10,499,462	9,898,401	10,389,006	10,355,037	10,541,473	11,438,498	11,548,479
Business and occupation taxes	31,619,878	32,820,776	32,863,908	33,681,586	35,567,872	36,666,641	39,691,857	37,874,423	38,852,038
Utility taxes	1,828,769	2,118,914	2,017,526	2,140,036	2,120,895	2,307,808	2,776,258	2,693,921	3,055,717
Hotel occupancy taxes	1,042,551	1,034,995	1,143,828	2,311,414	2,433,977	2,567,145	2,779,180	2,767,690	2,745,140
Other taxes	835,165	1,019,372	710,085	967,036	768,397	1,048,092	1,050,431	1,072,361	1,020,032
Unrestricted grants and contributions	15,766	100	2,000	-	-	-	-	-	-
Investment earnings	118,440	89,052	195,021	411,672	445,379	336,531	151,378	33,867	78,352
Gain (Loss) on sale of capital assets	100,251	59,158	5,768,495	709,370	162,017	129,838	168,333	164,158	110,918
Miscellaneous	15,446	2,156	404	37,031	224	-	-	-	-
Special item-legal settlement	-	-	-	300,978	-	-	-	-	-
Transfers	(1,810,573)	(1,326,110)	(1,148,072)	(1,961,899)	(1,453,917)	(1,192,468)	(1,972,000)	(1,540,897)	(1,534,293)
Total governmental activities	44,566,152	45,664,592	52,052,657	48,495,625	50,433,850	52,218,624	55,186,910	54,504,021	55,876,383

CITY OF CHARLESTON, WEST VIRGINIA
Table 2 (Continued)
Changes in Net Assets - Last Nine Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-type activities									
Investment earnings	$ 112,953	$ 47,948	$ 116,038	$ 120,926	$ 176,954	$ 157,601	$ 52,842	$ 13,356	$ 11,416
Miscellaneous	(2,947)	125	267	900	4,915	-	2,506	8,889	33,049
Transfers	1,810,573	1,326,109	1,148,072	1,961,899	1,453,917	1,192,468	1,972,000	1,540,897	1,534,293
Total business-type activities	1,920,579	1,374,182	1,264,377	2,083,725	1,635,786	1,350,069	2,027,348	1,563,142	1,578,758
Total primary government	46,486,731	47,038,774	53,317,034	50,579,350	52,069,636	53,568,693	57,214,258	56,067,163	57,455,141
Change in net assets									
Governmental activities	(2,067,483)	11,256,408	9,027,415	(2,024,422)	(6,151,385)	(6,762,320)	(7,203,981)	(6,468,945)	(5,737,740)
Business-type activities	(419,162)	(405,778)	(58,767)	478,549	127,466	161,739	794,787	415,128	802,071
Total primary government	$ (2,486,645)	$ 10,850,630	$ 8,968,648	$ (1,545,873)	$ (6,023,919)	$ (6,600,581)	$ (6,409,194)	$ (6,053,817)	$ (4,935,669)

The City of Charleston implemented GASB 34 for the fiscal year ended June 30, 2003.

CITY OF CHARLESTON, WEST VIRGINIA
Table 3
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Nonspendable:										
Prepaids	$ 777,535	762,097	$ 861,264	$ 951,368	$ 1,008,515	$ 966,752	$ 859,405	$ 830,761	$ 606,961	$ 599,087
Restricted for:										
Debt service	-	-	-	-	159,090	176,264	190,551	200,176	205,344	218,305
Capital projects	-	-	618,503	700,063	400,705	1,049,595	1,243,786	1,417,733	418,980	763,483
Committed for:										
Public safety	30,068	37,431	44,188	42,110	57,940	56,776	68,470	59,820	26,037	30,112
OPEB	-	-	-	-	-	-	-	396,562	2,256,244	7,968,345
Community development	-	-	-	-	-	-	-	-	-	62,811
Assigned for:										
General government	250,127	621,418	1,575,000	1,917,397	2,155,112	2,387,185	2,253,687	3,302,099	2,008,363	3,182,005
Public safety	-	-	1,524,893	1,367,497	-	-	-	-	136,293	183,045
Community development	-	-	-	-	-	-	-	-	46,991	-
Culture & recreation	-	-	-	-	-	-	-	25,000	14,895	-
Social services	-	-	-	-	-	-	-	-	-	29,354
Capital outlay	106,183	127,152	86,707	2,112,523	525,393	417,148	197,520	579,294	-	-
Unassigned	9,439,812	10,007,903	11,872,356	13,398,499	13,680,593	13,116,869	14,761,514	15,897,279	23,398,552	19,729,491
Total General Fund	$ 10,603,725	$ 11,556,001	$ 16,582,911	$ 20,489,457	$ 17,987,348	$ 18,170,589	$ 19,574,933	$ 22,708,724	$ 29,118,660	$ 32,766,038
All other governmental funds										
Nonspendable:										
Perpetual care	$ 800,000	$ 818,985	$ 841,313	$ 916,503	$ 954,952	$ 1,002,093	$ 1,011,273	$ 897,998	$ 1,010,198	$ 1,116,511
Restricted for:										
General government	5,371	555	29,387	68,490	121,527	143,229	151,112	118,186	134,743	140,179
Debt service	2,284,812	2,566,139	2,678,171	2,838,712	3,093,355	3,440,280	3,721,980	3,948,843	72,428	6
Community development	1,889,543	2,062,831	2,177,815	2,176,828	2,391,137	2,394,425	2,476,291	2,473,626	2,591,286	2,554,261
Perpetual care	359,545	388,382	405,094	426,224	473,466	605,904	553,215	606,658	657,879	748,567
Public safety	119,369	138,083	161,857	133,076	130,784	152,294	188,461	364,219	264,277	233,913
Social services	-	-	-	-	-	-	-	-	-	16,220
Capital projects	-	-	-	-	-	-	-	-	6,137	1,294
Committed for:										
General government	134,539	179,142	224,048	533,587	1,163,903	1,228,029	1,288,469	1,840,757	-	-
Public safety	-	-	-	-	-	-	-	-	-	49,027
Community development	-	-	-						30,476	216,027
Streets & transportation	-	-	-	-	-	-	-	-	-	32,611
Health & Sanitation	54,021	270,906	340,147	419,039	431,999	358,635	396,629	378,063	318,383	430,070
Debt service	-	-	-	-	-	-	-	-	-	74,371
Capital projects	4,574,129	2,194,158	3,154,992	929,347	2,710,766	3,323,604	4,656,742	3,941,227	2,826,676	2,610,542
Total all other governmental funds	$ 10,221,329	$ 8,619,181	$ 10,012,824	$ 8,441,806	$ 11,471,889	$ 12,648,493	$ 14,444,172	$ 14,569,577	$ 7,912,483	$ 8,223,599

