



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF CHARLESTON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**





**COMPREHENSIVE ANNUAL FINANCIAL REPORT
CITY OF CHARLESTON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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, 2010. 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

ACKNOWLEDGMENTS

Report prepared by:

City of Charleston Accounting/Finance Department
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Cover Photos and Design by Jeff Gentner

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.

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INTRODUCTORY SECTION



CITY OF CHARLESTON
P.O. Box 2749
CHARLESTON, WEST VIRGINIA 25330

December 23, 2010

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, 2010. 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 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 an unqualified ("clean") opinion on the City of Charleston's financial statements for the fiscal year ended June 30, 2010. 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. Charleston has an estimated population of approximately 50,132 and a land area of 31.6 square miles according to the 2008 estimated census. 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 Cookoff 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

Companies in major economic sectors such as chemical, automotive, healthcare, telecommunications and professional services are located within the government's boundaries or in close proximity. Other thriving economic sectors include retail, trade and tourism.

The Charleston area is the State's premier business center due to its industrial diversity and numerous job opportunities. The unemployment rate of 7.8 percent at June 30th reflected an increase over prior year; however, it was lower than the State and United States unemployment rate of 8.5 and 9.5 percent, respectively. Since June the unemployment rate has increased to 8.0 percent.

The City of Charleston has remained stable even with the national economic downturn. Overall the State has handled the recession well in comparison to many other states. The City has been dealing with the economic downturn for sometime; however, Charleston's and West Virginia's economy never saw a boom in the housing market and likewise did not experience a bust. The State's economy shows mixed signs; however, as of September 2010, the economy continues to perform above expectations. Based on tax collections the energy sector is driving the state's economic recovery. Coal exports are higher, as well as coal production and the price it commands. Reports rank personal income growth in the state as 15th in the country. State sales tax collections, another good measure of the economy, is about five percent ahead of the prior year. Overall, the State is a little better than average. Activity within the City continues on many projects with the assistance of grants, stimulus grants, and private contributions. Many major improvements became reality during the fiscal 2010 year and continue currently.

The City received nearly \$3 million in federal stimulus money and approximately 57 percent has been spent as of September 2010. CDBG-R (Community Development Block Grant-Recovery) award of \$497,051 was spent, for the most part, on infrastructure, streets, and sidewalks in block grant-eligible neighborhoods (low to moderate income areas). HUD Homeless Prevention and Rapid Rehousing Program (HPRP), a three year grant, has spent 36 percent of a \$737,363 grant helping homeless people get rental assistance each month. A Department of Justice police grant in the amount of \$784,532 is over half spent buying investigative tools for the detective bureau, surveillance systems, camera systems, etc. and paying for specialized training that cannot be provided for in regular budgets. The Police Department received an additional DOJ grant in the amount of \$107,932 under the Stop Violence Against Women program.

In addition, the City received an Energy Efficiency and Conservation Block Grant from the Department of Energy in the amount of \$582,300 for LED fixtures for its parking garages. This project should be completed during the 2011 fiscal year. Other grant applications to build a new fire station and to renovate Slack Plaza were submitted but not approved. However, the Charleston Area Alliance has received a grant for design assistance for Slack Plaza.

The Haddad Riverfront Park Improvement Project funded through a U.S. Small Business Administration Grant of \$2.4 million, private contributions, and city contributions was completed, for the most part, during the year. This park serves as the center of Charleston's community celebrations. The improvements included a retractable canopy over the seating bowl, streetscape-type improvements to Kanawha Boulevard, a new stairs entrance into the seating area, a permanent stage and Court Street overlook. The City hosts many events at the Park during the year including Live on the Levee concert series, Rod Run & Doo Wop Car Show, FestivALL and July 4th celebrations.

The Gateway Greenspace at the end of the main downtown exit ramp from interstate 64/77 at the Clay Center for the Arts & Sciences was completed during the year as an entrance enhancement into the City.

Kureha, a Japanese chemical powerhouse, completed a plant dedicated to the production of polyglycolic acid (PGA) in the Kanawha Valley creating about 50 new jobs with over a \$100 million in investment. The Mardi Gras Casino & Resort, which offers table games and created approximately 300 jobs, at a local race track facility was completed in accordance with state legislation.

A methane-fueled power plant at the City's landfill, funded by an entrepreneur as part of the green movement in this Country, was completed and is producing gas to convert to electricity. This is the first green landfill in West Virginia. Under the lease agreement, the City will receive a 12.5 percent monthly royalty payment estimated to be over \$3 million during the first ten years. A riverbank stabilization project has been completed on the West Side. City and U.S. Army Corps of Engineers officials have plans to apply for federal funds to do similar work in the East End. The City will contribute \$600,000 grant match to be funded by the City's service fee. The timeframe will most likely be in 2012.

IFC International opened its first West Virginia office in downtown Charleston in August 2009. They will focus primarily on education consulting. The FBI is constructing a new regional facility in downtown Charleston on a vacant lot at a cost of over \$4 million. Charleston Area Medical Center has purchased the site of the former Watt Powell ballpark from the University of Charleston. The University bought the property from the City in 2005. CAMC is planning on building a new \$40 million cancer outpatient center on the property. Kanawha County is currently completing construction of a new elementary school and has plans to construct a second elementary school on the West Side. The County School Board is to receive \$8.8 million in State funding for the project. In addition, the County renovated the donated AEP building for a new prosecutor's office and sheriff's department.

The East End and West Side Main Street Programs continue and have reported successes. The East End Main Street has helped businesses leverage about \$5.8 million in property investments and new businesses have created about 95 new jobs on Charleston's East End. The West Side Main Street began in 2005 and since then 14 businesses have moved to the West Side with 120 jobs. Public and private grant money of approximately \$700,000 has been spent and approximately \$7 million invested in new buildings, infrastructure improvements, and renovations.

Federal funds in the amount of \$1.9 million from the Department of Transportation have been awarded to redevelop the abandoned CSX railroad trestle bridge over the Kanawha River in Charleston. The City Council has pledged \$475,000 of City funds for the project as required by the grant match. Engineering studies are underway to evaluate the structural and environmental condition of the property before making a final decision on acquisition and development of the project. The Charleston Land Trust was created by City Ordinance in 2003 with the primary mission to inventory and manage city-owned property having scenic, recreation, historic, woodland, forestry, preservation, cultural or similar value and to actively seek acquisitions of such properties. The Greenways Committee of the Land Trust was established in 2007 to develop a comprehensive recreational trail system for the greater Charleston Area. Another committee of the Land Trust, NeighborWoods, grew out of the Greater Charleston Greenways Initiative and has developed a website with an interactive online map containing dozens of recreational sites and trails across Charleston. In addition, the map outlines planned trails, proposed trails, trail markers, parks and recreational centers.

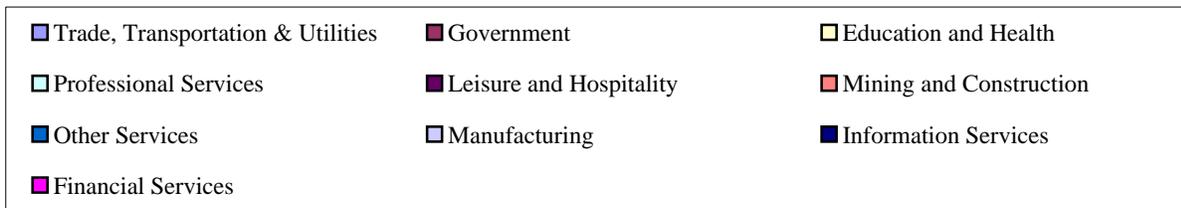
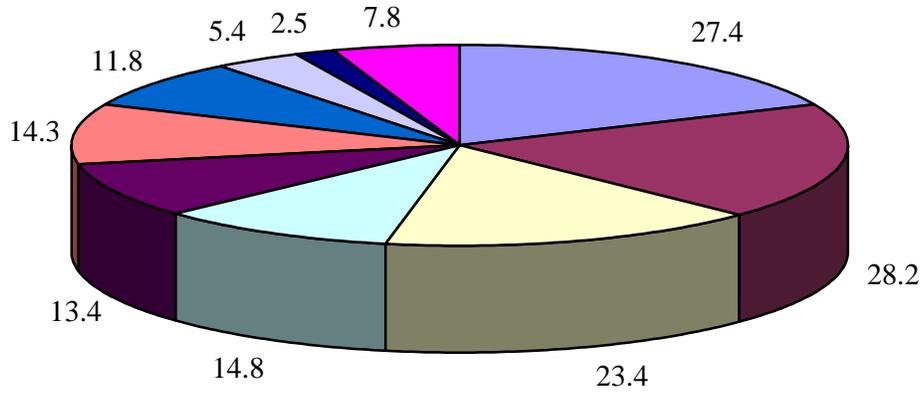
Charleston was one of 41 communities nationwide to receive \$360,000 in grants as part of the "Keys 4 Healthy Kids" project which will be implemented on Charleston's East End and West Side to support more active lifestyles and healthier eating habits. The grants have been nearly matched with local funding. The projects include creation of community gardens, more fresh food options at corner stores, creation of green spaces throughout the City, and agreements for joint-use of public school property for cooking, exercise, and health education classes.

Charleston formed a Sister City alliance with Banska Bystrica, Slovakia. A delegation from Banka Bystrica visited Charleston in October 2009 and in the spring, a delegation from Charleston visited Slovakia. The Alliance includes representatives of a wide spectrum of groups in Charleston including rotary clubs, churches, hospitals, universities and cultural groups. This program encourages and supports exchanges between residents and institutions of the cities.

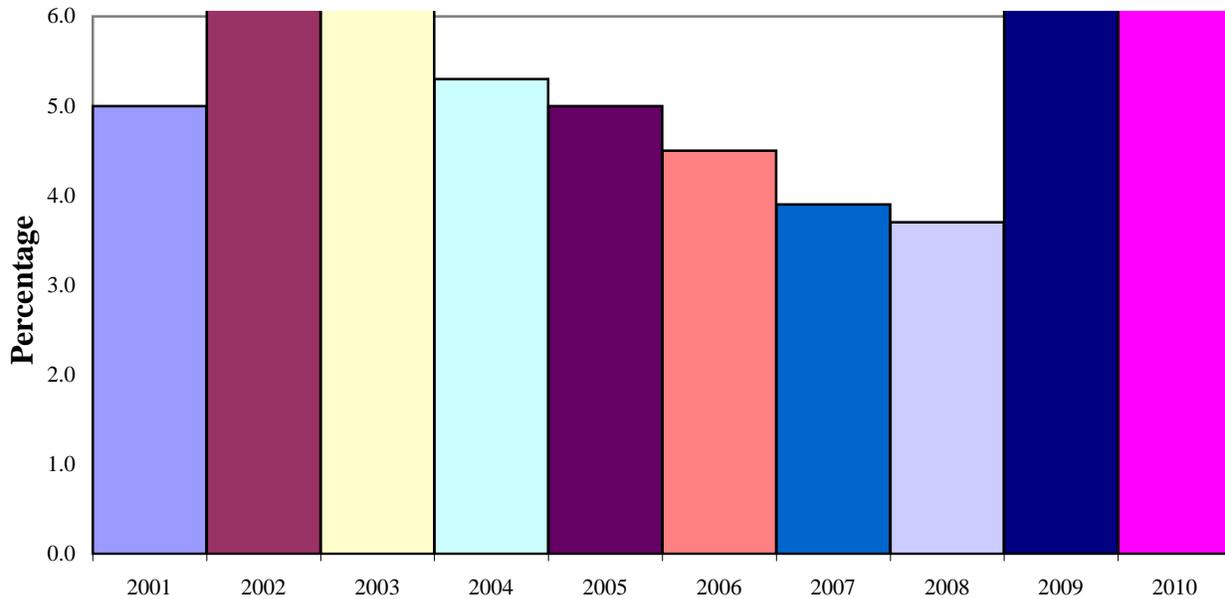
The Charleston Convention and Visitors Bureau continues to be successful with its "Bring it Home" campaign which it started four years ago. It encourages local residents to help bring events and conferences to Charleston to boost the local economy. The Bureau's campaign has brought in \$50.5 million in economic impact to the City. Charleston hosted "Summer Fest" for the second year which included the Toyota Governor's Cup National Watercraft Races, the EVP Pro Am Beach Championship and the Firefighter Combat Challenge. Charleston was chosen out of 22 locations across the country to host an AAU National Qualifier Track and Field Meet which was held in June at the University of Charleston's Laidley Field and featured 360 events for competitors ages 4 to 18.

Charleston has become more visitor friendly with its colorful wayfinding signs pointing to specific destinations, sights, and tourism information spots. In addition, the Charleston Convention and Visitor's Bureau has developed a new visitor's guide containing color-coded maps highlighting City sites, including local landmarks and shopping areas. The Wayfinding Commission has begun three banner programs for community neighborhoods and events which consists of Horizontal Street Banners, Vertical Special Event Banners, and Vertical District Banners.

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



Unemployment Rate



Long-term Financial Planning and Relevant Financial Policies

The City has begun implementation of strategy-aligned management (based upon a Balanced Scorecard approach) which is a framework for implementing strategy that translates an organization's "mission and strategy into a set of performance measures". Charleston City Council has identified five overarching goals for Charleston to be the business, cultural, and recreational Capital of the Appalachian Mountains. These goals are (1) strong neighborhoods (2) efficient government (3) enhanced recreational opportunities (4) infrastructure development and maintenance, and (5) business development.

The government submitted a Plan for Home Rule to the State of West Virginia Legislature on December 31, 2007, and was granted home-rule status by the State Municipal Home Rule Board which began July 1, 2008 for a five-year pilot program. In September 2008, the City Council approved a bill creating Chapter 3 Municipal Home Rule in the Municipal Code for all ordinances enacted pursuant to the authority granted to the City under W.Va. Code §3-15a. The City is experiencing positive results from ordinances enacted. Liens are being filed on landlords for unpaid city fees and publication of a list of delinquent accounts has given the City more leverage to collect the fees. The Planning Department has been able to issue spot citations and levy fines on property owners who fail to maintain their lawns and property. In addition, it has streamlined the way inspectors enforce building and zoning codes. It has been very successful in taking care of common problems such as removal of junk cars and RVs parked in front of homes or vehicles parked on the grass. Enforcement officials send a courtesy letter allowing five days to get the problem fixed, and if not, a citation is issued which carries a fine based on first, second, third, or additional violations. In addition, the state legislature approved a bill allowing cities and towns to tap insurance proceeds when clearing away buildings destroyed by fire as part of Home Rule.

Many challenges face the government, most significantly, the OPEB liability and the public safety pension unfunded liability. The administration has and continues to review options and work with actuaries to determine how best to address these huge liabilities. Some changes to the health care plan were effective July 1, 2010 with active employee rates tied to the COBRA rate. Retiree premiums were increased four percent with a subsidy cap. Other changes will be implemented during the fiscal year 2011, possibly, Health Reimbursement Accounts for new and existing employees. There will be changes made to the conversion of unused sick leave to retiree health-care premiums and other anticipated changes to post-retirement health-care benefits. Setting up a trust fund for the OPEB is also under consideration. The City has been transferring money to an Employee Health Insurance Reserve for a few years. Transfers and interest earnings to date total \$6,607,617. The City has already set up a health clinic, a wellness center including a gym, and implemented other wellness programs to address insurance costs.

The public safety pension unfunded liabilities present a greater challenge. City officials had hoped some new State legislation passed last year that allows cities to opt into a new pension plan administered by the State for newly hired police and firefighters would present a viable option. However, the upfront costs to meet the requirements to accept the option were too high and not feasible at the present time. The administration has been consulting with the actuaries and reviewing other viable options to address these unfunded liabilities. In addition, they have begun approaching State legislators to hopefully introduce legislation that would amend the new plan passed last year to allow another option for funding the pensions.

A Municipal Stabilization Fund was established by Council in 2005 in accordance with WV Code to account for any resources from appropriations, gifts, grants, and surplus of general fund to cover general fund budget shortfalls or any other purpose the governing body considers appropriate. The fund currently has a balance of \$4,498,122. During the fiscal 2010 year the government paid off its only general obligation bond debt. Consequently, a property tax levy for the bonds is now freed up to become part of the general revenues which will provide an additional \$1.5 million annually.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charleston for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the fourth year the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, CPA
City Auditor (Controller)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Charleston
West Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

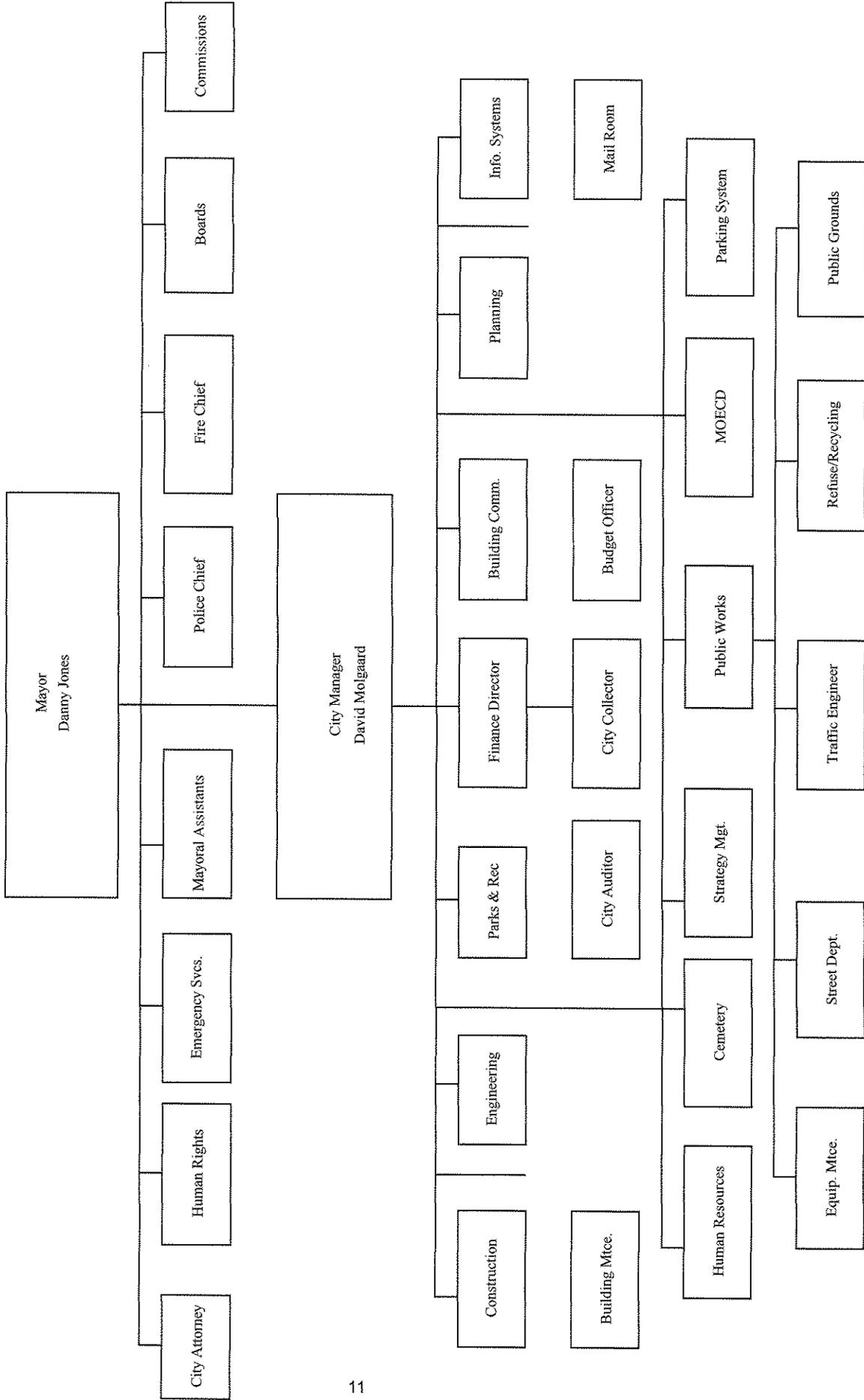
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF CHARLESTON
Organizational Chart



**CITY OF CHARLESTON, WEST VIRGINIA
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2010**

OFFICE	NAME	TERM
<u>Elective</u>		
Mayor:	Danny Jones	06/21/07 - 06/21/11
Treasurer:	Victor Grigoraci	06/21/07 - 06/21/11
Municipal Judge:	Shawn Taylor	06/21/07 - 06/21/11

Council Members

At Large	J. Thomas Lane	Ward 9	Cubert Smith
At Large	William Hanna	Ward 10	Robert Sheets
At Large	Jerry L. Ware	Ward 11	Marc Weintraub
At Large	Harry Deitzler	Ward 12	Jim Harris, Jr.
At Large	Kasey Russell	Ward 13	Susie Salisbury
At Large	Mary Jean Davis	Ward 14	Jack E. Harrison
Ward 1	Patrick Jones	Ward 15	David Kent Higgins
Ward 2	William Kirk	Ward 16	Lewis Payne
Ward 3	Joe Deneault	Ward 17	Bobby Reishman
Ward 4	Rev. James Ealy	Ward 18	John Miller, Jr.
Ward 5	Teresa "Tricky" Reed	Ward 19	Rick Burka
Ward 6	Edward Talkington	Ward 20	Cheryle Hall
Ward 7	Adam Knauff	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



State of West Virginia

Glen B. Gainer III
State Auditor and
Chief Inspector

Stuart T. Stickel, CPA
Deputy Chief Inspector

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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, 2010, 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, 97 percent, and 91 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.

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.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2010, 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 15 through 26 and the Schedule of Funding Progress on pages 85 and 86 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

December 23, 2010

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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, 2010. 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 \$45,872,935 (*net assets*). Net assets primarily consists of the governments investment in capital assets (206 percent).

