

Audited Financial Statements

# City of Charleston

Year Ended June 30, 2015

**CITY OF CHARLESTON, WEST VIRGINIA  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**CITY OF CHARLESTON, WEST VIRGINIA  
CITY OFFICIALS  
For the Fiscal Year Ended June 30, 2015**

OFFICE	NAME		TERM
<u>Elective</u>			
Mayor:	Danny Jones		06/21/15 - 06/21/18
Treasurer:	Victor Grigoraci		06/21/15 - 06/21/18
Municipal Judge:	Anne Charnock		06/21/15 - 06/21/18
<u>Council Members</u>			
At Large	Becky Ceperley	Ward 8	Cubert Smith
At Large	Mary Jean Davis	Ward 9	Mary Beth Hoover
At Large	Karen Ireland	Ward 10	Keeley Steele
At Large	J. Thomas Lane	Ward 11	Shannon Snodgrass
At Large	Andy Richardson	Ward 12	Susie Salisbury
At Large	Jerry L. Ware	Ward 13	Brent Burton
Ward 1	Bernard Slater	Ward 14	Courtney Persinger
Ward 2	Bobby Haas	Ward 15	Samuel Minardi
Ward 3	Chuck Overstreet	Ward 16	Bobby Reishman
Ward 4	Rev. James Ealy	Ward 17	John Miller, Jr.
Ward 5	Jeanine Faegre	Ward 18	Rick Burka
Ward 6	Edward Talkington	Ward 19	Jack Harrison
Ward 7	Archie Chestnut	Ward 20	Mike Clowser
<u>Appointive</u>			
City Manager:	David Molgaard	Mayor Assistants:	Rod Blackstone Beverly Page
Finance Director:	Joseph Estep		
City Clerk:	James Reishman	City Collector:	Tonya Cotton
Attorney:	Paul Ellis	City Engineer:	Chris Knox
		Economic & Community Development Director:	Brian King
City Auditor:	Tia C. Robertson, M.A.F.M.		



## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Council  
Of the City of Charleston  
Charleston, West Virginia

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Charleston, West Virginia (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Charleston Sanitary Board (CSB), the Charleston Urban Renewal Authority (CURA), and the Charleston Convention and Visitor's Bureau (CVB), which represents 100 percent of the assets, net position, and revenues of the discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and in our opinion, insofar as it relates to the amounts included for the CSB, CURA, and CVB, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Coal Severance Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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### ***Change in Accounting Principle***

As discussed in Note VI.D.1. to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 19, the schedules of employer defined benefit plans information on pages 103 through 106, the schedules of other post employment benefit plan information on page 107, and the schedules of public employees retirement system on pages 108 through 109 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2015, 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, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Charleston, West Virginia  
December 23, 2015

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

This section of the City of Charleston's (the City) Comprehensive Annual Financial Report presents Management's Discussion and Analysis of the City's financial performance during the fiscal year ended June 30, 2015. 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**

*Government-wide*

The City reported total net position of (\$170,673,748) in fiscal year 2015 and (\$156,414,332) (restated) in fiscal year 2014. The details of the 2014 restatement of net position for a total decrease of \$195,481,353 in governmental activities are described in the notes to the financial statements.

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Of the net position in fiscal year 2015, a deficit balance of \$278,310,003 was reported as total unrestricted net position, which includes \$280,654,508 deficit balance in governmental activities and a \$2,344,505 balance in business-type activities.

After restating net position for fiscal year 2014, total net position decreased \$14,259,416 as a result of this year's operations.

The City's governmental activities reported total expenses of \$113,820,690, total revenues of \$100,143,021, and transfers out of \$1,252,156 for a net decrease of \$14,929,825.

Business-type activities reported total expenses of \$7,538,795, program revenues of \$6,936,393, general revenues of \$20,655, and transfers in of \$1,252,156 for a net increase of \$670,409.

Total Primary Government revenues were \$107,100,069, while total costs for all programs were \$121,359,485.

*Fund Level*

Governmental funds reported a combined fund balance of \$64,760,736, an increase of \$12,426,849 (23 percent) from the prior year.

The General Fund reported an unassigned fund balance of \$24,513,819, non-spendable fund balance of \$599,879, restricted fund balance of \$2,062,262, committed fund balance of \$19,704,629, and assigned fund balance of \$5,690,544, compared to \$21,590,940, \$590,403, \$629,308, \$13,354,731, and \$4,529,596, respectively, in the prior year.

Total governmental funds reported non-spendable fund balance of \$1,825,074, restricted of \$6,564,574, committed of \$26,236,692, and assigned fund balance of \$5,690,544, compared to \$1,876,754, \$4,863,106, \$19,519,807, and \$4,529,596, respectively, in the prior year. The total unassigned fund balance for the governmental funds was \$24,443,852, compared to unassigned fund balance of \$21,544,624 in prior year.



CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

*Long-term Debt*

Total bonds and obligations under long-term leases at year end were \$17,541,215, a net decrease of \$1,805,435 (9 percent) over the prior year.

**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 Non-major Governmental Funds. The basic financial statements include two kinds of statements that present different views of the City.

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

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

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

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

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

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 position 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 position and how it has changed. Net position, the difference between the City's assets and deferred outflows and liabilities and deferred inflows, is one way to measure the City's financial health, or position. Over time, increases or decreases in the City's net position is 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 property 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.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

*Business-type activities* - The City charges fees to customers to help it cover the costs of certain services it provides. The City's Civic Center and Parking System are included here.

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

The government-wide financial statements can be found on pages 22 through 25 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 27 through 31 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. Proprietary funds, like government-wide statements, provide both long-term and short-term financial information. The City's Enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

The basic Proprietary Fund financial statements can be found on pages 37 through 41 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 position and a statement of changes in fiduciary net position. 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 43 and 44 of this report.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

**Government-Wide Financial Analysis**

The City's combined net position (governmental and business-type activities) totaled (\$170,673,748) at the end of 2015 and (\$156,414,332) (restated) at the end of 2014. The largest portion of the City's net position, \$97,463,274, reflects investment in capital assets such as land, buildings, equipment, and infrastructure, less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequentially, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt and deferred outflows, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, a portion of the City's net position, \$10,172,981, represents resources that are subject to external restrictions or enabling legislation on how they may be used. The remaining balance for unrestricted net position, a deficit of (\$278,310,003), reflects the City's deficit of remaining assets to remaining liabilities.

**CITY OF CHARLESTON'S NET POSITION**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 77,227,425	\$ 65,140,269	\$ 6,317,204	\$ 5,466,319	\$ 83,544,629	\$ 70,606,588
Capital assets	95,699,071	96,982,175	19,099,577	20,424,131	114,798,648	117,406,306
Total assets	<u>172,926,496</u>	<u>162,122,444</u>	<u>25,416,781</u>	<u>25,890,450</u>	<u>198,343,277</u>	<u>188,012,894</u>
Deferred Outflows of Resources						
Deferred assumption changes-pensions	\$ 24,304,788	\$ 12,325,167	\$ -	\$ -	\$ 24,304,788	\$ 12,325,167
Loss on refunding of debt	41,027	45,625	213,802	277,250	254,829	322,875
Total deferred outflows of resources	<u>\$ 24,345,815</u>	<u>\$ 12,370,792</u>	<u>\$ 213,802</u>	<u>\$ 277,250</u>	<u>\$ 24,559,617</u>	<u>\$ 12,648,042</u>
Long-term liabilities outstanding	\$ 347,171,579	\$ 328,410,727	\$ 5,680,001	\$ 6,752,211	\$ 352,851,580	\$ 335,162,938
Other liabilities	15,698,809	18,511,437	2,082,433	2,217,749	17,781,242	20,729,186
Total liabilities	<u>362,870,388</u>	<u>346,922,164</u>	<u>7,762,434</u>	<u>8,969,960</u>	<u>370,632,822</u>	<u>355,892,124</u>
Deferred Inflows of Resources						
Deferred investment experience-pensions	\$ 22,943,820	\$ 1,183,144	\$ -	\$ -	\$ 22,943,820	\$ 1,183,144
Net Position:						
Net Investment in capital assets	84,322,842	87,087,352	13,140,432	12,922,295	97,463,274	100,009,647
Restricted	7,789,769	6,149,457	2,383,212	1,928,494	10,172,981	8,077,951
Unrestricted	<u>(280,654,508)</u>	<u>(266,848,881)</u>	<u>2,344,505</u>	<u>2,346,951</u>	<u>(278,310,003)</u>	<u>(264,501,930)</u>
Total net position-restated	<u>\$ (188,541,897)</u>	<u>\$ (173,612,072)</u>	<u>\$ 17,868,149</u>	<u>\$ 17,197,740</u>	<u>\$ (170,673,748)</u>	<u>\$ (156,414,332)</u>

**Governmental Activities.** Governmental activities decreased the City's net position by \$14,929,825 which is primarily attributable to the implementation of the Governmental Accounting Standard Board's (GASB) Statement numbers 67 and 68. GASB 68 requires employers to recognize their proportionate share of the pension plan's unfunded liability as well as related deferred outflows of resources, deferred inflows of resources and pension expense. This statement implementation deadline was June 30, 2015.

As of June 30, 2015, per GASB 68 the net pension liability balance was \$313,262,851 of which \$308,460,542 was attributed to police and fire pension and \$4,802,309 was attributed general government. This was an increase of \$10,083,028 per the fiscal year end 2014 restatement of net pension liability. The details of this restatement can be found in Note IV.K of the footnotes to the financial statements.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

**Business-type Activities.** Total net position of the City's business-type activities increased \$670,409 (3 percent) over prior year. Total operating revenues increased \$76,983 (1 percent) over prior year. The Civic Center experienced a decrease in charges to customers in the amount of \$134,968 (6 percent) primarily due to a decrease in ticketed events and overall rentals. Any time ticketed events decrease then ancillary items related to the event also decrease such as commissions, patron services, security, and electricity. The facility experienced increased room rental in the amount of \$108,152 (9 percent). The Parking System experienced an \$83,717 (2 percent) increase in operating revenues from the prior year. Parking violation revenue increased \$4,813 (1 percent) from prior year due to resolution of challenges in obtaining violator names and addresses to send out notice letters. Building rentals increased \$26,959 (1 percent); however, the buildings are at full rental capacity with waiting lists. The operating expenses for the Civic Center and Parking System remained comparable to prior year. Installation of energy efficient light fixtures in the Civic Center and the Parking buildings has contributed to a reduction in utility cost. The Civic Center operations unit has concentrated on performing more activities in house thereby reducing contracted services in addition to renegotiating contracts for better prices. The Civic Center total net position decreased \$120,767 (3 percent) and Parking System net position increased \$791,176 (6 percent).

A Tax Incremental Financing District was established for the Civic Center's future expansion and renovation. Collections during 2014 were \$222,801 and 2015 increased to \$263,846 (18 percent) which is restricted for future bond payments.

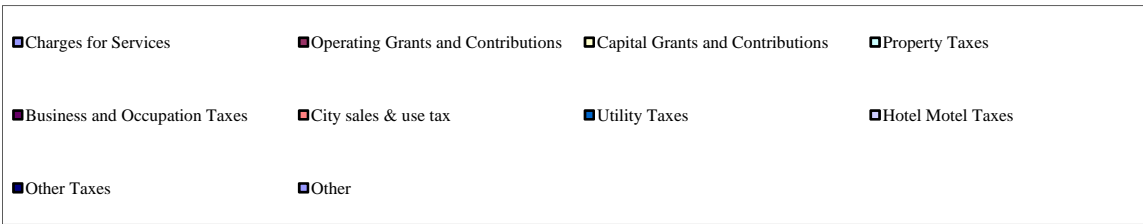
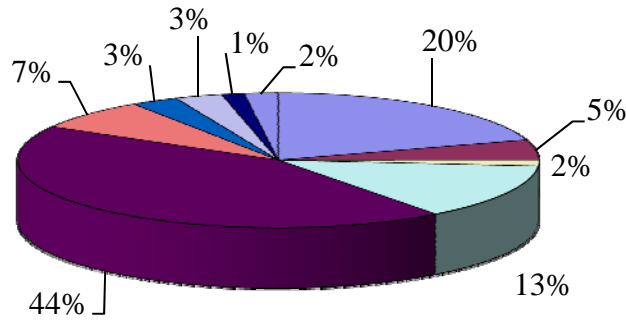
CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

**City of Charleston's Changes in Net Position**

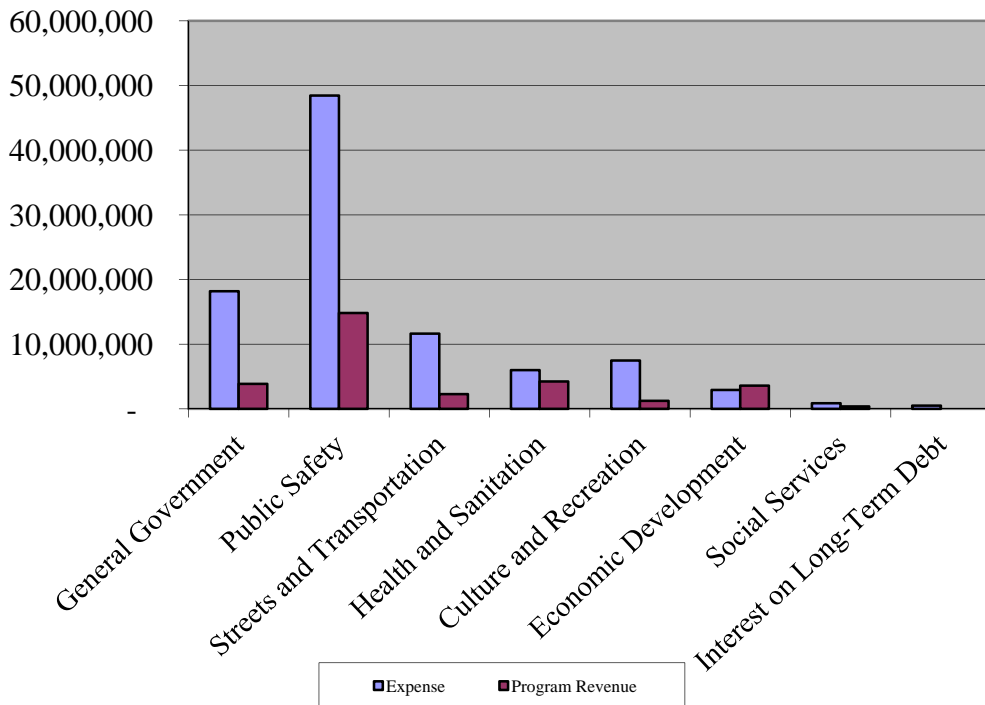
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues:						
Charges for Services	\$ 20,178,684	\$ 20,234,327	\$ 6,842,840	\$ 6,765,857	\$ 27,021,524	\$ 27,000,184
Operating Grants and Contributions	4,826,242	8,298,558	-	-	4,826,242	8,298,558
Capital Grants and Contributions	1,468,326	1,807,358	93,553	18,272	1,561,879	1,825,630
General Revenues:						
Property Taxes	13,320,252	13,011,895	-	222,379	13,320,252	13,234,274
Business and Occupation Taxes	43,575,524	46,402,641	-	-	43,575,524	46,402,641
City sales & use tax	7,400,475	4,507,057	-	-	7,400,475	4,507,057
Other Taxes	7,271,023	6,784,413	-	-	7,271,023	6,784,413
Other	2,102,495	272,501	20,655	(10,428)	2,123,150	262,073
<b>Total Revenues</b>	<b>100,143,021</b>	<b>101,318,750</b>	<b>6,957,048</b>	<b>6,996,080</b>	<b>107,100,069</b>	<b>108,314,830</b>
General Government	\$ 18,995,563	\$ 29,584,668	\$ -	\$ -	\$ 18,995,563	\$ 29,584,668
Public Safety	68,307,214	53,197,748	-	-	68,307,214	53,197,748
Highways & Streets	9,245,547	11,628,169	-	-	9,245,547	11,628,169
Health & Sanitation	5,505,915	5,978,855	-	-	5,505,915	5,978,855
Economic Development	2,010,564	2,909,258	-	-	2,010,564	2,909,258
Culture & Recreation	7,277,495	7,456,492	-	-	7,277,495	7,456,492
Social Services	829,925	860,187	-	-	829,925	860,187
Capital Projects	1,263,916	-	-	-	1,263,916	-
Interest on Long-Term Debt	384,551	491,682	-	-	384,551	491,682
Civic Center	-	-	4,631,750	4,885,275	4,631,750	4,885,275
Parking System	-	-	2,907,045	2,912,491	2,907,045	2,912,491
<b>Total Expenses</b>	<b>113,820,690</b>	<b>112,107,059</b>	<b>7,538,795</b>	<b>7,797,766</b>	<b>121,359,485</b>	<b>119,904,825</b>
Increase in Net Position						
Before Transfers	(13,677,669)	(10,788,309)	(581,747)	(801,686)	(14,259,416)	(11,589,995)
Transfers	(1,252,156)	(1,546,411)	1,252,156	1,546,411	-	-
Increase in Net Position	(14,929,825)	(12,334,720)	670,409	744,725	(14,259,416)	(11,589,995)
Net Position- beginning-restated	(173,612,072)	(161,277,352)	17,197,740	16,453,015	(156,414,332)	(144,824,337)
Net Position- ending	\$ (188,541,897)	\$ (173,612,072)	\$ 17,868,149	\$ 17,197,740	\$ (170,673,748)	\$ (156,414,332)

CITY OF CHARLESTON, WEST VIRGINIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2015

**Revenue by Source-Governmental Activities**

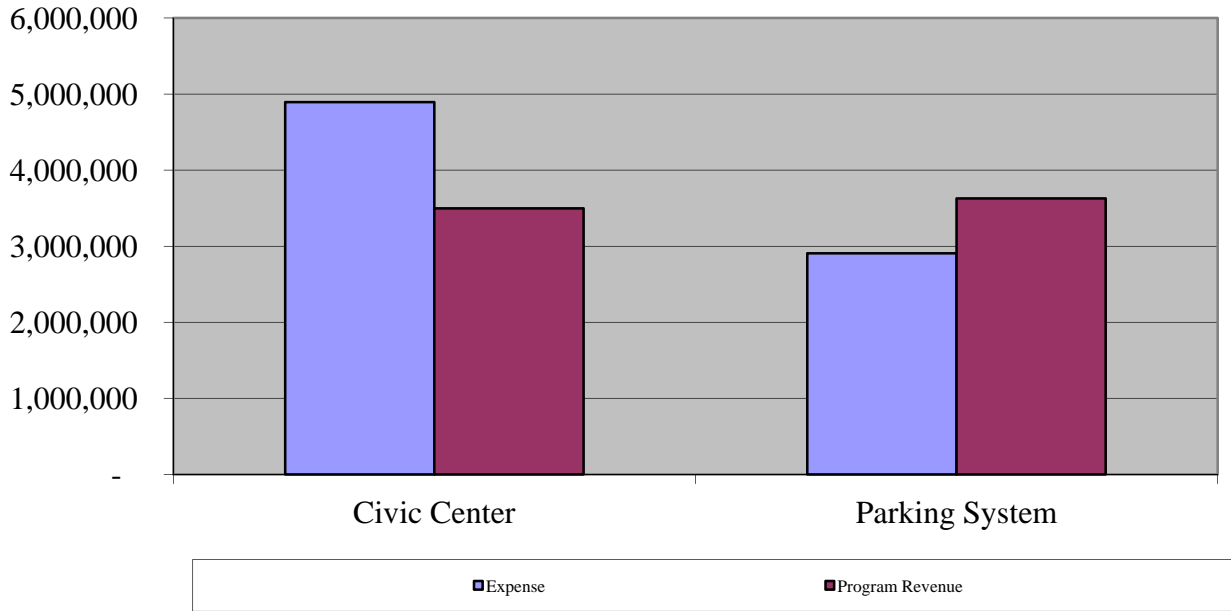


**Expenses and Program Revenues-Governmental Activities**

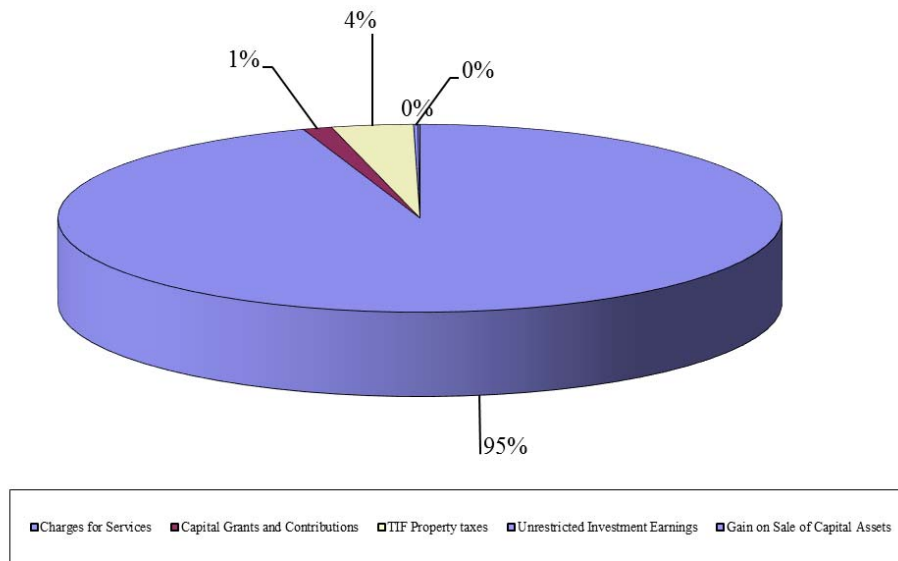


CITY OF CHARLESTON, WEST VIRGINIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2015

**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, 2015

### **Financial Analysis of the Government's Funds**

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

**Governmental funds.** The focus of the City'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, unassigned 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's Governmental Funds reported combined ending fund balances of \$64,760,736, an increase of \$12,426,849 (23 percent) in comparison with the prior year. The Governmental Funds increased primarily due a decrease in transfers out and capital lease proceeds as well as a decrease of expenditures of \$4,589,150 (4 percent) due to prudent management. Workers' compensation claims cost decreased due to the Return to Work program implemented in fiscal year 2015. Professional services decreased twenty seven percent for projects in progress such as the Charleston EDGE complex, storm-water project, Lee Street Triangle Park Design, and others as a result of moving to the next phase of the projects. Approximately 37 percent of the combined ending fund balances in the amount of \$24,443,852 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable for prepaid items and permanent fund corpus \$1,825,074; restricted by external grants, contributors, and laws \$6,564,574; committed by the government's council \$26,236,692; and assigned by the government's council or administrative officials \$5,690,544.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$24,513,819, while total fund balance reached \$52,571,133. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of total General Fund expenditures, while total fund balance represents 64 percent of that same amount.

The fund balance of the City's General Fund increased \$11,876,155 during the current fiscal year. This is primarily due to a decrease in transfers out and capital lease proceeds.

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 \$24,321 (12 percent) over the prior year due to the decrease in production and coal sales. Community Development and HOME Funds are funded totally by Housing and Urban Development (HUD) federal grants for community development. The grant revenues recognized were \$830,744 (36 percent) less in comparison a decrease in funding.

**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 previously been addressed in the discussion of the City's Business-type Activities.

### **General Fund Budgetary Highlights**

The City periodically revises the General Fund budget throughout the year to recognize projects carried over from the previous year, grants, contributions received for various projects and to adjust budgets to reflect actual circumstances. In fiscal year 2015 the City, through budget amendments, increased the budget \$216,500 on the basis of additional revenue from external sources. Additionally, the City increased the fiscal year 2015 budget \$7,189,016 to effect the re-budgeting of the fiscal year 2014 ending fund balance. The total budget increase of \$7,405,516 represents an 8.4% increase over the original Council approved fiscal year 2015 General Fund budget.



CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

Legal expenses were increased \$978,352 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 budget funds for storm water projects, in the amount of \$1,430,028, were carried forward for continuance of the projects that were not completed by the 2014 year-end.

The Mayor's unspent budgeted contributions for economic development initiatives, in the amount of \$262,309, were carried forward.

The City Manager's unspent budgeted professional services funds, in the amount of \$1,237,044, and capital outlay – major improvements, in the amount of \$478,761, were carried forward for continued funding of various projects. Additionally, the City Manager capital outlay – major improvements account was increased \$1,400,000. These funds were allocated from the Unassigned Fund Balance account at 2014 year-end.

### **Capital Asset and Debt Administration**

**Capital Assets.** The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$97,463,275 (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 Farnsworth Drive Bridge Rehabilitation Project for \$701,928, Grandview Drive Landslide for \$67,535, Chappell Road Storm Sewer for \$46,101, Clark Road Slip for \$58,851, Parking System parking building one Engineering Office major remodel for \$153,949, and COOP Emergency Site for \$37,933.