The fund balance information for years 2002 through 2010 was restated from the previously reported reserved and unreserved to the new classifications required by GASB 54 which was implemented July 1, 2010.
The fund balances were restated to the various classifications based upon the information available which has resulted in some variances in the classifications over the years.
For comparability from year to year, the fiscal year 2002 included Spring Hill Cemetery, that was classified as nonexpendable trust and Municipal Court classified as an expendable trust fund until implementation of GASB 34 effective for the fiscal year ended June 30, 2003. Spring Hill Cemetery became a Permanent Fund and Municipal Court became a Special Revenue Fund which are governmental funds.

CITY OF CHARLESTON, WEST VIRGINIA
Table 4
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Years									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes	$ 44,007,787	$ 45,950,963	$ 46,654,270	$ 46,430,717	$ 49,242,614	$ 51,334,552	$ 53,028,638	$ 57,051,587	$ 55,577,494	$ 57,209,561
Licenses and permits	1,187,156	1,300,538	1,506,119	1,406,671	1,507,731	1,585,869	1,455,775	1,731,941	1,601,720	1,624,147
Fines and forfeitures	-	736,997	958,049	1,237,831	1,425,243	1,334,183	1,206,087	1,189,702	731,521	865,220
Charges for services	9,208,473	9,854,411	11,420,219	13,242,403	12,545,403	13,455,536	15,318,855	16,141,496	16,659,106	17,172,031
Intergovernmental	5,079,259	6,683,885	15,992,003	8,696,949	5,595,090	4,928,969	9,438,800	8,423,241	11,857,013	9,231,083
Investment earnings	1,783,495	253,535	285,676	549,103	818,789	1,184,506	778,985	400,498	321,058	310,621
Other revenues	296,932	1,087,700	1,742,909	2,109,403	2,098,938	2,426,221	2,370,284	2,419,634	3,918,629	2,355,501
Total revenues	61,563,102	65,868,029	78,559,245	73,673,077	73,233,808	76,249,836	83,597,424	87,358,099	90,666,541	88,768,164
Expenditures										
General government	12,358,471	10,520,913	10,441,852	12,386,355	12,680,635	14,029,365	15,247,865	14,755,393	14,892,930	15,098,648
Public safety	26,808,819	26,094,332	27,419,019	30,988,041	32,091,386	32,351,932	38,115,187	38,850,635	41,180,127	41,258,476
Streets & transportation	5,024,285	5,148,866	5,352,417	6,369,531	6,517,185	7,007,636	7,795,553	8,269,936	8,495,674	9,283,553
Health & sanitation	3,896,761	3,714,943	4,048,560	4,579,408	4,976,157	5,090,595	5,248,854	5,639,276	5,666,817	5,700,048
Culture & recreation	3,705,715	4,209,369	11,838,552	4,463,030	5,453,355	5,852,014	5,816,312	6,421,350	6,194,436	6,226,957
Economic development	-	4,882,570	5,673,238	2,990,521	3,640,671	4,043,828	4,004,487	3,616,919	7,630,856	3,616,911
Social services	1,590,703	762,201	584,404	647,150	665,296	856,383	828,870	795,455	858,122	765,398
Capital outlay	2,315,862	8,507,509	5,041,945	22,074,584	5,011,702	3,311,765	1,980,606	3,269,518	4,077,111	2,583,511
Debt service:										
Principal	1,645,965	1,740,766	1,104,052	1,183,247	1,517,603	1,651,681	1,761,291	1,881,447	5,231,528	696,861
Refunding debt issuance costs	-	-	-	-	-	-	-	-	66,822	-
Interest	974,550	879,354	840,682	735,873	1,079,040	979,118	873,674	919,824	636,643	504,268
Total expenditures	58,321,131	66,460,823	72,344,721	86,417,740	73,633,030	75,174,317	81,672,699	84,419,753	94,931,066	85,734,631
Excess of revenues over (under) expenditures	3,241,971	(592,794)	6,214,524	(12,744,663)	(399,222)	1,075,519	1,924,725	2,938,346	(4,264,525)	3,033,533
Special item-legal settlement	-	-	-	-	300,978	-	-	-	-	-
Other financing sources (uses)										
Proceeds from borrowing	-	1,000,000	1,532,141	10,116,502	1,573,000	1,317,227	2,326,542	2,161,000	5,445,500	2,266,500
Transfers in	3,672,484	6,809,247	13,675,581	15,311,778	10,755,743	8,002,458	7,159,465	7,388,416	15,628,709	7,123,537
Transfers out	(5,173,750)	(8,619,820)	(15,001,691)	(16,459,853)	(12,573,603)	(9,209,992)	(8,347,666)	(9,301,832)	(17,076,640)	(8,630,764)
Other	(101,743)	75,100	-	6,111,760	871,075	174,632	136,957	94,936	19,799	165,688
Total other financing sources (uses)	(1,603,009)	(735,473)	206,031	15,080,187	626,215	284,325	1,275,298	342,520	4,017,368	924,961
Net change in fund balance	1,638,962	(1,328,267)	6,420,555	2,335,524	527,971	1,359,844	3,200,023	3,280,866	(247,157)	3,958,494
Debt service as a percentage of noncapital expenditures	5%	4%	3%	3%	4%	3%	3%	3%	7%	1%