The City of Charleston's total net assets decreased over the course of this year's operations by \$6,053,817. The beginning net assets were restated at July 1, 2009, to \$51,926,752, an increase of \$4,359,101, to correct the liability for Other Post-Employment Benefits (OPEB) due to an error in actuarial computations for the annual required contributions in the July 1, 2008, report. During the fiscal year, revenues actually increased five percent; however, expenses increased \$4,887,862 which includes accruals for increases in long-term obligations for pensions (\$10,997,605), Other Post-Employment Benefits (\$3,022,891), and general liability insurance and workers' comp claims (\$2,133,255).

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 \$37,031,143, a decrease of \$247,157 from the prior year. This decrease is attributed to an increase in expenditures of 12 percent which exceeded the total three percent increase in revenues. Total capital outlay expenditures increased 77 percent in comparison to the prior year which is attributable to several large necessary projects for rehabilitation of the South Side Bridge and Kanawha Boulevard Bridge, emergency stream-bank protection, Haddad Riverfront Park and community center tennis court reconditioning.

General Fund unreserved fund balance at the end of the fiscal year was \$12,398,994 which equates to 16 percent of total General fund expenditures and 81 percent of total fund balance.

The City of Charleston's total debt decreased \$2,770,802 (nine percent). The general obligation bonds were paid off during 2010 and principal payments on all debt exceeded capital lease additions and refunding bond issuance in the amount of \$2,770,802. During the fiscal year the City issued four refunding revenue bonds for a reduction in total debt service in the amount of \$843,880 and an economic gain of \$625,153.

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.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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).

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.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

Financial Analysis of the City as a Whole

Net Assets. The City's combined net assets reflect a 11 percent decrease between fiscal years 2010 and 2009. Overall revenues increased five percent in the amount of \$5,243,240. The Charleston Urban Renewal Authority, a component unit of the City, contributed land with a value of \$1,422,322 to the City for the greenspace park project at the Clay Center for the Arts & Sciences. Business and Occupation taxes, the City's principal revenue source, declined four percent. The 2009 fiscal year reflected a one-time increase in excess of \$1,000,000 due to a lawsuit settlement. Consequently, under normal circumstances the decline would have been less significant and any decrease could be related to the downturn in the economy. Utility taxes decreased two percent; however, property tax increased eight percent and hotel occupancy and amusement taxes remained stable. Charges for services remained stable. However, the City's expenses increased four percent and exceeded revenues. The government's operation expenses increased minimally due to prudent management; however, expenses for pension obligations, OPEB, and workers' comp increased in the amount of \$16,153,751. Revenues are predicted to remain stable basically linked to the economy and inflation each year; however, expenses are expected to rise accordingly.

Although the net assets of our business-type activities increased to \$14,514,501 (2 percent), these resources cannot be used to reduce the unrestricted net asset deficit in governmental activities.

CITY OF CHARLESTON'S NET ASSETS

	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 46,395,009	\$ 46,217,809	\$ 3,906,140	\$ 3,565,073	\$ 50,301,149	\$ 49,782,882
Capital assets	96,308,581	88,272,156	23,714,238	24,785,968	120,022,819	113,058,124
Total assets	142,703,590	134,489,965	27,620,378	28,351,041	170,323,968	162,841,006
Long-term liabilities outstanding	92,499,719	79,183,428	11,388,616	12,521,788	103,888,335	91,705,216
Other liabilities	18,845,437	17,627,047	1,717,261	1,729,880	20,562,698	19,356,927
Total liabilities	111,345,156	96,810,475	13,105,877	14,251,668	124,451,033	111,062,143
Net Assets:						
Invested in capital assets, net						
of related debt	83,612,718	73,968,963	11,045,766	11,003,316	94,658,484	84,972,279
Restricted	8,954,706	13,856,864	1,987,636	2,132,493	10,942,342	15,989,357
Unrestricted	(61,208,990)	(49,998,448)	1,481,099	963,564	(59,727,891)	(49,034,884)
Total net assets	\$ 31,358,434	\$ 37,827,379	\$ 14,514,501	\$ 14,099,373	\$ 45,872,935	\$ 51,926,752

Governmental activities. Governmental activities decreased the City of Charleston's net assets by \$6,468,945 thereby accounting for the total decrease in the net assets. This is primarily attributable to increases in long-term obligations for public safety pensions (\$10,997,605), other post-employment benefits (\$3,022,891), and claims and judgments (\$2,133,255). The City funds the pension in accordance with an alternative funding allowed by West Virginia State Statute; however, the unfunded liability continues to increase rapidly. The City funds the other post-employment benefits on a pay-as-you-go basis. The administration is reviewing options available to address these two liabilities. The workers comp claims future reserve increased approximately \$1,800,000 due to the potential claim of a single case.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

Revenues increased \$5,278,799 (six percent) over prior year. This is primarily attributable to a \$6,316,250 (62 percent) increase in grants and contributions. The Charleston Urban Renewal Authority, a component unit, contributed land valued at \$1,422,322 for the gateway greenspace project. Charges for services remained stable with minimal increase. Property taxes and alcohol beverage taxes increased eight percent and six percent, respectively. Tax assessments are based on home values derived from sales data of comparable homes based on three year cycles; therefore, any home value declines due to the recession will probably not impact until later. Hotel occupancy tax remained stable attributable, for the most part, to the City of Charleston Convention & Visitors Bureau's continued aggressive efforts and success in booking city-wide events for the past four years.

Grant revenues increased \$3,495,978 (76 percent) attributable to receipt of federal funds for the Haddad Riverfront Park Project in the amount of \$2,400,000, HUD CDBG-R and Homeless Prevention stimulus grants in the amount of \$620,918, Byrne Justice stimulus grant in the amount of \$757,614, and a Homeland Security Firefighters' Assistance Grant in the amount of \$192,600.

Government-wide statement governmental expenses increased \$4,974,865 (5 percent) over prior year. General government expense decreased twenty percent from prior year. Salaries and workers' comp increased three percent and thirteen percent, respectively; however, medical expense decreased eleven percent. The City is now beginning to recognize some savings since the City clinic was established in addition to preventative health measures put into place with the wellness center and other programs. Economic development expenses increased in correlation with one time federal stimulus grants received. Interest expense decreased since the general obligation bonds were paid off during the year and some savings were obtained as a result of the revenue bond refundings. The City will continue to recognize savings from these revenue bond refundings over the next fourteen years.

City of Charleston's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program Revenues:						
Charges for Services	\$ 19,127,813	\$ 19,051,272	\$ 6,454,070	\$ 6,428,379	\$ 25,581,883	\$ 25,479,651
Operating Grants and Contributions	8,743,137	8,572,211	-	-	8,743,137	8,572,211
Capital Grants and Contributions	7,654,827	1,509,503	20,240	48,387	7,675,067	1,557,890
General Revenues:						
Property Taxes	11,438,498	10,541,473	-	-	11,438,498	10,541,473
Business & Occu- pation Taxes	37,874,423	39,691,857	-	-	37,874,423	39,691,857
Other Taxes	6,533,972	6,605,869	-	-	6,533,972	6,605,869
Other	198,025	319,711	22,245	55,348	220,270	375,059
Total Revenues	91,570,695	86,291,896	6,496,555	6,532,114	98,067,250	92,824,010

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

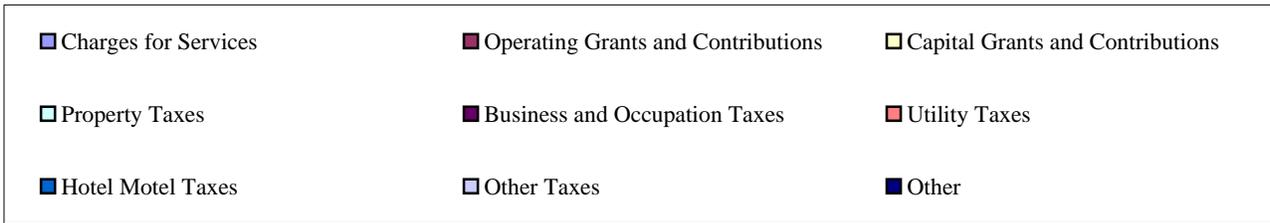
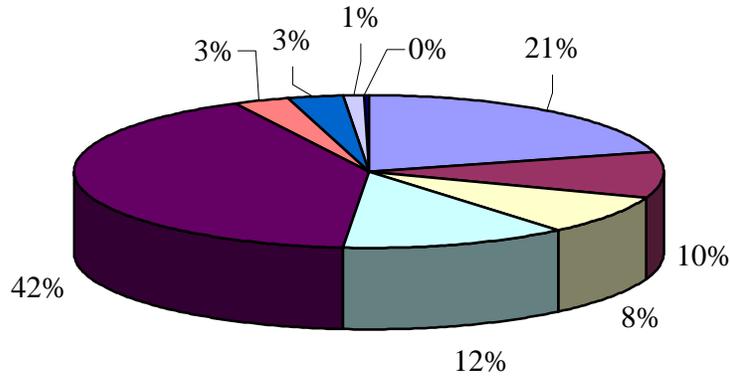
	Governmental		Business-type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General Government	\$ 11,927,924	\$ 14,323,394	\$ -	\$ -	\$ 11,927,924	\$ 14,323,394
Public Safety	51,702,101	49,742,002	-	-	51,702,101	49,742,002
Highways & Streets	12,983,127	10,646,908	-	-	12,983,127	10,646,908
Health & Sanitation	5,583,600	5,729,637	-	-	5,583,600	5,729,637
Economic Development	5,428,332	2,024,572	-	-	5,428,332	2,024,572
Culture & Recreation	7,235,426	7,305,225	-	-	7,235,426	7,305,225
Social Services	858,632	831,811	-	-	858,632	831,811
Interest on Long- Term Debt	779,600	920,328	-	-	779,600	920,328
Civic Center	-	-	4,733,849	4,787,698	4,733,849	4,787,698
Parking System	-	-	2,888,475	2,921,629	2,888,475	2,921,629
Total Expenses	96,498,742	91,523,877	7,622,324	7,709,327	104,121,066	99,233,204
Increase in Net Assets						
Before Transfers	(4,928,047)	(5,231,981)	(1,125,769)	(1,177,213)	(6,053,816)	(6,409,194)
Transfers	(1,540,897)	(1,972,000)	1,540,897	1,972,000	-	-
Increase in Net Assets	(6,468,945)	(7,203,981)	415,128	794,787	(6,053,817)	(6,409,194)
Net Assets- beginning-restated	37,827,379	45,031,360	14,099,373	13,304,586	51,926,752	58,335,946
Net Assets- ending	\$ 31,358,434	\$ 37,827,379	\$ 14,514,501	\$ 14,099,373	\$ 45,872,935	\$ 51,926,752

Business-type activities. Total net assets of the City's business-type activities increased two percent (\$415,128) over prior year restated. Operating revenues remained stable in comparison to prior year. The Civic Center experienced a one percent increase in charges to customers due to an unexpected increase in concert events at the latter part of the fiscal year. The Parking System experienced less than one percent decrease in operating revenues. Meter revenues increased one percent over prior year; however, parking violations decreased nine percent in comparison to prior year. The operating expenses for the Civic Center and Parking System decreased one percent and two percent, respectively. The Civic Center made a conscious effort to cut expenses across the board but especially in contracted services by reducing the number of contracted employees from Extras. The Parking System achieved cost reduction by not purchasing department uniforms and by turning lights off in the facilities when unneeded or not in use.

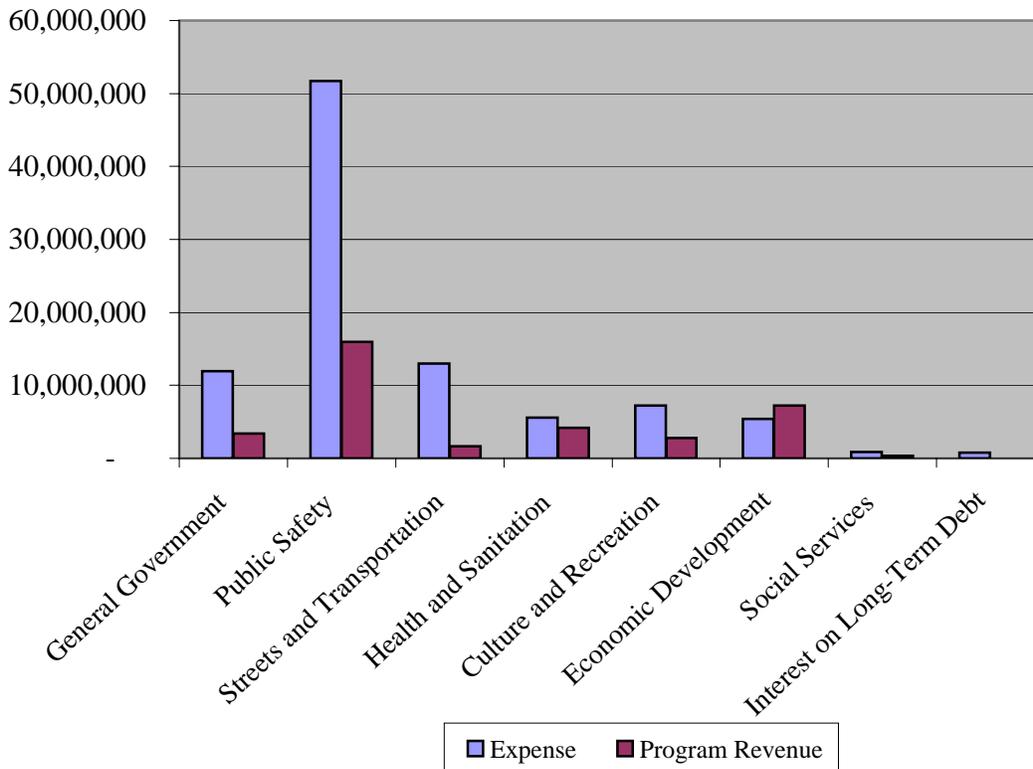
The Civic Center total net assets decreased \$446,008. Revenues increased and expenses decreased; however, General Fund subsidy was decreased. The Parking System net assets increased \$861,136. Operating revenues remained stable and expenses decreased. The reduction of debt interest costs for the past five years due to the 2005 refunding of its debt significantly impacted the financial stability of the fund.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

Revenue by Source-Governmental Activities

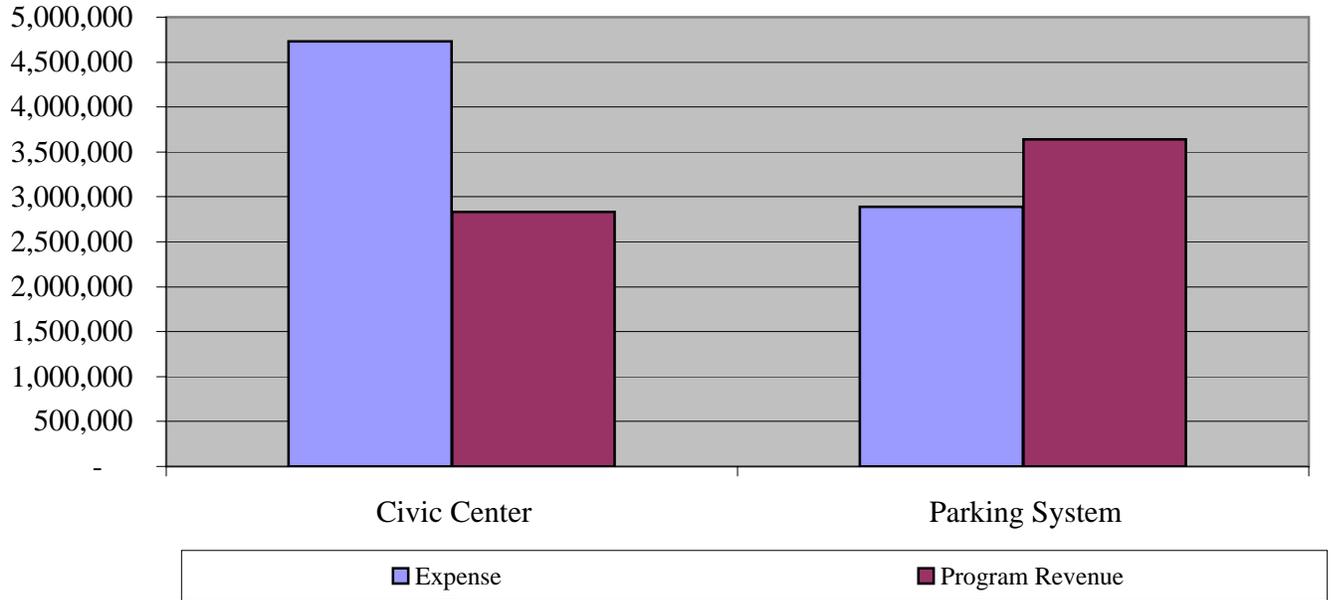


Expenses and Program Revenues-Governmental Activities

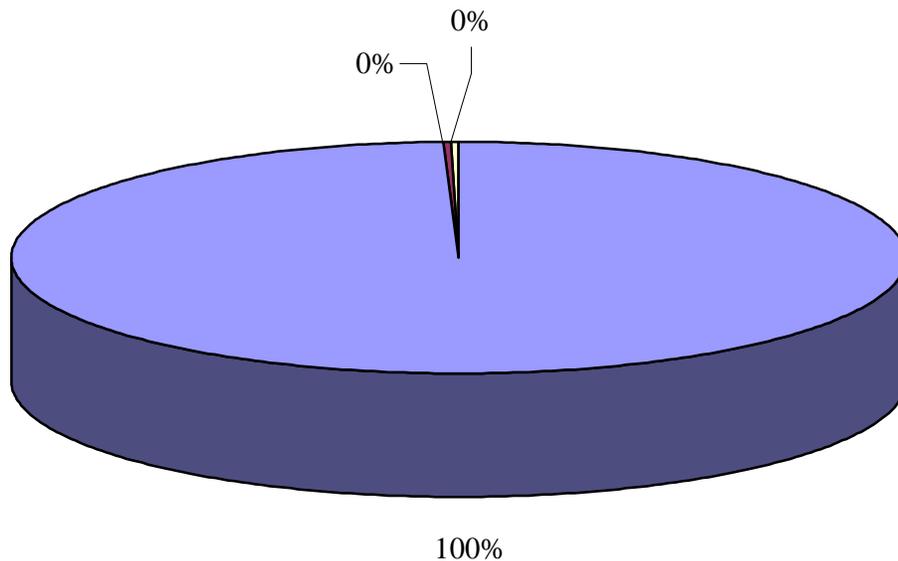


**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

Expenses and Program Revenues-Business-Type Activities



Revenues by Source-Business-Type Activities



**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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 \$37,031,143, a decrease of \$247,157 in comparison with the prior year. Approximately 61 percent of this amount (\$22,867,991) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior year (\$2,145,454), 2) to pay debt service (\$4,231,768), 3) to generate income to pay for the perpetual care of the municipal cemetery (\$1,668,077), or 4) for community development, capital projects or public safety measures (\$6,117,853).

The General Fund is the chief operating fund of the City of Charleston. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,398,994, while total fund balance reached \$15,182,596. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 16 percent of total General Fund expenditures, while total fund balance represents 20 percent of that same amount.

The fund balance of the City of Charleston's General Fund decreased significantly by \$7,526,128 during the current fiscal year. This is attributable, for the most part, to management's decision to transfer \$7,557,046 to the Municipal Stabilization Fund for budget shortfalls or other circumstances; however, \$3,185,000 was transferred, as a budgetary technique to facilitate rollover of unused expenditure budgets at June 30, 2010, and returned to the General Fund on July 2, 2010, as reflected in the revised budget for 2011.

Expenditures increased \$1,846,268, (2 percent) in comparison to prior year attributable for the most part to increased capital expenditures in the amount of \$1,522,550 (30 percent). Salaries increased three percent due to the across-the-board budgetary increase; workers' comp increased thirteen percent due to a significant rise in the number of claims plus some larger claims payments. In addition, payments of \$220,300 were made on prior year claims. Medical costs decreased eleven percent due, in part, to the implementation of preventive measures and the City clinic.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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 decreased (3 percent) over the prior year; however, it has been fairly stable considering the downturn in the economy. Subsequent to year-end the State has experienced a 30 percent improvement in coal severance collections over the 2009-2010 year. According to the State Deputy Secretary of Revenue coal exports are running higher, and coal production and prices are up. The Community Development and HOME Funds are funded totally by HUD federal grants for community development. The grant revenues recognized were four percent less in comparison to prior years due to delays in some projects. Grant awards actually increased; however, revenues are recognized as expenditures are made. Consequently, it appears there was a decrease when in reality HUD grant revenue allocations increased for the 2010 fiscal year.

The U.S. Small Business Administration Fund accounts for a federal grant received for the Haddad Riverfront Park Project which began during the 2010 fiscal year. At June 30th all of the federal funds had been received and expended except for \$96,506. The Haddad Park project also received private donations in the amount of \$1,091,663. The project should be completed during the 2011 fiscal year. The Municipal Stabilization fund was created several years ago in accordance with State Legislation as a "Rainy Day" fund. The administration in the last two fiscal years has begun to transfer funds for budgetary shortfalls and unforeseen circumstances. During the 2010 fiscal year over \$4,000,000 was transferred for this purpose.

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 fourteen percent (\$11,273,879). The most significant can be briefly summarized as follows:

Legal expenses were increased \$1,818,941 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.

Engineering remaining budgeted funds for storm water projects in the amount of \$424,914 were carried forward for continuance of the projects that were not completed by the 2009 fiscal year-end.

In order to purchase the remaining tons of salt under existing contract for snow removal a budget amendment from contingency was made in the amount of \$138,200.

The Mayor's contributions to various entities were increased approximately \$226,089.

Contributions were recognized from the Charleston Area Alliance for the Gateway Greenspace Project in the amount of \$483,926 and from the Kanawha County Commission for the Disaster Recovery Project in the amount of \$136,023.

Capital projects costs were increased approximately \$1,642,895 to carry over remaining lease funding for vehicle and equipment purchases.