Projects for the Long Term Storm Water Comprehensive Plan, Rails to Trails bike/pedestrian trail, Civic Center expansion and renovation, Parking Garages structural repairs, Fire Stations major remodeling, and Accounting and Treasurer's offices major remodeling were remaining in construction in progress as of the end of the fiscal year in the amount of \$3,009,773.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 8,959,964	\$ 8,959,964	\$ 4,366,447	\$ 4,366,447	\$ 13,326,411	\$ 13,326,411
Construction in Progress	2,581,392	2,414,067	428,380	411,710	3,009,772	2,825,777
Buildings & Improvements	27,192,183	28,152,618	13,618,921	15,070,000	40,811,104	43,222,618
Other Improvements	10,748,285	11,254,190	310,688	337,201	11,058,973	11,591,391
Machinery & Equipment	8,058,236	8,603,180	375,141	238,773	8,433,377	8,841,953
Infrastructure	38,159,011	37,598,156	-	-	38,159,011	37,598,156
<b>Total</b>	<b>\$ 95,699,071</b>	<b>\$ 96,982,175</b>	<b>\$ 19,099,577</b>	<b>\$ 20,424,131</b>	<b>\$ 114,798,648</b>	<b>\$ 117,406,306</b>

Additional information on the City's capital assets can be found in Note IV.C. on pages 65 through 66 of this report.

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

**City of Charleston's Outstanding Debt  
Revenue Bonds**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenue Bonds	\$ 2,298,973	\$ 2,512,131	\$ 6,172,947	\$ 7,779,085	\$ 8,471,920	\$ 10,291,216
<b>Total</b>	<b>\$ 2,298,973</b>	<b>\$ 2,512,131</b>	<b>\$ 6,172,947</b>	<b>\$ 7,779,085</b>	<b>\$ 8,471,920</b>	<b>\$ 10,291,216</b>

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 \$160,393,526.

Additional information on the City of Charleston's long-term debt can be found in Note IV.G. pages 69 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.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2015

The unemployment rate was lower than the prior year during June at 5.4 percent. The average for the past twelve months was 5.8 percent. The last twelve months reflected increases in the labor market for construction and mining .8 percent; financial activities 1.2 percent; professional services 3.1 percent; and government .7 percent. Manufacturing, trade, transportation, and utilities, education and health services, leisure and hospitality, and other services reflected a decrease of -1.8 percent, -1.5 percent, -1.3 percent, -0.8 percent, and -1.7 percent, respectively. Information services experienced no change.

The occupancy rate of the government's central business district has remained at 85 to 90 percent for the past several years. However, according to a recent real estate broker survey in November 2014 the city's five "Class A" office towers have experienced an overall vacancy rate spike of 16.2 percent. These office towers represent the best space available in Charleston.

Inflationary trends in the region compare favorably to national indices.

In March, 2015 the City of Charleston City Council approved a balanced budget for the fiscal year ending June 30, 2016 with General Fund appropriations of \$88,932,000 which is an increase of \$541,533 (0.6%) over the Council approved budget for the fiscal year ending June 30, 2015. The increase in the revenue budget is principally attributed to increases in Property Taxes of \$290,000 (2.2%) and Business & Occupation Taxes of \$1,500,000 (3.5%). These increases are significantly offset by a reduction of \$1,078,967 in Transfers-In from the Municipal Stabilization Fund. The fiscal year 2016 approved expenditure budget includes reductions in Personal Services of \$665,137, Contractual Services of \$63,600 and Commodities of \$28,750, offset by increases in Capital Outlay of \$982,034 and Contributions and Other of \$316,980.

**Request 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 the 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 26 through 29. 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 POSITION  
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 45,041,955	\$ 3,441,567	\$ 48,483,522	\$ 12,685,888	\$ 5,554,535	\$ 871,520
Investments	4,868,178	--	4,868,178	--	--	--
Receivables:						
Accounts	6,457,616	341,880	6,799,496	1,286,407	2,600	46,273
Accrued interest	3,929	121,960	125,889	--	--	--
Taxes	12,764,724	--	12,764,724	--	--	--
Other	--	--	--	2,305	--	--
Loans	5,770,119	--	5,770,119	--	2,535,178	--
Grants	855,178	--	855,178	--	--	--
Internal balances	( 24,583)	24,583	--	--	--	--
Due from:						
Primary government	--	--	--	25,809	--	151,956
Component units	50,179	--	50,179	--	--	--
Fiduciary funds	228,951	4,003	232,954	--	--	--
Advances to other funds	--	788,500	788,500	--	--	--
Inventory, at cost	--	520,229	520,229	880,405	--	--
Prepaid expenses	599,879	203,421	803,300	187,484	684	25,804
<b>Total current assets</b>	<b>76,616,125</b>	<b>5,446,143</b>	<b>82,062,268</b>	<b>15,068,298</b>	<b>8,092,997</b>	<b>1,095,553</b>
Noncurrent assets:						
Regular account	--	--	--	2,006,593	--	--
Reserve account	--	871,061	871,061	7,017,809	--	--
Renewal and replacement	--	--	--	10,087,459	--	--
Reserve for healthcare	--	--	--	1,633,075	--	--
Restricted cash	372,906	--	372,906	--	245,725	--
Net pension asset	238,394	--	238,394	--	--	--
Capital assets:						
Nondepreciable:						
Land	8,959,964	4,366,447	13,326,411	2,598,891	8,487,001	--
Construction in progress	2,581,392	428,381	3,009,773	5,463,940	--	--
Depreciable:						
Buildings & Improvements	71,763,186	67,996,088	139,759,274	--	51,622	--
Vehicles	19,711,136	--	19,711,136	--	--	--
Infrastructure	98,141,865	--	98,141,865	--	--	--
Transmission and distribution	--	--	--	148,437,799	--	--
Machinery and equipment	18,951,191	2,308,237	21,259,428	--	30,972	261,956
Structures and Improvements	--	--	--	39,486,073	--	--
Less: accumulated depreciation	( 124,409,663)	( 55,999,576)	( 180,409,239)	( 68,504,875)	( 46,649)	( 253,596)
Other debits:						
Unamortized bond issuance costs	--	--	--	3,575	--	--
<b>Total noncurrent assets</b>	<b>96,310,371</b>	<b>19,970,638</b>	<b>116,281,009</b>	<b>148,230,339</b>	<b>8,768,671</b>	<b>8,360</b>
<b>Total assets</b>	<b>172,926,496</b>	<b>25,416,781</b>	<b>198,343,277</b>	<b>163,298,637</b>	<b>16,861,668</b>	<b>1,103,913</b>

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
<b>DEFERRED OUTFLOWS</b>						
Loss on refunding of debt	41,027	213,802	254,829	1,209	--	--
Pension expenses	24,304,788	--	24,304,788	618,689	19,954	66,517
Total deferred outflows of resources	24,345,815	213,802	24,559,617	619,898	19,954	66,517
Total assets and deferred outflows of resources	<u>\$ 197,272,311</u>	<u>\$ 25,630,583</u>	<u>\$ 222,902,894</u>	<u>\$ 163,918,535</u>	<u>\$ 16,881,622</u>	<u>\$1,170,430</u>
<b>LIABILITIES</b>						
Current liabilities payable						
from current assets:						
Accounts payable	\$ 2,390,958	\$ 240,968	\$ 2,631,926	\$ 934,117	\$ 109,785	\$ 147,740
Refunds payable	1,322,059	25,981	1,348,040	--	--	--
Payroll payable	1,652,473	100,621	1,753,094	212,014	--	--
Other accrued expenses	211,415	20,595	232,010	--	3,642	18,928
Accrued capital lease interest payable	48,483	--	48,483	--	--	--
Accrued bond interest payable	7,961	46,850	54,811	574,158	--	--
Compensated absences payable	1,379,678	89,228	1,468,906	170,365	--	6,120
Customer deposits	--	13,665	13,665	--	--	--
Due to:						
Fiduciary Funds	16,000	--	16,000	--	--	--
Component unit	329,721	14,525	344,246	--	--	--
Other governments	( 140,457)	--	( 140,457)	49,104	--	--
Unearned revenue						
Grant advances	5,893,378	--	5,893,378	--	--	--
Customer advances	106,113	--	106,113	--	--	--
Unearned revenue	20,952	--	20,952	--	52,266	--
Bonds payable	225,000	1,530,000	1,755,000	4,346,188	--	--
Leases payable	2,235,075	--	2,235,075	--	--	--
Total current liabilities	15,698,809	2,082,433	17,781,242	6,285,946	165,693	172,788
Noncurrent liabilities:						
Bonds payable	2,073,973	4,642,947	6,716,920	82,631,467	--	--
Leases payable	6,834,220	--	6,834,220	--	--	--
Net pension liability	313,262,851	--	313,262,851	1,014,149	35,233	122,770
Other post employment benefits	20,749,968	1,037,054	21,787,022	1,188,618	45,142	--
Claims and judgements	4,250,567	--	4,250,567	--	--	--
Total noncurrent liabilities	347,171,579	5,680,001	352,851,580	84,834,234	80,375	122,770
Total liabilities	362,870,388	7,762,434	370,632,822	91,120,180	246,068	295,558

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION  
June 30, 2015

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
<b>DEFERRED INFLOWS</b>						
Mayor's Contributions	--	--	--	--	--	23,868
Pension expenses	22,943,820	--	22,943,820	1,072,830	37,268	129,874
Total deferred inflows of resources	22,943,820	--	22,943,820	1,072,830	37,268	153,742
Total liabilities and deferred inflows of resources	<u>\$ 385,814,208</u>	<u>\$ 7,762,434</u>	<u>\$ 393,576,642</u>	<u>\$ 92,193,010</u>	<u>\$ 283,336</u>	<u>\$ 449,300</u>
<b>NET POSITION</b>						
Net investment in capital assets	84,322,842	13,140,432	97,463,274	40,504,173	8,522,946	8,360
Restricted for:						
Debt service	310,772	1,693,143	2,003,915	19,111,861	--	--
Capital projects	1,825,948	--	1,825,948	--	--	--
Community development projects	157,210	--	157,210	--	--	--
Culture and recreation	121,820	--	121,820	--	--	--
Public safety	248,234	--	248,234	--	--	--
Health and sanitation	2,874,231	--	2,874,231	--	--	--
Perpetual care:						
Expendable	1,026,359	486,648	1,513,007	--	--	--
Nonexpendable	1,225,195	203,421	1,428,616	--	--	--
Unrestricted	( 280,654,508)	2,344,505	( 278,310,003)	12,109,491	8,075,340	712,770
Total net position	<u>\$ ( 188,541,897)</u>	<u>\$ 17,868,149</u>	<u>\$ ( 170,673,748)</u>	<u>\$ 71,725,525</u>	<u>\$ 16,598,286</u>	<u>\$ 721,130</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, 2015

	Program Revenues				Net (Expense) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Sanitary Board	Urban Renewal Authority	Convention & Visitor's Bureau
<b>Functions / Programs</b>										
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 18,995,563	\$ 1,914,583	\$ --	\$ 1,413,945	\$ (15,667,035)	\$ --	\$ (15,667,035)	\$ --	\$ --	\$ --
Public safety	68,307,214	12,239,320	3,149,436	--	(52,918,458)	--	(52,918,458)	--	--	--
Streets and transportation	9,245,547	848,200	--	--	(8,397,347)	--	(8,397,347)	--	--	--
Health and sanitation	5,505,915	4,046,579	--	--	(1,459,336)	--	(1,459,336)	--	--	--
Administrative and general	--	--	--	--	--	--	--	--	--	--
Culture and recreation	7,277,495	943,363	--	54,381	(6,279,751)	--	(6,279,751)	--	--	--
Interest on long-term debt	384,551	--	--	--	(384,551)	--	(384,551)	--	--	--
Insurance premiums	--	--	--	--	--	--	--	--	--	--
Social services	829,925	186,639	--	--	(643,286)	--	(643,286)	--	--	--
Capital projects	1,263,916	--	--	--	(1,263,916)	--	(1,263,916)	--	--	--
Economic development	2,010,564	--	1,676,806	--	(333,758)	--	(333,758)	--	--	--
Total governmental activities	<u>113,820,690</u>	<u>20,178,684</u>	<u>4,826,242</u>	<u>1,468,326</u>	<u>(87,347,438)</u>	<u>--</u>	<u>(87,347,438)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Business-type activities:										
Civic Center	4,631,750	3,232,637	--	23,993	--	(1,375,120)	(1,375,120)	--	--	--
Parking System	2,907,045	3,610,203	--	69,560	--	772,718	772,718	--	--	--
Total business-type activities	<u>7,538,795</u>	<u>6,842,840</u>	<u>--</u>	<u>93,553</u>	<u>--</u>	<u>(602,402)</u>	<u>(602,402)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total primary government	<u>\$ 121,359,485</u>	<u>\$ 27,021,524</u>	<u>\$ 4,826,242</u>	<u>\$ 1,561,879</u>	<u>(87,347,438)</u>	<u>(602,402)</u>	<u>(87,949,840)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Component units:</b>										
Sanitary Board	18,320,634	21,282,509	--	100,931	--	--	--	3,062,806	--	--
Urban Renewal Authority	763,435	684,309	--	374,559	--	--	--	--	295,433	--
Convention & Visitor's Bureau	1,630,824	153,016	--	1,512,858	--	--	--	--	--	35,050
Total component units	<u>\$ 20,714,893</u>	<u>\$ 22,119,834</u>	<u>\$ --</u>	<u>\$ 1,988,348</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,062,806</u>	<u>295,433</u>	<u>35,050</u>
General revenues:										
Ad valorem property taxes					13,320,252	--	13,320,252	--	--	--
Business & occupation tax					43,575,524	--	43,575,524	--	--	--
Alcoholic beverages tax					921,639	--	921,639	--	--	--
Utility services tax					2,937,831	--	2,937,831	--	--	--
Hotel occupancy tax					2,937,375	--	2,937,375	--	--	--
Animal tax					6,224	--	6,224	--	--	--
Gas and oil severance tax					110,348	--	110,348	--	--	--
Amusement tax					185,084	--	185,084	--	--	--
City sales & use tax					7,400,475	--	7,400,475	--	--	--
Coal severance tax					172,522	--	172,522	--	--	--
Unrestricted investment earnings					195,353	13,949	209,302	9,811	123,128	134
Reimbursement					1,218,226	--	1,218,226	--	--	--
Gain on sale of capital assets					198,735	6,706	205,441	--	--	--
Miscellaneous					490,181	--	490,181	115,784	--	40,982
Transfers					(1,252,156)	1,252,156	--	--	--	--
Total general revenues and transfers					<u>72,417,613</u>	<u>1,272,811</u>	<u>73,690,424</u>	<u>125,595</u>	<u>123,128</u>	<u>41,116</u>
Change in net position					(14,929,825)	670,409	(14,259,416)	3,188,401	418,561	76,166
Net position - beginning (restated Note IV.K)					<u>(173,612,072)</u>	<u>17,197,740</u>	<u>(156,414,332)</u>	<u>68,537,124</u>	<u>16,179,725</u>	<u>644,964</u>
Net position - ending					<u>\$ (188,541,897)</u>	<u>\$ 17,868,149</u>	<u>\$ (170,673,748)</u>	<u>\$ 71,725,525</u>	<u>\$ 16,598,286</u>	<u>\$ 721,130</u>

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.

Nonmajor governmental funds are presented in aggregate and then by fund type beginning on page 114.

CITY OF CHARLESTON, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2015

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>Assets:</b>						
<b>Current:</b>						
Cash and cash equivalents	\$ 37,493,010	\$ 83	\$ 6,053	\$ 1,037	\$ 7,541,772	\$ 45,041,955
Investments	176,158	--	--	--	4,692,020	4,868,178
Receivables:						
Taxes	12,714,889	49,835	--	--	--	12,764,724
Accounts	5,779,813	--	--	--	677,803	6,457,616
Grants	319,009	--	163,979	48,266	323,924	855,178
Loans	--	--	1,977,458	3,545,018	247,643	5,770,119
Accrued interest	1,243	--	--	--	2,686	3,929
Due from:						
Other funds	622,329	--	--	--	213,573	835,902
Component units	19,879	--	--	--	30,300	50,179
Prepaid expenses	599,879	--	--	--	--	599,879
Restricted cash	260,847	--	--	--	112,059	372,906
<b>Total assets</b>	<b>57,987,056</b>	<b>49,918</b>	<b>2,147,490</b>	<b>3,594,321</b>	<b>13,841,780</b>	<b>77,620,565</b>
<b>Deferred Outflows:</b>						
	--	--	--	--	--	--
<b>Total deferred outflows of resources</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 57,987,056</b>	<b>\$ 49,918</b>	<b>\$ 2,147,490</b>	<b>\$ 3,594,321</b>	<b>\$ 13,841,780</b>	<b>\$ 77,620,565</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	1,261,388	--	112,421	22,938	994,211	2,390,958
Insurance claims payable	1,322,059	--	--	--	--	1,322,059
Payroll payable	1,652,473	--	--	--	--	1,652,473
Other accrued expenses	211,415	--	--	--	--	211,415
Due to:						
Component unit	177,765	--	--	--	--	177,765
Other funds	226,576	--	51,559	25,328	344,071	647,534
Other governments	11,499	--	--	--	--	11,499
Other liabilities:						
Customer prepaid rents	20,952	--	--	--	--	20,952
Grant Advances	--	--	2,045,755	3,546,055	301,568	5,893,378
Customer prepaid fees	106,113	--	--	--	--	106,113
<b>Total liabilities</b>	<b>4,990,240</b>	<b>--</b>	<b>2,209,735</b>	<b>3,594,321</b>	<b>1,639,850</b>	<b>12,434,146</b>
<b>Deferred Inflows:</b>						
Taxes	425,683	--	--	--	--	425,683
<b>Total deferred inflows of resources</b>	<b>425,683</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>425,683</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>5,415,923</b>	<b>--</b>	<b>2,209,735</b>	<b>3,594,321</b>	<b>1,639,850</b>	<b>12,859,829</b>
<b>Fund balances:</b>						
Nonspendable	599,879	--	--	--	1,225,195	1,825,074
Restricted	2,062,262	49,918	--	--	4,452,394	6,564,574
Committed	19,704,629	--	--	--	6,532,063	26,236,692
Assigned	5,690,544	--	--	--	--	5,690,544
Unassigned	24,513,819	--	( 62,245)	--	( 7,722)	24,443,852
<b>Total fund balances</b>	<b>52,571,133</b>	<b>49,918</b>	<b>( 62,245)</b>	<b>--</b>	<b>12,201,930</b>	<b>64,760,736</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 57,987,056</b>	<b>\$ 49,918</b>	<b>\$ 2,147,490</b>	<b>\$ 3,594,321</b>	<b>\$ 13,841,780</b>	<b>\$ 77,620,565</b>

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 POSITION  
June 30, 2015

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Total fund balances on the governmental fund's balance sheet	\$	64,760,736
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds (Note IV.C).		95,699,071
Other long-term assets that are not available to pay for current-year expenditures and, therefore, are deferred in the funds. This is the amount of the loss on refunding (Note IV.G).		41,027
Net pension assets used in governmental activities are not financial resources and, therefore not reported in the funds.		238,394
Other long-term assets that are not available to pay for current-year expenditures and, therefore, are deferred in the funds. This is the amount of pension related deferred outflows for the year.		24,304,788
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This the amount of deferred taxes for the year (Note IV.B).		425,683
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. This is the amount of pension related deferred inflows for the year.		( 22,943,820)
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>( 351,067,776)</u>
Net position of governmental activities	\$	<u><u>( 188,541,897)</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, 2015

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 13,348,700	\$ --	\$ --	\$ --	\$ --	\$ 13,348,700
Business & occupation tax	43,575,524	--	--	--	--	43,575,524
Alcoholic beverages tax	921,639	--	--	--	--	921,639
Utility services tax	2,937,831	--	--	--	--	2,937,831
Hotel occupancy tax	2,937,375	--	--	--	--	2,937,375
Animal tax	6,224	--	--	--	--	6,224
Gas and oil severance tax	110,348	--	--	--	--	110,348
Amusement tax	185,084	--	--	--	--	185,084
City Sales Tax	7,400,475	--	--	--	--	7,400,475
Coal severance tax	--	172,522	--	--	--	172,522
Licenses and permits	1,951,906	--	--	--	--	1,951,906
Intergovernmental:						
Federal	103,936	--	1,472,824	680,060	1,028,231	3,285,051
State	3,110,328	--	--	--	54,381	3,164,709
Local	--	--	--	--	103,915	103,915
Charges for services	13,538,536	--	--	--	4,066,556	17,605,092
Fines and forfeits	--	--	--	--	597,295	597,295
Interest and investment earnings	113,407	30	7,066	--	74,850	195,353
Reimbursements	1,019,553	--	--	--	198,673	1,218,226
Payments in lieu of taxes	24,391	--	--	--	--	24,391
Contributions and donations	321,386	--	--	--	162,663	484,049
Miscellaneous	335,732	--	138,172	--	16,277	490,181
	<u>91,942,375</u>	<u>172,552</u>	<u>1,618,062</u>	<u>680,060</u>	<u>6,302,841</u>	<u>100,715,890</u>
<b>EXPENDITURES</b>						
Current:						
General government	16,772,765	--	--	--	92,962	16,865,727
Public safety	39,878,617	--	--	--	1,185,594	41,064,211
Streets and transportation	8,602,660	--	--	--	1,736	8,604,396
Health and sanitation	4,152,820	--	--	--	1,089,521	5,242,341
Culture and recreation	6,212,879	--	--	--	18,103	6,230,982
Social services	720,753	--	--	--	31,350	752,103
Capital projects	3,972,340	--	--	--	3,395,194	7,367,534
Economic development	31,260	--	1,633,991	680,060	156,006	2,501,317
Debt service:						
Principal	440,000	--	--	--	220,000	660,000
Interest	271,025	--	--	--	110,000	381,025
	<u>81,055,119</u>	<u>--</u>	<u>1,633,991</u>	<u>680,060</u>	<u>6,300,466</u>	<u>89,669,636</u>
Excess (deficiency) of revenues over expenditures	10,887,256	172,552	( 15,929)	--	2,375	11,046,254

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, 2015

	General	Coal Severance Tax	Community Development	HOME	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	3,237,733	--	--	--	3,960,227	7,197,960
Transfers (out)	( 4,951,947)	( 186,376)	--	--	( 3,382,155)	( 8,520,478)
Proceeds from the sale of assets	208,613	--	--	--	--	208,613
Capital leases	2,494,500	--	--	--	--	2,494,500
Total other financing sources (uses)	988,899	( 186,376)	--	--	578,072	1,380,595
Net change in fund balances	11,876,155	( 13,824)	( 15,929)	--	580,447	12,426,849
Fund balances - beginning	40,694,978	63,742	( 46,316)	--	11,621,483	52,333,887
Fund balances - ending	\$ 52,571,133	\$ 49,918	\$ ( 62,245)	\$ --	\$ 12,201,930	\$ 64,760,736

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, 2015

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

Net change in fund balances - total governmental funds	\$	12,426,849
<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 IV.C).</p>		
		( 9,878)
<p>Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased during the fiscal year (Note IV.C).</p>		
		6,003,740
<p>Capital outlays are reported as an expenditure in the governmental funds. 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 of depreciation expense charged during the year (Note IV.C).</p>		
		( 7,276,966)
<p>Changes in net position asset are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the change in the net pension asset for the current year (prior year \$259,271 and current year \$238,394).</p>		
		( 20,877)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in deferred outflows for the year (prior year \$12,218,799 and current year \$24,198,420).</p>		
		11,979,621
<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. This is the change in deferred inflows for the year. (Prior year \$1,183,144 and current year \$22,943,820).</p>		
		( 21,760,676)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference in deferred taxes for the year (prior year \$454,131 and current year \$425,683).</p>		
		( 28,448)
<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 position. 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>		
		202,613
<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>( 16,445,803)</u>
Change in net position of governmental activities	\$	<u><u>( 14,929,825)</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, 2015**