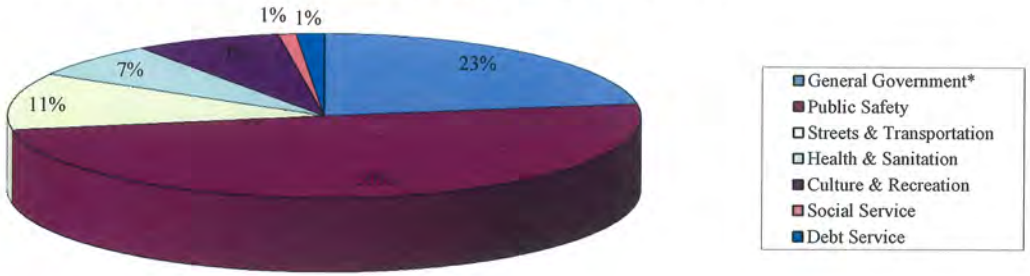
Fines & Forfeitures were included in transfers in from the Municipal Court prior to the implementation of GASB 34 for the Fiscal Year Ended June 30, 2003.
Some capital outlays are included in the activity or function. The capital outlay listed above is for capital project funds only.
Classifications of Revenues and Expenditures were changed from year to year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 5
Expenditures By Function - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Years	General Government*	Public Safety	Streets & Transportation	Health & Sanitation	Culture & Recreation	Social Service	Debt Service	Total
2002	$ 12,358,471	$ 26,808,819	$ 5,024,285	$ 3,896,761	$ 4,481,027	$ 815,391	$ 2,620,515	$ 56,005,269
2003	16,188,083	27,673,867	5,992,898	4,003,528	4,331,771	779,292	2,620,120	61,589,559
2004	16,115,074	27,419,018	5,352,417	4,048,560	3,990,812	584,404	1,944,734	59,455,019
2005	15,376,877	30,988,041	6,369,531	4,579,408	4,463,030	647,150	1,919,120	64,343,157
2006	16,321,306	32,091,386	6,517,185	4,976,157	5,453,355	665,296	2,596,643	68,621,328
2007	18,073,193	32,351,932	7,007,636	5,090,595	5,852,014	856,383	2,630,799	71,862,552
2008	19,252,352	38,115,187	7,795,553	5,248,854	5,816,312	828,870	2,634,965	79,692,093
2009	18,372,312	38,850,635	8,269,936	5,639,276	6,421,350	795,455	2,801,271	81,150,235
2010	22,523,786	41,180,127	8,495,674	5,666,817	6,194,436	858,122	5,934,993	90,853,955
2011	18,715,559	41,258,476	9,283,553	5,700,048	6,226,957	765,398	1,201,129	83,151,120

Includes General Fund, Special Revenue Funds, Permanent Fund, and Debt Service Fund
*Includes expenditures for economic development