City Manager professional services remaining budgeted funds in the amount of \$772,231 were carried forward for various contracted services that were not completed by the 2009 fiscal year-end.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

Amendments were made to recognize savings from medical insurance and the transfer of the savings to the Health Reserve Fund (\$208,208). In addition transfers were budgeted to the Municipal Stabilization Fund for savings from elimination of four data entry clerks in Police Civilian (\$182,845); savings from implementation of a lockbox for certain tax and fee collections (\$189,201); and \$4,000,000 from remaining 2009 beginning fund balance. Other transfers from 2009 beginning fund balance were made to the Facilities Maintenance and General Maintenance Funds for capital projects in the amount of \$648,845.

All amendments were budgeted from available fund balance and increases in various charges for services, grants, insurance proceeds, and contributions. For the fiscal year 2010 General Fund revenues were less than budgetary estimates; however, expenditures were less than budgetary estimates.

The City's general fund balance of \$15,182,596 differs from the general fund's budgetary fund balance of \$5,453,655 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 \$9,728,941 has not been reappropriated for budgetary purposes, only actual cash collections are budgeted each fiscal year.

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, 2010, amounted to \$120,022,819 (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.

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

Several projects were completed during the fiscal year, including City Hall internal renovations in the approximate amount of \$301,913; Kanawha Boulevard Bridge Rehabilitation in the amount of \$1,427,817; Streambank Protection Project in the amount of \$553,700; and South Side Bridge retaining wall, cleaning, and painting in the amount of \$74,221.

A variety of projects for the Riverfront, Greenspace, renovations, landslides, retaining walls, and Civic Center renovations was remaining in construction in progress as of the end of the current fiscal year in the amount of \$9,226,064.

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

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 8,872,359	\$ 7,450,037	\$ 4,366,447	\$ 4,366,447	\$ 13,238,806	\$ 11,816,484
Construction in Progress	8,974,151	1,777,150	251,913	854,538	9,226,064	2,631,688
Buildings & Improvements	29,735,108	30,565,624	18,086,648	18,456,146	47,821,756	49,021,770
Other Improvements	6,782,117	6,684,614	427,248	453,121	7,209,365	7,137,735
Machinery & Equipment	9,011,815	8,231,329	581,982	655,716	9,593,797	8,887,045
Infrastructure	32,933,031	33,563,402	-	-	32,933,031	33,563,402
Total	\$ 96,308,581	\$ 88,272,156	\$ 23,714,238	\$ 24,785,968	\$ 120,022,819	\$ 113,058,124

Additional information on the City of Charleston's capital assets can be found in Note IV.C. on pages 64 through 66 of this report.

**CITY OF CHARLESTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2010**

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	
	2010	2009	2010	2009	2010	2009
General Obligation						
Bonds	\$ -	\$ 1,370,000	\$ -	\$ -	\$ -	\$ 1,370,000
Revenue Bonds	3,664,899	3,875,679	12,668,472	13,782,652	16,333,371	17,658,331
Total	\$ 3,664,899	\$ 5,245,679	\$ 12,668,472	\$ 13,782,652	\$ 16,333,371	\$ 19,028,331

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 \$143,329,025. 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 68 through 73 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 was at a ten year high during June at 7.8 percent. The average for the past twelve months was 7.8 percent and is currently at 8.0 percent. The last twelve months reflected decreases in the labor market for construction and mining (-5.9 percent); manufacturing (-5.3 percent); trade, transportation, and utilities (-1.1 percent); information (-3.8 percent); financial activities (-2.5 percent); other services (-0.8 percent); and government (-2.1 percent). Professional services, education and health, and leisure and hospitality experienced increases of 1.4 percent, 2.2 percent, and 3.1 percent, respectively.

The occupancy rate of the government's central business district has remained at 85 to 90 percent for the past several years.

Inflationary trends in the region compare favorably to national indices.

In March 2010, the City of Charleston approved a balanced budget for the fiscal year 2011, with General Fund appropriations of \$80,399,377. The budget was approved with no city employee raises for the first time since 2003; reduction of four police officers; decrease in medical insurance costs due to lower 2010 costs and planned changes during the 2011 year; and a 25 percent decrease in liability insurance costs since the City's loss history reflected no major charges in five years.

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, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
ASSETS						
Current assets:						
Cash & cash equivalents	\$ 19,474,514	\$ 1,466,821	\$ 20,941,335	\$ 6,642,285	\$ 5,697,811	\$ 604,218
Investments	1,333,601	--	1,333,601	--	--	--
Receivables:						
Accounts	3,328,666	122,275	3,450,941	1,013,478	--	251,392
Accrued interest	26,095	--	26,095	--	1,447	--
Taxes	11,908,654	--	11,908,654	--	--	--
Rents	--	--	--	--	1,500	--
Other	--	--	--	1,659	--	--
Loans	5,239,013	--	5,239,013	--	3,097,553	--
Grants	1,794,571	8,230	1,802,801	--	--	--
Internal balances	45,447	(45,447)	--	--	--	--
Due from:						
Component units	41,817	--	41,817	--	--	--
Inventory, at cost	--	--	--	--	--	81
Construction project deposit	--	--	--	--	131,250	--
Inventories	--	--	--	418,499	--	--
Prepaid insurance and lease	606,961	161,076	768,037	166,598	310	1,938
Deferred charges	--	6,245	6,245	15,324	--	--
Restricted assets:						
Regular account	--	300,558	300,558	1,892,112	--	--
Reserve account	--	--	--	5,092,408	--	--
Renewal and replacement	--	--	--	8,471,059	--	--
Reserve for bond retirement	--	549,915	549,915	--	--	--
Restricted cash	2,522,886	--	2,522,886	--	--	--
Reserve for construction	--	--	--	1,272,643	--	--
Reserve for health care	--	--	--	1,487,866	--	--
Customer deposits	--	76,393	76,393	--	--	--
Total current assets	46,322,225	2,646,066	48,968,291	26,473,931	8,929,871	857,629
Noncurrent assets						
Restricted:						
Revenue bond covenant accounts	--	1,137,163	1,137,163	--	--	--
Deferred charges	72,784	83,887	156,671	40,233	--	--
OPEB	--	39,024	39,024	--	--	--
Capital assets not being depreciated:						
Land	8,872,359	4,366,447	13,238,806	1,432,257	6,568,619	--
Construction in progress	8,974,151	251,913	9,226,064	3,390,001	--	--
Capital assets being depreciated:						
Buildings and improvements	60,983,186	65,063,287	126,046,473	30,305,036	39,378	--
Vehicles	17,497,841	--	17,497,841	--	--	--
Infrastructure	82,108,084	--	82,108,084	--	--	--
Transmission and distribution	--	--	--	103,649,874	--	--

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2010

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
Machinery & equipment	\$ 15,431,350	\$ 2,146,254	\$ 17,577,604	\$ 6,172,517	\$ 23,517	\$ 238,520
Leasehold improvements	--	--	--	--	--	146,545
Less: accumulated depreciation	<u>(97,558,390)</u>	<u>(48,113,663)</u>	<u>(145,672,053)</u>	<u>(51,056,921)</u>	<u>(24,610)</u>	<u>(262,331)</u>
Total capital assets	<u>96,308,581</u>	<u>23,714,238</u>	<u>120,022,819</u>	<u>93,892,764</u>	<u>6,606,904</u>	<u>122,734</u>
Total noncurrent assets	<u>96,381,365</u>	<u>24,974,312</u>	<u>121,355,677</u>	<u>93,932,997</u>	<u>6,606,904</u>	<u>122,734</u>
Total assets	<u>\$ 142,703,590</u>	<u>\$ 27,620,378</u>	<u>\$ 170,323,968</u>	<u>\$ 120,406,928</u>	<u>\$ 15,536,775</u>	<u>\$ 980,363</u>
LIABILITIES						
Current liabilities:						
Current liabilities payable from current assets:						
Accounts payable	1,798,240	79,809	1,878,049	1,108,876	277,719	66,984
Payroll payable	1,061,720	56,331	1,118,051	102,943	2,589	377
Other accrued expenses	37,331	2,971	40,302	--	11,037	--
Solicitation bonds payable	25,510	--	25,510	--	--	--
Compensated absences payable	--	--	--	--	--	1,515
Benefits payable	98,332	9,733	108,065	190,335	28,490	--
Reserve for future insurance claims	477,184	31,731	508,915	--	--	--
Due to:						
Primary government	--	--	--	41,817	--	--
Current liabilities payable from restricted assets:						
Accrued bond interest payable	12,051	80,676	92,727	630,980	--	--
Accrued capital lease interest payable	111,042	--	111,042	--	--	--
Customer deposits	--	40,971	40,971	--	--	--
Deferred revenues:						
Unearned revenue	5,250,806	--	5,250,806	--	--	--
Other deferred revenues	--	--	--	--	64,369	--
Due within one year	<u>9,973,221</u>	<u>1,415,039</u>	<u>11,388,260</u>	<u>2,548,140</u>	<u>--</u>	<u>--</u>
Total current liabilities	<u>18,845,437</u>	<u>1,717,261</u>	<u>20,562,698</u>	<u>4,623,091</u>	<u>384,204</u>	<u>68,876</u>
Noncurrent liabilities:						
Due in more than one year	<u>92,499,719</u>	<u>11,388,616</u>	<u>103,888,335</u>	<u>63,663,693</u>	<u>--</u>	<u>--</u>
Total noncurrent liabilities	<u>92,499,719</u>	<u>11,388,616</u>	<u>103,888,335</u>	<u>63,663,693</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>111,345,156</u>	<u>13,105,877</u>	<u>124,451,033</u>	<u>68,286,784</u>	<u>384,204</u>	<u>68,876</u>

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS (CONTINUED)
June 30, 2010

	Primary Government			Component Units		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Sanitary Board</u>	<u>Urban Renewal Authority</u>	<u>Convention & Visitor's Bureau</u>
NET ASSETS						
Invested in capital assets, net of related debt	\$ 83,612,718	\$ 11,045,766	\$ 94,658,484	\$ 27,949,752	\$ 6,606,904	\$ 122,734
Restricted for:						
Debt service	4,231,768	1,987,636	6,219,404	16,267,868	--	--
Capital projects	418,980	--	418,980	--	--	--
Community development projects	2,622,057	--	2,622,057	--	--	--
Public safety and streets	13,824	--	13,824	--	--	--
Perpetual care:						
Expendable	657,879	--	657,879	--	--	--
Nonexpendable	1,010,198	--	1,010,198	--	--	--
Unrestricted	<u>(61,208,990)</u>	<u>1,481,099</u>	<u>(59,727,891)</u>	<u>7,902,524</u>	<u>8,545,667</u>	<u>788,753</u>
Total net assets	<u>\$ 31,358,434</u>	<u>\$ 14,514,501</u>	<u>\$ 45,872,935</u>	<u>\$ 52,120,144</u>	<u>\$ 15,152,571</u>	<u>\$ 911,487</u>

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, 2010

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Assets							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Units					
					Governmental Activities	Business-type Activities	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau			
Primary government:												
General activities:												
Public safety	\$ 11,927,925	\$ 3,032,201	\$ 293,808	\$ 37,894	\$ (8,564,022)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Streets and transportation	51,702,101	10,125,363	4,860,611	985,748	(35,730,379)	--	--	--	--	--	--	--
Health and sanitation	12,983,127	1,650,000	--	13,647	(11,319,480)	--	--	--	--	--	--	--
Culture and recreation	5,583,600	4,078,634	76,733	--	(1,428,233)	--	--	--	--	--	--	--
Interest on long-term debt	7,235,426	103,740	161,568	2,539,495	(4,430,623)	--	--	--	--	--	--	--
Social services	779,600	--	--	--	(779,600)	--	--	--	--	--	--	--
Economic development	858,632	137,875	187,849	--	(532,908)	--	--	--	--	--	--	--
	5,428,332	--	3,162,568	4,078,043	1,812,279	--	--	--	--	--	--	--
Total governmental activities	96,498,743	19,127,813	8,743,137	7,654,827	(60,972,966)	--	--	--	--	--	--	--
Business-type activities:												
Civic Center	4,733,849	2,812,545	--	20,240	--	(1,901,064)	--	--	--	--	--	--
Parking System	2,888,475	3,641,525	--	--	--	753,050	--	--	--	--	--	--
Total business-type activities	7,622,324	6,454,070	--	20,240	--	(1,148,014)	--	--	--	--	--	--
Total primary government	\$ 104,121,067	\$ 25,581,883	\$ 8,743,137	\$ 7,675,067	\$ (60,972,966)	\$ (1,148,014)	\$ (62,120,980)	\$ --	\$ --	\$ --	\$ --	\$ --
Component units:												
Sanitary Board	15,453,870	17,285,588	--	23,188	--	--	--	1,854,906	--	--	--	--
Urban Renewal Authority	3,189,663	1,076,404	--	--	--	--	--	--	(2,113,259)	--	--	--
Convention & Visitor's Bureau	1,845,693	105,537	1,718,383	--	--	--	--	--	--	--	--	(21,773)
Total component units	\$ 20,489,226	\$ 18,467,529	\$ 1,718,383	\$ 23,188	\$ --	\$ --	\$ --	\$ 1,854,906	\$ (2,113,259)	\$ --	\$ --	\$ (21,773)
General revenues:												
Ad valorem property taxes					11,438,498							
Business & occupation tax					37,874,423							
Alcoholic beverages tax					826,209							
Utility services tax					2,693,921							
Hotel occupancy tax					2,767,690							
Amusement tax					193,976							
Other taxes					52,176							
Unrestricted investment earnings					33,867	13,356	47,223	39,818	--	--	--	--
Gain on sale of capital assets					164,158	8,889	173,047	431,750	--	--	--	--
Miscellaneous					--	--	--	106,579	--	--	--	--
Transfers					(1,540,897)	1,540,897	--	--	--	--	--	--
Total general revenues and transfers					54,504,021	1,563,142	56,067,163	578,147	--	--	--	--
Change in net assets					(6,468,945)	415,128	(6,053,817)	2,433,053	(2,113,259)			(21,773)
Net assets - beginning (Restated - Note IV.L)					37,827,379	14,099,373	51,926,752	49,687,091	17,265,830			933,260
Net assets - ending					\$ 31,358,434	\$ 14,514,501	\$ 45,872,935	\$ 52,120,144	\$ 15,152,571	\$		\$ 911,487

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

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.

Municipal Stabilization Fund This fund was established by City Council in accordance with State legislative requirements to account for funds to be maintained as a "rainy day" contingency.

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.

Nonmajor governmental funds are presented in aggregate and then by fund type beginning on page 88.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2010

	General	Coal Severance Tax	Community Development	HOME	Municipal Financial Stabilization	U.S. Small Business Administration	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 880,289	\$ 43	\$ 16,786	\$ 1,421	\$ 7,678,559	\$ 350,397	\$ 10,547,019	\$ 19,474,514
Investments	--	--	--	--	--	--	1,333,601	1,333,601
Receivables:								
Taxes	11,710,939	72,379	--	--	--	--	125,336	11,908,654
Accounts	2,699,395	--	8,764	--	--	238,928	381,579	3,328,666
Grants	157,396	--	146,401	11,311	--	986,529	492,934	1,794,571
Loans	--	--	1,635,590	3,341,406	--	--	262,017	5,239,013
Accrued interest	19,696	--	1,957	--	--	--	4,442	26,095
Due from:								
Other funds	2,042,186	--	--	--	--	368,240	10,701	2,421,127
Component units	16,665	--	--	--	--	--	25,152	41,817
Prepaid insurance	606,961	--	--	--	--	--	--	606,961
Restricted cash	205,344	--	--	--	--	--	2,317,542	2,522,886
Total assets	\$ 18,338,871	\$ 72,422	\$ 1,809,498	\$ 3,354,138	\$ 7,678,559	\$ 1,944,094	\$ 15,500,323	\$ 48,697,905
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	906,254	--	104,912	789	--	287,035	499,250	1,798,240
Payroll payable	1,061,720	--	--	--	--	--	--	1,061,720
Other accrued expenditures	37,331	--	--	--	--	--	--	37,331
Solicitation bonds payable	25,510	--	--	--	--	--	--	25,510
Benefits payable	98,332	--	--	--	--	--	--	98,332
Reserve for future insurance claims	477,184	--	--	--	--	--	--	477,184
Due to:								
Other funds	2,476	--	41,489	10,521	--	1,656,662	664,531	2,375,679
Deferred revenue:								
Unearned revenue	80,540	--	1,574,989	3,342,828	--	--	252,449	5,250,806
Taxes	466,928	--	--	--	--	--	75,032	541,960
Total liabilities	3,156,275	--	1,721,390	3,354,138	--	1,943,697	1,491,262	11,666,762
Fund balances:								
Reserved for:								
Encumbrances	2,145,454	--	--	--	--	--	--	2,145,454
Perpetual care	--	--	--	--	--	--	1,668,077	1,668,077
Debt service	205,344	72,422	--	--	--	--	3,954,002	4,231,768
Community development	--	--	88,108	--	--	397	2,533,552	2,622,057
Capital projects	418,980	--	--	--	--	--	2,798,715	3,217,695
Public safety and streets	13,824	--	--	--	--	--	264,277	278,101
Unreserved, reported in:								
General fund	12,398,994	--	--	--	--	--	--	12,398,994
Special revenue funds	--	--	--	--	7,678,559	--	2,790,438	10,468,997
Total fund balances	15,182,596	72,422	88,108	--	7,678,559	397	14,009,061	37,031,143
Total liabilities and fund balances	\$ 18,338,871	\$ 72,422	\$ 1,809,498	\$ 3,354,138	\$ 7,678,559	\$ 1,944,094	\$ 15,500,323	\$ 48,697,905

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, 2010

Total fund balances on the governmental fund's balance sheet	\$	37,031,143
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.)		96,308,581
Deferral of bond issuance cost which is amortized over the life of the bonds is not reported in the funds. (Note IV.F.)		72,784
Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds. (Note IV.B.)		541,960
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).		<u>(102,596,034)</u>
Net assets of governmental activities	\$	<u><u>31,358,434</u></u>

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, 2010

	General	Coal Severance Tax	Community Development	HOME	Municipal Financial Stabilization	US Small Business Administration	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES								
Taxes:								
Ad valorem								
property taxes	\$ 9,648,682	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,520,417	\$ 11,169,099
Business & occupation tax	37,874,423	--	--	--	--	--	--	37,874,423
Alcoholic beverages tax	826,209	--	--	--	--	--	--	826,209
Utility services tax	2,693,921	--	--	--	--	--	--	2,693,921
Hotel occupancy tax	2,767,690	--	--	--	--	--	--	2,767,690
Animal tax	8,074	--	--	--	--	--	--	8,074
Gas and oil severance tax	44,102	--	--	--	--	--	--	44,102
Amusement tax	193,976	--	--	--	--	--	--	193,976
Licenses and permits	1,601,720	--	--	--	--	--	--	1,601,720
Intergovernmental:								
Federal	248,183	--	1,835,125	813,894	--	2,303,494	2,892,070	8,092,766
State	3,441,100	254,494	--	--	--	--	68,653	3,764,247
Charges for services	12,601,220	--	--	--	--	--	4,057,886	16,659,106
Fines and forfeits	--	--	--	--	--	--	731,521	731,521
Interest and investment								
earnings	20,628	67	97,282	--	7,473	397	195,211	321,058
Reimbursements	1,278,403	--	8,764	--	--	--	59,363	1,346,530
Payments in lieu of taxes	52,529	--	--	--	--	--	--	52,529
Contributions and donations	1,024,012	--	--	--	--	1,091,663	14,970	2,130,645
Miscellaneous	382,607	--	303	--	--	--	6,015	388,925
Total revenues	74,707,479	254,561	1,941,474	813,894	7,473	3,395,554	9,546,106	90,666,541
EXPENDITURES								
Current:								
General government	14,719,782	--	--	--	--	--	173,148	14,892,930
Public safety	39,126,069	--	--	--	--	--	2,054,058	41,180,127
Streets and transportation	8,492,179	--	--	--	--	--	3,495	8,495,674
Health and sanitation	4,558,198	--	--	--	--	--	1,108,619	5,666,817
Culture and recreation	6,194,436	--	--	--	--	--	--	6,194,436
Social services	829,875	--	--	--	--	--	28,247	858,122
Economic development	--	--	1,951,315	813,894	--	3,763,396	1,102,251	7,630,856
Debt service:								
Principal	486,528	--	--	--	--	--	4,745,000	5,231,528
Interest	392,319	--	--	--	--	--	244,324	636,643
Refunding debt issuance costs	--	--	--	--	--	--	66,822	66,822
Capital outlay:								
Highways and streets	--	--	--	--	--	--	4,077,111	4,077,111
Total expenditures	74,799,386	--	1,951,315	813,894	--	3,763,396	13,603,075	94,931,066
Excess (deficiency) of revenues over (under) expenditures	(91,907)	254,561	(9,841)	--	7,473	(367,842)	(4,056,969)	(4,264,525)
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 3,334,314	--	--	--	7,557,046	368,239	4,369,110	15,628,709
Transfers (out)	(12,937,729)	(266,884)	--	--	--	--	(3,872,027)	(17,076,640)
Bonds issued	--	--	--	--	--	--	3,460,000	3,460,000
Premium paid on debt issued	--	--	--	--	--	--	(163,895)	(163,895)
Proceeds from the sale of assets	183,694	--	--	--	--	--	--	183,694
Capital leases	1,985,500	--	--	--	--	--	--	1,985,500
Total other financing sources (uses)	(7,434,221)	(266,884)	--	--	7,557,046	368,239	3,793,188	4,017,368
Net change in fund balances	(7,526,128)	(12,323)	(9,841)	--	7,564,519	397	(263,781)	(247,157)
Fund balances - beginning- Restated Note IV.I.	22,708,724	84,745	97,949	--	114,040	--	14,272,842	37,278,300
Fund balances - ending	\$ 15,182,596	\$ 72,422	\$ 88,108	\$ --	\$ 7,678,559	\$ 397	\$ 14,009,061	\$ 37,031,143