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
<b>REVENUES</b>						
Taxes:						
Property	\$ 13,310,000	\$ 13,310,000	\$ 13,348,700	\$ --	\$ 13,348,700	\$ 38,700
Business & occupation	42,800,000	42,098,753	43,575,524	307,813	43,883,337	1,784,584
Utility	3,000,000	3,000,000	2,937,831	--	2,937,831	( 62,169)
Hotel motel	3,300,000	3,300,000	2,937,375	--	2,937,375	( 362,625)
City sales tax	--	--	7,400,475	( 7,400,475)	--	--
Alcoholic beverages	780,000	780,000	921,639	--	921,639	141,639
Amusement	150,000	150,000	185,084	--	185,084	35,084
Animal	10,000	10,000	6,224	--	6,224	( 3,776)
Gas & oil severance	60,000	60,000	110,348	--	110,348	50,348
Licenses and permits	2,176,000	2,176,000	1,951,906	--	1,951,906	( 224,094)
Charges for services	13,586,000	13,586,000	13,538,536	--	13,538,536	( 47,464)
Intergovernmental:	--	--	--	--	--	--
Federal	100,000	100,000	103,936	--	103,936	3,936
State	--	--	3,110,328	( 3,110,328)	--	--
Interest and investment earnings	20,000	20,000	113,407	( 80,782)	32,625	12,625
Reimbursements	1,300,000	1,300,000	1,019,553	--	1,019,553	( 280,447)
Payments in lieu of taxes	50,000	50,000	24,391	--	24,391	( 25,609)
Contributions and donations	350,000	431,500	321,386	--	321,386	( 110,114)
Miscellaneous	375,000	375,000	335,732	--	335,732	( 39,268)
Total revenues	\$ 81,367,000	\$ 80,747,253	\$ 91,942,375	\$ ( 10,283,772)	\$ 81,658,603	\$ 911,350
<b>EXPENDITURES</b>						
General government:						
Mayor's office	\$ 522,619	\$ 796,111	\$ 595,095	\$ ( 7,905)	\$ 587,190	\$ 208,921
City council	207,297	307,297	338,717	--	338,717	( 31,420)
City manager	3,032,710	4,386,894	3,043,186	( 15,810)	3,027,376	1,359,518
City treasurer	165,245	165,245	171,493	( 15,810)	155,683	9,562
City collector	1,025,434	1,025,434	898,746	( 55,333)	843,413	182,021
City clerk	186,764	186,764	165,034	--	165,034	21,730
Municipal court	468,430	468,430	440,070	( 15,809)	424,261	44,169
Legal	1,088,301	2,066,653	1,131,055	--	1,131,055	935,598
Accounting	503,770	508,593	486,947	( 15,809)	471,138	37,455
Engineering	1,117,807	2,540,877	912,624	( 15,809)	896,815	1,644,062
MOECD	598,223	598,223	566,592	( 7,905)	558,687	39,536
Human resources	759,005	759,005	663,765	--	663,765	95,240
Contributions to Main Street Program	80,000	80,000	80,000	--	80,000	--
Regional Intergovernmental Council	20,000	20,000	19,531	--	19,531	469
Mail room	286,597	286,597	257,399	( 23,714)	233,685	52,912
Building commission	1,026,952	1,091,952	1,061,297	( 7,905)	1,053,392	38,560
Planning	611,932	633,054	614,240	( 15,809)	598,431	34,623
Elections	270,000	270,000	208,358	--	208,358	61,642

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 (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
Information systems	\$ 1,337,929	\$ 1,355,899	\$ 1,151,848	\$ ( 15,809)	\$ 1,136,039	\$ 219,860
Building maintenance	709,332	709,332	764,684	1,177,795	1,942,479	( 1,233,147)
Regular Retiree Health Benefits	1,892,000	1,892,000	--	--	--	1,892,000
Internal audit	266,034	248,064	225,437	--	225,437	22,627
Morris Square	281,493	301,493	318,483	--	318,483	( 16,990)
Employee health clinic	793,500	793,500	753,713	--	753,713	39,787
Public works	350,746	350,746	363,957	( 7,905)	356,052	( 5,306)
Public grounds	1,594,508	1,594,508	1,540,494	( 63,237)	1,477,257	117,251
Contingency	80,000	102,264	--	--	--	102,264
Total general government	<u>19,276,628</u>	<u>23,538,935</u>	<u>16,772,765</u>	<u>893,226</u>	<u>17,665,991</u>	<u>5,872,944</u>
Public safety:						
Police	18,931,308	18,942,337	19,991,599	( 1,607,877)	18,383,722	558,615
Fire	18,482,543	18,437,284	18,238,015	( 1,589,402)	16,648,613	1,788,671
Traffic engineering	1,537,462	1,542,989	1,425,292	( 47,428)	1,377,864	165,125
C-K emergency services	227,629	227,629	223,711	( 7,905)	215,806	11,823
Total public safety	<u>39,178,942</u>	<u>39,150,239</u>	<u>39,878,617</u>	<u>( 3,252,612)</u>	<u>36,626,005</u>	<u>2,524,234</u>
Streets and transportation:						
Streets and transportation	4,469,215	4,479,858	4,788,578	( 276,663)	4,511,915	( 32,057)
Equipment maintenance	<u>3,740,538</u>	<u>3,750,606</u>	<u>3,814,082</u>	<u>( 118,570)</u>	<u>3,695,512</u>	<u>55,094</u>
Total streets and transportation	<u>8,209,753</u>	<u>8,230,464</u>	<u>8,602,660</u>	<u>( 395,233)</u>	<u>8,207,427</u>	<u>23,037</u>
Health and sanitation:						
Refuse collection & recycling	3,767,131	3,764,693	3,979,820	( 181,807)	3,798,013	( 33,320)
Kanawha-Charleston health CARES	125,000	125,000	125,000	--	125,000	--
	48,000	48,000	48,000	--	48,000	--
Total health and sanitation	<u>3,940,131</u>	<u>3,937,693</u>	<u>4,152,820</u>	<u>( 181,807)</u>	<u>3,971,013</u>	<u>( 33,320)</u>
Culture and recreation:						
Parks and recreation	2,992,583	2,947,583	2,698,818	( 134,379)	2,564,439	383,144
Convention and visitor's bureau	1,650,000	1,650,000	1,492,131	--	1,492,131	157,869
Cultural/fairs/festivals	264,000	382,669	332,000	--	332,000	50,669
Festival Fund for the Arts	184,394	184,394	87,000	--	87,000	97,394
Municipal auditorium	263,205	263,205	240,523	--	240,523	22,682
Charleston Area Alliance	100,000	100,000	100,000	--	100,000	--
Library	923,727	923,727	923,727	--	923,727	--
Appalachian Power Park	370,000	370,000	338,680	--	338,680	31,320
Total culture and recreation	<u>6,747,909</u>	<u>6,821,578</u>	<u>6,212,879</u>	<u>( 134,379)</u>	<u>6,078,500</u>	<u>743,078</u>
Social services:						
Spring hill cemetery	731,096	731,096	720,753	( 39,523)	681,230	49,866
Human rights	--	--	--	--	--	--
Total social services	<u>731,096</u>	<u>731,096</u>	<u>720,753</u>	<u>( 39,523)</u>	<u>681,230</u>	<u>49,866</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 (CONTINUED)**  
**For the Fiscal Year Ended June 30, 2015**

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final				
<b>Economic Development:</b>						
Wayfinding commission	\$ --	\$ --	\$ 31,260	\$ ( 31,260)	\$ --	\$ --
Total economic development	<u>--</u>	<u>--</u>	<u>31,260</u>	<u>( 31,260)</u>	<u>--</u>	<u>--</u>
<b>Capital projects:</b>						
General government	1,001,561	2,915,960	657,238	--	657,238	2,258,722
Public safety	2,013,351	2,396,151	2,079,729	--	2,079,729	316,422
Streets and transportation	1,432,774	1,432,774	648,691	--	648,691	784,083
Health and sanitation	624,553	624,553	356,208	--	356,208	268,345
Culture and recreation	140,847	229,847	176,704	--	176,704	53,143
Social services	56,550	56,550	53,770	--	53,770	2,780
Total capital projects	<u>5,269,636</u>	<u>7,655,835</u>	<u>3,972,340</u>	<u>--</u>	<u>3,972,340</u>	<u>3,683,495</u>
<b>Debt service:</b>						
Principal	440,000	440,000	440,000	--	440,000	--
Interest	269,825	269,825	269,825	--	269,825	--
Bond Service Charges	1,200	1,200	1,200	--	1,200	--
Total debt service	<u>711,025</u>	<u>711,025</u>	<u>711,025</u>	<u>--</u>	<u>711,025</u>	<u>--</u>
Total expenditures	\$ <u>84,065,120</u>	\$ <u>90,776,865</u>	\$ <u>81,055,119</u>	\$ <u>( 3,141,588)</u>	\$ <u>77,913,531</u>	\$ <u>12,863,334</u>
Excess of revenues over (under) expenditures	<u>( 2,698,120)</u>	<u>( 10,029,612)</u>	<u>10,887,256</u>	<u>( 7,142,184)</u>	<u>3,745,072</u>	<u>13,774,684</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 4,353,967	\$ 4,565,107	\$ 3,237,733	\$ ( 5,000)	\$ 3,232,733	\$ ( 1,332,374)
Transfers out	( 4,325,347)	( 4,328,347)	( 4,951,947)	1,061,832	( 3,890,115)	438,232
Capital lease proceeds	2,494,500	2,428,836	2,494,500	--	2,494,500	65,664
Sale of capital assets	175,000	175,000	208,613	--	208,613	33,613
Total other financing sources (uses)	<u>2,698,120</u>	<u>2,840,596</u>	<u>988,899</u>	<u>1,056,832</u>	<u>2,045,731</u>	<u>( 794,865)</u>
Net change in fund balance	--	( 7,189,016)	11,876,155	( 6,085,352)	5,790,803	12,979,819
Fund balance-beginning	--	7,189,016	40,694,978	( 33,505,962)	7,189,016	--
Fund balance-ending	\$ <u>--</u>	\$ <u>--</u>	\$ <u>52,571,133</u>	\$ <u>( 39,591,314)</u>	\$ <u>12,979,819</u>	\$ <u>12,979,819</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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Coal severance tax	\$ 200,000	\$ 200,000	\$ 172,522	\$ ( 27,478)
Interest and investment earnings	<u>25</u>	<u>25</u>	<u>30</u>	<u>5</u>
Total revenues	<u>200,025</u>	<u>200,025</u>	<u>172,552</u>	<u>( 27,473)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>200,025</u>	<u>200,025</u>	<u>172,552</u>	<u>( 27,473)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>( 200,025)</u>	<u>( 263,767)</u>	<u>( 186,376)</u>	<u>77,391</u>
Total other financing sources (uses)	<u>( 200,025)</u>	<u>( 263,767)</u>	<u>( 186,376)</u>	<u>77,391</u>
Net change in fund balance	--	( 63,742)	( 13,824)	49,918
Fund balance - beginning	<u>--</u>	<u>63,742</u>	<u>63,742</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 49,918</u>	<u>\$ 49,918</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 POSITION - PROPRIETARY FUNDS  
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 277,068	\$ 3,164,499	\$ 3,441,567
Accounts	205,434	136,446	341,880
Prepaid insurance and lockbox	52,854	69,106	121,960
Due from:			
Other funds	21,248	14,928	36,176
Restricted:			
TIF district taxes receivable	4,003	--	4,003
Regular account	482,645	305,855	788,500
Revenue bond covenant accounts	318,876	201,353	520,229
Customer deposits	203,421	--	203,421
	1,565,549	3,892,187	5,457,736
Total current assets			
Noncurrent assets:			
Restricted assets:			
Revenue bond covenant accounts	--	871,061	871,061
	--	871,061	871,061
Total restricted assets			
Capital assets:			
Nondepreciable:			
Land	300,000	4,066,447	4,366,447
Construction in progress	317,672	110,709	428,381
Depreciable:			
Buildings	36,808,805	31,187,283	67,996,088
Machinery and equipment	1,240,791	1,067,446	2,308,237
Less: accumulated depreciation	( 30,509,691)	( 25,489,885)	( 55,999,576)
	8,157,577	10,942,000	19,099,577
Total capital assets (net of accumulated depreciation)			
Total noncurrent assets			
	8,157,577	11,813,061	19,970,638
Total assets			
	9,723,126	15,705,248	25,428,374
<b>DEFERRED OUTFLOWS</b>			
Loss on refunding of debt	180,600	33,202	213,802
	180,600	33,202	213,802
Total deferred outflows of resources			
	180,600	33,202	213,802
Total assets and deferred outflows of resources			
	\$ 9,903,726	\$ 15,738,450	\$ 25,642,176

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
June 30, 2015

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
<b>LIABILITIES</b>			
Current liabilities payable			
from current assets:			
Accounts payable	\$ 145,808	\$ 95,160	\$ 240,968
Insurance claims payable	9,998	15,983	25,981
Payroll payable	58,518	42,103	100,621
Other accrued expenses	3,804	16,791	20,595
Compensated absences payable	49,669	39,559	89,228
Customer deposits	13,665	--	13,665
Accrued revenue bond/note interest payable	42,849	4,001	46,850
Due to:			
Component unit	14,525	--	14,525
Other funds	6,276	5,317	11,593
Bonds payable	445,000	1,085,000	1,530,000
	790,112	1,303,914	2,094,026
Total current liabilities payable from current assets			
Noncurrent liabilities			
Bonds payable (net of unamortized discount)	4,660,146	( 17,199)	4,642,947
Other postemployment benefits payable	565,680	471,374	1,037,054
	5,225,826	454,175	5,680,001
Total noncurrent liabilities			
Total liabilities	6,015,938	1,758,089	7,774,027
<b>DEFERRED INFLOWS</b>			
Total deferred inflows of resources	--	--	--
Total liabilities and deferred inflows of resources	\$ 6,015,938	\$ 1,758,089	\$ 7,774,027
<b>NET POSITION</b>			
Net investment in capital assets	3,233,031	9,907,401	13,140,432
Restricted for debt service	318,876	1,374,267	1,693,143
Restricted for customer deposits	203,421	--	203,421
Restricted for TIF district	486,648	--	486,648
Unrestricted	( 354,188)	2,698,693	2,344,505
	3,887,788	13,980,361	17,868,149
Total net position	\$ 3,887,788	\$ 13,980,361	\$ 17,868,149

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 POSITION - PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
Operating revenues:			
Sales and services to customers	\$ 1,943,446	\$ 3,605,788	\$ 5,549,234
Rental fees	1,269,109	--	1,269,109
Miscellaneous	20,082	4,415	24,497
Total revenues	<u>3,232,637</u>	<u>3,610,203</u>	<u>6,842,840</u>
Operating expenses:			
Personal services	1,702,077	1,357,143	3,059,220
Contractual services	1,839,703	597,441	2,437,144
Materials and supplies	180,101	81,938	262,039
Depreciation	900,455	703,368	1,603,823
Total operating expenses	<u>4,622,336</u>	<u>2,739,890</u>	<u>7,362,226</u>
Operating (loss) income	<u>( 1,389,699)</u>	<u>870,313</u>	<u>( 519,386)</u>
Nonoperating revenues (expenses):			
Interest revenue	786	11,821	12,607
Investment earnings	1,342	--	1,342
Gain on sale of fixed assets	69	6,637	6,706
TIF property taxes	262,505	--	262,505
Interest and fiscal charges	<u>( 271,919)</u>	<u>( 167,155)</u>	<u>( 439,074)</u>
Total nonoperating (expenses)	<u>( 7,217)</u>	<u>( 148,697)</u>	<u>( 155,914)</u>
Income (loss) before operating transfers and contributions	<u>( 1,396,916)</u>	<u>721,616</u>	<u>( 675,300)</u>
Capital contributions	23,993	69,560	93,553
Transfers in	1,356,313	--	1,356,313
Transfers(out)	<u>( 104,157)</u>	<u>--</u>	<u>( 104,157)</u>
Change in net position	( 120,767)	791,176	670,409
Net position at beginning of year	<u>4,008,555</u>	<u>13,189,185</u>	<u>17,197,740</u>
Net position at end of year	<u>\$ 3,887,788</u>	<u>\$ 13,980,361</u>	<u>\$ 17,868,149</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, 2015

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ 3,152,816	\$ 3,602,367	\$ 6,755,183
Payments to suppliers	( 2,031,576)	( 628,777)	( 2,660,353)
Payments to employees	( 1,501,459)	( 1,176,773)	( 2,678,232)
Internal activity receipts / payments to other funds	( 43,192)	( 38,665)	( 81,857)
Net cash (used) provided by operating activities	<u>( 423,411)</u>	<u>1,758,152</u>	<u>1,334,741</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in from other funds	<u>598,696</u>	<u>--</u>	<u>598,696</u>
Net cash provided by noncapital financing activities	<u>598,696</u>	<u>--</u>	<u>598,696</u>
<b>Cash flows from capital and related financing activities:</b>			
Transfers from other funds for capital debt	676,141	--	676,141
Transfers from other funds for capital projects	81,477	--	81,477
Transfers to other funds for capital project revenue	( 104,157)	--	( 104,157)
TIF District property taxes	260,906	--	260,906
Capital contributions	23,993	69,560	93,553
Purchases of capital assets	( 17,610)	( 41,590)	( 59,200)
Acquisition and construction of capital assets	( 39,800)	( 180,269)	( 220,069)
Principal paid on capital debt	( 425,000)	( 1,215,000)	( 1,640,000)
Proceeds from the sales of capital assets	69	6,637	6,706
Interest paid on capital debt	( 245,227)	( 104,214)	( 349,441)
Net cash provided (used) by capital and related financing activities	<u>210,792</u>	<u>( 1,464,876)</u>	<u>( 1,254,084)</u>
<b>Cash flows from investing activities:</b>			
Interest and investment earnings received	<u>2,128</u>	<u>11,821</u>	<u>13,949</u>
Net cash provided by investing activities	<u>2,128</u>	<u>11,821</u>	<u>13,949</u>
Net increase in cash and cash equivalents	388,205	305,097	693,302
Cash and cash equivalents, July 1, 2014 (including \$531,882 and \$1,394,208 in restricted accounts)	<u>690,384</u>	<u>4,237,671</u>	<u>4,928,055</u>
Cash and cash equivalents, June 30, 2015 (including \$801,521 and \$1,378,269 in restricted accounts)	<u>\$ 1,078,589</u>	<u>\$ 4,542,768</u>	<u>\$ 5,621,357</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, 2015

	Business-type Activities - Enterprise Funds		
	Civic Center	Parking System	Totals
<b>Reconciliation of operating income to net cash (used) provided by operating activities:</b>			
Operating (loss) income	\$ (1,389,699)	\$ 870,312	\$ (519,387)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	900,455	703,368	1,603,823
Decrease (increase) in accounts receivable	(12,977)	(8,500)	(21,477)
Decrease (increase) in due from other funds	(18,032)	(11,104)	(29,136)
Decrease (increase) in prepaid expenses	(939)	(1,123)	(2,062)
Increase (decrease) in restricted deposits	(50,709)	--	(50,709)
Increase (decrease) in customer deposits	(16,135)	--	(16,135)
Increase (decrease) in accounts payable	7,923	51,620	59,543
Increase (decrease) in insurance claims payable	(28,655)	(22,670)	(51,325)
Increase (decrease) in payroll payable	8,884	(641)	8,243
Increase (decrease) in due to other funds	(25,160)	(27,561)	(52,721)
Increase (decrease) in due to component unit	(11,878)	--	(11,878)
Increase (decrease) in other accrued expenses	(6,878)	769	(6,109)
Increase (decrease) in compensated absences	(1,930)	2,073	143
Increase (decrease) in other postemployment benefits	222,319	201,609	423,928
Net cash (used) provided by operations	\$ (423,411)	\$ 1,758,152	\$ 1,334,741

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.

**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.

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
June 30, 2015

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Non-pooled cash	\$ 5,768,774	\$ 2,177,804
Total cash	<u>5,768,774</u>	<u>2,177,804</u>
Investments, at fair value:		
Federal government securities	4,435,824	--
Certificates of Deposit	1,906,157	--
Managed bond funds	1,282,513	--
Managed stock funds	15,639,559	--
Corporate bonds	<u>1,483,138</u>	<u>--</u>
Total investments	<u>24,747,191</u>	<u>--</u>
Receivables:		
Interest	22,512	11,631
Accounts receivable	207,263	--
Due from other funds	<u>--</u>	<u>47,566</u>
Total receivables	<u>229,775</u>	<u>59,197</u>
Total assets	<u>30,745,740</u>	<u>2,237,001</u>
<b>LIABILITIES</b>		
Accounts payable	1,313	--
Refunds payable and other	566,286	2,181,263
Due to: other funds	<u>207,263</u>	<u>55,738</u>
Total liabilities	<u>774,862</u>	<u>2,237,001</u>
<b>NET POSITION</b>		
Net position restricted for pension benefits	<u>\$ 29,970,878</u>	<u>\$ --</u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2015

	Pension Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 9,981,537
Plan members	1,185,169
Insurance premium surtax	3,110,328
Total contributions	14,277,034
Investment income:	
Net increase in fair value of investments	1,104,786
Interest and dividends	440,622
Less: investment expense	( 156,408)
Net investment income	1,389,000
Total additions	15,666,034
<b>DEDUCTIONS</b>	
Benefits	13,658,765
Administrative expenses	19,526
Refunds of contributions	236,480
Total deductions	13,914,771
Change in net assets	1,751,263
Net position restricted for pension benefits:	
Beginning of year	28,219,615
End of year	\$ 29,970,878

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

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, 2015

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the City of Charleston, West Virginia (the City), 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 a twenty-seven member council. The accompanying financial statements present the government and its component units as required by accounting principles generally accepted in the United States of America (GAAP).

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

*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 or otherwise exclusively, or almost exclusively, benefits the City even though it does not provide services directly to it.

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*

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

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2015

The City of Charleston Sanitary Board serves all the citizens of the City and is governed by a three member board comprised of the Mayor and two members of council. The Board is fiscally dependent upon the City since the government's council must approve rates for user charges and authorize bond issuances.

The City of Charleston Urban Renewal Authority serves the City, and is governed by a board comprised of members appointed by the City Council. A financial benefit/burden relationship exists since the government is legally entitled or can otherwise access the Authority's resources. In addition, the Authority is fiscally dependent upon the government since all bond issuance authorizations must be 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. A financial benefit/burden relationship exists between the government and the Bureau since the government is legally obligated or otherwise assumed the obligation to provide financial support to the Bureau. 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 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 position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements; however, if applicable, inter-fund 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. Non-major governmental funds are combined into a single column.

CITY OF CHARLESTON, WEST VIRGINIA  
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**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 incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when earned and 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. However, when an asset is recorded in governmental fund financial statements but the revenue is not available, the government reports a deferred inflow of resources until such time as the revenue becomes available. Expenditures generally are recorded when a liability is incurred, as under the accrual basis of 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.

Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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. Department of 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. Department of Housing and Urban Development to provide certain mortgage loans to first-time homebuyers that meet income and credit guidelines.

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The government reports the following major proprietary funds:

The Civic Center 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 these facilities.

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 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.

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 non-operating 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 non-operating revenues and expenses.



CITY OF CHARLESTON, WEST VIRGINIA  
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**D. Assets, Liabilities, and Net Position or Equity**

**1. Deposits and Investments**

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

In accordance with GAAP, 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, is recognized as revenue in the operating statement.

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 West Virginia Board of Treasury Investments or the West Virginia 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 national 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.

As for the investments of the City's two Municipal Pension Trust Funds (Pension Funds), those investments are governed as to type 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 five percent of the total pension fund assets; and (2) at no time can the equity portion of the portfolio exceed seventy-five percent of the total portfolio.

CITY OF CHARLESTON, WEST VIRGINIA  
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**2. Receivables and Payables**

*Inter-fund Transactions*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "inter-fund receivables or payables" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund 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 net realizable value, which includes reductions for estimated portions that are expected to be uncollectible.

*Property Tax Receivable*

The property tax receivable is equal to 75 percent of the property taxes outstanding at June 30, 2015.

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 county 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 and excess 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 the 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, 2015, were as follows:

<u>Class of Property</u>	<u>Assessed Valuation for Tax Purposes</u>	<u>Current Expense</u>	<u>Excess Levy</u>	<u>Tax Increment Financing</u>
Class I	\$ -	8.49 cents	5.03 cents	8.49 cents
Class II	\$ 1,289,465,519	16.98 cents	10.06 cents	16.98 cents
Class IV	\$ 1,918,730,446	33.96 cents	20.12 cents	33.96 cents

The City of Charleston, West Virginia held a special election on March 8, 2011. The City was authorized to lay an excess levy to provide approximately \$4,616,199 annually for four fiscal years which began fiscal year ended June 30, 2012, through June 30, 2015, for the purpose of subsidizing the payment of current governmental expenses.

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The City of Charleston, West Virginia held a special election on March 7, 2015. The City was authorized to lay an excess levy to provide approximately \$5,157,688 annually for four fiscal years which began fiscal year ended June 30, 2016, through June 30, 2019, for the purpose of subsidizing the payment of current governmental expenses.

**3. 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 Fund, a 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 and amounts collected from the Tax Incremental Financing District for the Civic Center and Convention Renovation Project. 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.

**4. Capital Assets and Depreciation**

Capital assets, including 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	25 - 40
Structures and improvements	40
Infrastructure	40 - 50
Machinery and equipment	5 - 10
Vehicles	3 - 5
Furniture	5

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**5. 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. All compensated absences are classified as current in the financial statements at June 30, 2015 since all accruals will be paid for employee vacation usage within the subsequent fiscal year. Vacation is accrued on a calendar year basis on January 1 and earned as the employee provides services throughout the year. At calendar year-end only ten days of remaining vacation can be carried forward to the next calendar year, for regular City employees, in accordance with the government's policy as approved by the government's council. Vacation is used on a first accrued basis (FIFO). Consequently, at June 30<sup>th</sup> of any fiscal year any accrued compensated absences will be used within the subsequent fiscal year. Uniformed policemen are entitled to carryover 240 hours and firemen cannot carryover any vacation. 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.