Expenditures by Function - Governmental Fund Types for the Current Year

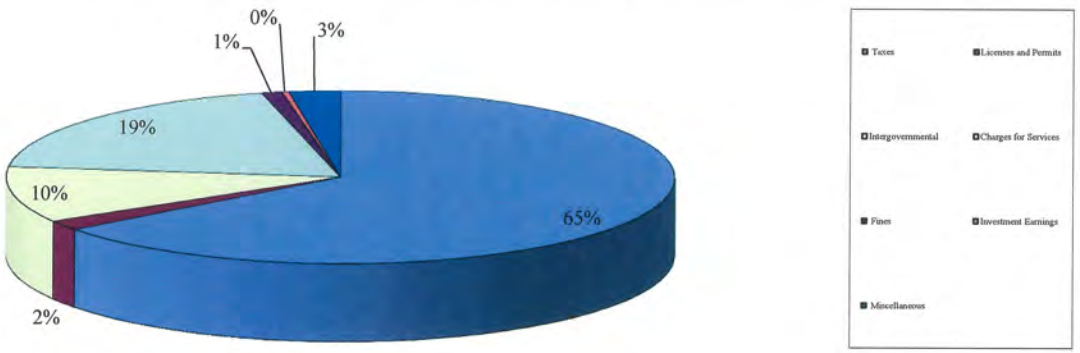


CITY OF CHARLESTON, WEST VIRGINIA
Table 6
Revenues By Source - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Years	Taxes	Licenses and Permits	Intergovernmental	Charges for Services	Fines	Investment Earnings	Miscellaneous	Total
2002	$ 42,949,413	$ 1,187,156	$ 5,079,259	$ 8,409,624	$ 512,910	$ 502,177	$ 1,243,416	$ 59,883,955
2003	45,950,963	1,300,538	6,683,885	9,854,411	736,997	197,678	942,927	65,667,399
2004	46,654,270	1,506,119	15,307,826	11,272,407	1,036,914	233,624	1,847,187	77,858,347
2005	46,430,717	1,406,671	8,696,949	13,209,907	1,237,831	429,158	1,999,821	73,411,054
2006	49,242,614	1,507,731	5,588,637	12,536,018	1,425,243	772,955	2,058,036	73,131,234
2007	51,334,552	1,585,869	4,928,969	13,423,005	1,334,183	1,088,606	2,206,694	75,901,878
2008	53,028,638	1,455,775	9,438,600	15,304,291	1,206,087	643,072	2,175,928	83,252,391
2009	57,051,587	1,731,941	8,423,241	16,107,818	1,189,702	349,788	2,359,774	87,213,851
2010	55,577,494	1,601,720	11,857,013	16,638,335	731,521	311,374	3,849,333	90,566,790
2011	57,209,561	1,624,147	9,231,083	17,168,218	865,220	300,741	2,205,837	88,604,807

Includes General Fund, Special Revenue Funds, Permanent Fund, and Debt Service Fund

Revenues by Source - Governmental Fund Type for the Current Year



CITY OF CHARLESTON, WEST VIRGINIA
Table 7
Detailed Revenues From Taxes - Governmental Fund Types - For the Last Ten Fiscal Years

Fiscal Years	Property Tax	Business & Occupation Tax	Utility Tax	Consumer Sales Tax Liquor	Hotel Occupancy Tax	Amusement Tax	Miscellaneous Taxes	Total
2002	$ 10,599,134	$ 28,259,242	$ 2,194,803	$ 661,348	$ 1,101,583	$ 105,954	$ 27,349	$ 42,949,413
2003	10,800,456	31,619,878	1,828,767	371,664	1,042,551	264,742	22,905	45,950,963
2004	9,820,894	32,820,776	2,118,914	625,700	1,034,995	201,089	31,902	46,654,270
2005	9,844,571	32,714,707	2,017,526	474,137	1,143,828	190,822	45,126	46,430,717
2006	10,142,543	33,681,586	2,140,036	746,717	2,311,414	163,005	57,314	49,242,615
2007	10,443,411	35,567,872	2,120,895	551,366	2,433,977	161,559	55,472	51,334,552
2008	10,438,952	36,666,641	2,307,808	800,647	2,567,145	187,168	60,277	53,028,638
2009	10,753,861	39,691,857	2,776,258	778,890	2,779,180	203,751	67,790	57,051,587
2010	11,169,099	37,874,423	2,693,921	826,209	2,767,690	193,976	52,176	55,577,494
2011	11,536,634	38,852,038	3,055,717	821,111	2,745,140	150,312	48,609	57,209,561

CITY OF CHARLESTON, WEST VIRGINIA
Table 8
Property Tax Levies and Collections - General Fund -
For the Last Ten Fiscal Years

Fiscal Years	Total Tax Levy	Current Tax Collections	Percent Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2002	$ 8,357,879	$ 7,441,100	89.03%	$ 538,483	$ 7,979,583	95.47%	$ 501,473	6.00%
2003	8,482,334	7,612,402	89.74%	693,878	8,306,280	97.92%	508,940	6.00%
2004	8,437,960	7,603,532	90.11%	633,025	8,236,557	97.61%	506,278	6.00%
2005	8,596,979	6,912,926	80.41%	1,386,381	8,299,307	96.54%	515,819	6.00%
2006	8,715,463	8,261,230	94.79%	322,779	8,584,009	98.49%	510,092	5.85%
2007	9,071,618	8,327,766	91.80%	548,019	8,875,785	97.84%	470,677	5.19%
2008	9,163,154	8,540,242	93.20%	344,519	8,884,761	96.96%	406,484	4.44%
2009	9,440,524	8,738,117	92.56%	462,489	9,200,606	97.46%	231,842	2.46%
2010	10,028,680	9,271,727	92.45%	376,955	9,648,682	96.21%	466,928	4.66%
2011	11,893,824	10,941,052	91.99%	595,582	11,536,634	97.00%	521,966	4.39%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class - Fiscal Years 2011, 2010, 2009, 2008, 2007, 2006, and 2005

Fiscal Year 2011

	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	8	0.14% $	19,584	0.05%
2	Manufacturing	0.30%	47	0.81%	355,563	0.96%
3	Retailers	0.50%	1,059	18.34%	7,278,769	19.58%
4	Wholesalers	0.15%	469	8.12%	1,185,723	3.19%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.02%	1,829,175	4.92%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	1,069,228	2.88%
7	Natural Gas Companies	3.00%	2	0.03%	693,354	1.87%
8	Water Companies	4.00%	1	0.02%	715,867	1.93%
9	All Other Public Utilities	2.00%	1	0.02%	44,248	0.12%
10	Contracting	2.00%	515	8.92%	3,529,749	9.49%
11	Amusement	0.50%	33	0.57%	289,647	0.78%
12	Service & All Other Businesses	1.00%	1,978	34.25%	15,766,732	42.41%
13	Rents and Royalties	1.00%	1,597	27.65%	2,528,263	6.80%
14	Banking and Other Financial Institutions	1.00%	63	1.09%	1,870,713	5.03%
	Totals		5,775	100.00% $	37,176,615	100.00%