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, 2010

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

Net change in fund balances - total governmental funds	\$	(247,157)
<p>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 capital outlays exceeded depreciation in the current period (Note II.B).</p>		
		6,633,640
<p>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).</p>		
		(19,537)
<p>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).</p>		
		269,399
<p>Transfer (contribution) of land from component unit not reported in the governmental funds; however, it is reported as a capital contribution in the statement of activities.</p>		
		1,422,322
<p>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).</p>		
		1,745,436
<p>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).</p>		
		<u>(16,273,048)</u>
Change in net assets of governmental activities	\$	<u><u>(6,468,945)</u></u>

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, 2010

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
REVENUES						
Taxes:						
Property	\$ 9,544,000	\$ 9,544,000	\$ 9,648,682	\$ --	\$ 9,648,682	\$ 104,682
Business & occupation	40,500,000	40,529,824	37,874,423	234,596	38,109,019	(2,420,805)
Utility	2,700,000	2,700,000	2,693,921	--	2,693,921	(6,079)
Hotel motel	2,900,000	2,900,000	2,767,690	--	2,767,690	(132,310)
Alcoholic beverages	750,000	750,000	826,209	--	826,209	76,209
Amusement	150,000	150,000	193,976	--	193,976	43,976
Animal	6,000	6,000	8,074	--	8,074	2,074
Gas & oil severance	60,000	60,000	44,102	--	44,102	(15,898)
Licenses and permits	1,875,000	1,875,000	1,601,720	--	1,601,720	(273,280)
Charges for services	11,706,250	11,706,250	12,601,220	--	12,601,220	894,970
Intergovernmental:						
Federal	80,000	80,000	248,183	--	248,183	168,183
State	--	13,505	3,441,100	(3,427,142)	13,958	453
Interest and						
investment earnings	150,000	150,000	20,628	--	20,628	(129,372)
Reimbursements	1,121,163	1,121,163	1,278,403	--	1,278,403	157,240
Payments in lieu of taxes	35,000	35,000	52,529	--	52,529	17,529
Contributions						
and donations	325,000	986,619	1,024,012	--	1,024,012	37,393
Miscellaneous	488,157	488,157	382,607	--	382,607	(105,550)
Total revenues	<u>72,390,570</u>	<u>73,095,518</u>	<u>74,707,479</u>	<u>(3,192,546)</u>	<u>71,514,933</u>	<u>(1,580,585)</u>
EXPENDITURES						
General government:						
Mayor's office	505,191	535,184	518,714	(21,336)	497,378	37,806
City council	138,524	132,215	120,016	(10,668)	109,348	22,867
City manager	3,416,066	3,672,159	2,845,642	(10,668)	2,834,974	837,185
City treasurer	155,547	154,723	168,187	(21,337)	146,850	7,873
City collector	1,024,455	1,022,270	870,471	(42,673)	827,798	194,472
City clerk	163,472	162,648	148,798	--	148,798	13,850
Municipal court	442,318	440,123	396,811	(21,337)	375,474	64,649
Legal	1,111,733	1,229,303	817,621	--	817,621	411,682
Accounting	527,516	525,870	492,955	(21,336)	471,619	54,251
Engineering	1,165,623	954,904	740,282	(21,337)	718,945	235,959
MOECD	560,068	555,401	553,137	(21,337)	531,800	23,601
Human resources	523,617	521,972	498,232	--	498,232	23,740
Contributions to Main Street						
Program	30,000	30,000	30,000	--	30,000	--
Contribution to Gateway						
Greenspace	50,000	--	--	--	--	--
Mail room	241,754	241,204	240,806	(21,336)	219,470	21,734
Building commission	742,982	740,239	675,711	(21,336)	654,375	85,864
Planning	588,704	586,784	542,997	(10,668)	532,329	54,455

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, 2010

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Information systems	\$ 783,566	\$ 784,864	\$ 696,275	\$ (10,668)	\$ 685,607	\$ 99,257
Building maintenance	2,142,513	2,140,868	575,568	1,162,844	1,738,412	402,456
Internal audit	209,543	286,246	160,630	--	160,630	125,616
Morris Square	170,000	139,000	103,669	--	103,669	35,331
Employee health clinic	359,000	390,000	414,141	--	414,141	(24,141)
Public works	326,447	325,897	291,673	--	291,673	34,224
Public grounds	1,494,084	1,468,875	1,372,035	(42,673)	1,329,362	139,513
Contingency	156,516	47,228	--	--	--	47,228
Total general government	17,029,239	17,087,977	13,274,371	864,134	14,138,505	2,949,472
Public safety:						
Police	16,403,474	16,235,616	16,824,490	(1,729,200)	15,095,290	1,140,326
Fire	16,996,532	16,726,405	17,927,866	(1,793,958)	16,133,908	592,497
Traffic engineering	1,053,008	1,064,363	1,088,211	(21,336)	1,066,875	(2,512)
C-K emergency services	225,408	224,859	198,661	--	198,661	26,198
Total public safety	34,678,422	34,251,243	36,039,228	(3,544,494)	32,494,734	1,756,509
Streets and transportation:						
Streets and transportation	4,358,085	4,471,798	4,622,959	(298,712)	4,324,247	147,551
Equipment maintenance	3,243,886	3,432,521	3,094,631	(96,015)	2,998,616	433,905
Total streets and transportation	7,601,971	7,904,319	7,717,590	(394,727)	7,322,863	581,456
Health and sanitation:						
Refuse collection & recycling	3,696,893	3,679,337	3,305,551	(202,698)	3,102,853	576,484
Kanawha-Charleston health	200,000	200,000	200,000	--	200,000	--
CARES	45,000	45,000	45,000	--	45,000	--
Total health and sanitation	3,941,893	3,924,337	3,550,551	(202,698)	3,347,853	576,484
Culture and recreation:						
Parks and recreation	2,793,831	2,767,006	2,736,056	(128,020)	2,608,036	158,970
Convention and visitor's bureau	1,450,000	1,450,000	1,369,153	--	1,369,153	80,847
Cultural/fairs/festivals	245,500	264,500	252,879	--	252,879	11,621
Contribution to Charleston YWCA	25,000	50,000	50,000	--	50,000	--
Festival Fund for the Arts	77,000	77,000	77,000	--	77,000	--
Municipal auditorium	238,653	237,828	241,642	--	241,642	(3,814)
Charleston Area Alliance	175,000	175,000	175,000	--	175,000	--
Library	879,263	879,263	879,263	--	879,263	--
Appalachian Power Park	407,500	407,500	267,752	--	267,752	139,748
Total culture and recreation	6,291,747	6,308,097	6,048,745	(128,020)	5,920,725	387,372
Social services:						
Spring hill cemetery	632,465	630,820	572,705	(21,337)	551,368	79,452
Human rights	220,795	219,970	187,610	--	187,610	32,360
Total social services	853,260	850,790	760,315	(21,337)	738,978	111,812

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, 2010

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Capital projects:						
General government	\$ 611,110	\$ 1,651,590	\$ 1,445,410	\$ --	\$ 1,445,410	\$ 206,180
Public safety	2,333,814	3,528,720	3,086,842	--	3,086,842	441,878
Streets and transportation	902,939	902,937	774,589	--	774,589	128,348
Health and sanitation	796,042	1,048,040	1,007,647	--	1,007,647	40,393
Culture and recreation	121,814	167,419	145,691	--	145,691	21,728
Social services	67,635	67,635	69,560	--	69,560	(1,925)
Total capital projects	<u>4,833,354</u>	<u>7,366,341</u>	<u>6,529,739</u>	<u>--</u>	<u>6,529,739</u>	<u>836,602</u>
Debt service:						
Principal	486,767	486,527	486,528	--	486,528	(1)
Interest	390,869	391,109	391,109	--	391,109	--
Bond Service Charges	--	--	1,210	--	1,210	(1,210)
Total debt service	<u>877,636</u>	<u>877,636</u>	<u>878,847</u>	<u>--</u>	<u>878,847</u>	<u>(1,211)</u>
Total expenditures	<u>76,107,522</u>	<u>78,570,740</u>	<u>74,799,386</u>	<u>(3,427,142)</u>	<u>71,372,244</u>	<u>7,198,496</u>
Excess of revenues over (under) expenditures	<u>(3,716,952)</u>	<u>(5,475,222)</u>	<u>(91,907)</u>	<u>234,596</u>	<u>142,689</u>	<u>5,617,911</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	3,650,000	3,663,505	3,334,314	--	3,334,314	(329,191)
Transfers out	(4,168,548)	(12,979,209)	(12,937,729)	--	(12,937,729)	41,480
Capital lease proceeds	1,985,500	1,871,649	1,985,500	--	1,985,500	113,851
Sale of capital assets	150,000	150,000	183,694	--	183,694	33,694
Total other financing sources (uses)	<u>1,616,952</u>	<u>(7,294,055)</u>	<u>(7,434,221)</u>	<u>--</u>	<u>(7,434,221)</u>	<u>(140,166)</u>
Net change in fund balance	(2,100,000)	(12,769,277)	(7,526,128)	234,596	(7,291,532)	5,477,745
Fund balance-beginning- Restated Note IV.I.	<u>2,100,000</u>	<u>12,769,277</u>	<u>22,708,724</u>	<u>(9,963,537)</u>	<u>12,745,187</u>	<u>(24,090)</u>
Fund balance-ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,182,596</u>	<u>\$ (9,728,941)</u>	<u>\$ 5,453,655</u>	<u>\$ 5,453,655</u>

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, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive <u>(Negative)</u>
REVENUES				
Intergovernmental:				
State	\$ 225,000	\$ 225,000	\$ 254,494	\$ 29,494
Interest and investment earnings	<u>750</u>	<u>750</u>	<u>67</u>	<u>(683)</u>
Total revenues	<u>225,750</u>	<u>225,750</u>	<u>254,561</u>	<u>28,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>225,750</u>	<u>225,750</u>	<u>254,561</u>	<u>28,811</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(303,975)</u>	<u>(310,495)</u>	<u>(266,884)</u>	<u>43,611</u>
Total other financing sources (uses)	<u>(303,975)</u>	<u>(310,495)</u>	<u>(266,884)</u>	<u>43,611</u>
Net change in fund balance	(78,225)	(84,745)	(12,323)	72,422
Fund balance - beginning	<u>78,225</u>	<u>84,745</u>	<u>84,745</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 72,422</u>	<u>\$ 72,422</u>

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

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, 2010

	Business-type Activities - Enterprise Funds		
	<u>Civic Center</u>	<u>Parking System</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 78,797	\$ 1,388,024	\$ 1,466,821
Receivables:			
Accounts	--	122,275	122,275
Grants	8,230	--	8,230
Due from:			
Other funds	--	5	5
Prepaid insurance and lease	62,743	98,333	161,076
Deferred issuance costs	6,245	--	6,245
Restricted:			
Regular account	--	300,558	300,558
Revenue bond covenant accounts	265,987	283,928	549,915
Customer deposits	76,393	--	76,393
	498,395	2,193,123	2,691,518
Total current assets			
Noncurrent assets:			
Other post employment benefits	--	39,024	39,024
Deferred issuance costs	83,887	--	83,887
Restricted:			
Revenue bond covenant accounts	--	1,137,163	1,137,163
Capital assets not being depreciated:			
Land	300,000	4,066,447	4,366,447
Construction in progress	251,913	--	251,913
Capital assets being depreciated:			
Buildings and improvements	35,965,038	29,098,249	65,063,287
Machinery and equipment	1,099,590	1,046,664	2,146,254
Less: accumulated depreciation	(25,877,729)	(22,235,934)	(48,113,663)
Total capital assets (net of accumulated depreciation)	11,738,812	11,975,426	23,714,238
Total noncurrent assets	11,822,699	13,151,613	24,974,312
Total assets	\$ 12,321,094	\$ 15,344,736	\$ 27,665,830

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)
June 30, 2010

	<u>Civic</u> <u>Center</u>	<u>Parking</u> <u>System</u>	<u>Totals</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 72,040	\$ 7,769	\$ 79,809
Benefits payable	19,872	21,592	41,464
Payroll payable	31,012	25,319	56,331
Other accrued expenses	2,011	960	2,971
Compensated absences payable	46,908	28,131	75,039
Customer deposits payable	32,317	8,654	40,971
Due to:			
Other funds	25,600	19,852	45,452
Accrued interest payable	57,774	22,902	80,676
Revenue bonds payable-current	<u>315,000</u>	<u>1,025,000</u>	<u>1,340,000</u>
 Total current liabilities	 <u>602,534</u>	 <u>1,160,179</u>	 <u>1,762,713</u>
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discount)	6,355,068	4,973,404	11,328,472
Other postemployment benefits	<u>60,144</u>	<u>- -</u>	<u>60,144</u>
 Total noncurrent liabilities	 <u>6,415,212</u>	 <u>4,973,404</u>	 <u>11,388,616</u>
 Total liabilities	 <u>7,017,746</u>	 <u>6,133,583</u>	 <u>13,151,329</u>
NET ASSETS			
Invested in capital assets (net of related debt)	5,068,744	5,977,022	11,045,766
Restricted:			
Debt service	265,987	1,721,649	1,987,636
Unrestricted	<u>(31,383)</u>	<u>1,512,482</u>	<u>1,481,099</u>
 Total net assets	 <u>\$ 5,303,348</u>	 <u>\$ 9,211,153</u>	 <u>\$ 14,514,501</u>

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, 2010

	Business-type Activities - Enterprise Funds		
	<u>Civic Center</u>	<u>Parking System</u>	<u>Totals</u>
Operating revenues:			
Sales and services to customers	\$ 1,717,762	\$ 3,633,404	\$ 5,351,166
Rental fees	1,094,783	--	1,094,783
Miscellaneous	--	8,121	8,121
	<u>2,812,545</u>	<u>3,641,525</u>	<u>6,454,070</u>
Total operating revenues			
Operating expenses:			
Administrative and general	--	1,802,363	1,802,363
Recreational	3,344,812	--	3,344,812
Depreciation	969,980	669,336	1,639,316
	<u>4,314,792</u>	<u>2,471,699</u>	<u>6,786,491</u>
Total operating expenses			
Operating income (loss)	<u>(1,502,247)</u>	<u>1,169,826</u>	<u>(332,421)</u>
Nonoperating revenues (expenses):			
Investment earnings	7,125	6,231	13,356
Gain on sale of capital assets	--	8,889	8,889
Interest and fiscal charges	(419,057)	(416,776)	(835,833)
	<u>(411,932)</u>	<u>(401,656)</u>	<u>(813,588)</u>
Total nonoperating revenues (expenses)			
Income (loss) before contributions and transfers	<u>(1,914,179)</u>	<u>768,170</u>	<u>(1,146,009)</u>
Capital contributions	20,240	92,966	113,206
Transfers in	1,615,652	--	1,615,652
Transfers (out)	(167,721)	--	(167,721)
	<u>(446,008)</u>	<u>861,136</u>	<u>415,128</u>
Change in net assets			
Total net assets - beginning-Restated Note IV.I.	<u>5,749,356</u>	<u>8,350,017</u>	<u>14,099,373</u>
Total net assets - ending	<u>\$ 5,303,348</u>	<u>\$ 9,211,153</u>	<u>\$ 14,514,501</u>

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, 2010

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Cash flows from operating activities:			
Receipts from customers and users	\$ 2,801,637	\$ 3,752,391	\$ 6,554,028
Payments to suppliers	(1,989,063)	(798,843)	(2,787,906)
Payments to employees	(1,320,255)	(1,131,011)	(2,451,266)
	(507,681)	1,822,537	1,314,856
Cash flows from noncapital financing activities:			
Transfers in from other funds	759,367	--	759,367
Cash flows from capital and related financing activities:			
Transfers from other funds for capital debt	676,311	--	676,311
Transfers from other funds for capital projects	12,253	--	12,253
Capital contributions	20,240	--	20,240
Proceeds from sale of capital assets	--	8,889	8,889
Acquisition and construction of capital assets	(290,335)	(184,285)	(474,620)
Proceeds from refunding capital debt	4,600,000	--	4,600,000
Principal paid on capital debt	(4,640,000)	(995,000)	(5,635,000)
Interest and fees paid on capital debt	(696,175)	(322,644)	(1,018,819)
	(317,706)	(1,493,040)	(1,810,746)
Cash flows from investing activities:			
Interest and dividends received	7,125	6,231	13,356
Net increase (decrease) in cash and cash equivalents	(58,895)	335,728	276,833
Cash and cash equivalents, July 1, 2009 (including \$325,273 and \$1,737,160 in restricted)	403,679	2,773,945	3,177,624
Cash and cash equivalents, June 30, 2010 (including \$265,987 and \$1,721,649 in restricted)	\$ 344,784	\$ 3,109,673	\$ 3,454,457

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds		
	<u>Civic Center</u>	<u>Parking System</u>	<u>Totals</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,502,247)	\$ 1,169,826	\$ (332,421)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	969,980	669,336	1,639,316
Decrease (increase) in accounts receivable	(8,230)	106,168	97,938
Decrease (increase) in due from other funds	--	(5)	(5)
Decrease (increase) in restricted deposits	14,695	--	14,695
Decrease (increase) in prepaid insurance	11,617	24,876	36,493
Increase (decrease) in accounts payable	(18,982)	(23,220)	(42,202)
Increase (decrease) in payroll payable	5,831	4,934	10,765
Increase (decrease) in other accrued expenses	(15,692)	3,184	(12,508)
Increase (decrease) in due to other funds	(1,159)	(83,040)	(84,199)
Increase (decrease) in OPEB	36,506	(49,522)	(13,016)
	<u>\$ (507,681)</u>	<u>\$ 1,822,537</u>	<u>\$ 1,314,856</u>
Net cash provided by operations			
Noncash investing, capital & financing activities:			
Contribution of capital asset from governmental fund	--	92,966	92,966
	<u>\$ --</u>	<u>\$ 92,966</u>	<u>\$ 92,966</u>

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 which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

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 which allows the City to contribute 108% of the previous year's contribution. The State also requires the pension plan to obtain an actuarial valuation to determine solvency every three years. The Board may elect to obtain an actuarial valuation in shorter intervals if deemed appropriate.

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 112.

CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET ASSETS -
FIDUCIARY FUNDS
June 30, 2010

	Pension Trust Funds			
	Policemen's Pension and Relief	Firemen's Pension and Relief	Total Pension Trust Funds	Agency Funds
ASSETS				
Non-pooled cash	\$ 1,237,134	\$ 1,543,089	\$ 2,780,223	\$ 1,450,621
Total cash	1,237,134	1,543,089	2,780,223	1,450,621
Investments, at fair value:				
Federal government securities	1,633,064	1,816,214	3,449,278	--
Managed bond funds	2,359,028	--	2,359,028	--
Managed stock funds	5,634,036	4,378,161	10,012,197	--
Total investments	9,626,128	6,194,375	15,820,503	--
Receivables:				
Interest	44,836	2,211	47,047	--
Accounts receivable	4,034	--	4,034	4,433
Total receivables	48,870	2,211	51,081	4,433
Total assets	\$ 10,912,132	\$ 7,739,675	\$ 18,651,807	\$ 1,455,054
LIABILITIES				
Accounts payable	432	284	716	--
Refunds payable and other	--	--	--	1,455,054
Benefits payable	--	492,212	492,212	--
Total liabilities	432	492,496	492,928	1,455,054
NET ASSETS				
Net assets held in trust for pension benefits	\$ 10,911,700	\$ 7,247,179	\$ 18,158,879	\$ --

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, 2010

	Pension Trust Funds		Totals
	Policemen's Pension and Relief	Firemen's Pension and Relief	
ADDITIONS			
Contributions:			
Employer	\$ 2,090,423	\$ 3,298,066	\$ 5,388,489
Plan members	731,218	760,311	1,491,529
State of West Virginia insurance premium surtax allocations	<u>1,675,858</u>	<u>1,751,284</u>	<u>3,427,142</u>
Total contributions	<u>4,497,499</u>	<u>5,809,661</u>	<u>10,307,160</u>
Investment earnings:			
Net increase (decrease) in fair value of investments	762,860	698,898	1,461,758
Interest and dividends	268,635	145,344	413,979
Less: investment expense	<u>(97,957)</u>	<u>(37,953)</u>	<u>(135,910)</u>
Net investment income	<u>933,538</u>	<u>806,289</u>	<u>1,739,827</u>
Total additions	<u>5,431,037</u>	<u>6,615,950</u>	<u>12,046,987</u>
DEDUCTIONS			
Benefits	5,330,392	5,886,177	11,216,569
Administrative expenses	19,068	10,841	29,909
Refunds of contributions	<u>57,845</u>	<u>11,646</u>	<u>69,491</u>
Total deductions	<u>5,407,305</u>	<u>5,908,664</u>	<u>11,315,969</u>
Change in net assets	23,732	707,286	731,018
Net assets held in trust for pension benefits:			
Beginning of year	<u>10,887,968</u>	<u>6,539,893</u>	<u>17,427,861</u>
End of year	<u>\$ 10,911,700</u>	<u>\$ 7,247,179</u>	<u>\$ 18,158,879</u>

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

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 *Municipal Stabilization Fund*, a special revenue fund, accounts for funds set aside in accordance with State Legislation adopted by City Council to account for funds to be maintained as a "rainy day" contingency.

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

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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 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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

Property Tax Receivable

The property tax receivable is equal to 75 percent of the property taxes outstanding at June 30, 2010.

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, 2010, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy	Bond Purposes
Class I	\$ -	5.98 cents	5.03 cents	1.69 cents
Class II	\$ 1,178,810,570	11.96 cents	10.06 cents	3.38 cents
Class IV	\$ 1,687,769,925	23.92 cents	20.12 cents	6.76 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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

8. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Designations of fund balance represent tentative management plans that are subject to change.