**6. 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 position. Bond premiums and discounts 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. Gain or loss upon refunding of debt is reported as deferred inflows or deferred outflows and amortized over the term of the related debt. Bond issuance costs, except prepaid insurance, are expensed as incurred.

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.

**7. Fund Balances**

In the governmental fund financial statements, fund balance is reported in the following classifications:

- |                            |  |
|----------------------------|--|
| Non-spendable fund balance | Inventories, prepaid amounts, and endowment corpus represent fund balance amounts that are not in spendable form. The government has \$1,825,074 in non-spendable fund balance at fiscal yearend.  |
| Restricted                 | The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. The government has \$6,564,574 of restricted fund balance at fiscal yearend.   |
| Committed                  | The committed category is the portion of fund balance which use is constrained by limitations that have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. By City code all corporate power of the City is vested in and exercised by City Council or under its authority. The approval does not automatically lapse at the end of the fiscal year. The government has \$26,236,692 of committed fund balance at fiscal yearend. |

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Assigned	The assigned category is the portion of fund balance that has been designated by an authorized official such as a member of council, mayor, city manager, finance director or other department head to place constraints on amounts to reflect the government's intent to be used for specific purposes, but are neither restricted nor committed. This authority is allowed by City Code of Ordinances. The government has \$5,690,544 of assigned fund balance at fiscal yearend.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance. The government has \$24,443,852 of unassigned fund balance at fiscal yearend.

The City Council is the government's highest level of decision-making authority. City of Charleston, WV Code of Ordinances provides that all the corporate power of the City shall be vested in and exercised by City Council or under its authority. The Council would take formal action by resolution approved by majority vote to establish, modify or rescind a fund balance commitment. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the Municipality.

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

**8. Stabilization Arrangements**

The government has created a stabilization arrangement in accordance with West Virginia Code §7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for the purpose covering a general fund shortfall or other purpose the municipality considers appropriate. The stabilization balance at fiscal year-end was \$5,227,747.

CITY OF CHARLESTON, WEST VIRGINIA  
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**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 Position**

The governmental fund balance sheet includes a reconciliation of fund balance total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. 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 \$351,067,776 difference are as follows:

Bonds payable:	\$	(2,360,000)
Less: bond discount (to be amortized as interest expense)		61,027
Accrued interest payable		(56,444)
Capital leases payable		(9,069,295)
Claims and judgments		(4,250,567)
Compensated absences		(1,379,678)
Net OPEB obligation		(20,749,968)
Net pension liability		<u>(313,262,851)</u>
Net adjustment to decrease fund balance- total governmental funds to arrive at net position-governmental activities	\$	<u>(351,067,776)</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 reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

One element of that reconciliation states that, "The issuance of any long-term debt (i.e. 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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas, these amounts, other than issuance costs, are deferred and amortized in the statement of activities." The details of this \$1,202,613 difference are as follows:

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Debt issued or incurred:	
Capital lease financing	\$ (2,494,500)
Principal repayments:	
Revenue bonds and capital leases	2,700,639
Amortization of deferred outflows	( 11,439)
Decrease of accrued interest expense	<u>7,913</u>
Net adjustment to increase net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 202,613</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 \$16,445,803 difference are as follows:

Compensated absences	\$ (25,554)
Claims and judgments	312,461
Net OPEB Obligation	( 6,649,682)
Net pension liability	<u>( 10,083,028)</u>
Net adjustment to decrease net changes in fund balances-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (16,445,803)</u>

Another element of reconciliation is the difference of \$69,560 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 proprietary funds. Capital assets were transferred to the Parking System in the amount of \$69,560. The governmental funds did not record the transfers because only financial resources are accounted for in a governmental fund; however, the proprietary funds recorded the transaction not as transfers but as capital contributions revenue in the lower portion of their 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. There was also a discrepancy between the transfers from the General Fund to Springhill Cemetery in the amount of \$802. Consequently, the amount of transfers from the fund level to the government-wide level increased in the amount of \$70,362.

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The government is required to legally adopt an annual budget for its General Fund and Coal Severance Tax Fund, a major special revenue fund. However, there is no such requirement for the Community Development Block Grant and HOME funds, major special revenue funds. Annual budgets are adopted on a basis consistent with GAAP for the General Fund and the Coal Severance Tax Fund, except as noted. All annual appropriations lapse at fiscal yearend.

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:

**GENERAL FUND**

Amount	Description
\$ 4,262,307	General Government Expenditure Increase
\$ (28,703)	Public Safety Expenditure Decrease
\$ 20,711	Streets and Transportation Increase
\$ (2,438)	Health and Sanitation Decrease
\$ 73,669	Culture and Recreation Increase
\$ 2,386,199	Capital Projects Expenditure Increase

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 re-appropriated and honored during the subsequent year.

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



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

	Net Change in Fund Balance	Fund Balance
Budgetary Basis	\$ 5,790,802	\$ 12,979,818
Basis of Accounting Difference	6,085,352	39,591,314
GAAP Basis	\$ 11,876,154	\$ 52,571,132

Intergovernmental revenues - state and public safety expenditures both decreased by \$3,110,328 per budget basis for the pension allocation from the State of West Virginia.

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

**B. Encumbrances**

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Encumbrances are listed below for the General Fund, a major fund. There were no other major or non-major funds with encumbrances at June 30, 2015.

Encumbrance Description	General Fund
Professional Services	\$ 1,190,051
Court Costs & Damages	893,428
Contributions To Other Entities	180,579
Storm Water Project	1,502,891
Comprehensive Plan	17,727
Live on Levee	38,445
Police fine supported training	888
Fire Department	1,562
Capital Outlays	1,864,973
	\$ 5,690,544

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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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
<b>Primary Government</b>			
West Virginia Municipal Bond Commission	\$ 1,567,447	Not Rated	Not Rated
WVBTI Short Term Bond Pool	2,752,169	Not Rated	Not Rated
Repurchase Agreements-FNMA	781,724	Not Rated	Not Rated
	<u>5,101,340</u>		
Freddie Mac Sovereign Agency	49,734	AA+	Not Rated
US Treasury N/B	99,102	AA+	Not Rated
US Treasury N/B	98,906	AA+	
Corporate Bonds-Barclays	51,121	A-	Not Rated
Corporate Bonds-Cisco Systems	25,770	AA-	Not Rated
Total Rated Securities	<u>324,633</u>		
Total Unrated Securities	<u>1,615,218</u>		
Total Primary Government	<u>\$ 7,041,191</u>		

CITY OF CHARLESTON, WEST VIRGINIA  
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	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
<b>Policemen's Pension and Relief</b>			
Federal Home Loan Banks	\$ 286,274	AA+	Aaa
Federal Home Loan Mortgage Corporation MTN	499,820	AA+	Aaa
Federal Farm Credit Banks Consolidated Bonds	100,096	AA+	Aaa
Federal Farm Credit Banks Consolidated Bonds	249,370	AA+	Aaa
Federal Home Loans Banks	250,343	AA+	Aaa
Federal Home Loan Banks	490,700	AA+	Aaa
Federal Farm Credit Banks Consolidated Bonds	244,522	AA+	Aaa
Corporate Bonds-Mattel Incorporated SR GLBL NT	99,828	BBB	Baa1
Corporate Bonds - Ebay Incorporated SR GLBL NT	99,587	A	A2
Corporate Bonds-Ryder System MTN BE FR	99,795	BBB	Baa1
Corporate Bonds-JP Morgan Chase & CO Bond	99,119	A	A3
Corporate Bonds-Goldman Sachs Group Inc.	98,967	A-	A3
Corporate Bonds-Ally Financial SR GLBL NT	99,812	BB+	Not Rated
Corporate Bonds-General Electric Cap Corp. MTN	97,398	AA+	A1
Corporate Bonds-Verizon Communications Inc.	98,655	BBB+	Baa1
Corporate Bonds-BMO Bank of Montreal SR -C Step	99,531	Not rated	Aa3
Corporate Bonds-Toronto Dominion Bank	96,366	AA-	Aa1
Corporate Bonds-Canadian Imperial Bank of Com, SR -A Step	98,107	A+	Aa3
Corporate Bonds- Credit Suisse Nassau MTN	96,010	Not rated	A1
Corporate Bonds-Goldman Sachs Group Inc.	99,338	A-	A3
Total Rated Securities	3,403,638		
Total Unrated Securities	9,337,129		
<b>Total Policemen's Pension and Relief</b>	<b>\$ 12,740,767</b>		

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	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		Standard & Poor's and Fitch	Moody's Investment Services
<b>Firemen's Pension and Relief</b>			
Federal National Mortgage Association	\$ 91,333	AA-	Not Rated
Federal Home Loan Banks	143,137	AA+	Aaa
Federal Home Loan Banks	498,570	AA+	Aaa
Federal Home Loan Mortgage CRP MTN	499,820	AA+	Aaa
Federal Farm Credit Banks Consolidation Bond	100,096	AA+	Aaa
Federal Home Loan Banks	240,740	AA+	Aaa
Federal Home Loan Banks	250,343	AA+	Aaa
Federal Home Loan Bank Note	490,660	AA+	Aaa
Corporate Bonds - Goldman Sachs Group Inc. MTN BE	101,128	A-	A3
Corporate Bonds - Bank America Corporate FR	100,245	A-	Baa1
Corporate Bonds - Allergan Inc. SR NT	97,877	BBB-	Baa3
Corporate Bonds - Pepsico Inc. SR NT	101,365	A	A1
Corporate Bonds - AT&T Inc. Bond	100,081	BBB+	Baa1
Corporate Bonds - Ebay Inc. SR GLBL NT	99,587	A	A2
Corporate Bonds - JP Morgan Chase & Co Bond	99,119	A	A3
Corporate Bonds - Goldman Sachs Group Inc. MTN BE	98,967	A-	A3
Corporate Bonds - Ally Financial Inc. SR GLBL NT	99,812	BB+	Not Rated
Corporate Bonds - General Electric Cap Corp MTN	97,398	AA+	A1
Corporate Bonds - Verizon Communications Inc	98,655	BBB+	Baa1
Corporate Bonds - Goldman Sachs Group Inc. MTN	97,981	A-	A3
Corporate Bonds - Goldman Sachs Group Inc	99,338	A-	A3
Corporate Bonds - JP Morgan Chase Bank NA	95,750	A	A3
Corporate Bonds - JP Morgan Chase & Co MTN	95,835	A	A3
Total Rated Securities	3,797,837		
Total Unrated Securities	8,208,587		
Total Firemen's Pension and Relief	<u>\$ 12,006,424</u>		

The City's investment in the West Virginia Board of Treasury Investments includes funds held at the West Virginia Municipal Bond Commission (Commission) for the Parking System and Civic Center 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. Since 1932, 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 obligations 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.

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

Net investment income and realized gains and losses are declared as dividends on the last day of the month and distributed to the Participants in the Pool on the first day of the following month. Gains and losses (realized and unrealized) are reflected in the net asset value calculated each month. The City's equity in the West Virginia Short Term Bond Pool at June 30, 2015 was \$2,752,169.

*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, 2015, 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 its investment policy, the specific provisions of which are more fully described in Note I.D.1. The government does not have a policy for interest rate risk in addition to the governing West Virginia statutes.

Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
<b>Primary Government:</b>					
West Virginia Municipal Bond Commission	\$ 1,567,447	\$ 1,567,447	\$ -	\$ -	\$ -
WVBTI Short Term Bond Pool	2,752,169	2,752,169	-	-	-
Repurchase Agreements	781,724	781,724	-	-	-
Freddie Mac Sovereign Agency	49,734	-	49,734	-	-
US Treasury N/B	99,102	-	99,102	-	-
US Treasury N/B	98,906	-	-	98,906	-
Corporate Bonds-Barclays	51,121	51,121	-	-	-
Corporate Bonds-Cisco Systems	25,770	25,770	-	-	-
	<u>\$ 5,425,973</u>	<u>\$ 5,178,231</u>	<u>\$ 148,836</u>	<u>\$ 98,906</u>	<u>\$ -</u>

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Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
<b>Policemen's Pension and Relief:</b>					
Federal Home Loan Banks	\$ 286,274	\$ -	\$ 286,274	\$ -	\$ -
Federal Home Loan Mortgage Corporation MTN	499,820	-	499,820	-	-
Federal Farm Credit Banks Consolidated Bonds	100,096	-	-	100,096	-
Federal Farm Credit Banks Consolidated Bonds	249,370	-	-	249,370	-
Federal Home Loans Banks	250,343	-	-	250,343	-
Federal Home Loan Banks	490,700	-	-	490,700	-
Federal Farm Credit Banks Consolidated Bonds	244,522	-	-	-	244,522
Corporate Bonds-Mattel Incorporated SR GBL NT	99,828	-	99,828	-	-
Corporate Bonds - Ebay Incorporated SR GBL NT	99,587	-	99,587	-	-
Corporate Bonds-Ryder System MTN BE FR	99,795	-	99,795	-	-
Corporate Bonds-JP Morgan Chase & CO Bond	99,119	-	99,119	-	-
Corporate Bonds-Goldman Sachs Group Inc.	98,967	-	98,967	-	-
Corporate Bonds-Ally Financial SR GBL NT	99,812	-	99,812	-	-
Corporate Bonds-General Electric Cap Corp. MTN	97,398	-	-	97,398	-
Corporate Bonds-Verizon Communications Inc.	98,655	-	-	98,655	-
Corporate Bonds-BMO Bank of Montreal SR -C Step	99,531	-	-	99,531	-
Corporate Bonds-Toronto Dominion Bank	96,366	-	-	96,366	-
Corporate Bonds-Canadian Imperial Bank of Com	98,107	-	-	98,107	-
Corporate Bonds- Credit Suisse Nassau MTN	96,010	-	-	96,010	-
Corporate Bonds-Goldman Sachs Group Inc.	99,338	-	-	-	99,338
	<u>\$ 3,403,638</u>	<u>\$ -</u>	<u>\$ 1,383,202</u>	<u>\$ 1,676,576</u>	<u>\$ 343,860</u>

CITY OF CHARLESTON, WEST VIRGINIA  
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Security Type	Fair Value	Less than 1 Year	1-5	6-10	More than 10 Years
<b>Firemen's Pension &amp; Relief:</b>					
Federal National Mortgage Association	\$ 91,333	\$ -	\$ 91,333	\$ -	\$ -
Federal Home Loan Banks	143,137	-	143,137	-	-
Federal Home Loan Banks	498,570	-	498,570	-	-
Federal Home Loan Mortgage CRP MTN	499,820	-	499,820	-	-
Federal Farm Credit Banks Consolidation Bond	100,096	-	-	100,096	-
Federal Home Loan Banks	240,740	-	-	240,740	-
Federal Home Loan Banks	250,343	-	-	250,343	-
Federal Home Loan Bank Note	490,660	-	-	490,660	-
Corporate Bonds - Goldman Sachs Group Inc. MTN	101,128	101,128	-	-	-
Corporate Bonds - Bank America Corporate FR	100,245	100,245	-	-	-
Corporate Bonds - Allergan Inc. SR NT	97,877	-	97,877	-	-
Corporate Bonds - Pepsico Inc. SR NT	101,365	-	101,365	-	-
Corporate Bonds - AT&T Inc. Bond	100,081	-	100,081	-	-
Corporate Bonds - Ebay Inc. SR GLBL NT	99,587	-	99,587	-	-
Corporate Bonds - JP Morgan Chase & Co Bond	99,119	-	99,119	-	-
Corporate Bonds - Goldman Sachs Group Inc. MTN	98,967	-	98,967	-	-
Corporate Bonds - Ally Financial Inc. SR GLBL NT	99,812	-	99,812	-	-
Corporate Bonds - General Electric Cap Corp MTN	97,398	-	-	97,398	-
Corporate Bonds - Verizon Communications Inc	98,655	-	-	98,655	-
Corporate Bonds - Goldman Sachs Group Inc. MTN	97,981	-	-	97,981	-
Corporate Bonds - Goldman Sachs Group Inc	99,338	-	-	-	99,338
Corporate Bonds - JP Morgan Chase Bank NA	95,750	-	-	-	95,750
Corporate Bonds - JP Morgan Chase & Co MTN	95,835	-	-	-	95,835
Totals	<u>\$ 3,797,837</u>	<u>\$ 201,373</u>	<u>\$ 1,929,668</u>	<u>\$ 1,375,873</u>	<u>\$ 290,923</u>
Totals for interest rate risk	<u>\$ 7,201,475</u>	<u>\$ 201,373</u>	<u>\$ 3,312,870</u>	<u>\$ 3,052,449</u>	<u>\$ 634,783</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 its investment policy which does not allow for an investment in any one issuer that is in excess of nine percent of the government's total investment or ten percent of the pension fund total investment. Other limitations on investments are more fully described in Note I.D.I. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes.

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Any investment in one issuer of five percent or greater must be disclosed in accordance with GAAP. The Policemen's Pension Fund had four mutual fund investments in Ishares TR Russell Midcap Value Index, Ishares TR Russell Midcap Growth Index, Ishares Core S&P Mid-Cap ETF, and Ishares TR Russell 2000 Value Index that had seven percent, five percent, seven percent and seven percent, respectively; the Firemen's Pension Fund had three mutual fund investments in Ishares TR Russell Midcap Value Index, Ishares Core S&P Mid-Cap ETF, and Ishares TR Russell 2000 Value Index that were eight percent, eight percent, and six percent, respectively, of the total portfolio; and Spring Hill Cemetery had seven mutual fund investments in Riverpark/Wedgewood Large Cap, Vanguard High Yield Dividend, Doubleline Total Return Bond, Goldman Sachs Trust Strategic, Winslow Osterweis Strategic that were six percent, six percent, nineteen percent, nine percent, and nine percent, respectively, of the total portfolio at June 30, 2015.

*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, 2015.

**B. Receivables**

	<u>General</u>	<u>Coal Severance</u>	<u>Community Development</u>	<u>HOME</u>
Receivables:				
Accounts	\$ 5,860,944	\$ -	\$ -	\$ -
Accrued interest	1,243	-	-	-
Taxes	12,714,889	49,835	-	-
Loans	-	-	2,636,611	3,545,018
Grants	319,009	-	163,979	48,266
Gross receivables	<u>18,896,085</u>	<u>49,835</u>	<u>2,800,590</u>	<u>3,593,284</u>
Less: allowance for uncollectible	<u>(81,131)</u>	<u>-</u>	<u>(659,153)</u>	<u>-</u>
Net total receivables	<u>\$ 18,814,954</u>	<u>\$ 49,835</u>	<u>\$ 2,141,437</u>	<u>\$ 3,593,284</u>
	<u>Civic Center</u>	<u>Parking System</u>	<u>Nonmajor Funds and Fiduciary Funds</u>	<u>Total</u>
Receivables:				
Accounts	\$ 205,434	\$ 152,446	\$ 677,803	\$ 6,896,627
Accrued interest	-	-	2,686	3,929
Taxes	4,003	-	-	12,768,727
Loans	-	-	297,691	6,479,320
Grants	-	-	323,924	855,178
Gross receivables	<u>209,437</u>	<u>152,446</u>	<u>1,302,104</u>	<u>27,003,781</u>
Less: allowance for uncollectible	<u>-</u>	<u>(16,000)</u>	<u>(50,048)</u>	<u>(806,332)</u>
Net total receivables	<u>\$ 209,437</u>	<u>\$ 136,446</u>	<u>\$ 1,252,056</u>	<u>\$ 26,197,449</u>



CITY OF CHARLESTON, WEST VIRGINIA  
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Governmental funds report unavailable revenue as deferred inflow of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds report advance payments 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 inflows and unearned revenue reported in the governmental funds were as follows:

	Deferred Inflows	Unearned
Property Taxes	\$ 425,683	\$ -
Prepaid License Fees, Advance Office Rental, and Prepaid Cemetery Burial Fees (general fund)	-	106,113
Grant draw downs prior to meeting all eligibility requirements	-	5,893,378
Total	\$ 425,683	\$ 5,999,491

**C. Capital Assets**

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,959,964	\$ -	\$ -	\$ 8,959,964
Construction in progress	2,414,067	1,858,734	(1,691,409)	2,581,392
Total capital assets not being depreciated	11,374,031	1,858,734	(1,691,409)	11,541,356
Capital assets being depreciated:				
Buildings and improvements	50,063,606	193,913	(4,854)	50,252,665
Structures and improvements	21,260,546	249,975	-	21,510,521
Machinery and equipment	17,937,343	946,799	(295,863)	18,588,279
Vehicles	19,081,300	1,842,095	(1,212,259)	19,711,136
Furniture	366,752	-	(3,840)	362,912
Infrastructure	95,538,232	2,603,633	-	98,141,865
Total capital assets being depreciated	204,247,779	5,836,415	(1,516,816)	208,567,378
Less accumulated depreciation:				
Buildings and improvements	(21,910,988)	(1,154,348)	4,854	(23,060,482)
Structures and improvements	(10,006,356)	(755,880)	-	(10,762,236)
Machinery and equipment	(13,892,448)	(1,391,177)	290,432	(14,993,193)
Vehicles	(14,529,965)	(1,925,579)	1,207,812	(15,247,732)
Furniture	(359,802)	(7,204)	3,840	(363,166)
Infrastructure	(57,940,076)	(2,042,778)	-	(59,982,854)
Total accumulated depreciation	(118,639,635)	(7,276,966)	1,506,938	(124,409,663)
Total capital assets being depreciated, net	85,608,144	(1,440,551)	(9,878)	84,157,715
Governmental activities capital assets, net	\$ 96,982,175	\$ 418,183	\$ (1,701,287)	\$ 95,699,071

CITY OF CHARLESTON, WEST VIRGINIA  
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 4,366,447	\$ -	\$ -	\$ 4,366,447
Construction in progress	<u>411,710</u>	<u>220,069</u>	<u>(203,399)</u>	<u>428,380</u>
Total capital assets, not being depreciated	<u>4,778,157</u>	<u>220,069</u>	<u>(203,399)</u>	<u>4,794,827</u>
Capital assets being depreciated:				
Buildings and improvements	67,008,092	204,419	-	67,212,511
Structures and improvement	783,577	-	-	783,577
Machinery and equipment	2,091,762	58,180	(1,260)	2,148,682
Vehicles	<u>189,724</u>	<u>-</u>	<u>(30,168)</u>	<u>159,556</u>
Total capital assets being depreciated	<u>70,073,155</u>	<u>262,599</u>	<u>(31,428)</u>	<u>70,304,326</u>
Less accumulated depreciation:				
Buildings and improvements	(51,938,092)	(1,501,550)	-	(53,439,642)
Structures and improvements	(446,376)	(26,513)	-	(472,889)
Machinery and equipment	(1,852,488)	(70,530)	1,260	(1,921,758)
Vehicles	<u>(190,225)</u>	<u>(5,230)</u>	<u>30,168</u>	<u>(165,287)</u>
Total accumulated depreciation	<u>(54,427,181)</u>	<u>(1,603,823)</u>	<u>31,428</u>	<u>(55,999,576)</u>
Total capital assets being depreciated, net	<u>15,645,974</u>	<u>(1,341,224)</u>	<u>-</u>	<u>14,304,750</u>
Business-type activities capital assets, net	<u>\$ 20,424,131</u>	<u>\$ (1,121,155)</u>	<u>\$ (203,399)</u>	<u>\$ 19,099,577</u>

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

Governmental activities:	
General government	\$ 2,629,787
Public safety	2,134,490
Highways and streets, including depreciation of general infrastructure assets	849,424
Health and sanitation	561,243
Culture and recreation	1,031,875
Social services	<u>70,147</u>
Total depreciation expense-governmental activities	<u>\$ 7,276,966</u>
Business-type activities:	
Civic Center	\$ 900,455
Parking System	<u>703,368</u>
Total depreciation expense-business-type activities	<u>\$ 1,603,823</u>

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*Construction in Progress*

The government has active construction projects as of June 30, 2015. The projects include street, retaining walls, and bridge repairs, Bike/ Pedestrian trail, City Hall renovations and additions, Slack Plaza master plan, Civic Center expansion and renovation, and Parking building renovations. At year end, the amounts for governmental and business-type activities spent-to-date are as follows:

Project	Spent-to-Date	Funded
Fire Stations Remodel	\$ 139,688	General Fund
Storm Water Project	701,465	General Fund
Rails to Trails Bike/Pedestrian	323,767	General Fund
Old Metro 911 & Police Booking	41,576	General Fund
City Hall Renovations & Additions	204,969	General Fund
Riverfront & Sidewalk Café	23,336	General Fund
Slack Plaza Master Plan	59,860	General Fund
Elk River Sidewalk Project	24,900	General Fund
Civic Center Expansion & Renovation	1,379,503	Sales & Use Tax
Parking Building Renovations	110,708	Parking System
Total	<u>\$ 3,009,772</u>	

**D. Interfund Receivables, Payables, and Transfers**

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

*Interfund receivables/payables:*

Receivable Fund	Payable Fund	Purpose	Amount
General	Civic Center	Reimbursements Insurance/Fuel	\$ 6,276
	Parking System	Reimbursement Insurance/Fuel	5,317
	Police Pension & Relief	Reimbursement Insurance Premium Surtax	104,125
	Fire Pension & Relief	Reimbursement Insurance Premium Surtax	103,135
	CDBG	Reimbursement Salary & Utilities	51,559
	Home	Reimbursement Salary & Utilities	25,328
	Nonmajor Governmental Fund	Reimbursements Salaries, loans, and transfer of fines	328,589
Civic Center	General Fund	Reimbursement	21,248
Parking System	General Fund	Reimbursement	14,928
Agency Fund	Nonmajor Governmental Fund	Reimbursement	31,565
Nonmajor Governmental Funds	Agency Fund	Reimbursement	21,688
Nonmajor Governmental Funds	Nonmajor Governmental Fund	Transfers	17,726
Nonmajor Governmental Funds	General Fund		172,160
Agency Fund	General Fund	Loans	16,000
	Total		<u>\$ 919,644</u>

CITY OF CHARLESTON, WEST VIRGINIA  
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*Interfund transfers:*

	Transfers In					Total Transfers Out
	General Fund	Springhill Cemetary	Nonmajor Governmental	Civic Center	Parking System	
Transfers out:						
General fund	\$ -	\$ -	\$ 3,774,423	\$ 1,107,964	\$ 69,560	\$ 4,951,947
Coal severance tax	-	-	-	186,376	-	186,376
Nonmajor govern- mental funds	3,237,733	802	81,647	61,973	-	3,382,155
Civic Center	-	-	104,157	-	-	104,157
Total Transfers In	<u>\$ 3,237,733</u>	<u>\$ 802</u>	<u>\$ 3,960,227</u>	<u>\$ 1,356,313</u>	<u>\$ 69,560</u>	<u>\$ 8,624,635</u>

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

**E. Leases**

*Capital Leases*

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

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Civic Center	Parking System
Appalachian Power Park	\$ 21,438,651	\$ -	\$ -
Machinery, equipment and vehicles	13,416,608	28,677	196,998
Less: accumulated depreciation	<u>(17,957,647)</u>	<u>(28,677)</u>	<u>(196,998)</u>
Total	<u>\$ 16,897,612</u>	<u>\$ -</u>	<u>\$ -</u>

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30	Governmental Activities
2016	\$ 2,546,095
2017	2,139,264
2018	1,548,877
2019	1,053,113
2020	776,871
2021-2025	2,441,494
2025-2026	-
Total minimum lease payments	10,505,714
Less: amount representing interest	(1,436,419)
Present value of minimum lease payments	\$ 9,069,295

**F. Long Term Operating Leases**

The City is the owner of a ball park stadium and has entered into a stadium license, lease, and service agreement with a class Single "A" baseball club. The lease is for a period of twenty years. This parcel of land known as the "Morris Square Block" also contains an office building which the City leases under operating leases with commercial tenants with various renewable terms. The ball park and Morris Square office building are recorded at a cost of \$21,438,651 plus land and renovations at a cost of \$7,459,982 for a total of \$28,898,633 with accumulated depreciation of \$5,770,657 at June 30, 2015. Rents totaled \$735,528 for the fiscal year 2015. The rents are generally based upon square footage and are payable in monthly, quarterly, or annual installments in accordance with the respective lease agreements.