Fiscal Year 2010

	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	5	0.11% $	18,420	0.05%
2	Manufacturing	0.30%	32	0.72%	317,725	0.90%
3	Retailers	0.50%	913	20.47%	7,105,802	20.14%
4	Wholesalers	0.15%	366	8.20%	1,003,969	2.85%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.04%	1,584,404	4.49%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	932,584	2.64%
7	Natural Gas Companies	3.00%	2	0.04%	835,828	2.37%
8	Water Companies	4.00%	2	0.04%	738,629	2.09%
9	All Other Public Utilities	2.00%	3	0.07%	30,143	0.09%
10	Contracting	2.00%	564	12.64%	3,230,548	9.16%
11	Amusement	0.50%	21	0.47%	307,393	0.87%
12	Service & All Other Businesses	1.00%	1,681	37.68%	15,249,924	43.23%
13	Rents and Royalties	1.00%	826	18.52%	2,170,226	6.15%
14	Banking and Other Financial Institutions	1.00%	43	0.96%	1,753,561	4.97%
	Totals		4,461	100.00% $	35,279,156	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2009				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	11	0.16% $	450	0.00%
2	Manufacturing	0.30%	48	0.72%	344,110	0.91%
3	Retailers	0.50%	1,200	17.96%	7,452,717	19.60%
4	Wholesalers	0.15%	485	7.26%	1,178,090	3.10%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.03%	1,428,790	3.76%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.01%	850,516	2.24%
7	Natural Gas Companies	3.00%	3	0.04%	1,139,275	3.00%
8	Water Companies	4.00%	1	0.01%	731,205	1.92%
9	All Other Public Utilities	2.00%	4	0.06%	46,358	0.12%
10	Contracting	2.00%	847	12.67%	3,197,120	8.41%
11	Amusement	0.50%	42	0.63%	81,854	0.22%
12	Service & All Other Businesses	1.00%	2,295	34.34%	17,119,132	45.02%
13	Rents and Royalties	1.00%	1,683	25.18%	2,450,421	6.44%
14	Banking and Other Financial Institutions	1.00%	61	0.91%	2,002,652	5.27%
	Totals		6,683	100.00% $	38,022,690	100.00%

		Fiscal Year 2008				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	10	0.16% $	3,921	0.01%
2	Manufacturing	0.30%	54	0.85%	362,330	1.06%
3	Retailers	0.50%	1,177	18.49%	6,851,776	20.02%
4	Wholesalers	0.15%	450	7.07%	1,214,168	3.55%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.02%	1,326,877	3.88%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1 2	0.03%	792,692	2.32%
7	Natural Gas Companies	3.00%	1	0.02%	890,233	2.60%
8	Water Companies	4.00%	4	0.06%	656,817	1.92%
9	All Other Public Utilities	2.00%	763	11.99%	81,902	0.24%
10	Contracting	2.00%	46	0.72%	3,264,605	9.54%
11	Amusement	0.50%	2,153	33.83%	302,396	0.88%
12	Service & All Other Businesses	1.00%	1,627	25.57%	14,381,469	42.01%
13	Rents and Royalties	1.00%	75	1.18%	2,102,504	6.14%
14	Banking and Other Financial Institutions	1.00%	-	0.00%	1,999,636	5.84%
	Totals		6,364	99.98% $	34,231,326	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2007				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	15	0.23% $	2,999	0.01%
2	Manufacturing	0.30%	58	0.91%	350,353	1.05%
3	Retailers	0.50%	1,167	18.24%	7,007,495	21.08%
4	Wholesalers	0.15%	428	6.69%	1,048,908	3.16%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	3	0.05%	1,216,064	3.66%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	548,390	1.65%
7	Natural Gas Companies	3.00%	3	0.05%	973,137	2.93%
8	Water Companies	4.00%	2	0.03%	657,833	1.98%
9	All Other Public Utilities	2.00%	7	0.11%	78,230	0.24%
10	Contracting	2.00%	811	12.68%	3,055,984	9.19%
11	Amusement	0.50%	45	0.70%	342,871	1.03%
12	Service & All Other Businesses	1.00%	2,129	33.28%	13,618,532	40.97%
13	Rents and Royalties	1.00%	1,671	26.12%	2,168,817	6.53%
14	Banking and Other Financial Institutions	1.00%	58	0.91%	2,168,322	6.52%
	Totals		6,398	100.00% $	33,237,935	100.00%

		Fiscal Year 2006				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	14	0.20% $	10,056	0.03%
2	Manufacturing	0.30%	71	1.02%	362,036	1.07%
3	Retailers	0.50%	1,365	19.57%	6,799,683	20.19%
4	Wholesalers	0.15%	464	6.65%	916,554	2.72%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	5	0.07%	1,181,517	3.51%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	2	0.03%	742,428	2.20%
7	Natural Gas Companies	3.00%	4	0.06%	865,231	2.57%
8	Water Companies	4.00%	2	0.03%	659,616	1.96%
9	All Other Public Utilities	2.00%	3	0.04%	3,409	0.01%
10	Contracting	2.00%	867	12.43%	3,387,279	10.06%
11	Amusement	0.50%	50	0.72%	384,539	1.14%
12	Service & All Other Businesses	1.00%	2,273	32.58%	14,364,904	42.65%
13	Rents and Royalties	1.00%	1,792	25.69%	2,074,824	6.16%
14	Banking and Other Financial Institutions	1.00%	64	0.92%	1,929,559	5.73%
	Totals		6,976	100.00% $	33,681,635	100.00%

CITY OF CHARLESTON, WEST VIRGINIA
Table 9 (Continued)
Principal Revenue Source
Business and Occupation Tax Revenue Filers By Class