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 \$102,596,034 difference are as follows:

Bonds payable:	\$ (3,824,151)
Less: issuance cost (to be amortized as interest expense)	159,252
Accrued interest payable	(123,093)
Capital leases payable	(11,156,673)
Claims and judgments	(5,771,195)
Compensated absences	(1,787,443)
Net OPEB obligation	(5,193,701)
Net pension obligation	<u>(74,899,030)</u>
Net adjustment to decrease fund balance- total governmental funds to arrive at net assets-governmental activities	<u>\$ (102,596,034)</u>

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 capital outlays exceeded depreciation expense for the current period." The details of the \$6,633,640 difference are as follows:

Capital outlays	\$ 14,134,731
Depreciation expense	<u>(7,501,091)</u>
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 6,633,640</u>

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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 \$1,745,436 difference are as follows:

Debt issued or incurred:		
Capital lease financing	\$	(1,985,500)
Refunding bonds issued		(3,460,000)
Principal repayments:		
General obligation, revenue bonds, and capital leases		6,942,870
Refunding bond premium and issuance costs paid		230,716
Amortization of issuance costs		(9,250)
Decrease of accrued interest expense		<u>26,600</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>1,745,436</u></u>

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 \$16,273,048 difference are as follows:

Compensated absences	\$	(119,298)
Claims and judgments		(2,133,255)
Net OPEB Obligation		(3,022,890)
Net pension obligation		<u>(10,997,605)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net assets of governmental activities	\$	<u><u>(16,273,048)</u></u>

Another element of reconciliation is the difference of \$92,966 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 \$92,966.

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

CITY OF CHARLESTON, WEST VIRGINIA
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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:

	<u>Amount</u>	<u>Description</u>
\$	(427,179)	Public Safety Expenditure Decrease
	302,348	Streets and Transportation Expenditure Increase
	2,532,987	Capital Projects Expenditure Increase
	8,810,661	Transfers to 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) the allocation of amounts received from the State of West Virginia for pension allocation (see note IV.H.) (2) the cost allocation of the pay as you go portion related to other post employment benefits (3) separate reporting of capital outlay for budgetary purposes and (4) the reflection of business and occupation taxes on the cash basis for budgetary purposes.

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

	<u>Net Change in Fund Balance</u>	<u>Fund Balance</u>
Budgetary Basis	\$ (7,291,532)	\$ 5,453,655
Basis of Accounting Difference	<u>(234,596)</u>	<u>9,728,941</u>
GAAP Basis	<u>\$ (7,526,128)</u>	<u>\$ 15,182,596</u>

Intergovernmental revenues - state and public safety expenditures both decreased by \$3,427,142 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.

CITY OF CHARLESTON, WEST VIRGINIA
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IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Primary Government			
State Investment Management Board pool	\$ 1,836,563	AAA	AAA
Repurchase Agreements-FNMA	1,156,876	Not Rated	Not Rated
U.S. Government Agency Securities	76,195	AAA	Not Rated
Corporate Bonds-Bank America Corp	78,061	A	Not Rated
Corporate Bonds-Barclays	50,088	Not Rated	Not Rated
Corporate Bonds-Cisco Systems	28,800	A+	Not Rated
Corporate Bonds-General Electric	81,556	AA+	Not Rated
Corporate Bonds-General Electric Diversified	49,756	AA+	Not Rated
Total Rated Securities	3,357,895		
Total Unrated Securities	969,145		
Total Primary Government	\$ 4,327,040		
Policemen's Pension and Relief			
U.S. Government Agency Securities	\$ 1,633,064	AAA	AAA
Corporate Bonds-BP Capital Markets PLC	77,546	A2	A
Corporate Bonds-Cisco Systems	179,758	A1	A+
Corporate Bonds-Target Corp Global	188,743	A2	A+
Corporate Bonds-Costco Wholesale Corp	187,563	A2	A+
Corporate Bonds-Bank of America Corp Global	182,142	A2	A
Corporate Bonds-Oracle Corp	191,423	A2	A
Corporate Bonds-General Electric Capital Corp	186,564	AA2	AA+
Corporate Bonds-Goldman Sachs Group	188,066	A1	A
Corporate Bonds-Bank of New York Melon	187,955	AA2	AA-
Corporate Bonds-US Bancorp	187,196	AA3	A+
Corporate Bonds-Allstate Corp	198,511	A3	A-
Corporate Bonds-Abbott Laboratories	203,135	A1	AA
Corporate Bonds-McDonalds Corp	200,426	A3	A
Total Rated Securities	3,992,092		
Total Unrated Securities	5,634,036		
Total Policemen's Pension and Relief	\$ 9,626,128		
Firemen's Pension and Relief			
U.S. Government Agency Securities	\$ 1,816,214	AAA	Aaa
Total Rated Securities	1,816,214		
Total Unrated Securities	4,378,161		
Total Firemen's Pension and Relief	\$ 6,194,375		

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The City's investment in the State Investment Management Board Investment Pool includes funds held at the Municipal Bond Commission (Commission) for the City's General Obligation Bond and for the Parking System and Civic Center, Proprietary Funds, revenue bond issuances. 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.

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, 2010, 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.

<u>Security Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10 Years</u>
Primary Government:					
State Investment Management					
Board Pool	\$ 1,836,563	\$ 1,836,563	\$ -	\$ -	\$ -
Repurchase Agreements	1,156,876	1,156,876	-	-	-
U.S. Government Agencies	76,195	-	-	76,195	-
Corporate Bonds-Bank of America	78,061	-	78,061	-	-
Corporate Bonds-Barclays	50,088	-	-	50,088	-
Corporate Bonds-Cisco Systems	28,800	-	-	28,800	-
Corporate Bonds-General Electric	81,556	-	-	81,556	-
Corporate Bonds-General Electric					
Diversified	49,756	-	-	-	49,756

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Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
Policemen's Pension and Relief:					
Us. Government Agency Securities	\$ 1,633,064	\$ 154,183	\$ 1,333,919	\$ 144,962	\$ -
Corporate Bonds-BP Capital Markets PLC	77,546	-	77,546	-	-
Corporate Bonds-Cisco Systems	179,758	179,758	-	-	-
Corporate Bonds-Target Corp Global	188,743	-	188,743	-	-
Corporate Bonds-Costco Wholesale Corp	187,563	-	187,563	-	-
Corporate Bonds-Bank of America Corp Global	182,142	-	182,142	-	-
Corporate Bonds-Oracle Corp	191,423	-	191,423	-	-
Corporate Bonds-General Electric Capital Corp	186,564	-	186,564	-	-
Corporate Bonds-Goldman Sachs Group	188,066	-	188,066	-	-
Corporate Bonds-Bank of New York Mellon	187,955	-	187,955	-	-
Corporate Bonds-US Bancorp	187,196	-	187,196	-	-
Corporate Bonds-Allstate Corp	198,511	-	198,511	-	-
Corporate Bonds-Abbott Laboratories	203,135	-	-	203,135	-
Corporate Bonds-McDonalds Corp	200,426	-	-	200,426	-
Firemen's Pension & Relief:					
U.S. Government Agency Securities	1,816,214	-	1,816,214	-	-
Totals	<u>\$ 9,166,201</u>	<u>\$ 3,327,380</u>	<u>\$ 5,003,903</u>	<u>\$ 785,162</u>	<u>\$ 49,756</u>

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 it's 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.I. 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 RS 2000 Value Index Fund and ISHARES RUSSELL MIDCAP Value Index that were five percent and six percent, respectively, of the total portfolio; and Spring Hill Cemetery had four mutual fund investments in Natixis Loomis Sayles Funds, Pimco Investment Grade Corp, JPMorgan Chase Mortgage, and Pimco Global Bond Fund Hedged that were six percent, six percent, thirteen percent, and six percent, respectively, of the total portfolio and four bond fund investments in General Electric (assumed one issuer) that were seven percent of the total portfolio at June 30, 2010.

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, 2010.

CITY OF CHARLESTON, WEST VIRGINIA
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B. Receivables

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

	<u>General</u>	<u>Coal Severance</u>	<u>Community Development</u>	<u>HOME</u>	<u>U.S. Small Business Administration</u>
Receivables:					
Accounts	\$ 3,243,935	\$ -	\$ 8,764	\$ -	\$ 238,928
Accrued interest	19,696	-	1,957	-	-
Taxes	12,327,438	72,379	-	-	-
Loans	-	-	2,180,787	3,341,406	-
Grants	157,396	-	146,401	11,311	986,529
Gross receivables	<u>15,748,465</u>	<u>72,379</u>	<u>2,337,909</u>	<u>3,352,717</u>	<u>1,225,457</u>
Less: allowance for uncollectible	<u>(1,161,039)</u>	<u>-</u>	<u>(545,197)</u>	<u>-</u>	<u>-</u>
Net total receivables	<u>\$ 14,587,426</u>	<u>\$ 72,379</u>	<u>\$ 1,792,712</u>	<u>\$ 3,352,717</u>	<u>\$ 1,225,457</u>

	<u>Civic Center</u>	<u>Parking System</u>	<u>Nonmajor Funds and Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Accounts	\$ -	\$ 143,775	\$ 2,829,774	\$ 6,465,176
Accrued interest	-	-	51,489	73,142
Taxes	-	-	167,114	12,566,931
Loans	-	-	312,065	5,834,258
Grants	8,230	-	492,934	1,802,801
Gross receivables	<u>8,230</u>	<u>143,775</u>	<u>3,853,376</u>	<u>26,742,308</u>
Less: allowance for uncollectible	<u>-</u>	<u>(21,500)</u>	<u>(2,531,554)</u>	<u>(4,259,290)</u>
Net total receivables	<u>\$ 8,230</u>	<u>\$ 122,275</u>	<u>\$ 1,321,822</u>	<u>\$ 22,483,018</u>

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:

	<u>Unavailable</u>	<u>Unearned</u>
Property Taxes	\$ 541,960	\$ -
Prepaid License Fees and Cemetery Fees (general fund)	-	80,540
Grant drawdowns prior to meeting all eligibility requirements	-	5,170,266
Total deferred/unearned revenue for governmental funds	<u>\$ 541,960</u>	<u>\$ 5,250,806</u>

CITY OF CHARLESTON, WEST VIRGINIA
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C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 7,450,037	\$ 1,422,322	\$ -	\$ 8,872,359
Construction in progress-restated 7/1/09-Note IV.I.	1,777,150	10,068,503	(2,871,502)	8,974,151
Total capital assets not being depreciated	<u>9,227,187</u>	<u>11,490,825</u>	<u>(2,871,502)</u>	<u>17,846,510</u>
Capital assets being depreciated:				
Buildings and improvements	46,617,544	372,578	(5,012)	46,985,110
Structures and improvements	13,378,252	629,942	(10,118)	13,998,076
Machinery and equipment	14,299,302	1,407,443	(646,273)	15,060,472
Vehicles	16,229,017	2,444,820	(1,175,996)	17,497,841
Furniture	317,556	67,044	(13,722)	370,878
Infrastructure	80,092,181	2,015,903	-	82,108,084
Total capital assets being depreciated	<u>170,933,852</u>	<u>6,937,730</u>	<u>(1,851,121)</u>	<u>176,020,461</u>
Less accumulated depreciation:				
Buildings and improvements	(16,051,920)	(1,203,093)	5,011	(17,250,002)
Structures and improvements	(6,693,638)	(525,398)	3,077	(7,215,959)
Machinery and equipment	(10,754,059)	(1,240,688)	640,854	(11,353,893)
Vehicles	(11,603,544)	(1,853,965)	1,168,919	(12,288,590)
Furniture	(256,943)	(31,673)	13,723	(274,893)
Infrastructure	(46,528,779)	(2,646,274)	-	(49,175,053)
Total accumulated depreciation	<u>(91,888,883)</u>	<u>(7,501,091)</u>	<u>1,831,584</u>	<u>(97,558,390)</u>
Total capital assets being depreciated, net	<u>79,044,969</u>	<u>(563,361)</u>	<u>(19,537)</u>	<u>78,462,071</u>
Governmental activities capital assets, net	<u>\$ 88,272,156</u>	<u>\$ 10,927,464</u>	<u>\$ (2,891,039)</u>	<u>\$ 96,308,581</u>

CITY OF CHARLESTON, WEST VIRGINIA
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	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.I.	854,538	335,847	(938,472)	251,913
Total capital assets, not being depreciated	<u>5,220,985</u>	<u>335,847</u>	<u>(938,472)</u>	<u>4,618,360</u>
Capital assets being depreciated:				
Buildings and improvements	63,264,328	1,031,387	-	64,295,715
Structures and improvement	767,572	-	-	767,572
Machinery and equipment	1,842,201	109,523	(9,653)	1,942,071
Vehicles	216,853	29,302	(41,972)	204,183
Total capital assets being depreciated	<u>66,090,954</u>	<u>1,170,212</u>	<u>(51,625)</u>	<u>67,209,541</u>
Less accumulated depreciation:				
Buildings and improvements	(44,808,183)	(1,400,885)	-	(46,209,068)
Structures and improvements	(314,451)	(25,873)	-	(340,324)
Machinery and equipment	(1,246,605)	(178,143)	9,653	(1,415,095)
Vehicles	(156,733)	(34,415)	41,972	(149,176)
Total accumulated depreciation	<u>(46,525,972)</u>	<u>(1,639,316)</u>	<u>51,625</u>	<u>(48,113,663)</u>
Total capital assets being depreciated, net	<u>19,564,982</u>	<u>(469,104)</u>	<u>-</u>	<u>19,095,878</u>
Business-type activities capital assets, net	<u>\$ 24,785,967</u>	<u>\$ (133,257)</u>	<u>\$ (938,472)</u>	<u>\$ 23,714,238</u>

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

Governmental activities:	
General government	\$ 3,161,482
Public safety	1,745,907
Highways and streets, including depreciation of general infrastructure assets	724,808
Health and sanitation	689,470
Culture and recreation	1,128,561
Social services	50,863
Total depreciation expense-governmental activities	<u>\$ 7,501,091</u>
Business-type activities:	
Civic Center	969,980
Parking System	669,336
Total depreciation expense-business-type activities	<u>\$ 1,639,316</u>

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Construction in Progress

The government has active construction projects as of June 30, 2010. The projects include street, retaining walls, and bridge repairs, City Hall renovations and additions, recreation facilities renovations and greenspace. At year end, the amounts for governmental activities spent-to-date are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Funded</u>
Morris Square at Power Park	\$ 83,981	General Fund
Riverfront Project	3,859,354	General Fund , Federal Grants, & Contributions
Fire Department-Truck & Tanks	404,571	General Fund & Federal Grants
City Hall Renovations & Additions	80,856	General Fund & Federal Grants
Storm Water Project	64,232	General Fund
CDBG-R Street Improvements	178,661	CDBG-R Grants
Bridge & Retaining Walls Projects	2,562,236	General Fund and CDBG Grants
Feasibility Study-Civic Center	38,968	General Fund
Greenspace	1,701,292	General Fund , CDBG Grants & Contributions
Civic Center Renovations	251,913	Civic Center
Total	<u>\$ 9,226,064</u>	

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010 is as follows:

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Civic Center	Reimbursements Insurance	\$ 17,370
	Parking System	Reimbursement Insurance	19,852
	CDBG	Reimbursement Salary, Utilities & Demolition	41,489
	HOME	Reimbursement Salary & Utilities	10,521
	US Small Business Administration	Loans to front grant money reimbursed	1,656,662
	Nonmajor Governmental Fund	Reimbursements Salaries, loans, and transfer of fines	296,292
US Small Business Administration	Nonmajor Governmental Fund	Transfers	368,239
Parking System	General Fund	Reimbursement	5
Nonmajor Governmental Funds	Civic Center	Reimbursements for advance funding	8,230
Nonmajor Governmental Funds	General Fund	Commissions/Reimbursements	2,471
	Total		<u>\$ 2,421,131</u>

Interfund transfers:

		<u>Transfers In</u>					
		<u>General</u>	<u>Nonmajor</u>	<u>Civic Center</u>	<u>Municipal</u>	<u>US Small</u>	<u>Total</u>
		<u>Fund</u>	<u>Governmental</u>	<u></u>	<u>Stabilization</u>	<u>Business</u>	<u>Transfers Out</u>
Transfers out:							
General fund	\$ -	\$ 4,201,389	\$ 1,179,294	\$ 7,557,046	\$ -	\$ 12,937,729	
Coal severance tax	10,500	-	256,384	-	-	266,884	
Nonmajor governmental funds	3,323,814	-	179,974	-	368,239	3,872,027	
Civic Center	-	167,721	-	-	-	167,721	
Total Transfers							
In	<u>\$ 3,334,314</u>	<u>\$ 4,369,110</u>	<u>\$ 1,615,652</u>	<u>\$ 7,557,046</u>	<u>\$ 368,239</u>	<u>\$ 17,244,361</u>	

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

CITY OF CHARLESTON, WEST VIRGINIA
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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, 2010.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Civic Center	Parking System
Appalachian Power Park	\$ 21,415,556	\$ -	\$ -
Machinery, equipment and vehicles	12,001,372	28,677	209,998
Less: accumulated depreciation	(16,309,531)	(28,677)	(209,998)
Total	\$ 17,107,397	\$ -	\$ -

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Activities
2011	\$ 2,573,268
2012	2,167,762
2013	1,701,077
2014	1,258,341
2015	887,127
2016 - 2020	3,288,988
2021 - 2025	2,441,195
Total minimum lease payments	14,317,758
Less: amount representing interest	(3,161,085)
Present value of minimum lease payments	\$ 11,156,673

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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F. Long-term Debt

General Obligation Bonds

The government issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General Obligation Bonds currently outstanding are as follows:

<u>Governmental Activities</u>					
<u>Purpose</u>	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2010</u>
Public Improvement Bonds					
Series 1989	2010	7.1-7.2%	\$ 15,000,000	\$ 15,000,000	\$ -
Total			<u>\$ 15,000,000</u>	<u>\$ 15,000,000</u>	<u>\$ -</u>

Current Refunding of Debt

Governmental Activities:

On December 17, 2009, the Charleston Building Commission (a blended component unit of the government) issued \$1,180,000 in lease-revenue bonds with an average interest rate of 3.95 percent for a current refunding of \$1,120,000 of outstanding Public Safety Project Bonds Series 1999 with an average interest rate of 5.35 percent. The net proceeds of \$1,123,775 (after payment of \$26,725 in underwriting fees and other issuance costs) plus an additional \$26,895 in existing sinking fund monies were deposited to an escrow fund to provide for payment of outstanding debt service on the 1999 bonds. These bonds have been redeemed and the liability for these bonds has been removed from the Government-wide Statement of Net Assets. The net proceeds included a discount on the bond issuance of \$29,500 which is being charged to operations through the year 2024 using the straight-line method.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$22,400. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the straight-line method. The City completed the current refunding to reduce total debt service payments over the next 14 1/2 years by \$47,414 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$36,819.

On February 25, 2010, The Charleston Building Commission, a blended component unit of the government, issued \$2,280,000 in lease-revenue bonds with an average interest rate of 3.70 percent for a current refunding of \$2,175,000 of outstanding Center for the Arts & Sciences of WV Project Bonds Series 1999 with an average interest rate of 5.62 percent. The net proceeds of \$2,171,407 (after payment of \$40,098 in underwriting fees and other issuance costs) plus an additional \$88,565 in existing sinking fund monies were deposited to an escrow fund to provide for payment of outstanding debt service on the 1999 bonds. These bonds have been redeemed and the liability for these bonds has been removed from the Government-Wide Statement of Net Assets. The net proceeds included a discount on the bond issue of \$68,495 which is being charged to operations through the year 2024 using the straight-line method.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$43,500. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the straight-line method. The City completed the current refunding to reduce total debt service payments over the next 14 years by \$153,089 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$113,536.

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Business-type Activities:

On December 17, 2009, the City of Charleston issued \$3,275,000 in revenue bonds with an average interest rate of 3.82 percent for a current refunding of \$3,115,000 of outstanding Civic Center Project Bonds Series 1999 with an average interest rate of 5.61 percent. The net proceeds of \$3,141,570 (after payment of \$50,000 in underwriting fees and other issuance costs) plus an additional \$62,870 in existing sinking fund monies were deposited to an escrow fund to provide for payment of outstanding debt service on the 1999 bonds. These bonds have been redeemed and the liability for these bonds has been removed from the Civic Center, and enterprise fund, Statement of Net Assets. The net proceeds included a discount on the bond issue of \$81,875 which is being charged to operations through the year 2024 using the straight-line method.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$192,224. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the straight-line method. The City completed the current refunding to reduce total debt service payments over the next 15 years by \$476,056 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$353,774.

On December 17, 2009, the Charleston Building Commission, a blended component unit of the government, issued \$1,325,000 in lease-revenue bonds with an average interest rate of 3.82 percent for a current refunding of \$1,225,000 of outstanding Civic Center Lease Revenue Bonds Series 1999 with an average interest rate of 5.95 percent. The net proceeds of \$1,248,369 (after payment of \$43,506 in underwriting fees and other issuance costs) plus an additional \$11,773 in existing sinking fund monies were deposited to an escrow fund to provide for payment of outstanding debt service on the 1999 bonds. These bonds have been redeemed and the liability for these bonds has been removed from the Civic Center, an enterprise fund, Statement of Net Assets. The net proceeds included a discount on the bond issuance of \$33,125 which is being charged to operations through the year 2024 using the straight-line method.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$94,635. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2024 using the straight-line method. The City completed the current refunding to reduce total debt service payments over the next 15 years by \$167,321 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$121,024.

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. There were four new bond refunding issues during the fiscal year as described under current refunding of debt. The City has the following revenue bonds outstanding at June 30, 2010:

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 \$1,145,000 and interest in the amount of \$404,675 on the bonds when due until bond maturity in 2024. During the fiscal year 2010 lease payments in the principal amount of \$35,000 and interest in the amount of \$21,049 were used to pay the debt service on these bonds.