Minimum future rentals to be received on non-cancelable leases have remaining terms in excess of one year as of June 30, 2015 for each of the next five years and thereafter and in the aggregate are as follows:

June 30,	Amount
2016	\$ 706,411
2017	687,811
2018	667,986
2019	654,511
2020	624,271
2021-2026	3,054,921
2027-2029	299,735
Total	\$ 6,695,646

**G. Long-term Debt**

*General Obligation Bonds*

The government has issued general obligation bonds to provide for the acquisition and construction of major capital facilities in prior years; however, the City as of June 30, 2015 has no general obligation bonds payable.

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*Revenue Bonds*

The City has issued bonds in prior years where the government pledged designated revenues to pay debt service. The proceeds of these bonds were used to acquire or construct assets. The City has the following revenue bonds outstanding at June 30, 2015:

*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 \$800,000 and interest in the amount of \$180,900 on the bonds when due until bond maturity in 2024. During the fiscal year 2015 lease payments in the principal amount of \$75,000 and interest in the amount of \$36,355 were used to pay the debt service on these bonds.

The Charleston Building Commission, a blended component unit of the City, issued the Charleston Building Commission Lease-Revenue Refunding Bonds (Center for Arts and Sciences of West Virginia Project), Series 2010 in the amount of \$2,280,000 to current refund the 1999 Series which was used to acquire and equip the Center. These bonds are a limited special obligation of the Commission payable solely from the revenues and receipts derived from leasing the equipment. The irrevocable pledge of lease payments are required to be in sufficient amount to pay principal in the amount of \$1,560,000 and interest in the amount of \$341,869 on the bonds when due until bond maturity in 2024. During the fiscal year 2015 lease payments in the principal amount of \$145,000 and interest in the amount of \$68,656 were used to pay the debt service on the 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 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 \$1,085,000 and interest in the amount of \$48,825 until bond maturity in 2016. During the fiscal year 2015, Parking System net revenues in the principal amount of \$1,215,000 and interest in the amount of \$102,285 were used to pay the debt service which was 1.57% 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 \$1,820,000 and interest in the amount of \$494,700 until bond maturity in 2023. During the fiscal year 2015 these pledged revenues in the principal amount of \$155,000 and interest amount of \$100,725 were used to pay the debt service on these bonds which is 8% of the specified revenues.

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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 \$2,420,000 and interest amount of \$552,650 until bond maturity in 2024. During the fiscal year 2015 these pledged revenues were used to pay the principal amount of \$195,000 and interest amount of \$104,013 on these bonds which is 9% 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. This irrevocable pledge of lease payments is required to be sufficient in amount to pay principal of \$965,000 and interest of \$218,720 until bond maturity in 2024. During the fiscal year 2015 lease payments in the principal amount of \$75,000 and interest amount of \$41,413 were used to pay the debt service on these bonds.

Effective August 17, 2015, the City closed on \$97,250,000 of sales tax revenue bonds to fund the civic center project.

Revenue bonds outstanding, net of unamortized discounts of \$178,080 (Public Safety Center \$18,201; Center for the Arts & Sciences \$42,826; Parking System \$17,199 and Civic Center of \$99,854) at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2015
<b>Governmental activities:</b>					
Public Safety Center Refunding Series 2009	2024	3.00-4.40%	\$ 1,180,000	\$ (380,000)	\$ 800,000
Center for the Arts & Sciences Refunding Series 2010	2024	3.10-4.375%	2,280,000	(720,000)	1,560,000
Less: Bond discount			(163,895)	102,868	(61,027)
Total governmental activities			<u>\$ 3,296,105</u>	<u>\$ (997,132)</u>	<u>\$ 2,298,973</u>
<b>Business-type activities:</b>					
Parking System Refunding Series 2005A	2016	2.50-4.50%	\$ 8,710,000	\$ (7,625,000)	\$ 1,085,000
Civic Center Improvement Series 1998	2023	4.60-5.10%	3,635,000	(1,815,000)	1,820,000
Civic Center Improvement Refunding Series 2009	2024	3.00-4.40%	3,275,000	(855,000)	2,420,000
Civic Center Lease Revenue Series 1999 Series 2009	2024	3.00-4.40%	1,325,000	(360,000)	965,000
Less: Bond discount			(1,061,733)	944,680	(117,053)
Total revenue bonds			<u>\$ 15,883,267</u>	<u>\$ (9,710,320)</u>	<u>\$ 6,172,947</u>

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Revenue bond debt service requirements to maturity are as follows:

Year Ended	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 225,000	\$ 97,130	\$ 1,530,000	\$ 277,445
2017	235,000	88,693	465,000	209,505
2018	240,000	79,874	490,000	188,580
2019	255,000	70,274	510,000	166,800
2020	260,000	59,904	530,000	143,780
2021-2024	1,145,000	126,895	2,765,000	328,785
Totals	<u>\$ 2,360,000</u>	<u>\$ 522,770</u>	<u>\$ 6,290,000</u>	<u>\$ 1,314,895</u>

**Changes in Long-term Liabilities**

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue Bonds	\$ 2,580,000	\$ -	\$ (220,000)	\$ 2,360,000	\$ 225,000
Less deferred amounts:					
Bond discount	(67,869)	-	6,842	(61,027)	6,842
Total bonds payable	<u>2,512,131</u>	<u>-</u>	<u>(213,158)</u>	<u>2,298,973</u>	<u>231,842</u>
Capital leases	9,055,434	2,494,500	(2,480,639)	9,069,295	2,235,075
Net OPEB obligation	14,100,286	6,649,682	-	20,749,968	-
Net pension liability	303,179,823	16,824,164	(6,741,136)	313,262,851	-
Claims and judgments	4,563,028	-	(312,461)	4,250,567	-
Compensated absences	<u>1,354,124</u>	<u>25,554</u>	<u>-</u>	<u>1,379,678</u>	<u>-</u>
Governmental activities					
Long-term liabilities	<u>\$ 334,764,826</u>	<u>\$ 25,993,900</u>	<u>\$ (9,747,394)</u>	<u>\$ 351,011,332</u>	<u>\$ 2,466,917</u>

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 7,930,000	\$ -	\$ (1,640,000)	\$ 6,290,000	\$ 1,530,000
Less: deferred amounts:					
Bond discount	(150,915)	-	33,862	(117,053)	-
Total bonds payable	<u>7,779,085</u>	<u>-</u>	<u>(1,606,138)</u>	<u>6,172,947</u>	<u>1,530,000</u>
Net OPEB obligation	613,126	423,928	-	1,037,054	-
Compensated absences	<u>89,085</u>	<u>2,073</u>	<u>(1,930)</u>	<u>89,228</u>	<u>-</u>
Business-type activities					
Long-term liabilities	<u>\$ 8,481,296</u>	<u>\$ 426,001</u>	<u>\$ (1,608,068)</u>	<u>\$ 7,299,229</u>	<u>\$ 1,530,000</u>



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

**Conduit Debt**

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

**H. Restricted Assets And Investments**

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

	Governmental Activities	Business-type Activities
Customer deposits	\$ -	\$ 203,421
Cash - contractual agreement	112,052	-
Capital lease debt service	260,847	-
WV Board of Treasury Short Term Bond Pool-Investment	2,752,169	-
Endowment Fund-Investments	1,939,851	
TIF District account		482,645
Revenue bond operations and maintenance account	-	305,855
Revenue bond debt service account	-	520,229
Revenue bond reserve account	-	871,061
Total restricted assets and investments	\$ 5,064,919	\$ 2,383,211

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**I. Fund Balance Detail**

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

	General Fund	Coal Severance	Community Development	HOME	Nonmajor Funds	Total
Nonspendable:						
Prepays-Insurance	\$ 599,879	\$ --	\$ --	\$ --	\$ --	\$ 599,879
Perpetual Care Cemetery	--	--	--	--	1,225,195	1,225,195
Restricted:						
Police protection	--	--	--	--	131,569	131,569
Public trusts lands	--	--	--	--	44,006	44,006
Human Rights	--	--	--	--	15,657	15,657
Ball Park	--	--	--	--	73,660	73,660
Perpetual Care Cemetery	--	--	--	--	1,026,359	1,026,359
Equipment lease purchases	1,801,415	--	--	--	--	1,801,415
Debt service	260,847	49,918	--	--	7	310,772
Low-Income Housing Projects	--	--	--	--	97,547	97,547
Municipal Court	--	--	--	--	116,665	116,665
Public Arts	--	--	--	--	48,160	48,160
Recreational Trails & Facilities	--	--	--	--	24,533	24,533
Landfill Closure	--	--	--	--	2,874,231	2,874,231
Committed:						
Highway beautification	--	--	--	--	30,948	30,948
Civic Center & economic development	--	--	--	--	336,888	336,888
Public Safety	--	--	--	--	22,511	22,511
Sanitation	--	--	--	--	386,223	386,223
Bridges, highways & infrastructure	--	--	--	--	145,778	145,778
Civic Center capital improvements	10,552,380	--	--	--	--	10,552,380
Municipal Auditorium capital improvements	--	--	--	--	105,293	105,293
City facilities capital improvements	--	--	--	--	5,324,603	5,324,603
Employee Insurance	9,133,138	--	--	--	--	9,133,138
Recreational soccer fields	--	--	--	--	3,065	3,065
Community development	19,111	--	--	--	176,754	195,865
Assigned:						
Professional government services	1,190,051	--	--	--	--	1,190,051
Mayor's contributions to other entities	180,579	--	--	--	--	180,579
Legal liability claims	893,428	--	--	--	--	893,428
Storm Water Project	1,502,891	--	--	--	--	1,502,891
Comprehensive Plan for the City	17,727	--	--	--	--	17,727
Bike/Pedestrian Trail	1,864,973	--	--	--	--	1,864,973
Fire Department	1,562	--	--	--	--	1,562
Police Department	888	--	--	--	--	888
Live on Levee & 150 Power Walk	38,445	--	--	--	--	38,445
Unassigned	24,513,819	--	( 62,245)	--	( 7,722)	24,443,852
<b>Total fund balances</b>	<b>\$ 52,571,133</b>	<b>\$ 49,918</b>	<b>\$ (62,245)</b>	<b>\$ --</b>	<b>\$ 12,201,930</b>	<b>\$ 64,760,736</b>

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**J. Benefits Funded by the State of West Virginia**

For the year ended June 30, 2015, 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	\$ 1,552,544
Firemen's Pension and Relief Fund	<u>1,557,784</u>
Total	<u>\$ 3,110,328</u>

**K. Restatement of Beginning Net Position**

Beginning net position for governmental activities was restated at July 1, 2014 due to the implementation of Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. The governmental activities were restated as follows:

	Governmental Activities
Net Position, as previously stated	\$ 21,869,281
Add:	
Net Pension Obligation	96,297,176
Net Pension Asset MPFRS	259,271
Deferred Outflows	12,325,167
Less:	-
Deferred Inflows	(1,183,144)
Net Pension Liability Police & Fire	(291,636,378)
Net Pension Liability PERS	<u>(11,543,445)</u>
Total restricted assets and investments	<u>\$ (173,612,072)</u>

**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.

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The City covers its workers' compensation liability by retaining and self-insuring the first \$300,000 of each claim and maintaining layers of excess insurance that indemnifies the City for claims costs exceeding its self-insured retention limits. A Letter of Credit for \$750,000 is held as collateral by the Offices of the Insurance Commissioner as security for the City's self-insured retention. No amounts have been drawn upon or are outstanding on the Letter of Credit at June 30, 2015. Claims are adjusted through a third-party administrator contracted by the City.

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' compensation retention-all employees. Settlements have not exceeded coverage 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 6/30/2015	Year Ended 6/30/2014
Unpaid claims, beginning of fiscal year	\$ 4,563,028	\$ 4,282,224
Incurred claims (including IBNRs)	2,198,863	2,308,737
Claims paid	<u>(2,511,324)</u>	<u>(2,027,933)</u>
Unpaid claims, end of fiscal year	<u>\$ 4,250,567</u>	<u>\$ 4,563,028</u>

The government is the owner and permit holder for the City'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. The City renews an annual Letter of Credit in favor of the Department of Environmental Protection for the landfill in the amount of \$328,000 and no amounts have been drawn upon or are outstanding at June 30, 2015.

**B. Contingent Liabilities**

Amounts received or receivable from grantor 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.

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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, and 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 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 \$1,026,359 since the inception may be spent for the general maintenance of the cemetery. This amount is reported in the government's net assets as restricted for perpetual care-expendable.

**F. Post-Employment Healthcare Plan**

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

The City of Charleston, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System, 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 HealthSmart Benefit Solutions, Inc., a third-party administrator. The health plan levels of benefits, employee contributions, and employer contributions were authorized by the City Council and any amendments to the health plan must be approved and authorized by the Council. The health plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the health plan. The health plan does not issue a separate report. The activity of the health plan is reported in the General Fund, Civic Center Revenue Fund, and Parking System Revenue Fund.

Under the substantive plan provisions all Medicare retirees are covered under a Medicare Advantage plan that is fully-insured and experience-rated. At January 1, 2015 premium rates for medical for single are \$188.52 and for retiree and spouse \$292.50.

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Due to State law WV 8-12-8; retirees must not pay more for health care coverage than active employees. As a result, all members who were hired after July 1, 1984 will all pay the same contributions at retirement. In the prior valuation, all employees hired after July 1, 2000 contribute a) the COBRA rate less b) a 2.0% credit for every year of service (limited to 50%).

Due to the substantive plan provision change, the health care coverage election rate assumption for retirees who were hired after July 1, 2000 has increased. Since these retirees will no longer pay the full cost of coverage, 90% are assumed to elect coverage at the end of the sick leave benefits free-period.

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

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

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

The City subsidizes retiree health care coverage for lifetime. The City's subsidy depends on the hire date. Retirees receive free coverage if they are eligible for sick leave benefits at retirement. Once the sick leave benefits end, retirees are responsible for the portion of the premium rate not subsidized by the City. Effective as January 1, 2015 the monthly retiree contribution for non-tobacco users is as follows:

Date of Hire	Under 65		Over 65	
	Single	Retiree & Spouse	Single	Retiree & Spouse
Before July 1, 1984				
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.	\$ 189	\$ 293	\$ 92	\$ 96
Uniform	\$ 162	\$ 239	\$ 92	\$ 96
July 1, 1984 to present	\$ 189	\$ 293	\$ 92	\$ 96

The City does not have a practice of increasing the retiree contributions.

Active general employees hired before January 1, 2015 and police and fire employees hired before January 1, 2013 can roll over an 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. Active general employees hired on or after January 1, 2015 and police and fire employees hired on or after January 1, 2013 can convert up to six months of unused sick time for single coverage and up to four and a half months for family coverage.

The same benefit options are available to retirees as active employees. Effective January 1, 2015 the City's health plan becomes self-insured for all participants (pre-Medicare and post-Medicare retirees).

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The monthly COBRA rates effective on January 1, 2015 are \$485.79 for medical and prescription drugs for single and \$1,068.74 for employee and spouse.

The number of participants as of July 1, 2014, the effective date of the biennial OPEB valuation, was 619 active employees and 477 retired employees.

Employees who retire under the WV Public Employees Retirement System (P.E.I.A.) have the option of maintaining the City's OPEB plan or electing P.E.I.A insurance.

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, 2014, 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	\$ 10,243,265	\$ 481,307	\$ 10,724,572
Interest on net OPEB obligation	702,655	33,016	735,671
Adjustment to annual required contribution	<u>(562,668)</u>	<u>(26,928)</u>	<u>(589,596)</u>
Annual OPEB cost	10,383,252	487,395	10,870,647
Contributions made	<u>(3,733,570)</u>	<u>(63,467)</u>	<u>(3,797,037)</u>
Increase (decrease) in net OPEB obligation	6,649,682	423,928	7,073,610
Net OPEB obligation at beginning of the year	<u>14,100,286</u>	<u>613,126</u>	<u>14,713,412</u>
Net OPEB obligation at the end of the year	<u>\$ 20,749,968</u>	<u>\$ 1,037,054</u>	<u>\$ 21,787,022</u>

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**V.F.3. Trend Information**

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2015	\$ 10,870,547	49.9%	\$ 21,787,022
2014	\$ 7,608,798	51.2%	\$ 14,713,412
2013	\$ 6,547,149	70.1%	\$ 11,002,702
2012	\$ 5,392,340	76.1%	\$ 9,042,801
2011	\$ 5,377,388	52.8%	\$ 7,755,311
2010	\$ 5,850,812	48.7%	\$ 5,214,821

**V.F.4. Funding Progress**

**SCHEDULE OF FUNDING PROGRESS:**

**OPEB**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued 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>
7/1/14	--	\$ 126,087,701	\$ 126,087,701	0.0%	\$ 29,462,803	428.0%
7/1/13	--	\$ 85,737,794	\$ 85,737,794	0.0%	\$ 30,511,701	281.0%
7/1/12	--	\$ 73,958,600	\$ 73,958,600	0.0%	\$ 30,674,221	241.1%
7/1/11	--	\$ 60,679,215	\$ 60,679,215	0.0%	\$ 29,494,443	205.7%
7/1/10	--	\$ 75,615,299	\$ 75,615,299	0.0%	\$ 31,448,512	240.4%
7/1/09	--	\$ 79,643,383	\$ 79,643,383	0.0%	\$ 31,068,215	256.4%

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.



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**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 include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The unfunded actuarial accrued liability is being amortized over 30 years on a level percentage of pay based on an open group.

In the July 1, 2014 actuarial valuation, the assumptions used represent a reasonable long-term expectation of future OPEB outcomes. As national economic and employer experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

**Census Data** Census data was provided by the City as of June 2015 and no material modifications were made to the census data.

**Measurement Date** June 30, 2015; the actuarial present values were rolled-back to July 1, 2014 on a no loss/gain basis.

**Discount Rate** 5.0% unfunded.

**Payroll Growth** 4.0% per year.

**Cost Method** Projected Unit Credit with linear proration to decrement.

**Amortization** Level percentage of pay over thirty years based on an open group.

**Employer Funding Policy** Pay-as-you-go cash basis.

**Mortality** SOA RPH-2014 Total Dataset Mortality Table fully generated with Scale MP-2014.

**Disability** None.

**Sick Leave Benefits** Percentage of employees eligible for the sick leave benefits at retirement is assumed to be: 1) 90% for police officers 2) 60% for general employees and firefighters. All employees eligible for the sick leave benefit are assumed to have five years of free coverage.

For general employees hired after January 1, 2015 and police and fire employees hired after January 1, 2013, it is assumed that none of them gets the sick leave benefits at retirement due to the short duration of the sick leave that can be converted to health coverage upon retirement.

Conversion to free health care at retirement is based on two days sick leave (24 hours) for one month of single coverage or three days sick leave (36 hours) for one month family coverage.

**Health Care Trend Rates:** FYE 2016 9.0%; FYE 2017 8.50%; FYE 2018 8.00%; FYE 2019 7.50%; FYE 2020 7.00%; FYE 2021 6.50%; FYE 2022 6.00%; FYE 2023 5.50%; FYE 2024+ 5.00%.

**Retiree Contributions** Retiree contributions are assumed to increase 4% annually.

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**VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

On July 1, 2014, the government implemented GASB Statement No. 68, Governmental Accounting Standards Board Statement Number 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*.

**VI:A.1. Plan Descriptions, Contribution Information, Funding Policies, and Net Pension Liability**

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 full-time police employees hired prior to June 1, 2011. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2014 and GASB Statement No. 67 Plan Reporting and Accounting Schedules and GASB No. 68 Accounting and Financial Reporting for Pensions at measurement date of June 30, 2015.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for full-time fire employees hired prior to June 1, 2011. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2014 and GASB Statement No. 67 Plan Reporting and Accounting Schedules GASB No. 68 Accounting and Financial Reporting for Pensions at measurement date of June 30, 2015.

The State contracts an actuary to perform actuarial valuations annually per West Virginia State Code §8-22-20. 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.

Management of the pension plans is vested in the boards for the Policemen's Pension and Relief Fund and the Firemen's Pension and Relief Fund, which consists of the mayor of the City of Charleston and four members of the paid police department and paid fire department, respectively. The members serve on staggered four year terms. There is an annual election to elect a member to succeed, for a term of four years, the retiring member for each fund. The presiding officer of the board of trustees for each fund is the mayor of the City of Charleston and the secretary is appointed by the board.

In accordance with WV Code Chapter §8-22-18a, the West Virginia Municipal Pensions Oversight Board assists municipal board of trustees in performing their duties, assuring the funds' compliance with applicable laws, providing for actuarial studies, distributing the premium tax revenues to the funds and taking other actions reasonably necessary to provide for the security and fiscal integrity of the pension funds.

The oversight board has established minimum requirements for training to be completed by each member of the board of trustees of a Municipal Policemen's or Firemen's Pension and Relief fund. The requirements include, but not limited to, training in ethics, fiduciary duty and investment responsibilities.

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As of July 1, 2014 memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	136	144	280
Vested Terminated Benefits	3	-	3
Retirees and Beneficiaries Currently Receiving Benefits	224	228	452
Total	363	372	735

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

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

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

The current local Plan is closed to new employees as of the adoption of the Conservation funding policy.

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

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

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

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

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

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

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Employer contributions for the Policemen's Pension and Relief Fund are expected to increase from \$5,244,844 for the plan year ending June 30, 2016, to a high of \$10,090,624 for the plan year ending June 30, 2036. Employer contributions for the Firemen's Pension and Relief Fund are expected to increase from \$5,448,704 for the plan year ending June 30, 2016, to a high of \$9,902,835 for the plan year ending June 30, 2034.

For the Policemen's Pension Fund the funded ratio is projected to increase from 11.5% in 2014 to 33% in 2034, and ultimately to 100% in 2046. For the Firemen's Pension Fund the funded ratio is projected to increase from 9.5% in 2014 to 31% in 2034, an ultimately to 100% in 2046. This policy defers contributions and produces virtually no significant growth in the funded ratio until the last 10 years of the projection period. This policy is not consistent with generally accepted actuarial principles.