		Fiscal Year 2005				
	Class	Rate per $1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
1	Production of Natural Resources	1.00%	16	0.22%	$ 15,049	0.05%
2	Manufacturing	0.30%	79	1.11%	335,813	1.03%
3	Retailers	0.50%	1,360	19.09%	6,781,563	20.89%
4	Wholesalers	0.15%	483	6.78%	803,359	2.47%
5	Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	1	0.01%	1,116,703	3.44%
6	Electric Power Companies (All Other Sales and Demand Charges)	3.00%	3	0.04%	865,422	2.67%
7	Natural Gas Companies	3.00%	4	0.06%	438,162	1.35%
8	Water Companies	4.00%	1	0.01%	586,135	1.81%
9	All Other Public Utilities	2.00%	6	0.08%	44,245	0.14%
10	Contracting	2.00%	791	11.10%	3,573,848	11.01%
11	Amusement	0.50%	58	0.81%	376,528	1.16%
12	Service & All Other Businesses	1.00%	2,383	33.46%	13,757,357	42.37%
13	Rents and Royalties	1.00%	1,866	26.20%	1,981,182	6.10%
14	Banking and Other Financial Institutions	1.00%	72	1.01%	1,792,896	5.52%
	Totals		7,123	100.00%	$ 32,468,262	100.00%

Source: City of Charleston Revenue System

The City of Charleston imposes a Business and Occupation tax upon all business performed within the City of Charleston. Non-profit organizations are exempt from this tax. The tax is calculated by multiplying the classification(s) rate times the business' gross receipts. The City presents only seven years of data instead of ten because our current customized revenue system was implemented in the fiscal year 2005 which allowed extraction of this data in summary form.

CITY OF CHARLESTON, WEST VIRGINIA
Table 10
Ratio of Outstanding General Obligation Bonds to Assessed Value, Estimated Actual Taxable Value and Net Debt Per Capita - For the Last Ten Fiscal Years

Fiscal Years	Assessed Value	Estimated Actual Taxable Value of Property	Gross Bonded Debt	Debt Service Fund	Net Bonded Debt	Ratio of Bonded Debt to Assessed Value	Ratio of Net Bonded Debt to Estimated Actual Value	Net Bonded Debt Per Capita
2002	$ 2,452,868,321	$ 1,471,720,993	$ 9,435,766	$ 2,224,206	$ 7,211,560	0.29%	0.49%	137
2003	2,479,903,422	1,487,942,053	7,795,000	2,474,126	5,320,874	0.21%	0.36%	102
2004	2,454,272,860	1,472,563,716	6,910,000	2,589,805	4,320,195	0.18%	0.29%	83
2005	2,499,526,545	1,499,715,927	5,955,000	2,761,237	3,193,763	0.13%	0.21%	62
2006	2,531,327,042	1,518,796,225	4,930,000	2,955,244	1,974,756	0.08%	0.13%	39
2007	2,623,069,250	1,573,841,550	3,830,000	3,346,560	483,440	0.02%	0.03%	10
2008	2,651,836,470	1,591,101,882	2,645,000	3,622,601	(977,601)	-0.04%	-0.06%	(19)
2009	2,771,067,257	1,662,640,354	1,370,000	3,785,755	(2,415,755)	-0.09%	-0.15%	(48)
2010	2,866,580,495	1,719,948,297	-	3,903,692	(3,903,692)	-0.14%	-0.23%	(78)
2011	2,883,615,894	1,730,169,536	-	-	-	0.00%	0.00%	-

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Assessed value does not include exempt property. The Kanawha County Assessor estimates actual taxable value of property at sixty percent. Population data can be found in the Table of Demographic Statistics. The City currently has no general obligation bond debt outstanding.

CITY OF CHARLESTON, WEST VIRGINIA
Table 11
Ratio of Outstanding Debt by Type -
For the Last Ten Fiscal Years

	Governmental Activities			Business-type Activities				
Fiscal Years	General Obligation Bonds	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income	Per Capita
2002	$ 9,435,766	$ 4,135,000	$ 3,785,174	$ 21,135,016	$ 67,765	$ 38,558,721	25.52%	733
2003	7,795,000	5,228,274	3,483,971	20,413,104	83,754	37,004,103	24.18%	712
2004	6,910,000	5,115,948	3,351,270	19,641,190	47,913	35,066,321	22.61%	677
2005	5,955,000	4,887,701	11,705,822	18,076,489	15,787	40,640,799	25.24%	787
2006	4,930,000	4,650,098	11,491,961	17,056,779	-	38,128,838	22.05%	745
2007	3,830,000	4,418,825	10,987,881	16,007,070	-	35,243,776	19.69%	694
2008	2,645,000	4,147,126	11,261,072	14,917,361	-	32,970,559	18.04%	653
2009	1,370,000	3,875,679	11,232,515	13,782,652	-	30,260,846	15.90%	599
2010	-	3,664,899	11,156,673	12,668,472	-	27,490,044	14.31%	548
2011	-	3,339,478	11,068,526	11,457,329	-	25,865,333	13.33%	503

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Table 14 on Demographic Statistics for personal income and population data.