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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 \$2,235,000 and interest in the amount of \$729,745 on the bonds when due until bond maturity in 2024. During the fiscal year 2010 lease payments in the principal amount of \$45,000 and interest in the amount of \$23,426 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 \$444,152 and interest in the amount of \$26,313 on the bonds when due until bond maturity in 2013. During the fiscal year 2010 lease payments in the principal amount of \$136,527 and interest in the amount of \$21,026 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 \$945,000 and interest in the amount of \$75,320 until bond maturity in 2013 and outstanding principal amount of \$5,540,000 and interest in the amount of \$938,500 until bond maturity in 2016. During the fiscal year 2010, Parking System net revenues in the principal amount of \$995,000 and interest in the amount of \$319,555 were used to pay the debt service which was 70% 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 \$2,530,000 and interest in the amount of \$1,070,095 until bond maturity in 2023. During the fiscal year 2010 these pledged revenues in the principal amount of \$125,000 and interest amount of \$134,130 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 \$3,275,000 and interest amount of \$1,132,350 until bond maturity in 2024. During the fiscal year 2010 these pledged revenues were used to pay the principal amount of \$125,000 and interest amount of \$163,777 on these bonds which is nine 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 \$1,325,000 and interest of \$449,670 until bond maturity in 2024. During the fiscal year 2010 lease payments in the principal amount of \$50,000 and interest amount of \$64,876 were used to pay the debt service on these bonds.

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Revenue bonds outstanding, net of unamortized issuance costs of \$1,105,780 (Public Safety Center \$49,961; Center for the Arts & Sciences \$109,291; Parking System \$486,596, and Civic Center of \$459,932) at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2010
Governmental activities:					
Public Safety Center Refunding Series 2009	2024	3.00-4.40%	\$ 1,180,000	\$ 84,961	\$ 1,095,039
Center for the Arts & Sciences Refunding Series 2010	2024	3.10-4.375%	2,280,000	154,292	2,125,708
Fire Station Series 2002B	2013	3.81%	1,300,000	855,848	444,152
Total governmental activities			<u>\$ 4,760,000</u>	<u>\$ 1,095,101</u>	<u>\$ 3,664,899</u>
Business-type activities:					
Parking System Refunding Series 2005A	2016	2.50-4.50%	\$ 8,710,000	\$ 3,593,537	\$ 5,116,463
Parking System Refunding Series 2005B	2013	3.00-4.40%	2,655,000	1,773,059	881,941
Civic Center Improvement Series 1998	2023	4.60-5.10%	3,635,000	1,177,589	2,457,411
Civic Center Improvement Refunding Series 2009	2024	3.00-4.40%	3,275,000	264,197	3,010,803
Civic Center Lease Revenue Series 1999 Series 2009	2024	3.00-4.40%	1,325,000	123,146	1,201,854
Total revenue bonds			<u>\$ 19,600,000</u>	<u>\$ 6,931,528</u>	<u>\$ 12,668,472</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
	\$	\$	\$	\$
2011	326,078	146,127	1,211,143	584,815
2012	331,540	134,570	1,316,143	530,590
2013	342,213	119,250	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 - 2020	1,157,800	395,874	3,308,418	986,110
2021 - 2025	1,100,148	126,895	2,627,744	328,785
Totals	<u>\$ 3,664,899</u>	<u>\$ 1,140,263</u>	<u>\$ 12,668,472</u>	<u>\$ 3,665,935</u>

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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 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.

Subsequent Event

Subsequent to year end, the governing council approved Ordinance No. 7446 dated December 6, 2010 authorizing the issuance by the City of Charleston of not more than \$9,500,000 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	\$ -	\$ 76,393
Cash - contractual agreement	2,158,100	-
Capital lease debt service	205,344	-
General obligation bond debt service account	159,436	-
Revenue bond operations and maintenance account	-	300,558
Revenue bond debt service account	6	549,915
Revenue bond reserve account	-	1,137,163
Total restricted assets	<u>\$ 2,522,886</u>	<u>\$ 2,064,029</u>

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H. Benefits Funded by the State of West Virginia

For the year ended June 30, 2010, 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	\$ 1,675,858
Firemen's Pension and Relief Fund	1,751,284
Total	\$ 3,427,142

I. Prior Period Adjustments

Governmental Funds:

Beginning fund balance for the General Fund was restated at July 1, 2009 to correct an error in the application of reporting contractor performance bonds. For GAAP basis beginning fund balance was restated to \$22,708,724 from the previously reported \$22,732,814 and for budgetary basis beginning fund balance was restated to \$12,745,187 from the previously reported \$12,769,277. The net effect of the correction was a decrease in General Fund balance in the amount of \$24,090.

Beginning fund balance for the Municipal Court governmental fund was restated at July 1, 2009 to correct errors created by the improper setup of a new Municipal Court Software which affected the balance of three liability accounts. Beginning fund balance was restated to \$118,185 from the previously reported balance of \$104,930. The net effect of the correction was an increase to Municipal Court fund balance in the amount of \$13,255.

Enterprise Funds:

The Civic Center beginning net assets were restated at July 1, 2009 to correct the liability reported for Other Post Employment Benefits. The actuaries determined they had used an incorrect COBRA rate calculation in their original report as of July 1, 2008 and have subsequently revised and re-issued the report for that period. Beginning net assets were restated to \$5,749,356 from the previously reported \$5,690,429. The net effect of the correction was an increase to the Civic Center beginning net assets in the amount of \$58,927 and to government-wide business-type activities in the same amount.

The Parking System beginning net assets were restated at July 1, 2009 to correct the liability for Other Post Employment Benefits in the amount of \$78,393, capital assets in the amount of \$33,357, and a \$2 rounding error. Actuaries determined they had used the incorrect COBRA rate calculation in the original report dated July 1, 2008 and have subsequently revised and re-issued the report for that period. Capital assets in the amount of \$33,357 should have been transferred from governmental funds during the 2009 fiscal year, however, this error was not discovered until the 2010 fiscal year. In addition, a rounding error of \$2 was corrected. Beginning net assets were restated to \$8,350,017 from the previously reported \$8,238,269. The net effect of the correction was an increase to net assets in the amount of \$111,748 and government-wide business-type activities in the same amount.

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Government-wide Net Assets:

Government-wide governmental net assets were restated at July 1, 2009, to correct the liability for Other Post-Employment Benefits due to actuarial calculations previously explained for as an increase in the amount of \$4,232,617 and for capital assets that should have been transferred to the Parking System Enterprise fund during the fiscal year 2009 for a decrease in the amount of \$33,357. In addition, net assets were restated to correct two governmental funds, as previously explained, for a decrease to General fund in the amount of \$24,090 and an increase to Municipal Court Fund in the amount of \$13,255. Government-wide business-type were restated for a total increase of \$170,675 as previously explained. The net effect of the restatement is a total increase to government-wide net assets in the amount of \$4,359,101.

Total government-wide net assets were restated at July 1, 2009 to \$51,926,752 from the previously reported \$47,567,651 to correct the above described errors for governmental and business-type activities. The net effect of the restatement was an increase to total government-wide net assets in the amount of \$4,359,101.

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 6/30/2010	Year Ended 6/30/2009
Unpaid claims, beginning of fiscal year	\$ 3,637,940	\$ 4,318,101
Incurred claims (including IBNRs)	5,771,195	3,637,940
Claims paid	(3,637,940)	(4,318,101)
Unpaid claims, end of fiscal year	<u>\$ 5,771,195</u>	<u>\$ 3,637,940</u>

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.

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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 \$657,879 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.

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F. Post-employment Healthcare Plan

Effective July 1, 2008, the City of Charleston adopted the provisions of GASB Statement No. 45, "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions". The Actuarial report dated July 1, 2008 for the fiscal year 2009 was re-issued by the actuaries because it was determined they had used the incorrect COBRA rate calculation in the original report. That report as of July 1, 2008 has been revised and re-issued along with the Fiscal Year Ending June 30, 2010 Interim GASB 45 Disclosure report.

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. For 2008/2009 the monthly retiree contribution for non-tobacco users is as follows:

<u>Date of Hire</u>	<u>Under 65</u>		<u>Over 65</u>	
	<u>Single</u>	<u>2-Person</u>	<u>Single</u>	<u>2-Person</u>
Before July 1984				
Non-uniform	\$ 170	\$ 270	\$ 81	\$ 57
Uniform	\$ 150	\$ 221	\$ 88	\$ 57
July 1, 1984- July 1, 1989	\$ 170	\$ 270	\$ 128	\$ 207
July 1, 1989- July 1, 1994	\$ 183	\$ 289	\$ 137	\$ 224
July 1, 1994- July 1, 2000	\$ 193	\$ 308	\$ 146	\$ 224

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.

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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. There is no prescription drug coverage for post-medicare retirees.

The 2008-2009 monthly premium rates effective on July 1, 2008 are \$331 for single and \$728 for employee with spouse coverage.

The number of participants as of July 1, 2008, the effective date of the biennial OPEB valuation, was 759 active employees and 418 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, 2009, 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	\$ 5,675,344	\$ 153,577	\$ 5,828,921
Interest on net OPEB obligation	107,342	2,905	110,247
Adjustment to annual required contribution	(85,790)	(2,566)	(88,356)
Annual OPEB cost	5,696,896	153,916	5,850,812
Contributions made	(2,674,006)	(166,932)	(2,840,938)
Increase (decrease) in net OPEB obligation	3,022,890	(13,016)	3,009,874
Net OPEB obligation at beginning of the year-restated Note IV.I.	2,170,811	34,136	2,204,947
Net OPEB obligation at the end of the year	<u>\$ 5,193,701</u>	<u>\$ 21,120</u>	<u>\$ 5,214,821</u>

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

V.F.3. Trend Information

Other Post-Employment Benefits (OPEB)				
Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation	
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

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
7/1/09	\$ --	\$ 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%

Because 2009 was the year of implementation of GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, information provided reflects similar information for one preceding year.

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. Additionally, because 2009 was the year of implementation for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively; therefore, the RSI reflects similar information for only one preceding year.

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.

CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010

In the July 1, 2008 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 2009, reduced by decrements to a rate of 4.5% in fiscal year 2017, 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, 2009.

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, 2008.

Actuarial valuations are required to be performed once every three years per state Statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's boards. The boards have the valuations performed every two years in accordance with GAAP. 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	180	191	371
Vested Terminated Benefits	1	3	4
Retirees and Beneficiaries Currently Receiving Benefits	204	221	425
Total	<u>385</u>	<u>415</u>	<u>800</u>

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

**CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

	<u>PPRF</u>	<u>FPRF</u>
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 utilize an alternative contribution method which allows the City to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by West Virginia State Code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary. The City of Charleston contributes 108% of the prior year's contributions for both the police and fire pension plans.	
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).	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	
Provisions for:	<u>PPRF</u>	<u>FPRF</u>
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 <u>Fund</u>	Firemen's Pension & Relief <u>Fund</u>
	7/1/2009	7/1/2008
Valuation Date	7/1/2009	7/1/2008
Actuarial Cost Method	Entry age normal-Closed Group	Entry Age Normal-Closed Group
Amortization Method	Level with a 22-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Amortization Period	Level with a 22-year closed period ending June 30, 2031	Level with a 23 -year closed period ending June 30, 2031
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	7.0% per year, net of expenses	7.0% per year, net of expenses
Projected Salary Increases	4% per year	4% per year
Post-Retirement Benefit Increases	None	None
Inflation	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).

**CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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	\$ 7,822,761	\$ 8,302,588
Interest on short-term	2,394,144	2,078,956
Adjustment to annual required contribution	(2,254,585)	(1,957,770)
Annual pension cost	7,962,320	8,423,774
Contributions made	(2,090,423)	(3,298,066)
Increase in net pension obligation	5,871,897	5,125,708
Net pension obligation at beginning of the year	34,202,060	29,699,365
Net pension obligation at the end of the year	\$ 40,073,957	\$ 34,825,073

VI.A.4. Trend Information

Policemen's Pension and Relief Fund (PPRF)

Fiscal Year	Annual Pension Cost	Percentage Contributed	Net Pension Obligation
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

**CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

Firemen's Pension and Relief Fund (FPRF)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>	<u>Net Pension Obligation</u>
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)

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % covered payroll (b-a)/c</u>
7/1/09	\$ 10,887,968	\$ 94,965,409	\$ 84,077,441	11.47%	\$ 8,933,610	941%

Firemen's Pension and Relief Fund (FPRF)

<u>Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b)-(a)</u>	<u>Funded Ratio (a)/(b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a % covered payroll (b-a)/c</u>
7/1/08	\$ 7,838,077	\$ 96,724,077	\$ 88,886,000	8.10%	\$ 8,959,494	992%

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 4% for the PPRF and increasing 19% for the FPRF) over time relative to the actuarial accrued liability for both pension plans (is increasing 45% for the PPRF and increasing 36% 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.

**CITY OF CHARLESTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2010**

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:	11.00%
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
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.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF CHARLESTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010**

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 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%

Firemen's Pension and Relief Fund (FPRF)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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%

II. SCHEDULES OF EMPLOYER CONTRIBUTIONS

Policemen's Pension and Relief Fund (PPRF)

Year Ended June 30	Annual Required Contribution	Actual Employer Contribution	Percentage Contributed
2005	\$ 3,757,552	\$ 1,449,423	39%
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%

**CITY OF CHARLESTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2010**

Firemen's Pension and Relief Fund (FPRF)

Year Ended <u>June 30</u>	Annual Required <u>Contribution</u>	Actual Employer <u>Contribution</u>	Percentage <u>Contributed</u>
2005	\$ 3,868,733	\$ 2,286,760	59%
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%

OTHER POST EMPLOYMENT BENEFITS (OPEB)

I. SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation <u>Date</u>	Actuarial Value of Assets <u>(a)</u>	Actuarial Accrued Liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b)-(a)</u>	Funded Ratio <u>(a)/(b)</u>	Covered Payroll <u>(c)</u>	as a % Covered Payroll <u>(b-a)/c</u>
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 <u>June 30</u>	Annual Required <u>Contribution</u>	Employer <u>Contributions</u>	Percentage <u>Contributed</u>
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 Actuarial Valuation for GASB 45 Financial Reporting dated July 1, 2008 was revised and re-issued because the actuaries determined they had used an incorrect COBRA rate calculation. An interim actuarial report dated July 1, 2009 was also issued. Refer to Notes to Financial Statements IV. I. for additional information on the effect and restatement of Net Assets. Because 2009 was the year of implementation of GASB Statement No. 45, requirements have been implemented prospectively; therefore, information provided does not reflect similar information for two preceding years.

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, 2010

	<u>Special</u> <u>Revenue</u>	<u>Capital</u> <u>Projects</u>	<u>Debt</u> <u>Service</u>	<u>Permanent</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
ASSETS					
Cash and cash equivalents	\$ 3,295,187	\$ 3,179,915	\$ 3,744,256	\$ 327,661	\$ 10,547,019
Investments	--	--	--	1,333,601	1,333,601
Receivables:					
Taxes	--	--	125,336	--	125,336
Accounts	381,579	--	--	--	381,579
Grants	492,934	--	--	--	492,934
Loans	262,017	--	--	--	262,017
Accrued interest	58	--	--	4,384	4,442
Due from:					
Other funds	40	8,230	--	2,431	10,701
Component units	25,152	--	--	--	25,152
Restricted cash	<u>2,158,100</u>	<u>--</u>	<u>159,442</u>	<u>--</u>	<u>2,317,542</u>
 Total assets	 <u>\$ 6,615,067</u>	 <u>\$ 3,188,145</u>	 <u>\$ 4,029,034</u>	 <u>\$ 1,668,077</u>	 <u>\$ 15,500,323</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	478,059	21,191	--	--	499,250
Due to:					
Other funds	296,292	368,239	--	--	664,531
Deferred revenue:					
Unearned revenue	252,449	--	--	--	252,449
Taxes	<u>--</u>	<u>--</u>	<u>75,032</u>	<u>--</u>	<u>75,032</u>
 Total liabilities	 <u>1,026,800</u>	 <u>389,430</u>	 <u>75,032</u>	 <u>--</u>	 <u>1,491,262</u>
Fund balances:					
Reserved for:					
Perpetual care	--	--	--	1,668,077	1,668,077
Debt service	--	--	3,954,002	--	3,954,002
Community development	2,533,552	--	--	--	2,533,552
Capital projects	--	2,798,715	--	--	2,798,715
Public safety	264,277	--	--	--	264,277
Unreserved	<u>2,790,438</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,790,438</u>
 Total fund balances	 <u>5,588,267</u>	 <u>2,798,715</u>	 <u>3,954,002</u>	 <u>1,668,077</u>	 <u>14,009,061</u>
 Total liabilities and fund balances	 <u>\$ 6,615,067</u>	 <u>\$ 3,188,145</u>	 <u>\$ 4,029,034</u>	 <u>\$ 1,668,077</u>	 <u>\$ 15,500,323</u>

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, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES					
Taxes:					
Ad valorem property taxes	\$ --	\$ --	\$ 1,520,417	\$ --	\$ 1,520,417
Intergovernmental:					
Federal	2,892,070	--	--	--	2,892,070
State	68,653	--	--	--	68,653
Charges for services	4,037,115	20,771	--	--	4,057,886
Fines and forfeits	731,521	--	--	--	731,521
Interest and investment earnings	14,155	9,684	10,336	161,036	195,211
Reimbursements	--	59,363	--	--	59,363
Contributions and donations	2,987	9,933	--	2,050	14,970
Miscellaneous	6,015	--	--	--	6,015
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	7,752,516	99,751	1,530,753	163,086	9,546,106
EXPENDITURES					
Current:					
General government	173,148	--	--	--	173,148
Public safety	2,054,058	--	--	--	2,054,058
Streets and transportation	3,495	--	--	--	3,495
Health and sanitation	1,108,619	--	--	--	1,108,619
Social services	--	--	--	28,247	28,247
Economic development	1,102,251	--	--	--	1,102,251
Debt service:					
Principal	--	--	4,745,000	--	4,745,000
Interest	--	--	244,324	--	244,324
Refunding debt issuance costs	--	--	66,822	--	66,822
Capital outlay:					
Highways and streets	--	4,077,111	--	--	4,077,111
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	4,441,571	4,077,111	5,056,146	28,247	13,603,075
Excess (deficiency) of revenues over (under) expenditures					
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	3,310,945	(3,977,360)	(3,525,393)	134,839	(4,056,969)

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, 2010

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 624,770	\$ 3,396,566	\$ 319,192	\$ 28,582	\$ 4,369,110
Transfers (out)	(3,310,309)	(561,718)	--	--	(3,872,027)
Proceeds from issuance of debt	--	--	3,460,000	--	3,460,000
Premium paid on debt issued	--	--	(163,895)	--	(163,895)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>(2,685,539)</u>	<u>2,834,848</u>	<u>3,615,297</u>	<u>28,582</u>	<u>3,793,188</u>
Net change in fund balances	625,406	(1,142,512)	89,904	163,421	(263,781)
Fund balances beginning	<u>4,962,861</u>	<u>3,941,227</u>	<u>3,864,098</u>	<u>1,504,656</u>	<u>14,272,842</u>
Fund balances ending	<u>\$ 5,588,267</u>	<u>\$ 2,798,715</u>	<u>\$ 3,954,002</u>	<u>\$ 1,668,077</u>	<u>\$ 14,009,061</u>

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.

Employee Health Insurance Fund This fund was established to maintain funds reserved for health insurance benefits.

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.

Firefighters Assistance Grant Fund This fund is used to account for federal grant revenues received from the FEMA Department of Homeland Security Assistance to Firefighters-Grant Program which provided funds for fire gear and air compressor system.

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.

CITY OF CHARLESTON, WEST VIRGINIA

SPECIAL REVENUE FUNDS (Continued)

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.

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.

Sister Cities Fund This fund was established to account for revenues expended for the sister cities program.

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.

Wayfinding Commission Fund This fund accounts for funds used for purchase and distribution of signs pointing to specific destinations, sights, and tourist information spots throughout the City. In addition, the Commission has banner programs for community neighborhoods and events.