GASB 67 establishes standards of financial reporting for defined benefit plans and specifies the required approach to measuring the pension liability of employers and nonemployer contributing entities for benefits provided through the pension plan (the net pension liability).

GASB 68 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense / expenditures. For defined benefit plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service ([www.GASB.org](http://www.GASB.org)).

*Actuarial Methods and Assumptions*

	PPRF	FPRF
Determination of contribution requirement	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than thirty years in accordance with West Virginia State Code §8-22-10. However, municipalities may elect to finance benefit obligations using the Conservation Method as defined in West Virginia State Code §8-22-20 (f)(1) and effected by the passage of Senate Bill No. 544.	
Plan Members	8% of covered payroll, 9.5% if hired after January 1, 2010	
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Benefit Terms	In accordance with WV State Code the annual benefit equals 60% of average annual compensation, not less than \$6,000, plus an additional percentage of average annual compensation for service over 20 years equal to 2% for each year of service between 20 and 25 and 1% for each year of service between 25 and 30 years. Employees serving in the military are eligible for an additional 1% of average annual compensation for each year of military service up to four years. The maximum benefit is limited to 75% of average annual compensation. Benefits continue for life.	
Post-Retirement Benefit Increases	On July 1 following two years of retirement, benefit equal to the percentage increase in the Consumer Price Index, limited to 4% (2% for some disability retirees), multiplied by the sum of the allowable amount (first \$15,000 of initial benefits paid) and the accumulated supplemental pensions paid in prior years.	

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Eligibility for Distribution	Members are eligible at the earlier of age 50 with 20 years of credited service or age 65.			
Provisions for:	<u>PPRF</u>		<u>FPRF</u>	
Disability Benefits	Yes		Yes	
Death Benefits	Yes		Yes	
Valuation Date	7/1/2014 and projected to the measurement date of June 30, 2015.		7/1/2014 and projected to the measurement date of June 30, 2015.	
Actuarial Cost Method	Entry Age Normal		Entry Age Normal	
Amortization Method/Period	30-Year Closed Level-Percentage-of-Pay 26 years remaining as of July 1, 2014		30-Year Closed Level-Percentage-of-Pay 26 years remaining as of July 1, 2014	
	The sponsor finances benefits using the Conservation policy as defined by State statute. This policy does not directly amortize the unfunded actuarial liability. The policy is projected to fully finance the closed group actuarial liability by 2046 for both plans.			
Actuarial Asset Valuation Method	Market Value		Market Value	
Investment Rate of Return	5.000% per year before 2046, and 6.500% per year after 2046		5.000% per year before 2046, and 6.500% per year after 2046	
Projected Salary Increases	Service Based Increase		Service Based Increase	
	<u>Years of Service</u>	<u>Increase</u>	<u>Years of Service</u>	<u>Increase</u>
	1	9.0%	1	9.0%
	2	4.5%	2	4.5%
	3-4	2.0%	3-4	2.0%
	after 4 years	1.0%	after 4 years	1.0%
Post-Retirement COLA	3.00% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.		3.00% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.	
Wage Inflation	4.00%		4.00%	
Increase in State Insurance Premium Tax Allocation	2% for year 1 3% on and after year 2		2% for year 1 3% on and after year 2	
Retirement	Age	Rates	Age	Rates
	50-51	45%	50-51	45%
	52-54	30%	52-54	30%
	55	45%	55	45%
	56	35%	56	35%
	57	55%	57	55%
	58	100%	58	100%
Percent Married	90%		90%	
Spouse Age	Females 3 years younger than males		Females 3 years younger than males	

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Mortality rates for both plans were based on for members that are active 85 percent of 1994 Group Annuity Mortality; post-retirement 1994 Group Annuity Mortality; and disabled 1994 Group Annuity Mortality set forward 4 years.

The City of Charleston's Policemen's Pension and Relief Fund Board of Trustees has established an Investment Policy Statement for the purpose of providing general guidelines for the prudent investment management of its fund's assets. The Board has elected to delegate the investment management duties for the fund to one or more professional investment manager(s) who shall be guided by and adhere to the overall investment policy guidelines as permitted by the West Virginia Code Section §8-22-22(a), as amended by H.B. 2832, H.B. 2638, and S.B. 4007. The pension has elected to be administered by the Conservation Method, as outlined in Senate Bill 544.

Unless more frequently necessitated by unusual changes in the economic and investment cycles or by material changes in the fund's basic underlying investment objectives, the board will annually review their investment policy and obtain an independent performance evaluation of the fund as required by WV State Code.

The Pension Board has set a general asset allocation guideline for the investment of the fund's total combined assets as follows: Equities 25%- 75%; Fixed Income 25%-70%; and Cash and Cash Equivalents 2%-25%.

The City of Charleston's Firemen's Pension and Relief Fund Board of Trustees has established an investment policy of diversification of investments in accordance with West Virginia Code §8-22-22. The board has elected to delegate the investment management duties for the fund to one professional investment manager who shall be guided by and adhere to the overall investment requirements in West Virginia Code §8-22-22 and §8-22-22a.

In accordance with the Code the maximum equity allocation shall be 60%. The cash allocation should not exceed estimated payments for a period of ninety days. The asset allocation guideline for the investment of the fund's total combined assets shall be as follows: Cash 0%-10%; Bonds 35%-70%; Stocks 25%-60%. The cash allocation shall include balances held in the bank checking account. In regard to the equity allocation, the manager is required to inform the Trustees of any upward changes in the allocation that result from additional purchases rather than changes in the market value.

Concentrations. Investments in any one organization that represent 5 percent or more of the pension plan's fiduciary net position must be disclosed in accordance with GAAP. The Policemen's Pension and Relief Fund had four investments that were five percent or more of the pension plan's fiduciary net position at June 30, 2015, which were Ishares TR Russell Midcap Value Index at seven percent, Ishares TR Russell Midcap Growth Index at five percent, Ishares Core S&P Mid-Cap ETF at seven percent, and Ishares TR Russell 2000 Value Index at seven percent. The Firemen's Pension & Relief Fund had three investments that were five percent or more of the pension plan's fiduciary net position at June 30, 2015, which were Ishares TR Russell Midcap Value Index at eight percent, Ishares Core S&P Mid-Cap ETF at eight percent, and Ishares TR Russell 2000 Value Index at six percent.

Rate of Return. The Policemen's Pension and Relief fund had a change of investment managers during fiscal year 2015. The money-weighted rate of return on pension plan investments, net of pension plan expense, for October 13, 2014 through June 30, 2015 was 6.5 percent for the Policemen's Pension and Relief Fund. The information for July 1, 2014 through October 12, 2014 is unavailable. For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 5.04 percent for the Firemen's Pension and Relief Fund. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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Net Pension Liability:

The components of net pension liability for the Policemen’s and Firemen’s Pension and Relief Fund at June 30, 2015, were as follows:

	PPRF	FPRF
Total pension liability	\$ 166,581,061	\$ 171,851,672
Plan fiduciary net position	(16,083,697)	(13,888,494)
Plan net pension liability	\$ 150,497,364	\$ 157,963,178
Plan fiduciary net position as a percentage of total pension liability	9.66%	8.08%
Discount Rate	4.435%	4.398%

In accordance with GASB No. 67 & GASB No. 68 a single discount rate of 4.435% for the Policemen’s Pension and 4.398% for the Firemen’s Pension was used to measure the total pension liability as of June 30, 2015. These single discount rates were based on the expected rate of return on pension plan investments of 5.000% before 2046 and 6.500% after 2046, and the municipal bond rate of 3.80%. The projection of cash flows used to determine these single discount rates assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, after plan year 2046. Therefore, the single discount rate of 4.435% for the Policemen’s Pension and 4.398% for the Firemen’s Pension was applied to all periods of projected benefit payments to determine the total pension liability.

For purposes of developing the single equivalent discount rate, it was assumed benefits are discounted at the municipal bond rate if paid from the pay-as-you go Benefit Account, or at the long-term expected rate of return if paid from the Accumulation Account. A long-term expected rate of return was assumed after 2046 of 6.5%. The long-term rate of return assumes assets in the Accumulation Account are invested in a well-diversified portfolio with 40% to 50% allocated to equities.

The present values of benefits to be provided through the pension plans to current active and inactive plan members for the Policemen’s Pension and Relief Fund and the Firemen’s Pension and Relief Fund are \$197,280,700 and \$198,051,100, respectively.

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**Sensitivity of the net pension liability to the Single Discount Rate Assumption**

Policemen's Pension and Relief Fund:

1% Decrease	Discount Rate Assumption	1% Increase
<u>3.435%</u>	<u>4.435%</u>	<u>5.435%</u>
\$176,606,544	\$150,497,364	\$129,533,696

Firemen's Pension and Relief Fund:

1% Decrease	Discount Rate Assumption	1% Increase
<u>3.398%</u>	<u>4.398%</u>	<u>5.398%</u>
\$184,654,002	\$157,963,178	\$136,507,643

**Changes in the Net Pension Liability - Policemen's Pension and Relief Fund**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at June 30, 2014	\$ <u>156,881,744</u>	\$ <u>15,242,762</u>	\$ <u>141,638,982</u>
Changes for the year:			
Service cost	3,292,778	--	3,292,778
Interest	7,332,999	--	7,332,999
Differences between expected & actual experience	( 1,897,115)	--	( 1,897,115)
Changes of assumptions or other inputs	8,006,116	--	8,006,116
Contributions - employer	--	6,530,016	( 6,530,016)
Contributions - employee	--	592,173	( 592,173)
Net investment income	--	766,556	( 766,556)
Benefit payments, including refunds of employee contributions	( 7,035,461)	( 7,035,461)	--
Administrative expense	--	( 12,349)	12,349
Net changes	<u>9,699,317</u>	<u>840,935</u>	<u>8,858,382</u>
Balances at June 30, 2015	\$ <u><u>166,581,061</u></u>	\$ <u><u>16,083,697</u></u>	\$ <u><u>150,497,364</u></u>



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**Changes in the Net Pension Liability - Firemen's Pension and Relief Fund**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balances at June 30, 2014	\$ 162,974,249	\$ 12,976,853	\$ 149,997,396
Changes for the year:			
Service cost	3,160,914	--	3,160,914
Interest	7,516,367	--	7,516,367
Differences between expected & actual experience	( 3,217,247)	--	( 3,217,247)
Changes of assumptions or other inputs	8,277,173	--	8,277,173
Contributions - employer	--	6,561,849	( 6,561,849)
Contributions - employee	--	592,996	( 592,996)
Net investment income	--	622,444	( 622,444)
Benefit payments, including refunds of employee contributions	( 6,859,784)	( 6,859,784)	--
Administrative expense	--	( 5,864)	5,864
Net changes	8,877,423	911,641	7,965,782
Balances at June 30, 2015	\$ 171,851,672	\$ 13,888,494	\$ 157,963,178

**Pension Expense and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the government recognized the following pension expenses.

	PPRF	FPRF
Pension expense	\$10,972,112	\$10,938,377

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

	of Resources	of Resources
Difference between expected and actual experience	\$ - -	\$ 1,372,088
Changes of assumptions	5,790,420	- -
Net difference between projected and actual earnings on pension plan investments	- -	2,046
	\$ 5,790,420	\$ 1,374,134

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,215,696	\$ 525,539
2017	2,215,696	525,539
2018	1,359,027	322,544
2019	-	512
<b>Total</b>	\$ 5,790,419	\$ 1,374,134

**Firemen's Pension and Relief Fund**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ - -	\$ 2,265,045
Changes of assumptions	5,827,397	- -
Net difference between projected and actual earnings on pension plan investments	26,903	- -
	\$ 5,854,300	\$ 2,265,045

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Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2016	\$ 2,456,502	\$ 952,202
2017	2,456,502	952,202
2018	934,570	360,642
2019	6,726	-
<b>Total</b>	<b>\$ 5,854,300</b>	<b>\$ 2,265,046</b>

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

**Public Employees Retirement System (PERS)**

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

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

Public Employees' Retirement System (PERS)

Eligibility to participate:	All City full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions:	State Statute
Plan member's contributions rate:	4.50%
City's contribution rate:	14.50%
Period required to vest:	Five Years
Benefits and eligibility for distribution:	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 10) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion:	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

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**VI.B.2. Trend Information**

<u>Fiscal Year</u>	<u>Cost</u>	<u>Contributed</u>
2015	\$ 2,456,565	100%
2014	2,526,476	100%
2013	2,372,689	100%
2012	2,399,128	100%
2011	2,046,007	100%
2010	1,799,608	100%
2009	1,675,990	100%
2008	1,600,134	100%
2007	1,522,933	100%
2006	1,408,585	100%

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.

**VI.B.3. Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At fiscal year-end, the government reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liability was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the government reported the following proportions and increase/decrease from its proportion measured as of June 30, 2013:

	<u>PERS</u>
Amount for proportionate share of net pension liability	\$ 4,802,144
Percentage for proportionate share of net pension liability	1.301165%
Increase/(decrease) % from prior proportion measured actual earnings on pension plan investments	2.758004%

For the year ended June 30, 2015, the government recognized the following pension

	<u>PERS</u>
Government-wide pension expense	<u>\$ 621,542</u>

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

**Public Employees Retirement System (PERS)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ - -	\$ 5,080,007
Changes in proportion and differences between government contributions and proportionate share of contributions	243,805	- -
Government contributions subsequent to the measurement date	<u>2,456,565</u>	<u>- -</u>
	<u>\$ 2,700,370</u>	<u>\$ 5,080,007</u>

The amount reported as deferred outflows of resources related resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

2016	\$	1,195,444
2017		1,195,444
2018		1,195,444
2019		<u>1,249,870</u>
Total	\$	<u>4,836,202</u>

**VI.C.1 Plan Descriptions, Contribution Information and Funding Policies**

**Municipal Police Officers and Firefighters Retirement System (MPFRS)**

The City of Charleston, West Virginia, participates in a cost-sharing multiple-employer statewide defined benefit pension plan on behalf of police and firefighters employed by the City after June 1, 2011. The system is administered by the State of West Virginia and funded by contributions from participants and employers as necessary.

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

Municipal Police and Firefighters Retirement System (MPFRS)

Eligibility to participate:	All full-time police and firefighters employed by the City after June 1, 2011
Authority establishing contribution	
Obligations and benefit provisions:	State Statute
Plan member's contribution rate:	8.5%
City's contribution rate:	8.5%
Period required to vest:	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.
Benefits and eligibility for distribution:	A member who has attained age 50 when age and contributory service Equals 70 (excluding military service) or has attained age 60 and completion of 10 years contributory service (excluding military service). The final average salary is the average of the highest annual compensation received by the member during covered employment for any 5 consecutive plan years (Jan. 1-Dec. 31) within the last 10 years of service. The accrued benefit on behalf of any member is calculated as follows:  $\text{Final Average Salary} \times \text{Years of Credited Service} \times \text{Benefit Percentage}$ $2.6\% \times \text{FAS} \times \text{Years of Service for years 1-20}$ $2.0\% \times \text{FAS} \times \text{Years of Service for years 21-25}$ $1.0\% \times \text{FAS} \times \text{Years of Service for years 26-30}$
Provisions for:	
Cost of Living	Yes
Death Benefits	Yes

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**VI.C.2. Trend Information**

Municipal Police and Firefighters Retirement System (MPFRS)

Police		
Fiscal Year	Annual Pension Cost	Percentage Contributed
2015	\$ 105,834	100%
2014	\$ 59,623	100%
2013	\$ 28,547	100%
2012	\$ 17,434	100%
Fire		
Fiscal Year	Annual Pension Cost	Percentage Contributed
2015	\$ 55,174	100%
2014	\$ 46,744	100%
2013	\$ 8,544	100%

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

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**VI.C.3. Pension Liability, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions**

At fiscal year-end, the government reported the following asset for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2013 and rolled forward to June 30, 2014 using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension asset was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the government reported the following proportions and increase/decrease from its proportion measured as of June 30, 2013:

	MPFRS - Police	MPFRS - Fire
Amount for proportionate share of net pension asset	\$ 145,330	\$ 113,941
Percentage for proportionate share of net pension asset	21.403699%	16.780704%
Increase/(decrease) % from prior proportion measured actual earnings on pension plan investments	11.612499%	192.360155%

For the year ended June 30, 2015, the government recognized the following pension

	MPFRS - Police	MPFRS - Fire
Government-wide pension expense	\$ (17,877)	\$ (11,621)

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

**Municipal Police Officers and Firefighters Retirement System - Police**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ --	\$ 15,772
Changes in proportion and differences between government contributions and proportionate share of contributions	--	--
Government contributions subsequent to the measurement date	105,834	--
	\$ 105,834	\$ 15,772



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**Municipal Police Officers and Firefighters Retirement System - Fire**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	\$ - -	\$ 34,603
Changes in proportion and differences between government contributions and proportionate share of contributions	- -	- -
Government contributions subsequent to the measurement date	<u>55,174</u>	<u>- -</u>
	<u>\$ 55,174</u>	<u>\$ 34,603</u>

The amount reported as deferred outflows of resources related resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year Ended June 30:**

	<b>Police</b>	<b>Fire</b>
2016	\$ 3,943	\$ 8,651
2017	3,943	8,651
2018	3,943	8,651
2019	<u>3,943</u>	<u>8,651</u>
Total	<u>\$ 15,772</u>	<u>\$ 34,604</u>

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**V.I.D. Actuarial Assumptions**

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

**Public Employee Retirement System**

Actuarial Assumptions

Inflation Rate	2.20%
Salary Increases	4.25%-6.0%
Investment Rate of Return	7.50%

Mortality Rates:

Healthy males – 1983 GAM  
Healthy females – 1971 GAM  
Disabled males – 1971 GAM  
Disabled females – Revenue ruling 96-7

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

**Municipal Police Officers and Firefighters Retirement System**

Actuarial Assumptions

Inflation Rate	2.20%
Salary Increases	By age from 4.75% at age 30 declining to 3.25% at age 65
Investment Rate of Return	7.50%

Mortality Rates:

Active – RP2000 non-annuitant mortality table; scale BB; retired and disabled – RP2000 healthy annuitant mortality table scale BB.

The actuarial assumptions used in the July 1, 2013 MPFRS valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014.

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

Investment	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	MPFRS Target Asset Allocation
<b>Primary Government:</b>			
US Equity (Russell 3000)	7.6%	27.5%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%	27.5%
Core Fixed Income	2.9%	15.0%	15.0%
High Yield	4.8%	0.0%	0.0%
TPS	2.9%	0.0%	0.0%
Real Estate	6.8%	10.0%	10.0%
Private Equity	9.9%	10.0%	10.0%
Hedge Funds	5.0%	10.0%	10.0%
Inflation (CPI)	2.2%	0.0%	0.0%
		<u>100.00%</u>	<u>100.00%</u>

*Discount Rate*

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

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

Sensitivity of Discount Rate	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	\$ 13,569,225	\$ 4,802,145	\$ (2,668,208)
Government's proportionate share of MPFRS Police net pension asset	\$ (120,075)	\$ (145,331)	\$ (164,808)
Government's proportionate share of MPFRS Fire net pension asset	\$ (94,140)	\$ (113,941)	\$ (129,211)

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*Pension Plan's Fiduciary Net Position*

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

**VI.D.1 Newly Adopted Accounting Pronouncements**

GASB has issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and GASB Statement No. 50 *Pension Disclosures (an amendment of GASB Statements No. 25 and No. 27)* for employers that offer pension benefits through a pension trust or equivalent arrangement. GASB Statement No. 68 will require the City to record their actuarially determined net pension liability for the PPRF and FPRF in addition to their proportionate share of the actuarially determined net pension liability (asset) of its cost sharing participation in PERS and MPFRS. GASB Statement No. 68 is effective for the year ended June 30, 2015 financial statements of the City.

GASB has also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*. GASB Statement No.71 addresses issues regarding the application of the transition provisions of GASB Statement No. 68. The requirements of GASB Statement No. 71 are effective simultaneously with GASB Statement No. 68.

The City has implemented GASB Statement No. 68 and GASB No. 71 during the current fiscal year. As a result, the impact of GASB Statement No. 68 and No. 71 as it relates to the actuarially determined net pension liability of the PPRF and FPRF are material to the total liabilities and total net position of the City's Government-wide financial statements. The impact of GASB Statement No. 68 and No. 71 increased beginning liabilities of fiscal year 2014 by \$202,882,647 (which can be found in Note IV.K). In fiscal year 2015, the Net Pension Liability for the Police and Fire Pensions increased by \$16,731,044, leaving a balance in the amount of \$308,367,422. The Net Pension Liability for the Public Employee Retirement System was decreased by \$6,741,136, leaving a balance of \$4,802,309 in fiscal year 2015.

**VI.D.2 Newly Issued Accounting Pronouncements**

The Governmental Accounting Standards Board has also issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. Management of the City is currently evaluating the impact of these significant new accounting pronouncements.

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The Governmental Accounting Standards Board has also issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for fiscal years beginning after June 15, 2016, and the requirements of this Statement that address financial reporting for assets accumulate for purposes of providing those pensions are effective for fiscal years beginning after June 15, 2015. The requirements of this Statement will improve financial reporting by establishing a single framework for the presentation of information about pensions, which will enhance the comparability of pension-related information reported by employers and nonemployer contributing entities. Management of the City is currently evaluating the impact of these significant new accounting pronouncements.

The Governmental Accounting Standards Board has also issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016. The requirements of this Statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. Management of the City is currently evaluating the impact of these significant new accounting pronouncements.

The Governmental Accounting Standards Board has also issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The requirements of this Statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. Management of the City is currently evaluating the impact of these significant new accounting pronouncements.

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

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

***REQUIRED SUPPLEMENTARY INFORMATION***

CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
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**I. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS**

**Policemen's Pension and Relief Fund (PPRF)**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 3,292,778	\$ 3,209,021
Interest	7,332,999	7,461,048
Differences between expected and actual experience	(1,897,115)	- -
Changes in assumptions	8,006,116	6,439,110
Benefits payments, including refunds of member contributions	<u>(7,035,461)</u>	<u>(6,688,132)</u>
Net change in total pension liability	9,699,317	10,421,047
Total pension liability-beginning	<u>156,881,744</u>	<u>146,460,696</u>
Total pension liability-ending (a)	<u>\$ 166,581,061</u>	<u>\$ 156,881,743</u>
 <b>Plan fiduciary net position</b>		
Contributions-employer	\$ 6,530,016	\$ 6,448,555
Contributions-members	592,173	648,924
Net investment income	766,556	1,415,864
Benefit payments, including refunds of member contributions	(7,035,461)	(6,688,132)
Administrative expenses	(12,349)	(22,264)
Net change in plan fiduciary net position	840,935	1,802,947
Plan fiduciary net position - beginning	<u>15,242,762</u>	<u>13,439,815</u>
Plan fiduciary net position-ending (b)	<u>\$ 16,083,697</u>	<u>\$ 15,242,762</u>
 Net pension liability - ending (a) - (b)	<u>\$ 150,497,364</u>	<u>\$ 141,638,981</u>
 Plan fiduciary net position as a percentage of the total pension liability	9.66%	9.72%
 Covered employee payroll	\$ 7,849,996	\$ 8,257,284
Net pension liability as a percentage of covered employee payroll	1917.16%	1715.32%

Notes to PPRF'S Schedule:

Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

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**I. SCHEDULES OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (CONTINUED)**

**Firemen's Pension and Relief Fund (FPRF)**

	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>		
Service cost	\$ 3,160,914	\$ 3,139,576
Interest	7,516,367	7,715,345
Differences between expected and actual experience	(3,217,247)	- -
Changes in assumptions	8,277,173	6,693,190
Benefits payments, including refunds of member contributions	<u>(6,859,784)</u>	<u>(6,943,758)</u>
Net change in total pension liability	8,877,423	10,604,353
Total pension liability-beginning	<u>162,974,249</u>	<u>152,369,897</u>
Total pension liability-ending (a)	<u>\$ 171,851,672</u>	<u>\$ 162,974,250</u>
<b>Plan fiduciary net position</b>		
Contributions-employer	\$ 6,561,849	\$ 6,735,846
Contributions-members	592,996	603,333
Net investment income	622,444	1,317,995
Benefit payments, including refunds of member contributions	(6,859,784)	(6,943,758)
Administrative expenses	(5,864)	(8,132)
Net change in plan fiduciary net position	911,641	1,705,284
Plan fiduciary net position - beginning	<u>12,976,853</u>	<u>11,271,569</u>
Plan fiduciary net position-ending (b)	<u>\$ 13,888,494</u>	<u>\$ 12,976,853</u>
Net pension liability - ending (a) - (b)	<u>\$ 157,963,178</u>	<u>\$ 149,997,397</u>
Plan fiduciary net position as a percentage of the total pension liability	8.08%	7.96%
Covered employee payroll	\$ 7,364,910	\$ 7,872,875
Net pension liability as a percentage of covered employee payroll	2144.81%	1905.24%

Notes to FPRF'S Schedule:

Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.