CITY OF CHARLESTON, WEST VIRGINIA
Table 12
Revenue Bond Coverage - Civic Center Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Years	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements				General Fund & Coal Severance Subsidy
				Principal	Interest	Total	Coverage	
2002	$ 1,707,687	$ 1,995,034	$ (287,347)	$ 195,000	$ 407,515	$ 602,515	-47.69%	1,162,232
2003	2,230,497	2,403,291	(172,794)	210,000	511,434	721,434	-23.95%	1,112,067
2004	2,213,020	3,507,409	(1,294,389)	220,000	510,913	730,913	-177.09%	1,140,375
2005	2,801,245	3,758,036	(956,791)	230,000	504,424	734,424	-130.28%	1,091,309
2006	2,533,883	4,019,922	(1,486,039)	245,000	475,718	720,718	-206.19%	1,137,268
2007	2,848,127	4,252,177	(1,404,050)	255,000	465,415	720,415	-194.89%	1,081,807
2008	3,063,446	4,422,167	(1,358,721)	270,000	519,124	789,124	-172.18%	1,121,463
2009	2,823,229	4,391,541	(1,568,312)	280,000	434,949	714,949	-219.36%	1,812,381
2010	2,839,910	4,314,792	(1,474,882)	300,000	397,689	697,689	-211.40%	1,432,678
2011	2,547,456	4,211,851	(1,664,395)	315,000	305,206	620,206	-268.36%	1,314,817

CITY OF CHARLESTON, WEST VIRGINIA
Table 13
Revenue Bond Coverage - Parking System Revenue Bonds -
For the Last Ten Fiscal Years

Fiscal Years	Gross Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2002	$ 3,232,847	$ 1,444,653	$ 1,788,194	$ 585,000	$ 900,148	$ 1,485,148	120.41%
2003	2,844,789	1,524,145	1,320,644	615,000	867,995	1,482,995	89.05%
2004	3,619,020	2,506,190	1,112,830	655,000	830,341	1,485,341	74.92%
2005	3,606,556	2,473,235	1,133,321	875,000	839,929	1,714,929	66.09%
2006	3,784,728	2,591,777	1,192,951	890,000	449,604	1,339,604	89.05%
2007	4,040,726	2,716,769	1,323,957	910,000	421,403	1,331,403	99.44%
2008	3,940,591	2,653,197	1,287,394	935,000	390,455	1,325,455	97.13%
2009	3,734,111	2,546,844	1,187,267	970,000	356,450	1,326,450	89.51%
2010	3,656,645	2,471,699	1,184,946	995,000	319,555	1,314,555	90.14%
2011	4,142,631	2,493,365	1,649,266	1,025,000	282,501	1,307,501	126.14%

CITY OF CHARLESTON, WEST VIRGINIA
Table 14
Demographic Statistics -
Last Ten Fiscal Years

Fiscal Years	Population	Personal Income	Per Capita Income	Unemployment Rate
2002	52,610	$ 1,510,433	$ 28,717	6.2 %
2003	51,971	1,530,026	29,439	6.1
2004	51,813	1,550,763	29,935	5.3
2005	51,648	1,609,868	31,179	5.0
2006	51,156	1,728,561	33,798	4.5
2007	50,773	1,789,241	35,248	3.9
2008	50,478	1,882,829	37,306	3.7
2009	50,478	1,902,011	37,687	7.5
2010	50,132	1,921,031	38,177	7.8
2011	51,400	1,940,241	38,673	7.6

Bureau of Economic Analysis/U.S. Department of Commerce
Personal Income is based on an average annual growth rate of TPI of 1%
Per Capital Income is based on an average annual growth rate of PCPI of 1.3%

CITY OF CHARLESTON, WEST VIRGINIA
Table 15
Legal Debt Margin Information - Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	$ 2,883,615,894
Debt limit (5% of assessed value)	144,180,795
Debt applicable to limit:	
General obligation bonds	-
Less: amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	$ 144,180,795

	Fiscal Years									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	$ 112,412,476	$ 113,745,197	$ 112,773,976	$ 114,708,065	$ 115,320,129	$ 119,639,489	$ 132,591,824	$ 138,553,363	$ 143,329,025	$ 144,180,795
Total debt applicable to limit	9,435,766	7,795,000	6,910,000	5,955,000	4,930,000	3,830,000	2,645,000	1,370,000	-	-
Legal debt margin	$ 105,200,915	$ 108,424,323	$ 108,453,781	$ 111,514,302	$ 113,430,666	$ 119,156,049	$ 133,569,425	$ 140,969,118	$ 143,329,025	$ 144,180,795
Total net debt applicable to the limit as a percentage of debt limit	9%	7%	6%	5%	4%	3%	2%	1%	0%	0%

Note: Under State finance law, WV State Code §13-1-3, the City's outstanding debt should not exceed 5 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation debt.

CITY OF CHARLESTON, WEST VIRGINIA
Table 16
Employment/Unemployment and Change - Last Ten Fiscal Years

Fiscal Years	Employment		Unemployment	
	Total	% Change Year Ago	Rate	Unit Change Year Ago
2002	133,414	-1.9	5.7	0.8
2003	130,921	-1.9	5.5	-0.1
2004	131,698	0.6	4.9	-0.7
2005	133,234	1.2	4.7	-0.1
2006	135,085	1.4	4.1	-0.6
2007	135,847	0.6	3.8	-0.3
2008	135,414	-0.3	3.5	-0.3
2009	129,331	-4.5	6.6	3.1
2010	126,017	-4.4	8.1	0.8
2011	128,577	2.0	7.6	-0.4

Charleston, WV MSA Statistical Data
U.S. Bureau of Labor Statistics and Real Estate Center at Texas A&M University

CITY OF CHARLESTON, WEST VIRGINIA
Table 17
Kanawha County
Ten Largest Employers in Kanawha County and Rank -
June 30, 2011 and 2002