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2010

	<u>Asset Forfeiture and Reimbursement</u>	<u>Byrne Justice Assistance Grant</u>	<u>Charleston Land Trust Commission</u>	<u>Community Development Recovery Program</u>	<u>Cops Meth Grant</u>
ASSETS					
Cash and cash equivalents	\$ 181,075	\$ 76,431	\$ 39,885	\$ --	\$ 7,118
Receivables:					
Accounts	966	990	--	--	--
Grants	--	11,558	--	38,068	8,940
Loans	--	--	--	--	--
Interest	--	--	--	--	--
Due from:					
Other funds	--	--	--	--	--
Component units	--	--	--	--	--
Restricted cash	--	--	--	--	--
Total assets	<u>\$ 182,041</u>	<u>\$ 88,979</u>	<u>\$ 39,885</u>	<u>\$ 38,068</u>	<u>\$ 16,058</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	3,356	16,694	--	37,942	8,940
Due to:					
Other funds	--	--	--	126	--
Deferred revenue:					
Unearned revenue	--	72,285	--	--	7,118
Total liabilities	<u>3,356</u>	<u>88,979</u>	<u>--</u>	<u>38,068</u>	<u>16,058</u>
Fund balances:					
Reserved for:					
Community development	--	--	39,885	--	--
Public safety	178,685	--	--	--	--
Unreserved	--	--	--	--	--
Total fund balances	<u>178,685</u>	<u>--</u>	<u>39,885</u>	<u>--</u>	<u>--</u>
Total liabilities and fund balances	<u>\$ 182,041</u>	<u>\$ 88,979</u>	<u>\$ 39,885</u>	<u>\$ 38,068</u>	<u>\$ 16,058</u>

<u>DOT Federal Grant</u>	<u>Employee Health Insurance</u>	<u>EPA Brownfields Grant</u>	<u>Firefighters Assistance Grant</u>	<u>Homeless Prevention & Rapid Re-Housing</u>	<u>Human Rights</u>	<u>Metro Loan</u>
\$ --	\$ 2,256,244	\$ --	\$ --	\$ --	\$ 187,230	\$ 6,501
--	--	--	--	--	603	--
11,034	--	--	192,600	43,054	--	--
--	--	--	--	--	--	111,874
--	--	--	--	--	--	58
--	--	--	--	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>\$ 11,034</u>	<u>\$ 2,256,244</u>	<u>\$ --</u>	<u>\$ 192,600</u>	<u>\$ 43,054</u>	<u>\$ 187,833</u>	<u>\$ 118,433</u>
--	--	--	192,000	42,380	1,008	--
11,034	--	--	600	674	--	--
--	--	--	--	--	170,605	--
<u>11,034</u>	<u>--</u>	<u>--</u>	<u>192,600</u>	<u>43,054</u>	<u>171,613</u>	<u>--</u>
--	--	--	--	--	--	118,433
--	--	--	--	--	--	--
--	2,256,244	--	--	--	16,220	--
--	2,256,244	--	--	--	16,220	118,433
<u>\$ 11,034</u>	<u>\$ 2,256,244</u>	<u>\$ --</u>	<u>\$ 192,600</u>	<u>\$ 43,054</u>	<u>\$ 187,833</u>	<u>\$ 118,433</u>

<u>Municipal Beautification</u>	<u>Municipal Court</u>	<u>Police & Fire Donations</u>	<u>Police Grants</u>	<u>Rental Rehabilitation</u>	<u>Safe Routes To School Program</u>	<u>Sister Cities</u>
\$ 30,476	\$ 189,604	\$ 48,756	\$ 79,013	\$ 20,000	\$ --	\$ 274
--	77,758	--	--	--	--	--
--	--	--	166,631	--	8,457	--
--	--	--	--	150,143	--	--
--	--	--	--	--	--	--
--	--	--	40	--	--	--
--	--	--	--	--	--	--
--	--	--	--	--	--	--
<u>\$ 30,476</u>	<u>\$ 267,362</u>	<u>\$ 48,756</u>	<u>\$ 245,684</u>	<u>\$ 170,143</u>	<u>\$ 8,457</u>	<u>\$ 274</u>
--	9,976	--	53,855	--	--	--
--	122,643	--	152,552	--	8,457	--
--	--	--	2,441	--	--	--
--	132,619	--	208,848	--	8,457	--
--	--	--	--	170,143	--	--
--	--	48,756	36,836	--	--	--
30,476	134,743	--	--	--	--	274
<u>30,476</u>	<u>134,743</u>	<u>48,756</u>	<u>36,836</u>	<u>170,143</u>	<u>--</u>	<u>274</u>
<u>\$ 30,476</u>	<u>\$ 267,362</u>	<u>\$ 48,756</u>	<u>\$ 245,684</u>	<u>\$ 170,143</u>	<u>\$ 8,457</u>	<u>\$ 274</u>

	Solid Waste	Special Demolition	Supportive Housing	Wayfinding Commission	Total Nonmajor Special Revenue Funds
\$	91,491	\$ 34,098	\$ --	\$ 46,991	\$ 3,295,187
	301,262	--	--	--	381,579
	--	--	12,592	--	492,934
	--	--	--	--	262,017
	--	--	--	--	58
	--	--	--	--	40
	25,152	--	--	--	25,152
	2,158,100	--	--	--	2,158,100
	<u>2,576,005</u>	<u>34,098</u>	<u>12,592</u>	<u>46,991</u>	<u>6,615,067</u>
	99,522	--	12,386	--	478,059
	--	--	206	--	296,292
	--	--	--	--	252,449
	<u>99,522</u>	<u>--</u>	<u>12,592</u>	<u>--</u>	<u>1,026,800</u>
	2,158,100	--	--	46,991	2,533,552
	--	--	--	--	264,277
	318,383	34,098	--	--	2,790,438
	<u>2,476,483</u>	<u>34,098</u>	<u>--</u>	<u>46,991</u>	<u>5,588,267</u>
\$	<u>2,576,005</u>	<u>34,098</u>	<u>12,592</u>	<u>46,991</u>	<u>6,615,067</u>

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, 2010

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Community Development Recovery Program	Cops Meth Grant
REVENUES					
Intergovernmental:					
Federal	\$ --	\$ 819,615	\$ --	\$ 420,180	\$ 67,694
State	--	--	--	--	--
Charges for services	--	--	--	--	--
Fines and forfeits	100,963	--	--	--	--
Interest and investment earnings	470	220	84	--	--
Contributions and donations	--	--	400	--	--
Miscellaneous	--	--	--	--	--
Total revenues	<u>101,433</u>	<u>819,835</u>	<u>484</u>	<u>420,180</u>	<u>67,694</u>
EXPENDITURES					
Current:					
General government	--	--	--	--	--
Public safety	198,698	819,835	--	--	67,694
Streets and transportation	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Economic development	--	--	1,277	420,180	--
Total expenditures	<u>198,698</u>	<u>819,835</u>	<u>1,277</u>	<u>420,180</u>	<u>67,694</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(97,265)</u>	<u>--</u>	<u>(793)</u>	<u>--</u>	<u>--</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	--	--	--	--	--
Transfers (out)	--	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	(97,265)	--	(793)	--	--
Fund balances - beginning (Restated Note IV. I.)	<u>275,950</u>	<u>--</u>	<u>40,678</u>	<u>--</u>	<u>--</u>
Fund balances - ending	<u>\$ 178,685</u>	<u>\$ --</u>	<u>\$ 39,885</u>	<u>\$ --</u>	<u>\$ --</u>

<u>DOT Federal Grant</u>	<u>Employee Health Insurance</u>	<u>EPA Brownfields Grant</u>	<u>Firefighters Assistance Grant</u>	<u>Homeless Prevention & Rapid Re-Housing</u>	<u>Human Rights</u>
\$ 351,837	\$ --	\$ 10,531	\$ 192,600	\$ 200,738	\$ 24,763
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	5,835	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>351,837</u>	<u>5,835</u>	<u>10,531</u>	<u>192,600</u>	<u>200,738</u>	<u>24,763</u>
--	--	--	--	--	--
--	--	--	192,600	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>351,837</u>	<u>--</u>	<u>10,531</u>	<u>--</u>	<u>200,738</u>	<u>24,763</u>
<u>351,837</u>	<u>--</u>	<u>10,531</u>	<u>192,600</u>	<u>200,738</u>	<u>24,763</u>
<u>--</u>	<u>5,835</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	604,770	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>604,770</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
--	610,605	--	--	--	--
<u>--</u>	<u>1,645,639</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>16,220</u>
<u>\$ --</u>	<u>\$ 2,256,244</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 16,220</u>

<u>Metro Loan</u>	<u>Municipal Beautification</u>	<u>Municipal Court</u>	<u>Police & Fire Donations</u>	<u>Police Grants</u>	<u>Rental Rehabilitation</u>
\$ --	\$ --	\$ --	\$ --	\$ 702,835	\$ --
--	--	--	--	68,653	--
--	1,724	--	--	--	--
--	--	630,558	--	--	--
14	64	--	104	--	--
--	1,625	--	962	--	--
--	--	--	--	--	5,015
<u>14</u>	<u>3,413</u>	<u>630,558</u>	<u>1,066</u>	<u>771,488</u>	<u>5,015</u>
--	--	163,691	--	--	--
--	--	--	3,711	771,520	--
--	3,495	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	105
<u>--</u>	<u>3,495</u>	<u>163,691</u>	<u>3,711</u>	<u>771,520</u>	<u>105</u>
<u>14</u>	<u>(82)</u>	<u>466,867</u>	<u>(2,645)</u>	<u>(32)</u>	<u>4,910</u>
--	--	--	--	--	--
--	--	(450,309)	--	--	--
<u>--</u>	<u>--</u>	<u>(450,309)</u>	<u>--</u>	<u>--</u>	<u>--</u>
14	(82)	16,558	(2,645)	(32)	4,910
<u>118,419</u>	<u>30,558</u>	<u>118,185</u>	<u>51,401</u>	<u>36,868</u>	<u>165,233</u>
<u>\$ 118,433</u>	<u>\$ 30,476</u>	<u>\$ 134,743</u>	<u>\$ 48,756</u>	<u>\$ 36,836</u>	<u>\$ 170,143</u>

<u>Safe Routes To School Program</u>	<u>Sister Cities</u>	<u>Solid Waste</u>	<u>Special Demolition</u>	<u>Supportive Housing</u>	<u>Wayfinding Commission</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 8,457	\$ --	\$ --	\$ --	\$ 92,820	\$ --	\$ 2,892,070
--	--	--	--	--	--	68,653
--	--	4,035,391	--	--	--	4,037,115
--	--	--	--	--	--	731,521
--	1	7,195	71	--	97	14,155
--	--	--	--	--	--	2,987
--	--	--	1,000	--	--	6,015
<u>8,457</u>	<u>1</u>	<u>4,042,586</u>	<u>1,071</u>	<u>92,820</u>	<u>97</u>	<u>7,752,516</u>
8,457	1,000	--	--	--	--	173,148
--	--	--	--	--	--	2,054,058
--	--	--	--	--	--	3,495
--	--	1,108,619	--	--	--	1,108,619
--	--	--	--	92,820	--	1,102,251
<u>8,457</u>	<u>1,000</u>	<u>1,108,619</u>	<u>--</u>	<u>92,820</u>	<u>--</u>	<u>4,441,571</u>
--	(999)	2,933,967	1,071	--	97	3,310,945
--	--	--	--	--	20,000	624,770
--	--	(2,860,000)	--	--	--	(3,310,309)
--	--	(2,860,000)	--	--	20,000	(2,685,539)
--	(999)	73,967	1,071	--	20,097	625,406
--	1,273	2,402,516	33,027	--	26,894	4,962,861
<u>\$ --</u>	<u>\$ 274</u>	<u>\$ 2,476,483</u>	<u>\$ 34,098</u>	<u>\$ --</u>	<u>\$ 46,991</u>	<u>\$ 5,588,267</u>

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, 2010

	<u>Ball Park Maintenance</u>	<u>Ball Park Stadium</u>	<u>Bridge</u>	<u>City Service Fee Project</u>	<u>Civic Center Capital Improvements</u>
ASSETS					
Cash and cash equivalents	\$ 6,137	\$ 177,923	\$ 108	\$ 723	\$ 266,461
Due from:					
Other funds	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> 8,230</u>
Total assets	<u>\$ 6,137</u>	<u>\$ 177,923</u>	<u>\$ 108</u>	<u>\$ 723</u>	<u>\$ 274,691</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	--	4,435	--	--	--
Due to:					
Other funds	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>	<u> --</u>
Total liabilities	<u> --</u>	<u>4,435</u>	<u> --</u>	<u> --</u>	<u> --</u>
FUND BALANCES					
Reserved for:					
Capital projects	<u>6,137</u>	<u>173,488</u>	<u>108</u>	<u>723</u>	<u>274,691</u>
Total fund balances	<u>6,137</u>	<u>173,488</u>	<u>108</u>	<u>723</u>	<u>274,691</u>
Total liabilities and fund balances	<u>\$ 6,137</u>	<u>\$ 177,923</u>	<u>\$ 108</u>	<u>\$ 723</u>	<u>\$ 274,691</u>

<u>Facilities Maintenance Fund</u>	<u>General Maintenance</u>	<u>Infrastructure</u>	<u>Municipal Auditorium Capital Improvements</u>	<u>Soccer Field</u>	<u>South Side Recreation</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ 487,822	\$ 2,005,377	\$ 143,145	\$ 79,604	\$ 3,012	\$ 9,603	\$ 3,179,915
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>8,230</u>
<u>\$ 487,822</u>	<u>\$ 2,005,377</u>	<u>\$ 143,145</u>	<u>\$ 79,604</u>	<u>\$ 3,012</u>	<u>\$ 9,603</u>	<u>\$ 3,188,145</u>
13,191	3,565	--	--	--	--	21,191
<u>--</u>	<u>368,239</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>368,239</u>
<u>13,191</u>	<u>371,804</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>389,430</u>
<u>474,631</u>	<u>1,633,573</u>	<u>143,145</u>	<u>79,604</u>	<u>3,012</u>	<u>9,603</u>	<u>2,798,715</u>
<u>474,631</u>	<u>1,633,573</u>	<u>143,145</u>	<u>79,604</u>	<u>3,012</u>	<u>9,603</u>	<u>2,798,715</u>
<u>\$ 487,822</u>	<u>\$ 2,005,377</u>	<u>\$ 143,145</u>	<u>\$ 79,604</u>	<u>\$ 3,012</u>	<u>\$ 9,603</u>	<u>\$ 3,188,145</u>

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, 2010

	<u>Ball Park Maintenance</u>	<u>Ball Park Stadium</u>	<u>Bridge</u>	<u>City Service Fee Project</u>	<u>Civic Center Capital Improvements</u>
REVENUES					
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --
Interest and investment earnings	72	371	--	874	438
Contributions and donations	--	--	--	--	--
Reimbursements	--	--	--	12,773	26,385
Total revenues	<u>72</u>	<u>371</u>	<u>--</u>	<u>13,647</u>	<u>26,823</u>
EXPENDITURES					
Current:					
Capital projects	<u>47,829</u>	<u>4,435</u>	<u>--</u>	<u>2,944,332</u>	<u>--</u>
Total expenditures	<u>47,829</u>	<u>4,435</u>	<u>--</u>	<u>2,944,332</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(47,757)</u>	<u>(4,064)</u>	<u>--</u>	<u>(2,930,685)</u>	<u>26,823</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	25,000	--	--	1,650,000	167,721
Transfers (out)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(179,974)</u>
Total other financing sources (uses)	<u>25,000</u>	<u>--</u>	<u>--</u>	<u>1,650,000</u>	<u>(12,253)</u>
Net change in fund balances	<u>(22,757)</u>	<u>(4,064)</u>	<u>--</u>	<u>(1,280,685)</u>	<u>14,570</u>
Fund balances - beginning	<u>28,894</u>	<u>177,552</u>	<u>108</u>	<u>1,281,408</u>	<u>260,121</u>
Fund balances - ending	<u>\$ 6,137</u>	<u>\$ 173,488</u>	<u>\$ 108</u>	<u>\$ 723</u>	<u>\$ 274,691</u>

<u>Facilities Maintenance Fund</u>	<u>General Maintenance</u>	<u>Infrastructure</u>	<u>Municipal Auditorium Capital Improvements</u>	<u>Soccer Field</u>	<u>South Side Recreation</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$ --	\$ --	\$ --	\$ 20,771	\$ --	\$ --	\$ 20,771
1,316	6,142	298	146	7	20	9,684
--	9,933	--	--	--	--	9,933
<u>8,573</u>	<u>11,632</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>59,363</u>
<u>9,889</u>	<u>27,707</u>	<u>298</u>	<u>20,917</u>	<u>7</u>	<u>20</u>	<u>99,751</u>
<u>378,293</u>	<u>702,222</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,077,111</u>
<u>378,293</u>	<u>702,222</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,077,111</u>
<u>(368,404)</u>	<u>(674,515)</u>	<u>298</u>	<u>20,917</u>	<u>7</u>	<u>20</u>	<u>(3,977,360)</u>
650,000	903,845	--	--	--	--	3,396,566
<u>--</u>	<u>(368,239)</u>	<u>--</u>	<u>(13,505)</u>	<u>--</u>	<u>--</u>	<u>(561,718)</u>
<u>650,000</u>	<u>535,606</u>	<u>--</u>	<u>(13,505)</u>	<u>--</u>	<u>--</u>	<u>2,834,848</u>
281,596	(138,909)	298	7,412	7	20	(1,142,512)
<u>193,035</u>	<u>1,772,482</u>	<u>142,847</u>	<u>72,192</u>	<u>3,005</u>	<u>9,583</u>	<u>3,941,227</u>
<u>\$ 474,631</u>	<u>\$ 1,633,573</u>	<u>\$ 143,145</u>	<u>\$ 79,604</u>	<u>\$ 3,012</u>	<u>\$ 9,603</u>	<u>\$ 2,798,715</u>

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.

CITY OF CHARLESTON, WEST VIRGINIA
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2010

	<u>Sinking Fund</u>
ASSETS	
Cash and cash equivalents	\$ 3,744,256
Receivables:	
Taxes	125,336
Restricted cash	<u>159,442</u>
 Total assets	 \$ <u><u>4,029,034</u></u>
 LIABILITIES AND FUND BALANCES	
 LIABILITIES	
Deferred revenue:	
Taxes	<u>75,032</u>
 FUND BALANCE	
Reserved for:	
Debt service	<u>3,954,002</u>
 Total liabilities and fund balance	 \$ <u><u>4,029,034</u></u>

**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, 2010**

	<u>Sinking Fund</u>
REVENUES	
Taxes:	
Ad valorem property taxes	\$ 1,520,417
Interest and investment earnings	10,336
	<u>1,530,753</u>
Total revenues	<u>1,530,753</u>
EXPENDITURES	
Current:	
Principal	4,745,000
Interest	244,324
Refunding debt issuance costs	66,822
	<u>5,056,146</u>
Total expenditures	<u>5,056,146</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,525,393)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	319,192
Proceeds from issuance of refunding debt	3,460,000
Premium paid on refunding debt issued	(163,895)
	<u>3,615,297</u>
Total other financing sources (uses)	<u>3,615,297</u>
Net change in fund balance	89,904
Fund balance - beginning	<u>3,864,098</u>
Fund balance - ending	<u>\$ 3,954,002</u>

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, 2010

	<u>Spring Hill Cemetery</u>
ASSETS	
Cash and cash equivalents	\$ 327,661
Investments	1,333,601
Receivables:	
Accrued interest	4,384
Due from:	
Other funds	<u>2,431</u>
 Total assets	 \$ <u><u>1,668,077</u></u>
 FUND BALANCE	
Reserved for:	
Perpetual care	<u>1,668,077</u>
 Total liabilities and fund balance	 \$ <u><u>1,668,077</u></u>

**CITY OF CHARLESTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -
NONMAJOR PERMANENT FUND
For the Fiscal Year Ended June 30, 2010**

	<u>Spring Hill Cemetery</u>
REVENUES	
Investment earnings	\$ 161,036
Contributions and donations	<u>2,050</u>
Total revenues	<u>163,086</u>
EXPENDITURES	
Current:	
Social services	<u>28,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>134,839</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>28,582</u>
Net change in fund balance	163,421
Fund balance - beginning	<u>1,504,656</u>
Fund balance - ending	<u><u>\$ 1,668,077</u></u>

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, 2010

	<u>Civic Center Ticket</u>	<u>Civic Center Promotions</u>	<u>Metro Drug Enforcement Task Force</u>	<u>Pending Forfeiture</u>	<u>Police Asset & Liability</u>	<u>Total Agency Funds</u>
ASSETS						
Cash and cash equivalents \$	189,661	\$ 10,096	\$ 179,137	\$ 1,065,459	\$ 6,268	\$ 1,450,621
Receivables:						
Accounts	--	--	4,433	--	--	4,433
Total assets	<u>\$ 189,661</u>	<u>\$ 10,096</u>	<u>\$ 183,570</u>	<u>\$ 1,065,459</u>	<u>\$ 6,268</u>	<u>\$ 1,455,054</u>
LIABILITIES						
Refunds payable and others	<u>189,661</u>	<u>10,096</u>	<u>183,570</u>	<u>1,065,459</u>	<u>6,268</u>	<u>1,455,054</u>
Total liabilities	<u>\$ 189,661</u>	<u>\$ 10,096</u>	<u>\$ 183,570</u>	<u>\$ 1,065,459</u>	<u>\$ 6,268</u>	<u>\$ 1,455,054</u>

CITY OF CHARLESTON, WEST VIRGINIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
For the Fiscal Year Ended June 30, 2010

	<u>Civic Center Ticket</u>	<u>Civic Center Promotions</u>	<u>Metro Drug Enforcement Task Force</u>	<u>Pending Forfeiture</u>	<u>Police Asset & Liability</u>	<u>Total Agency Funds</u>
ASSETS						
Cash and cash equivalents						
July 1, 2009	\$ 1,028,089	\$ 8,230	\$ 121,556	\$ 807,455	\$ 6,255	\$ 1,971,585
Receivables, July 1, 2009	--	--	2,484	--	--	2,484
Additions-cash	7,752,342	38,822	600,744	470,857	13	8,862,778
Deductions-cash	(8,590,770)	(36,956)	(543,163)	(212,853)	--	(9,383,742)
Additions-receivable	--	--	4,433	--	--	4,433
Deductions-receivable	--	--	(2,484)	--	--	(2,484)
Cash and cash equivalents						
June 30, 2010	189,661	10,096	179,137	1,065,459	6,268	1,450,621
Receivables, June 30, 2010	--	--	4,433	--	--	4,433
Total assets, June 30, 2010	<u>\$ 189,661</u>	<u>\$ 10,096</u>	<u>\$ 183,570</u>	<u>\$ 1,065,459</u>	<u>\$ 6,268</u>	<u>\$ 1,455,054</u>
LIABILITIES						
Refunds payable and others						
July 1, 2009	1,028,089	8,230	124,040	807,455	6,255	1,974,069
Additions	7,752,342	38,822	430,062	470,857	13	8,692,096
Deductions	(8,590,770)	(36,956)	(370,532)	(212,853)	--	(9,211,111)
June 30, 2010	<u>\$ 189,661</u>	<u>\$ 10,096</u>	<u>\$ 183,570</u>	<u>\$ 1,065,459</u>	<u>\$ 6,268</u>	<u>\$ 1,455,054</u>

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 Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years							
	2003	2004	2005	2006	2007	2008	2009	2010
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
Restricted	10,893,812	11,422,818	9,488,250	10,392,733	12,211,193	14,713,465	13,856,864	8,954,706
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)
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
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
Restricted	371,033	3,597,002	1,855,216	1,967,296	1,989,077	2,055,937	2,132,493	1,987,636
Unrestricted	(284,787)	(137,205)	196,325	140,807	298,804	739,912	963,564	1,481,099
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
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
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
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)
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

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 Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years							
	2003	2004	2005	2006	2007	2008	2009	2010
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
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
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
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
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
Social services	803,574	648,972	637,832	666,342	360,025	822,953	831,811	858,632
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
Administrative and general	24,095	-	-	-	3,358,208	2,995,622	-	-
Interest on long-term debt	972,348	724,960	1,082,377	982,256	881,524	58,003	920,328	779,600
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
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
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
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
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
Program revenues								
Governmental activities								
Charges for services	12,212,222	4,167,161	5,926,506	3,621,630	3,708,650	3,535,513	3,456,574	3,032,201
General government	22,898	5,563,713	5,718,864	5,575,741	6,837,529	8,163,860	8,569,748	10,125,363
Public safety	56,114	124,499	140,381	113,375	129,364	95,038	120,618	103,740
Culture and recreation	-	3,981	4,858	2,183,248	1,615,441	2,071,313	2,639,926	1,650,000
Streets and transportation	-	4,070,540	4,382,690	4,024,738	4,167,557	4,193,130	4,103,198	4,078,634
Health and sanitation	-	-	2,252	-	-	-	-	-
Economic development	-	-	154,468	194,080	213,931	191,635	161,208	137,875
Social services	3,421,187	5,136,988	4,802,708	4,720,285	4,730,700	9,541,628	8,572,211	8,743,137
Operating 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
Capital grants and contributions	-	-	-	-	-	-	-	-
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