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**II. SCHEDULES OF INVESTMENT RETURNS**

**Policemen's Pension and Relief Fund (PPRF)**

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	6.50%	10.65%

**Firemen's Pension and Relief Fund (PRF)**

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.04%	11.17%

Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**III. SCHEDULES OF CONTRIBUTIONS MULTIYEAR**

**Policemen's Pension and Relief Fund (PPRF)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution (a)			
	\$ 8,371,076	\$ 8,290,897	\$ 8,265,968
Employer contribution (b)	4,977,472	4,919,728	4,597,313
State contribution (c)	1,552,544	1,528,827	1,945,867
Contribution deficiency (excess)	<u>1,841,060</u>	<u>1,842,342</u>	<u>1,722,788</u>
Covered payroll (f)	7,849,996	8,257,284	9,149,170
Actual contribution as a percent of covered payroll [(b)+(c)]/f	83%	78%	72%

**Firemen's Pension and Relief Fund (PRF)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution (a)			
	\$ 8,533,617	\$ 8,544,824	\$ 8,644,534
Employer contribution (b)	5,004,065	5,191,340	4,935,630
State contribution (c)	1,557,784	1,544,506	1,958,353
Contribution deficiency (excess)	<u>1,971,768</u>	<u>1,808,978</u>	<u>1,750,551</u>
Covered payroll (f)	7,364,910	7,872,875	8,867,736
Actual contribution as a percent of covered payroll [(b)+(c)]/f	89%	86%	78%

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**NOTES TO SCHEDULES**

*Significant Actuarial Assumptions*

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

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
	<u>6/30/2015</u>	<u>6/30/2015</u>
Valuation Date	Entry Age Normal	Entry Age Normal
Actuarial Cost Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Method	26 Years (Level Percentage)	26 Years (Level Percentage)
Amortization Period	Market Value	Market Value
Actuarial Asset Valuation Method		
Actuarial Assumptions:		
Investment Rate of Return	5.0% per year before 2046, 6.5% thereafter	5.0% per year before 2046, 6.5% thereafter
Projected Salary Increases	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1% thereafter	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1% thereafter
Post Retirement Benefit Increases	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years
Mortality	Active: 85 percent of 1994 Group Annuity Mortality, Post-Retirement: 1994 Group Annuity Mortality, Disabled: 1994 Group Annuity set forward 4 years	

**Public Employees Retirement System cost-sharing multiple-employer plan**

The Municipality of Charleston finances benefits using the Conservation funding policy as defined in state statutes. The Municipality makes contributions to two separate accounts - the Benefit Payment Account and the Accumulation Account. The Benefit Payment Account is used to finance benefits and expenses on a pay-as-you-go basis. Sources to pay current year benefits and expenses include minimum employee contributions of 6.5% of pay, any remaining state premium tax allocation, and employer contributions. The Accumulation Account cannot be used to pay benefits and expenses until assets exceed actuarial liabilities. Contributions to the Accumulation Account include employee contributions of 1.5% of pay and the percentage of premium tax allocation which is projected to fully finance the projected liability in 35 years, since the adoption of the Conservation funding policy in 2011. any remaining state premium tax allocation can be used to finance benefits and expenses during the year. The plan is closed to new members as of the adoption of the Conversation funding policy.

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**I. SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (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	0.00%	\$ 31,068,215	256.4%
7/1/10	--	75,615,299	75,615,299	0.00%	31,448,512	240.4%
7/1/11	--	60,679,215	60,679,215	0.00%	29,494,443	205.7%
7/1/12	--	73,958,600	73,958,600	0.00%	30,674,221	241.1%
7/1/13	--	85,737,794	85,737,794	0.00%	30,511,701	281.0%
7/1/14	--	126,087,701	126,087,701	0.00%	29,462,803	428.0%

**II. SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS**

Fiscal Year	Annual Required Contribution	Employer Contributions	Percent Contributed
2009	\$ 5,263,104	\$ 3,058,157	58.1%
2010	5,828,921	2,840,938	48.7%
2011	5,325,615	2,836,898	53.3%
2012	5,315,345	4,104,850	77.2%
2013	6,457,372	4,587,248	71.0%
2014	7,499,563	3,898,088	52.0%
2015	10,870,547	3,797,037	34.9%

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2015**

**Public Employees Retirement System**  
 Last 10 Fiscal Years\*

	<u>2014</u>	<u>2013</u>
Government's proportion of the net pension liability (asset) (percentage)	1.301165%	1.266242%
Government's proportionate share of the net pension liability (asset)	\$ 4,802,144	\$ 11,543,445
Government's covered-employee payroll	\$ 18,084,241	\$ 17,506,391
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	26.55%	65.94%
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%

\* - The amounts presented for each fiscal year were determined as of June 30, 2014  
 Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF GOVERNMENT CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2015**

**Public Employees Retirement System  
Last 10 Fiscal Years**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Contractually required contribution	\$ 2,456,565	\$ 2,526,476	\$ 2,372,689	\$ 2,399,128	\$ 2,046,007	\$ 1,799,608	\$ 1,675,990	\$ 1,600,134	\$ 1,522,933	\$ 1,408,585
Contributions in relation to the contractually required contribution	<u>(2,456,565)</u>	<u>(2,526,476)</u>	<u>(2,372,689)</u>	<u>(2,399,128)</u>	<u>(2,046,007)</u>	<u>(1,799,608)</u>	<u>(1,675,990)</u>	<u>(1,600,134)</u>	<u>(1,522,933)</u>	<u>(1,408,585)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered-employee payroll	<u>\$ **</u>	<u>\$ 18,084,241</u>	<u>\$ 17,506,391</u>	<u>\$ **</u>	<u>\$ **</u>	<u>\$ **</u>	<u>\$ **</u>	<u>\$ **</u>	<u>\$ **</u>	<u>\$ **</u>
Plan fiduciary net position as a percentage of the total pension liability	**	13.97%	13.55%	**	**	**	**	**	**	**

\*\* Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2015**

**Municipal Police Officers and Firefighters Retirement System**  
Last 10 Fiscal Years\*

**Police Officers Retirement System**

	<u>2014</u>	<u>2013</u>
Government's proportion of the net pension liability (asset) (percentage)	21.403699%	19.176794%
Government's proportionate share of the net pension liability (asset)	\$ 145,331	\$ 50,819
Government's covered-employee payroll	\$ 392,330	\$ 185,248
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.04%	27.43%
Plan fiduciary net position as a percentage of the total pension liability	230.08%	200.40%

\* - The amounts presented for each fiscal year were determined as of June 30, 2014  
Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**Firefighters Retirement System**

	<u>2014</u>	<u>2013</u>
Government's proportion of the net pension liability (asset) (percentage)	16.780704%	5.739737%
Government's proportionate share of the net pension liability (asset)	\$ 113,941	\$ 15,210
Government's covered-employee payroll	\$ 307,590	\$ 55,446
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.04%	27.43%
Plan fiduciary net position as a percentage of the total pension liability	230.08%	200.40%

\* - The amounts presented for each fiscal year were determined as of June 30, 2014  
Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2015**

**Public Employees Retirement System**  
Last 10 Fiscal Years

**Police Officers Retirement System**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 53,295	\$ 59,623	\$ 28,547	\$ 17,434
Contributions in relation to the contractually required contribution	<u>(53,295)</u>	<u>(59,623)</u>	<u>(28,547)</u>	<u>(17,434)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered-employee payroll	\$ **	\$ 392,330	\$ 185,248	\$ **
Plan fiduciary net position as a percentage of the total pension liability	**	15.20%	15.41%	**

\*\* Only four years are presented due to the availability of the information in the application of the reporting requirements prospectively.

**Firefighters Retirement System**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 55,174	\$ 46,744	\$ 8,544	\$ --
Contributions in relation to the contractually required contribution	<u>(55,174)</u>	<u>(46,744)</u>	<u>(8,544)</u>	<u>--</u>
Government's covered-employee payroll	\$ **	\$ 307,590	\$ 55,446	\$ **
Plan fiduciary net position as a percentage of the total pension liability	**	15.20%	15.41%	**

\*\* Only two years are presented due to the availability of the information in the application of the reporting requirements prospectively.

***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, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>					
<b>Assets:</b>					
<b>Current:</b>					
Cash and cash equivalents	\$ 782,186	\$ 6,452,169	\$ --	\$ 307,417	\$ 7,541,772
Investments	2,752,169	--	--	1,939,851	4,692,020
Receivables:					
Accounts	524,403	153,400	--	--	677,803
Grants	323,924	--	--	--	323,924
Loans	247,643	--	--	--	247,643
Accrued interest	--	--	--	2,686	2,686
Due from:					
Other funds	65,519	146,454	--	1,600	213,573
Component units	30,300	--	--	--	30,300
Restricted cash	<u>112,052</u>	<u>--</u>	<u>7</u>	<u>--</u>	<u>112,059</u>
 Total assets	 <u>\$ 4,838,196</u>	 <u>\$ 6,752,023</u>	 <u>\$ 7</u>	 <u>\$ 2,251,554</u>	 <u>\$ 13,841,780</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	258,732	735,479	--	--	994,211
Refunds payable	--	--	--	--	--
Due to:					
Other funds	326,586	17,485	--	--	344,071
Other liabilities:					
Grant advances	<u>301,568</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>301,568</u>
 Total liabilities	 <u>886,886</u>	 <u>752,964</u>	 <u>--</u>	 <u>--</u>	 <u>1,639,850</u>
<b>Fund balances:</b>					
Reserved for:					
Nonspendable	--	--	--	1,225,195	1,225,195
Restricted	3,352,368	73,660	7	1,026,359	4,452,394
Committed	606,664	5,925,399	--	--	6,532,063
Unassigned	<u>(7,722)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(7,722)</u>
 Total fund balances	 <u>3,951,310</u>	 <u>5,999,059</u>	 <u>7</u>	 <u>2,251,554</u>	 <u>12,201,930</u>
 Total liabilities and fund balances	 <u>\$ 4,838,196</u>	 <u>\$ 6,752,023</u>	 <u>\$ 7</u>	 <u>\$ 2,251,554</u>	 <u>\$ 13,841,780</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, 2015

	Special Revenue	Capital Projects	Debt Service	Permanent	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Intergovernmental:					
Federal	\$ 1,028,231	\$ --	\$ --	\$ --	\$ 1,028,231
State	54,381	--	--	--	54,381
Local	103,915	--	--	--	103,915
Charges for services	4,047,889	18,667	--	--	4,066,556
Fines and forfeits	597,295	--	--	--	597,295
Interest earnings	15,379	19,653	4,989	34,829	74,850
Reimbursements	--	198,673	--	--	198,673
Contributions and donations	500	162,163	--	--	162,663
Miscellaneous	16,277	--	--	--	16,277
	<u>5,863,867</u>	<u>399,156</u>	<u>4,989</u>	<u>34,829</u>	<u>6,302,841</u>
<b>EXPENDITURES</b>					
Current:					
General government	92,962	--	--	--	92,962
Public safety	1,185,594	--	--	--	1,185,594
Streets and transportation	1,736	--	--	--	1,736
Health and sanitation	1,089,521	--	--	--	1,089,521
Culture and recreation	18,103	--	--	--	18,103
Social services	--	--	--	31,350	31,350
Capital projects	--	3,395,194	--	--	3,395,194
Economic development	156,006	--	--	--	156,006
Debt service:					
Principal	--	--	220,000	--	220,000
Interest	--	--	110,000	--	110,000
	<u>2,543,922</u>	<u>3,395,194</u>	<u>330,000</u>	<u>31,350</u>	<u>6,300,466</u>
Excess (deficiency) of revenues over expenditures	3,319,945	( 2,996,038)	( 325,011)	3,479	2,375
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	38,053	3,580,663	325,011	16,500	3,960,227
Transfers (out)	( 3,188,810)	( 193,345)	--	--	( 3,382,155)
	<u>( 3,150,757)</u>	<u>3,387,318</u>	<u>325,011</u>	<u>16,500</u>	<u>578,072</u>
Net change in fund balance	169,188	391,280	--	19,979	580,447
Fund balances - beginning	<u>3,782,122</u>	<u>5,607,779</u>	<u>7</u>	<u>2,231,575</u>	<u>11,621,483</u>
Fund balances - ending	<u>\$ 3,951,310</u>	<u>\$ 5,999,059</u>	<u>\$ 7</u>	<u>\$ 2,251,554</u>	<u>\$ 12,201,930</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.

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

***FEMA-WV Flood Mitigation Fund*** This fund was established to account for federal grants received from the U.S. Environmental Protection Agency for a three-year period to inventory sites either perceived to be contaminated.

***Homeland Security Assistance to Firefighters Grant Fund*** This fund was established to account for federal grants received from the U.S. Department of Homeland Security passed through the state Secretary of Military Affairs and Public Safety to purchase face pieces, fit tests, and other authorized equipment purchases for the Charleston Fire Department.

***Homeland Security Grant Fund*** This fund was established to account for federal grants received from the U.S. Department of Homeland Security, Federal Emergency Management Agency (FEMA) to account for purchase of First

***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.

***Public Arts Grant Fund*** This fund was established to account for grant monies from the National Endowment for the Arts and private contributions to support a series of cultural planning activities to strengthen the role of public art in

# CITY OF CHARLESTON, WEST VIRGINIA

## SPECIAL REVENUE FUNDS (Continued)

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

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

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

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

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

***U.S. Small Business Administration Fund*** This fund accounts for federal grants received from the U.S. Small Business Administration under a grant/cooperative agreement and private contributions for the City of Charleston, WV Riverfront Park (Haddad Park).

***Project West Invest*** This fund is designed to promote and provide incentives for Charleston police officers to live in Charleston's West Side to create a catalyst for positive change.

***Safe Routes to School Program.*** 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.

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 June 30, 2015

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Homeland Security Assistance	Homeland Security Grant	Human Rights	Municipal Beautification	Municipal Court	Police & Fire Donations
<b>ASSETS</b>									
<b>Assets:</b>									
<b>Current:</b>									
Cash and cash equivalents	\$ 91,465	\$ 19,446	\$ 44,006	\$ 77	\$ --	\$ 176,848	\$ 30,948	\$ 185,832	\$ 22,511
Investments	--	--	--	--	--	--	--	--	--
Receivables:									
Accounts	--	30,613	--	--	--	--	--	57,133	--
Grants	--	--	--	--	209,589	--	--	--	--
Loans	--	--	--	--	--	--	--	--	--
Due from:									
Other funds	21,688	2,658	--	--	5,652	--	--	--	--
Component units	--	--	--	--	--	--	--	--	--
Restricted cash	--	--	--	--	--	--	--	--	--
<b>Total assets</b>	<b>\$ 113,153</b>	<b>\$ 52,717</b>	<b>\$ 44,006</b>	<b>\$ 77</b>	<b>\$ 215,241</b>	<b>\$ 176,848</b>	<b>\$ 30,948</b>	<b>\$ 242,965</b>	<b>\$ 22,511</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	18,409	11,787	--	--	83,985	--	--	32,348	--
Due to:									
Other funds	--	29,694	--	--	9,914	--	--	93,952	--
Other liabilities:									
Grant advances	--	18,958	--	77	121,342	161,191	--	--	--
<b>Total liabilities</b>	<b>18,409</b>	<b>60,439</b>	<b>--</b>	<b>77</b>	<b>215,241</b>	<b>161,191</b>	<b>--</b>	<b>126,300</b>	<b>--</b>
<b>Fund balances:</b>									
Restricted	94,744	--	44,006	--	--	15,657	--	116,665	--
Committed	--	--	--	--	--	--	30,948	--	22,511
Unassigned	--	(7,722)	--	--	--	--	--	--	--
<b>Total fund balances</b>	<b>94,744</b>	<b>(7,722)</b>	<b>44,006</b>	<b>--</b>	<b>--</b>	<b>15,657</b>	<b>30,948</b>	<b>116,665</b>	<b>22,511</b>
<b>Total liabilities and fund balances</b>	<b>\$ 113,153</b>	<b>\$ 52,717</b>	<b>\$ 44,006</b>	<b>\$ 77</b>	<b>\$ 215,241</b>	<b>\$ 176,848</b>	<b>\$ 30,948</b>	<b>\$ 242,965</b>	<b>\$ 22,511</b>

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 June 30, 2015

Police Grants	Public Arts Grant	Rail Trail Project	Rental Rehabilitation	Solid Waste	Special Demolition	Supportive Housing	U.S. Small Business Administration	Project West Invest	Historic Preservation	Safe Routes to School Program	Total Nonmajor Special Revenue Funds
\$ 29,612	\$ 48,160	\$ --	\$ --	\$ 99,345	\$ 16,839	\$ --	\$ 17,050	\$ 47	\$ --	\$ --	\$ 782,186
--	--	--	--	2,752,169	--	--	--	--	--	--	2,752,169
119,499	--	--	--	317,158	--	--	--	--	--	--	524,403
--	--	84,381	--	--	--	11,851	--	--	--	18,103	323,924
--	--	--	150,143	--	--	--	--	97,500	--	--	247,643
21,023	--	14,498	--	--	--	--	--	--	--	--	65,519
--	--	--	--	30,300	--	--	--	--	--	--	30,300
--	--	--	--	112,052	--	--	--	--	--	--	112,052
<u>\$ 170,134</u>	<u>\$ 48,160</u>	<u>\$ 98,879</u>	<u>\$ 150,143</u>	<u>\$ 3,311,024</u>	<u>\$ 16,839</u>	<u>\$ 11,851</u>	<u>\$ 17,050</u>	<u>\$ 97,547</u>	<u>\$ --</u>	<u>\$ 18,103</u>	<u>\$ 4,838,196</u>
35,284	--	14,498	--	50,570	--	11,851	--	--	--	--	258,732
98,025	--	76,898	--	--	--	--	--	--	--	18,103	326,586
--	--	--	--	--	--	--	--	--	--	--	301,568
<u>133,309</u>	<u>--</u>	<u>91,396</u>	<u>--</u>	<u>50,570</u>	<u>--</u>	<u>11,851</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>18,103</u>	<u>886,886</u>
36,825	48,160	7,483	--	2,874,231	--	--	17,050	97,547	--	--	3,352,368
--	--	--	150,143	386,223	16,839	--	--	--	--	--	606,664
--	--	--	--	--	--	--	--	--	--	--	(7,722)
<u>36,825</u>	<u>48,160</u>	<u>7,483</u>	<u>150,143</u>	<u>3,260,454</u>	<u>16,839</u>	<u>--</u>	<u>17,050</u>	<u>97,547</u>	<u>--</u>	<u>--</u>	<u>3,951,310</u>
<u>\$ 170,134</u>	<u>\$ 48,160</u>	<u>\$ 98,879</u>	<u>\$ 150,143</u>	<u>\$ 3,311,024</u>	<u>\$ 16,839</u>	<u>\$ 11,851</u>	<u>\$ 17,050</u>	<u>\$ 97,547</u>	<u>\$ --</u>	<u>\$ 18,103</u>	<u>\$ 4,838,196</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, 2015

	Asset Forfeiture and Reimbursement	Byrne Justice Assistance Grant	Charleston Land Trust Commission	Homeland Security Assistance	Homeland Security Grant	Human Rights	Municipal Beautification	Municipal Court	Police & Fire Donations
<b>REVENUES</b>									
Intergovernmental:									
Federal	\$ --	\$ 254,320	\$ --	\$ 2,573	\$ 88,585	\$ --	\$ --	\$ --	\$ --
State	--	--	--	--	--	--	--	--	--
Local	--	--	--	--	--	--	--	--	--
Charges for services	--	--	--	--	--	--	1,310	--	--
Fines and forfeits	165,792	--	--	--	--	--	--	431,503	--
Interest and investment earnings	448	--	154	--	--	--	108	--	79
Contributions and donations	--	--	--	--	--	--	--	--	500
Miscellaneous	--	--	--	--	--	--	--	--	--
Total revenues	<u>166,240</u>	<u>254,320</u>	<u>154</u>	<u>2,573</u>	<u>88,585</u>	<u>--</u>	<u>1,418</u>	<u>431,503</u>	<u>579</u>
<b>EXPENDITURES</b>									
Current:									
General government	--	--	--	--	--	--	--	92,962	--
Public safety	230,898	262,042	--	32,448	88,585	--	--	--	955
Streets and transportation	--	--	--	--	--	--	1,736	--	--
Health and sanitation	--	--	--	--	--	--	--	--	--
Culture and recreation	--	--	--	--	--	--	--	--	--
Economic development	--	--	531	--	--	--	--	--	--
Total expenditures	<u>230,898</u>	<u>262,042</u>	<u>531</u>	<u>32,448</u>	<u>88,585</u>	<u>--</u>	<u>1,736</u>	<u>92,962</u>	<u>955</u>
Excess (deficiency) of revenues over expenditures	( 64,658)	( 7,722)	( 377)	( 29,875)	--	--	( 318)	338,541	( 376)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	--	--	--	29,875	--	--	--	--	--
Transfers (out)	--	--	--	--	--	--	--	( 338,810)	--
Net change in fund balance	( 64,658)	( 7,722)	( 377)	--	--	--	( 318)	( 269)	( 376)
Fund balances - beginning	<u>159,402</u>	<u>--</u>	<u>44,383</u>	<u>--</u>	<u>--</u>	<u>15,657</u>	<u>31,266</u>	<u>116,934</u>	<u>22,887</u>
Fund balances - ending	<u>\$ 94,744</u>	<u>\$ ( 7,722)</u>	<u>\$ 44,006</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,657</u>	<u>\$ 30,948</u>	<u>\$ 116,665</u>	<u>\$ 22,511</u>



CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR SPECIAL REVENUE FUNDS (CONTINUED)  
 For the Fiscal Year Ended June 30, 2015

Police Grants	Public Arts Grant	Rail Trail Project	Rental Rehabilitation	Solid Waste	Special Demolition	Supportive Housing	U.S. Small Business Administration	Project West Invest	Historic Preservation	Safe Routes to School Program	Total Nonmajor Special Revenue Funds
\$ 566,751	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 83,899	\$ --	\$ --	\$ 14,000	\$ 18,103	\$ 1,028,231
--	--	54,381	--	--	--	--	--	--	--	--	54,381
3,915	--	--	--	--	--	--	--	100,000	--	--	103,915
--	--	--	--	4,046,579	--	--	--	--	--	--	4,047,889
--	--	--	--	--	--	--	--	--	--	--	597,295
--	--	--	--	14,364	179	--	--	47	--	--	15,379
--	--	--	--	--	--	--	--	--	--	--	500
--	--	--	--	--	16,277	--	--	--	--	--	16,277
<u>570,666</u>	<u>--</u>	<u>54,381</u>	<u>--</u>	<u>4,060,943</u>	<u>16,456</u>	<u>83,899</u>	<u>--</u>	<u>100,047</u>	<u>14,000</u>	<u>18,103</u>	<u>5,863,867</u>
--	--	--	--	--	--	--	--	--	--	--	92,962
570,666	--	--	--	--	--	--	--	--	--	--	1,185,594
--	--	--	--	--	--	--	--	--	--	--	1,736
--	--	--	--	1,089,521	--	--	--	--	--	--	1,089,521
--	--	--	--	--	--	--	--	--	--	18,103	18,103
--	--	51,648	--	--	--	83,899	3,428	2,500	14,000	--	156,006
<u>570,666</u>	<u>--</u>	<u>51,648</u>	<u>--</u>	<u>1,089,521</u>	<u>--</u>	<u>83,899</u>	<u>3,428</u>	<u>2,500</u>	<u>14,000</u>	<u>18,103</u>	<u>2,543,922</u>
--	--	2,733	--	2,971,422	16,456	--	( 3,428)	97,547	--	--	3,319,945
--	--	4,750	--	--	--	--	3,428	--	--	--	38,053
--	--	--	--	( 2,800,000)	( 50,000)	--	--	--	--	--	( 3,188,810)
--	--	7,483	--	171,422	( 33,544)	--	--	97,547	--	--	169,188
<u>36,825</u>	<u>48,160</u>	<u>--</u>	<u>150,143</u>	<u>3,089,032</u>	<u>50,383</u>	<u>--</u>	<u>17,050</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,782,122</u>
<u>\$ 36,825</u>	<u>\$ 48,160</u>	<u>\$ 7,483</u>	<u>\$ 150,143</u>	<u>\$ 3,260,454</u>	<u>\$ 16,839</u>	<u>\$ --</u>	<u>\$ 17,050</u>	<u>\$ 97,547</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,951,310</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.

***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.

***Convention & Civic Center Expansion/Renovation Project*** This City Council established fund is to account for capital improvement associated with the Charleston Convention and Civic Center Project to be financed with city sales and use tax revenue.