	2011			2002
Rank	**Company Name**	**Total Employees**	**Employee Percentage**	**Company Name**
1	Charleston Area Medical Center, Inc.	6,577	37%	Charleston Area Medical Center, Inc.
2	Kanawha County Board of Education	3,978	22%	Kanawha County Board of Education
3	Herbert J. Thomas Memorial Hospital Association	1,200	7%	Union Carbide Corporation
4	West Virginia Department of Highways	1,100	6% **	Minneapolis Postal Data Center
5	Wal-Mart Associates, Inc.	1,000	6% **	Wal-Mart Associates, Inc.
6	The Kroger Company	900	5% **	Herbert J. Thomas Memorial Hospital Association
7	City of Charleston Municipality	803	5%	West Virginia Bureau of Employment Programs
8	West Virginia Department of Health and Human Resources	750	4% **	Ticketmaster, LLC
9	U.S. Postal Service	720	4% **	WV Department of Highways
10	Saint Francis Hospital	715	4%	WV Department of Health and Human Resources
	Total	17,743	100%	

Workforce West Virginia, an agency of the Department of Commerce
**This information is unavailable for these organizations, consequently, the number of employees is estimated.
This information was last updated in March of 2011
The total employee information is unavailable for the 2002 year.

CITY OF CHARLESTON, WEST VIRGINIA
Table 18
Operating Indicators by Function/Program -
Last Eight Fiscal Years

Function/Program	Fiscal Years 2004	2005	2006	2007	2008	2009	2010	2011
Police								
Physical arrest	4,281	4,990	6,314	6,270	7,649	6,812	5,704	7,435
Citations written	10,402	16,460	19,946	23,494	20,804	16,217	10,438	18,710
Offenses charged	15,646	28,207	29,659	29,195	24,006	18,887	6,626	7,454
Fire								
Emergency medical responses	12,289	11,157	12,373	18,926	17,788	12,709	12,538	13,106
Fire responses	5,318	8,661	9,000	12,214	13,131	17,424	16,417	16,272
Inspections	1,064	1,019	1,019	1,156	1,124	1,138	897	854
Refuse collection								
Refuse collected (tons annually)	28,113	27,461	27,869	30,571	26,977	13,816	13,228	26,659
Recyclables collected (tons annually)	1,254	1,350	1,380	1,293	1,072	1,031	991	3,410
Yard waste collected (tons annually)	4,238	3,428	2,658	2,271	1,653	455	454	1,031
Sludge (tons annually)	3,630	2,170	2,289	5,175	5,641	2,701	1,250	5,938
Other public works								
Streets resurfaced (Miles)	Unavailable	27.50	25.58	9.30	10.56	9.40	5.14	6.96
Potholes repaired	113	83	34	177	27	57	82	77
Parking systems								
Parking violations	54,162	52,995	64,418	62,942	98,187	45,545	43,316	44,159
Civic center								
Number of events (annual average)	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Municipal auditorium								
events (number of days annual average)	115-120	115-120	115-120	115-120	115-120	115-120	115-120	115-120

Sources: Various City of Charleston departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA
Table 19
Capital Asset Statistics by Function / Program -
Last Eight Fiscal Years

	Fiscal Years							
Function/Program	2004	2005	2006	2007	2008	2009	2010	2011
Police								
Stations	1	1	1	1	1	1	1	1
Zone offices	5	5	5	5	5	5	5	4
Patrol units	100	90	90	94	94	94	92	88
Fire stations	8	9	9	9	9	9	9	9
Refuse collection								
Collection trucks	30	30	30	30	30	30	30	30
Other public works								
Street (miles)	300	300	300	300	300	300	300	325
Traffic signals	152	152	152	152	152	152	152	148
Parks and recreation								
Community centers	3	3	3	3	3	3	3	3
Neighborhood centers	3	3	3	3	3	3	3	3
Parks	6	6	6	6	6	6	6	6
Parks acreage	115	115	115	115	115	115	115	115
Swimming pools	5	5	5	5	5	5	5	5
Tennis courts	16	16	16	16	16	16	16	16
Parking system								
Number of parking garages	6	6	6	6	6	6	6	6
Number of parking meters	108	1,073	1,098	1,100	1,150	1,150	1,150	1,150
Civic center								
Types of facilities	6	6	6	6	6	6	6	6

Sources: Various City of Charleston Departments

Note: The City of Charleston began preparation of a CAFR for the fiscal year 2004 and information on the various statistics for prior fiscal years was not available in the various departments.

CITY OF CHARLESTON, WEST VIRGINIA
Table 20
Full-Time Equivalent City Government Employees By Function / Program
Last Ten Fiscal Years

	Fiscal Years									
Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government										
Management	58	58	61	44	42	47	48	49	52	50
Finance	20	21	21	21	23	26	26	22	20	29
Planning	14	14	15	17	17	17	17	17	17	21
Building	4	3	3	4	14	14	14	20	30	26
Engineering	6	5	6	8	8	8	8	9	9	8
Other	48	42	52	39	32	31	32	31	42	55
Police										
Officers	163	162	164	168	171	180	179	183	179	160
Civilians	42	44	46	45	29	28	28	24	26	27
Fire										
Officers	197	197	188	190	191	187	191	188	199	174
Civilians	5	5	5	5	5	5	4	3	2	2
Other public safety	8	9	8	9	9	8	8	8	8	8
Refuse collection	58	58	72	77	69	74	66	66	65	68
Public works	97	99	97	119	120	119	118	121	126	129
Parks and recreation	76	85	88	80	90	87	93	108	83	91
Social services	18	20	21	19	19	17	21	10	10	9
Civic center	29	32	34	44	30	24	23	22	21	21
Parking system	37	37	38	36	35	28	26	25	24	26
Total	880	891	919	925	904	900	902	906	913	904

Sources: City of Charleston Payroll