CITY OF CHARLESTON, WEST VIRGINIA

Table 2 (Continued)
Changes in Net Assets - Last Eight Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Years							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 1,094,783
Catering services	574,527	533,695	966,151	683,345	722,995	698,859	627,378	626,977
Parking violations	301,391	545,797	454,985	525,906	606,142	690,898	561,973	511,152
Parking meters	491,997	505,994	492,123	486,990	529,717	550,322	501,244	511,011
Other	746,539	732,283	847,534	827,436	874,709	1,105,029	1,074,676	3,711,047
Capital grants and contributions	5,253	63,615	26,032	40,334	73,344	224,125	48,387	20,240
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	6,474,310
Net (expense) revenue	(46,633,635)	(34,408,184)	(43,025,242)	(50,520,047)	(56,585,235)	(58,980,944)	(62,390,891)	(60,972,966)
Governmental activities	(2,339,741)	(1,779,960)	(1,323,144)	(1,605,176)	(1,508,320)	(1,188,330)	(1,232,561)	(1,148,014)
Business-type activities	\$ (48,973,376)	\$ (36,188,144)	\$ (44,348,386)	\$ (52,125,223)	\$ (58,093,555)	\$ (60,169,274)	\$ (63,623,452)	\$ (62,120,980)
Total primary government net (expense) revenue								
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
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
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
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
Other taxes	835,165	1,019,372	710,085	967,036	768,397	1,048,092	1,050,431	1,072,361
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
Gain (Loss) on sale of capital assets	100,251	59,158	5,768,495	709,370	162,017	129,838	168,333	164,158
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)
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

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

	Fiscal Years							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities								
Investment earnings	\$ 112,953	\$ 47,948	\$ 116,038	\$ 120,926	\$ 176,954	\$ 157,601	\$ 52,842	\$ 13,356
Miscellaneous	(2,947)	125	267	900	4,915	-	2,506	8,889
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
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
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
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)
Business-type activities	(419,162)	(405,778)	(58,767)	478,549	127,466	161,739	794,787	415,128
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)

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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 207,189	\$ 386,378	\$ 786,001	\$ 3,849,291	\$ 6,097,480	\$ 3,321,573	\$ 4,086,968	\$ 4,538,744	\$ 5,980,683	\$ 2,783,602
Unreserved	7,949,764	10,217,347	10,770,000	12,733,620	14,391,977	14,665,775	14,083,621	15,036,189	16,728,041	12,398,994
Total general fund	\$ 8,156,953	\$ 10,603,725	\$ 11,556,001	\$ 16,582,911	\$ 20,489,457	\$ 17,987,348	\$ 18,170,589	\$ 19,574,933	\$ 22,708,724	\$ 15,182,596
All other governmental funds										
Reserved	11,030,994	10,022,027	8,168,578	9,419,244	7,420,690	9,754,460	10,918,600	12,607,962	12,232,572	11,379,550
Unreserved, reported in:										
Special revenue funds	853,424	199,302	450,603	593,582	1,021,116	1,717,429	1,729,893	1,836,210	2,337,005	10,468,997
Total all other governmental funds	\$ 11,884,418	\$ 10,221,329	\$ 8,619,181	\$ 10,012,826	\$ 8,441,806	\$ 11,471,889	\$ 12,648,493	\$ 14,444,172	\$ 14,569,577	\$ 21,848,547

For comparability from year to year, the fiscal years 2001 and 2002 include 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
Taxes	\$ 43,380,813	\$ 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
Licenses and permits	1,022,220	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
Fines and forfeitures	-	-	736,997	958,049	1,237,831	1,425,243	1,334,183	1,206,087	1,189,702	731,521
Charges for services	8,533,508	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
Intergovernmental	6,280,671	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
Investment earnings	611,407	1,783,495	253,535	285,676	549,103	818,789	1,184,506	778,985	400,498	321,058
Other revenues	2,177,551	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
Total revenues	62,006,170	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
Expenditures										
General government	9,114,612	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
Public safety	28,051,845	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
Streets & transportation	4,729,577	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
Health & sanitation	4,534,159	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
Culture & recreation	3,947,486	3,705,715	4,209,369	11,838,552	4,463,030	5,453,555	5,852,014	5,816,312	6,421,350	6,194,436
Economic development	-	-	4,882,570	5,673,238	2,990,521	3,640,671	4,043,821	4,004,487	3,616,919	7,630,856
Social services	5,185,443	1,590,703	762,201	584,404	647,150	665,296	856,383	828,870	795,455	858,122
Capital outlay	2,044,730	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
Debt service:										
Principal	1,550,620	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
Refunding debt issuance costs	-	-	-	-	-	-	-	-	-	66,822
Interest	1,075,033	974,550	879,354	840,682	735,873	1,079,040	979,118	873,674	919,824	636,643
Total expenditures	60,233,505	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
Excess of revenues over (under) expenditures	1,772,665	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)
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
Transfers in	2,876,444	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
Transfers out	(244,566)	(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)
Other	-	(101,743)	75,100	-	6,111,760	871,075	174,632	136,957	94,936	19,799
Total other financing sources (uses)	2,631,878	(1,603,009)	(735,473)	206,031	15,080,187	626,215	284,325	1,275,298	342,520	4,017,368
Net change in fund balance	4,404,543	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)
Debt service as a percentage of noncapital expenditures	7%	5%	4%	3%	3%	4%	3%	3%	3%	7%

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

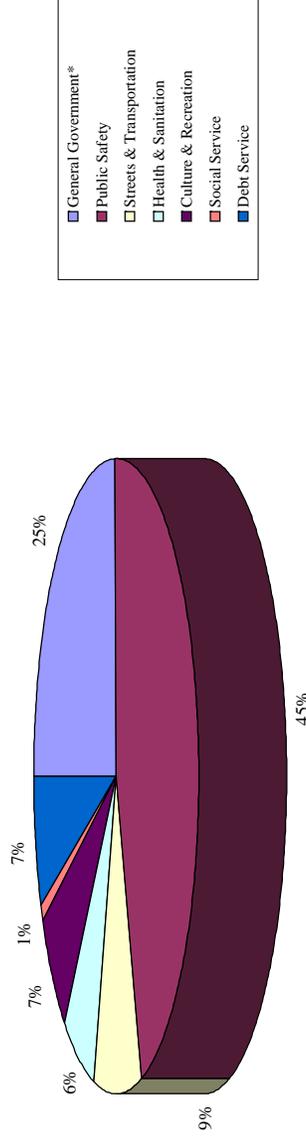
Expenditures By Function - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Years	General Government*	Public Safety	Streets & Transportation	Health & Sanitation	Culture & Recreation	Social Service	Debt Service	Total
2001	\$ 12,845,551	\$ 28,051,845	\$ 4,729,577	\$ 4,534,159	\$ 4,660,454	\$ 741,536	\$ 2,625,653	\$ 58,188,775
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

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



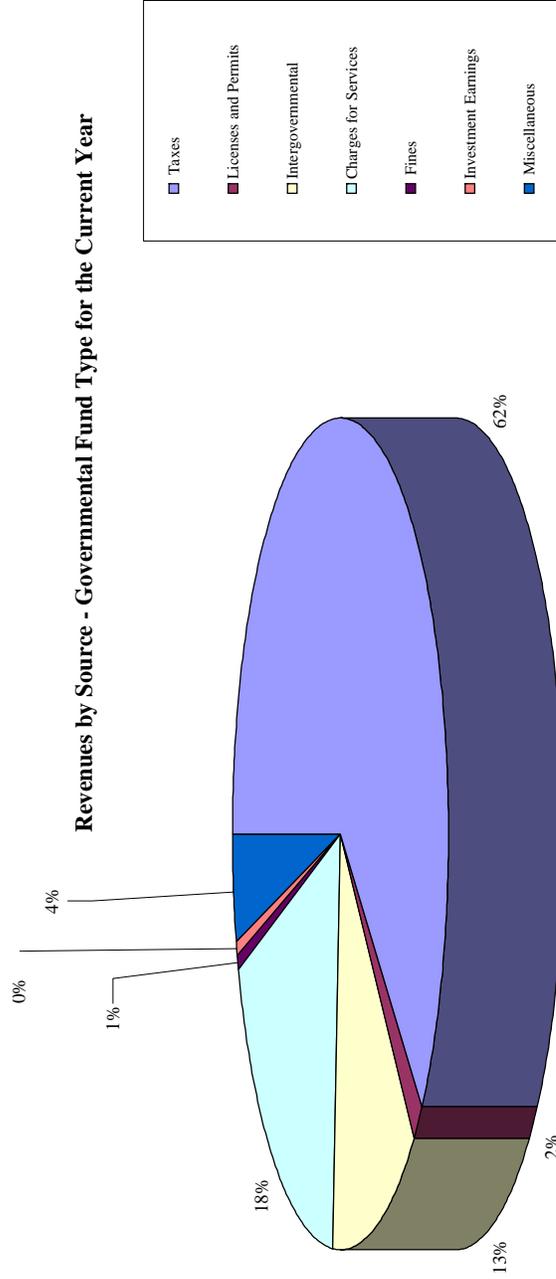
CITY OF CHARLESTON, WEST VIRGINIA

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
2001	\$ 42,973,988	\$ 1,012,299	\$ 6,280,671	\$ 8,382,185	\$ 443,906	\$ 550,378	\$ 1,330,120	\$ 60,973,547
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

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



CITY OF CHARLESTON, WEST VIRGINIA

Table 7

Detailed Revenues From Taxes - Governmental Fund Types -
For the Last Ten Fiscal Years

Fiscal Years	Property	Business &	Utility	Consumer Sales	Hotel Occupancy	Amusement	Miscellaneous	Total
	Tax	Occupation Tax	Tax	Tax Liquor	Tax	Tax	Taxes	
2001	\$ 9,934,635	\$ 29,527,633	\$ 1,910,094	\$ 485,955	\$ 978,270	\$ 116,548	\$ 20,853	\$ 42,973,988
2002	10,599,134	28,259,242	2,194,803	661,348	1,101,383	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

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
2001	\$ 7,685,764	\$ 6,870,570	89.39%	\$ 551,912	\$ 7,422,482	96.57%	\$ 461,146	6.00%
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%

CITY OF CHARLESTON, WEST VIRGINIA

Table 9

Principal Revenue Source

Business and Occupation Tax Revenue Filers By Class - Fiscal Years 2010, 2009, 2008, 2007, 2006, and 2005

Class	Fiscal Year 2010			
	Rate per \$1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability
1 Production of Natural Resources	1.00%	5	0.11%	\$ 18,420
2 Manufacturing	0.30%	32	0.72%	317,725
3 Retailers	0.50%	913	20.47%	7,105,802
4 Wholesalers	0.15%	366	8.20%	1,003,969
5 Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.04%	1,584,404
6 Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.02%	932,584
7 Natural Gas Companies	3.00%	2	0.04%	835,828
8 Water Companies	4.00%	2	0.04%	738,629
9 All Other Public Utilities	2.00%	3	0.07%	30,143
10 Contracting	2.00%	564	12.64%	3,230,548
11 Amusement	0.50%	21	0.47%	307,393
12 Service & All Other Businesses	1.00%	1,681	37.68%	15,249,924
13 Rents and Royalties	1.00%	826	18.52%	2,170,226
14 Banking and Other Financial Institutions	1.00%	43	0.96%	1,753,561
Totals		4,461	100.00%	\$ 35,279,156

Class	Fiscal Year 2009			
	Rate per \$1.00 Gross Revenue	Number of Filers	Percentage of Total	Tax Liability
1 Production of Natural Resources	1.00%	11	0.16%	\$ 450
2 Manufacturing	0.30%	48	0.72%	344,110
3 Retailers	0.50%	1,200	17.96%	7,452,717
4 Wholesalers	0.15%	485	7.26%	1,178,090
5 Electric Power Companies (Domestic Purposes and Commercial Lighting)	4.00%	2	0.03%	1,428,790
6 Electric Power Companies (All Other Sales and Demand Charges)	3.00%	1	0.01%	850,516
7 Natural Gas Companies	3.00%	3	0.04%	1,139,275
8 Water Companies	4.00%	1	0.01%	731,205
9 All Other Public Utilities	2.00%	4	0.06%	46,358
10 Contracting	2.00%	847	12.67%	3,197,120
11 Amusement	0.50%	42	0.63%	81,854
12 Service & All Other Businesses	1.00%	2,295	34.34%	17,119,132
13 Rents and Royalties	1.00%	1,683	25.18%	2,450,421
14 Banking and Other Financial Institutions	1.00%	61	0.91%	2,002,632
Totals		6,683	100.00%	\$ 38,022,690

CITY OF CHARLESTON, WEST VIRGINIA

Table 9 (Continued)

Principal Revenue Source

Business and Occupation Tax Revenue Filers By Class

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

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

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

Class	Fiscal Year 2006				
	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%

Class	Fiscal Year 2005				
	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	0.03%
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 six 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		Ratio of Net Bonded Debt to Estimated		Net Bonded Debt Per Capita
						Value	Value	Actual Value	Actual Value	
2001	\$ 2,221,087,692	\$ 1,332,652,615	\$ 10,981,731	\$ 1,989,499	\$ 8,992,232	0.40%	0.67%	169		
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)		

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.

CITY OF CHARLESTON, WEST VIRGINIA

Table 11

Ratio of Outstanding Debt by Type -
For the Last Ten Fiscal Years

Fiscal Years	Governmental Activities				Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Capital Leases	Capital Leases	Revenue Bonds	Capital Leases	Capital Leases				
2001	\$ 10,981,751	\$ 4,235,000	\$ 4,149,658	\$ 87,742	\$ 21,811,928	\$ 87,742	\$ 41,266,059	29.30%	774		
2002	9,435,766	4,135,000	3,785,174	67,765	21,135,016	67,765	38,558,721	26.25%	733		
2003	7,795,000	5,228,274	3,483,971	83,754	20,413,104	83,754	37,004,103	24.80%	712		
2004	6,910,000	5,115,948	3,351,270	47,913	19,641,190	47,913	35,066,321	22.97%	677		
2005	5,955,000	4,887,701	11,705,822	15,787	18,076,489	15,787	40,640,799	26.16%	787		
2006	4,930,000	4,650,098	11,491,961	-	17,056,779	-	38,128,838	23.85%	745		
2007	3,830,000	4,418,825	10,987,881	-	16,007,070	-	35,243,776	20.53%	694		
2008	2,645,000	4,147,126	11,261,072	-	14,917,361	-	32,970,559	18.51%	653		
2009	1,370,000	3,875,679	11,232,515	-	13,782,652	-	30,260,846	16.20%	599		
2010	-	3,664,899	11,156,673	-	12,668,472	-	27,490,044	14.23%	548		

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			Coverage	General Fund & Coal Severance Subsidy
				Principal	Interest	Total		
2001	\$ 1,855,981	\$ 2,189,865	\$ (333,884)	\$ 150,000	\$ 529,130	\$ 679,130	-49.16%	\$ 1,160,028
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	-219.56%	1,812,381
2010	2,839,910	4,314,792	(1,474,882)	300,000	397,689	697,689	-211.40%	1,432,678

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			Coverage
			\$	\$	Principal	Interest	Total	
2001	\$ 3,547,799	\$ 1,440,989	\$ 2,106,810	\$ 555,000	\$ 929,638	\$ 1,484,638	141.91%	
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%	

CITY OF CHARLESTON, WEST VIRGINIA

Table 14
Demographic Statistics -
Last Ten Fiscal Years

Fiscal Years	Population	Personal Income	Per Capita Income	Unemployment Rate
2001	53,340	\$ 1,408,176	\$ 27,842	5.0
2002	52,610	1,468,871	28,717	6.2
2003	51,971	1,492,087	29,439	6.1
2004	51,813	1,526,411	29,934	5.3
2005	51,648	1,553,055	31,178	5.0
2006	51,156	1,599,648	33,798	4.5
2007	50,773	1,716,127	35,277	3.9
2008	50,478	1,780,864	37,111	3.7
2009	50,478	1,867,686	38,744	7.5
2010	50,132	1,931,085	40,449	7.8

Real Estate Center at Texas A&M University
Bureau of Economic Analysis/U.S. Department of Commerce
Personal Income is based on an average annual growth rate of 4.0%
Per Capita Income is based on an average annual growth rate of 4.4%

CITY OF CHARLESTON, WEST VIRGINIA

Table 15
Legal Debt Margin Information -
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Legal Debt Margin Calculation for Fiscal Year 2010										
Assessed value		\$ 2,866,580,495								
Debt limit (5% of assessed value)		<u>143,329,025</u>								
Debt applicable to limit:										
General obligation bonds		-								
Less: amount set aside for repayment of general obligation debt		<u>3,903,692</u>								
Total net debt applicable to limit		<u>\$ 143,329,025</u>								
Legal debt margin										
Debt limit	\$ 101,040,920	\$ 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
Total debt applicable to limit	10,981,731	9,455,766	7,795,000	6,910,000	5,955,000	4,930,000	3,830,000	2,645,000	1,370,000	-
Legal debt margin	\$ 92,048,688	\$ 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
Total net debt applicable to the limit as a percentage of debt limit	12%	9%	7%	6%	5%	4%	3%	2%	1%	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
2001	24,880	-1.4	5.0	-0.3
2002	24,277	-2.4	6.2	-0.2
2003	23,738	-2.2	6.1	0.5
2004	23,785	0.2	5.3	0.0
2005	23,953	0.7	5.0	-0.5
2006	24,145	0.8	4.5	0.0
2007	24,255	0.5	3.9	0.4
2008	24,033	-0.7	3.7	-0.3
2009	22,872	-5.1	7.5	-0.3
2010	22,459	-3.9	7.8	1.2

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, 2010 and 2001

Rank	Company Name	2010		2001	
		Total Employees	Employee Percentage	Total Employees	Company Name
1	Charleston Area Medical Center, Inc.	6,577	39%		Kanawha County Board of Education
2	Kanawha County Board of Education	3,978	24%		Charleston Area Medical Center
3	Herbert J. Thomas Memorial Hospital Association	1,200	7%		Union Carbide Corporation
4	West Virginia Department of Highways	1,100	7% **		Wal-Mart Associates, Inc.
5	Wal-Mart Associates, Inc.	1,000	6% **		Minneapolis Postal Data Center
6	City of Charleston Municipality	802	5%		Herbert J. Thomas Memorial Hospital Association
7	The Kroger Company	700	4% **		West Virginia Bureau of Employment Programs
8	West Virginia Department of Health and Human Resources	500	3% **		Ticketmaster, LLC
9	U.S. Postal Service	433	3% **		WV Department of Highways
10	TRG Customer Solutions, Inc.	400	2% **		Aventis Cropscience USA
	Total	16,690	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 2010
 The total employee information is unavailable for the 2001 year.

CITY OF CHARLESTON, WEST VIRGINIA

Table 18

Operating Indicators by Function/Program -
Last Seven Fiscal Years

Function/Program	Fiscal Years						
	2004	2005	2006	2007	2008	2009	2010
Police							
Physical arrest	4,281	4,990	6,314	6,270	7,649	6,812	5,704
Citations written	10,402	16,460	19,946	23,494	20,804	16,217	10,438
Offenses charged	15,646	28,207	29,659	29,195	24,006	18,887	6,626
Fire							
Emergency medical responses	12,289	11,157	12,373	18,926	17,788	12,709	12,538
Fire responses	5,318	8,661	9,000	12,214	13,131	17,424	16,417
Inspections	1,064	1,019	1,019	1,156	1,124	1,138	897
Refuse collection							
Refuse collected (tons annually)	28,113	27,461	27,869	30,571	26,977	13,816	13,228
Recyclables collected (tons annually)	1,254	1,350	1,380	1,293	1,072	1,031	991
Yard waste collected (tons annually)	4,238	3,428	2,658	2,271	1,653	455	454
Sludge (tons annually)	3,630	2,170	2,289	5,175	5,641	2,701	1,250
Other public works							
Streets resurfaced (Miles)	Unavailable	27.50	25.58	9.30	10.56	9.40	5.14
Potholes repaired	113.00	83	34	177	27	57	82
Parking systems							
Parking violations	54,162.00	52,995	64,418	62,942	98,187	45,545	43,316
Civic center							
Number of events (annual average)	2,000.00	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

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 Seven Fiscal Years

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

Function/Program	Fiscal Years									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Management	58	58	58	61	44	42	47	48	49	52
Finance	20	20	21	21	21	23	26	26	22	20
Planning	13	14	14	15	17	17	17	17	17	17
Building	5	4	3	3	4	14	14	14	20	30
Engineering	6	6	5	6	8	8	8	8	9	9
Other	45	48	42	52	39	32	31	32	31	42
Police										
Officers	172	163	162	164	168	171	180	179	183	179
Civilians	33	42	44	46	45	29	28	28	24	26
Fire										
Officers	196	197	197	188	190	191	187	191	188	199
Civilians	5	5	5	5	5	5	5	4	3	2
Other public safety	12	8	9	8	9	9	8	8	8	8
Refuse collection	71	58	58	72	77	69	74	66	66	65
Public works	83	97	99	97	119	120	119	118	121	126
Parks and recreation	91	76	85	88	80	90	87	93	108	83
Social services	21	18	20	21	19	19	17	21	10	10
Civic center	22	29	32	34	44	30	24	23	22	21
Parking system	37	37	37	38	36	35	28	26	25	24
Total	890	880	891	919	925	904	900	902	906	913

Sources: City of Charleston Payroll

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