***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, 2015

	<u>Ball Park</u>	<u>Bridge</u>	<u>City Service</u>	<u>Civic Center</u>	<u>Convention</u>
	<u>Maintenance</u>	<u>Bridge</u>	<u>Fee Project</u>	<u>Capital</u>	<u>Civic Center</u>
				<u>Improvements</u>	<u>Project</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>					
<b>Assets:</b>					
Current:					
Cash and cash equivalents	\$ 73,660	\$ 110	\$ 452,831	\$ 349,623	\$ --
Receivables:					
Accounts	--	--	--	--	--
Due from:					
Other funds	--	--	131,478	--	14,976
	<u>73,660</u>	<u>110</u>	<u>584,309</u>	<u>349,623</u>	<u>14,976</u>
Total assets	<u>\$ 73,660</u>	<u>\$ 110</u>	<u>\$ 584,309</u>	<u>\$ 349,623</u>	<u>\$ 14,976</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ --	\$ --	\$ 584,309	\$ --	\$ 14,976
Due to:					
Other funds	--	--	--	12,735	--
	<u>--</u>	<u>--</u>	<u>584,309</u>	<u>12,735</u>	<u>14,976</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>584,309</u>	<u>12,735</u>	<u>14,976</u>
<b>FUND BALANCES</b>					
Reserved for:					
Restricted	73,660	--	--	--	--
Committed	--	110	--	336,888	--
	<u>73,660</u>	<u>110</u>	<u>--</u>	<u>336,888</u>	<u>--</u>
Total fund balances	<u>73,660</u>	<u>110</u>	<u>--</u>	<u>336,888</u>	<u>--</u>
Total liabilities and fund balances	<u>\$ 73,660</u>	<u>\$ 110</u>	<u>\$ 584,309</u>	<u>\$ 349,623</u>	<u>\$ 14,976</u>

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)  
 June 30, 2015

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
\$ 3,827,286	\$ 1,484,861	\$ 145,668	\$ 105,293	\$ 3,065	\$ 9,772	\$ 6,452,169
150,000	3,400	--	--	--	--	153,400
--	--	--	--	--	--	146,454
<u>\$ 3,977,286</u>	<u>\$ 1,488,261</u>	<u>\$ 145,668</u>	<u>\$ 105,293</u>	<u>\$ 3,065</u>	<u>\$ 9,772</u>	<u>\$ 6,752,023</u>
\$ 26,219	\$ 109,975	\$ --	\$ --	\$ --	\$ --	\$ 735,479
4,750	--	--	--	--	--	17,485
<u>30,969</u>	<u>109,975</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>752,964</u>
--	--	--	--	--	--	73,660
<u>3,946,317</u>	<u>1,378,286</u>	<u>145,668</u>	<u>105,293</u>	<u>3,065</u>	<u>9,772</u>	<u>5,925,399</u>
<u>3,946,317</u>	<u>1,378,286</u>	<u>145,668</u>	<u>105,293</u>	<u>3,065</u>	<u>9,772</u>	<u>5,999,059</u>
<u>\$ 3,977,286</u>	<u>\$ 1,488,261</u>	<u>\$ 145,668</u>	<u>\$ 105,293</u>	<u>\$ 3,065</u>	<u>\$ 9,772</u>	<u>\$ 6,752,023</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, 2015

	<u>Ball Park Maintenance</u>	<u>Bridge</u>	<u>City Service Fee Project</u>	<u>Civic Center Capital Improvements</u>	<u>Convention Civic Center Project</u>
<b>REVENUES</b>					
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --
Interest and investment earnings	189	--	572	1,091	--
Reimbursements	--	--	195,273	--	--
Contributions and donations	--	--	--	3,000	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	189	--	195,845	4,091	--
<b>EXPENDITURES</b>					
Capital projects	--	--	1,420,519	--	1,061,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	--	--	1,420,519	--	1,061,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	189	--	( 1,224,674)	4,091	( 1,061,832)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	25,000	--	1,224,674	104,157	1,061,832
Transfers (out)	--	--	--	( 61,974)	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	25,000	--	1,224,674	42,183	1,061,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	25,189	--	--	46,274	--
Fund balances - beginning	48,471	110	--	290,614	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ <u>73,660</u>	\$ <u>110</u>	\$ <u>--</u>	\$ <u>336,888</u>	\$ <u>--</u>

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR CAPITAL PROJECTS FUNDS (CONTINUED)

For the Fiscal Year Ended June 30, 2015

Facilities Maintenance Fund	General Maintenance	Infrastructure	Municipal Auditorium Capital Improvements	Soccer Field	South Side Recreation	Total Nonmajor Capital Projects Funds
\$ --	\$ --	\$ --	\$ 18,667	\$ --	\$ --	\$ 18,667
13,655	3,139	508	454	11	34	19,653
--	3,400	--	--	--	--	198,673
150,000	9,163	--	--	--	--	162,163
<u>163,655</u>	<u>15,702</u>	<u>508</u>	<u>19,121</u>	<u>11</u>	<u>34</u>	<u>399,156</u>
742,331	170,512	--	--	--	--	3,395,194
<u>742,331</u>	<u>170,512</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,395,194</u>
( 578,676)	( 154,810)	508	19,121	11	34	( 2,996,038)
450,000	715,000	--	--	--	--	3,580,663
( 87,085)	( 363)	--	( 43,923)	--	--	( 193,345)
<u>362,915</u>	<u>714,637</u>	<u>--</u>	<u>( 43,923)</u>	<u>--</u>	<u>--</u>	<u>3,387,318</u>
( 215,761)	559,827	508	( 24,802)	11	34	391,280
<u>4,162,078</u>	<u>818,459</u>	<u>145,160</u>	<u>130,095</u>	<u>3,054</u>	<u>9,738</u>	<u>5,607,779</u>
\$ <u>3,946,317</u>	\$ <u>1,378,286</u>	\$ <u>145,668</u>	\$ <u>105,293</u>	\$ <u>3,065</u>	\$ <u>9,772</u>	\$ <u>5,999,059</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 and for governmental revenue bonds debt principal and interest from specified revenues. The City currently has no general obligation bonds outstanding.

CITY OF CHARLESTON, WEST VIRGINIA  
BALANCE SHEET - NONMAJOR DEBT SERVICE FUND  
June 30, 2015

	<u>Debt Service Sinking Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets</b>	
Current:	
Restricted cash	\$ <u>7</u>
Total assets	\$ <u><u>7</u></u>
<b>LIABILITIES FUND BALANCE</b>	
<b>FUND BALANCE</b>	
Reserved for:	
Restricted	\$ <u>7</u>
Total fund balances	<u>7</u>
Total liabilities and fund balance	\$ <u><u>7</u></u>



CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR DEBT SERVICE FUNDS  
For the Fiscal Year Ended June 30, 2015

	Debt Service Sinking Fund
<b>REVENUES</b>	
Interest and investment earnings	\$ 4,989
Total revenues	4,989
<b>EXPENDITURES</b>	
Debt service:	
Principal	220,000
Interest	110,000
Total expenditures	330,000
Deficiency of revenues over expenditures	( 325,011)
<b>OTHER FINANCING SOURCES</b>	
Transfers in	325,011
Total other financing sources	325,011
Net change in fund balance	--
Fund balances - beginning	7
Fund balances - ending	\$ 7

# 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, 2015

Spring Hill  
Cemetery

**ASSETS AND DEFERRED OUTFLOWS**

**Assets:**

Current:

Cash and cash equivalents	\$	307,417
Investments		1,939,851
Receivables:		
Accrued interest		2,686
Due from:		
Other funds		<u>1,600</u>
 Total assets		 <u>2,251,554</u>

Total assets	\$	<u><u>2,251,554</u></u>
--------------	----	-------------------------

**FUND BALANCES**

Reserved for:

Nonspendable	\$	1,225,195
Restricted		<u>1,026,359</u>
 Total fund balances		 <u>2,251,554</u>

Total liabilities, deferred inflows and fund balances	\$	<u><u>2,251,554</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, 2015

	<u>Spring Hill Cemetery</u>
<b>REVENUES</b>	
Interest and investment earnings	\$ <u>34,829</u>
Total revenues	<u>34,829</u>
<b>EXPENDITURES</b>	
Current:	
Social services	<u>31,350</u>
Total expenditures	<u>31,350</u>
Excess of revenues over expenditures	3,479
<b>OTHER FINANCING SOURCES</b>	
Transfers in	<u>16,500</u>
Total other financing sources	<u>16,500</u>
Net change in fund balance	19,979
Fund balances - beginning	<u>2,231,575</u>
Fund balances - ending	\$ <u><u>2,251,554</u></u>

## **CITY OF CHARLESTON, WEST VIRGINIA FIDUCIARY FUND FINANCIAL STATEMENTS**

### ***Pension Trust Funds***

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

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
June 30, 2015

	Pension Trust Funds		Totals
	Policemen's Pension and Relief	Firemen's Pension and Relief	
<b>ASSETS</b>			
Non-pooled cash	\$ 3,328,660	\$ 2,440,114	\$ 5,768,774
Total cash	3,328,660	2,440,114	5,768,774
Investments, at fair value:			
Federal government securities	2,121,125	2,314,699	4,435,824
Certificates of Deposit	1,201,593	704,564	1,906,157
Managed bond funds	1,282,513	--	1,282,513
Managed stock funds	8,135,536	7,504,023	15,639,559
Corporate bonds	--	1,483,138	1,483,138
Total investments	12,740,767	12,006,424	24,747,191
Receivables:			
Interest receivable	14,270	8,242	22,512
Accounts receivable	104,128	103,135	207,263
Total receivables	118,398	111,377	229,775
Total assets	16,187,825	14,557,915	30,745,740
<b>LIABILITIES</b>			
Accounts payable	1,313	--	1,313
Benefits payable	--	566,286	566,286
Due to: other funds	104,128	103,135	207,263
Total liabilities	105,441	669,421	774,862
<b>NET POSITION</b>			
Net position held in trust for pension benefits	\$ 16,082,384	\$ 13,888,494	\$ 29,970,878

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
FIDUCIARY FUNDS  
For the Fiscal Year Ended June 30, 2015

	Pension Trust Funds		Totals
	Policemen's Pension and Relief	Firemen's Pension and Relief	
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 4,977,472	\$ 5,004,065	\$ 9,981,537
Plan members	592,173	592,996	1,185,169
Insurance premium surtax	1,552,544	1,557,784	3,110,328
	<u>7,122,189</u>	<u>7,154,845</u>	<u>14,277,034</u>
Investment income:			
Net increase in fair value of investments	643,434	461,352	1,104,786
Interest and dividends	215,839	224,783	440,622
Less: investment expense	<u>( 92,717)</u>	<u>( 63,691)</u>	<u>( 156,408)</u>
Net investment income	<u>766,556</u>	<u>622,444</u>	<u>1,389,000</u>
Total additions	<u>7,888,745</u>	<u>7,777,289</u>	<u>15,666,034</u>
<b>DEDUCTIONS</b>			
Benefits	6,816,212	6,842,553	13,658,765
Administrative expenses	13,662	5,864	19,526
Refunds of contributions	<u>219,249</u>	<u>17,231</u>	<u>236,480</u>
Total deductions	<u>7,049,123</u>	<u>6,865,648</u>	<u>13,914,771</u>
Change in net assets	839,622	911,641	1,751,263
Net position held in trust for pension benefits:			
Beginning of year	<u>15,242,762</u>	<u>12,976,853</u>	<u>28,219,615</u>
End of year	<u>\$ 16,082,384</u>	<u>\$ 13,888,494</u>	<u>\$ 29,970,878</u>

(1) A schedule of funding progress for each plan is presented in the Required Supplementary Information section of this report.

# 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, 2015

	<u>Civic Center Ticket</u>	<u>Civic Center Promotion</u>	<u>Metro Drug Enforcement Task Force</u>	<u>Pending Forfeiture</u>	<u>Police Asset &amp; Liability</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 389,688	\$ 11,868	\$ 184,107	\$ 1,566,336	\$ 25,805	\$ 2,177,804
Receivables:						
Accounts	--	--	11,631	--	--	11,631
Due from other funds	<u>--</u>	<u>--</u>	<u>47,566</u>	<u>--</u>	<u>--</u>	<u>47,566</u>
 Total assets	 <u>\$ 389,688</u>	 <u>\$ 11,868</u>	 <u>\$ 243,304</u>	 <u>\$ 1,566,336</u>	 <u>\$ 25,805</u>	 <u>\$ 2,237,001</u>
<b>LIABILITIES</b>						
Due to other funds	\$ --	\$ --	\$ 21,688	\$ 31,565	\$ 2,485	\$ 55,738
Refunds payable and others	<u>389,688</u>	<u>11,868</u>	<u>221,616</u>	<u>1,534,771</u>	<u>23,320</u>	<u>2,181,263</u>
 Total liabilities	 <u>\$ 389,688</u>	 <u>\$ 11,868</u>	 <u>\$ 243,304</u>	 <u>\$ 1,566,336</u>	 <u>\$ 25,805</u>	 <u>\$ 2,237,001</u>

**CITY OF CHARLESTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Civic Center Ticket</u>	<u>Civic Center Promotions</u>	<u>Metro Drug Enforcement Task Force</u>	<u>Pending Forfeiture</u>	<u>Police Asset &amp; Liability</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents						
July 1, 2014	\$ 479,123	\$ 4,870	\$ 348,695	\$ 1,368,109	\$ 23,320	\$ 2,224,117
Receivables, July 1, 2014	--	--	6,389	--	--	6,389
Due from other funds, July 1, 2014	--	--	10,023	--	--	10,023
Additions-cash	7,824,307	111,942	634,184	567,175	2,485	9,140,093
Deductions-cash	( 7,913,742)	( 104,944)	( 798,772)	( 368,948)	--	( 9,186,406)
Additions-receivable	--	--	11,631	--	--	11,631
Deductions-receivable	--	--	( 6,389)	--	--	( 6,389)
Additions-due from other funds	--	--	88,555	--	--	88,555
Deductions-due from other funds	--	--	( 51,012)	--	--	( 51,012)
Cash and cash equivalents						
June 30, 2015	389,688	11,868	184,107	1,566,336	25,805	2,177,804
Receivables, June 30, 2015	--	--	11,631	--	--	11,631
Due from other funds,						
June 30, 2015	--	--	47,566	--	--	47,566
Total assets, June 30, 2015	<u>\$ 389,688</u>	<u>\$ 11,868</u>	<u>\$ 243,304</u>	<u>\$ 1,566,336</u>	<u>\$ 25,805</u>	<u>\$ 2,237,001</u>
<b>LIABILITIES</b>						
Refunds payable and others						
July 1, 2014	\$ 479,123	\$ 4,870	\$ 347,047	\$ 1,355,482	\$ 23,320	\$ 2,209,842
Additions	7,824,307	111,942	407,609	356,164	--	8,700,022
Deductions	( 7,913,742)	( 104,944)	( 533,040)	( 176,875)	--	( 8,728,601)
Due to other funds July 1, 2014	--	--	18,060	12,627	--	30,687
Additions	--	--	21,688	31,565	2,485	55,738
Deductions	--	--	( 18,060)	( 12,627)	--	( 30,687)
Refunds payable and others						
June 30, 2015	389,688	11,868	221,616	1,534,771	23,320	2,181,263
Due to other funds June 30, 2015	--	--	21,688	31,565	2,485	55,738
Total liabilities, June 30, 2015	<u>\$ 389,688</u>	<u>\$ 11,868</u>	<u>\$ 243,304</u>	<u>\$ 1,566,336</u>	<u>\$ 25,805</u>	<u>\$ 2,237,001</u>

See Independent Auditor's Report

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

To the Honorable Mayor and Council  
City of Charleston  
Charleston, West Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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 (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 23, 2015.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003 that we consider to be material weaknesses.

## **Compliance and Other Matters**

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

## **City's Response to Findings**

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

## **Purpose of this Report**

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



Charleston, West Virginia  
December 23, 2015

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

To the Honorable Mayor and Council  
City of Charleston  
Charleston, West Virginia

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

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

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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



Charleston, West Virginia  
December 23, 2015

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Program Title	Federal CFDA Number	Pass Thru Agency Number	Total Current Year Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
Direct programs:			
CDBG-Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	N/A	\$ 3,783,750
Supportive Housing Program	14.235	N/A	83,899
HOME Investment Partnerships Program	14.239	N/A	3,789,946
Pass-Through Programs From:			
State of West Virginia Governor's Office of Economic Opportunity:			
Emergency Solutions Grants Program	14.231	S-12-DC-54-001	<u>213,820</u>
<b>Total U.S. Department of Housing and Urban Development</b>			<u>7,871,415</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
Pass-through Programs From:			
West Virginia Department of Military Affairs and Public Safety			
Homeland Security Grant Program	97.067	13-LE-48	1,889
Homeland Security Grant Program	97.067	14-LE-08	8,363
West Virginia Division of Homeland Security and Emergency Management			
Emergency Management Performance Grants	97.042	WV Emergency	<u>103,936</u>
<b>Total U.S. Department of Homeland Security</b>			<u>114,188</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
JAG Program Cluster:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2011 60,637
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2012 58,320
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2013 14,837
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2014 <u>78,138</u>
Total JAG Program Cluster			211,932
Byrne Criminal Justice Innovation Program	16.817	N/A	42,388
Pass-Through Programs From:			
West Virginia Department of Criminal Justice Services			
Crime Victims Assistance	16.575	14-VA-005	31,000
Edward Byrne Memorial Formula Grant Program	16.579	14-JAG-43	40,000
MDENT Task Force	16.579	12-JAG-60/13-JAG-30	<u>75,000</u>
<b>Total U. S. Department of Justice</b>			<u>400,320</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Pass-Through From:			
West Virginia Department of Transportation:			
State and Community Highway Safety	20.600	F14HS-08	150,890
State and Community Highway Safety	20.600	F15HS-08	<u>269,861</u>
<b>Total U.S. Department of Transportation</b>			<u>420,751</u>
<b>FEDERAL HIGHWAY ADMINISTRATION</b>			
Pass-through Programs From:			
State of West Virginia Department of Transportation			
Safe Routes to School	20.205	WV Highways Division	<u>18,103</u>
<b>Total Federal Highway Administration</b>			<u>18,103</u>
<b>EXECUTIVE OFFICE OF THE PRESIDENT - OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			
Pass-Through From:			
Laurel County Fiscal Court			
Appalachia High Intensity Drug Trafficking Areas Program	95.001		<u>128,990</u>
<b>Total U.S. Department of Transportation</b>			<u>128,990</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 8,953,767</u>

The accompanying notes are an integral part of this schedule.

**CITY OF CHARLESTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2015**

**NOTE 1- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2- LOANS OUTSTANDING**

The City had the following loan balances outstanding at June 30, 2015. These loan balances outstanding are also included as federal expenditures presented in this schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Outstanding Amount</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 2,636,610
HOME Investment Partnership Program	14.239	\$ 3,545,018

**NOTE 3 - SUBRECIPIENT DISBURSEMENTS**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Total Expenditures</u>
Edward Byrne Memorial Formula Grant Program	16.579	\$ 75,000
Edward Byrne Memorial Justice Assistance Grant Program	16.738	\$ 211,932
State and Community Highway Safety	20.600	\$ 130,147
Drug Marketing Intervention	16.817	\$ 42,388
Community Development Block Grants/Entitlement Grants	14.218	\$ 208,630



CITY OF CHARLESTON  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?  X  yes   no

Significant deficiency(ies) identified not considered to be material weaknesses?   yes  X  none reported

Noncompliance material to financial statements noted?   yes  X  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?   yes  X  no

Significant deficiency(ies) identified that are not considered to be material weakness(es)?   yes  X  none reported

Type of auditor's report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   yes  X  no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	HOME Investment Partnership Program
20.600	State and Community Highway Safety

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   yes  X  no

CITY OF CHARLESTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

CITY OF CHARLESTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

**2015 - 001 FILE MAINTENANCE AND DOCUMENTATION OF PENSION RECORDS  
- FIREMEN'S PENSION AND RELIEF FUND (FPRF)**

**Criteria:** The records supporting the underlying estimate of pension benefits for all participants both current and retired should be maintained in a manner that provides the appropriate documentation to support benefit calculations and payments.

**Condition:** During our audit procedures over the FPRF, we noted that certain underlying documents could not be located or contained discrepancies in the support of various pension criteria. A similar finding was noted in the prior year audit.

**Context:** From a sample of census data, which included 13 participants, and the review of 4 pension disbursements, we noted the following:

- One instance in which date of birth could not be verified in personnel records.
- One instance in which no personnel file was provided when requested.
- One instance in which date of birth, date of commencement of benefits, and benefit calculation could not be verified in personnel records.
- One instance in which monthly annuity at benefit start date per actuarial census data did not agree with personnel records.
- Two instances in which monthly annuity at benefit start date could not be verified in personnel records.
- One instance in which the pension benefit calculation information included in the personnel file did not have sufficient data to conclude about the accuracy of the calculation.

**Cause:** The City's established procedures to ensure that pension files and all underlying supporting documentation and calculations are maintained in a complete and accurate manner have not sufficiently identified all deficiencies in the documentation.

**Effect:** Without the appropriate and accurate supporting documentation, the FPRF may not be able to provide evidence of compliance with plan provisions including the basis for pension disbursement. In addition, errors may also result in a misstatement of census data used by actuaries and disclosure of pension liabilities.

**Recommendation:** The City should continue to establish enhanced procedures to ensure all pension and personnel documentation are current, accurate, and maintained by the City.

**Management's Response:** *The City agrees that its procedures need to be strengthened to including systemically reviewing the data from the actuarial census versus the personnel files and make changes as appropriate. This review will include retirement date, status, years of service, and salary/wage amounts.*

*Additionally, going forward Human Resources will review data supplied by the Pension Board Secretary used in calculations for new retirements and correct any discrepancies.*

CITY OF CHARLESTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

**2015 - 002 FILE MAINTENANCE AND DOCUMENTATION OF PENSION RECORDS – POLICEMEN’S PENSION AND RELIEF FUND (PPRF)**

**Criteria:** The records supporting the underlying estimate of pension benefits for all participants both current and retired should be maintained in a manner that provides the appropriate documentation to support benefit calculations and payments.

**Condition:** During our audit procedures over the PPRF, we noted that certain underlying documents could not be located or contained discrepancies in the support of various pension criteria. A similar finding was noted in the prior year audit.

**Context:** From a sample of census data, which included 12 participants, and the review of 8 pension disbursements, we noted the following:

- One instance in which years of service per the actuarial census did not agree with personnel files.
- One instance in which the date for the commencement of benefits per the actuarial census did not agree with the personnel files.
- One instance in which the date for the commencement of benefits and the amount of benefits per the actuarial census could not be supported by documentation.
- One instance in which the data maintained in the personnel files for the calculation of benefits was insufficient to determine the accuracy of the benefit amount.
- One instance in which there were multiple dates for the date of hire in the personnel file.
- One instance in which the pension benefit was not distributed to the estate of the deceased participant, or remitted to the State of West Virginia as unclaimed property, as applicable.
- Two instances in which the pension benefits were incorrectly calculated because fractions of a percent were employed.
- Two instances in which the pension benefits were incorrectly calculated because the vacation payout to the participant was included in their salary, resulting in elevated benefit amounts.

**Cause:** The City’s established procedures to ensure that pension files and all underlying supporting documentation and calculations are maintained in a complete and accurate manner have not sufficiently identified all deficiencies in the documentation.

**Effect:** Without the appropriate and accurate supporting documentation, the PPRF may not be able to provide evidence of compliance with plan provisions including the basis for pension disbursement. In addition, errors may also result in a misstatement of census data used by actuaries and disclosure of pension liabilities.

**Recommendation:** The City should continue to establish enhanced procedures to ensure all pension and personnel documentation are current, accurate, and maintained by the City.

**Management’s Response:** *The City agrees that its procedures need to be strengthened to including systemically reviewing the data from the actuarial census versus the personnel files and make changes as appropriate. This review will include retirement date, status, years of service, and salary/wage amounts.*

*Additionally, going forward Human Resources will review data supplied by the Pension Board Secretary used in calculations for new retirements and correct any discrepancies.*

CITY OF CHARLESTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

**2015 - 003 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

<b>Criteria:</b>	OMB Circular A-133 Section 300a states, "The auditee shall prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards (SEFA)." The federal Office of Management and Budget issues instructions on how to prepare this schedule.
<b>Condition:</b>	<p>Our audit determined that the City of Charleston's internal controls are not adequate to ensure the SEFA accurately reports all federal assistance. Our review of the SEFA for fiscal year 2015 identified the following reporting errors:</p> <ul style="list-style-type: none"><li>• The total amount reported on the SEFA was understated by approximately \$5.3 million.</li><li>• Total loans outstanding were understated by approximately \$3.9 million.</li><li>• Total subrecipient disbursements were overstated by approximately \$82 thousand.</li></ul>
<b>Context:</b>	Total federal expenditures for the City of Charleston included on the SEFA were \$8,953,767 for the fiscal year ended June 30, 2015.
<b>Cause:</b>	The City of Charleston has not implemented adequate internal controls to ensure the SEFA is accurate and complete.
<b>Effect:</b>	The City's federal expenditures may be improperly reported and major programs may not be appropriately identified on a timely basis.
<b>Recommendation:</b>	We recommend that the City of Charleston ensure staff responsible for the preparation of the SEFA have the resources needed to do an effective job.
<b>Management's Response:</b>	<i>The City agrees. The City will take the necessary steps to ensure that the SEFA is properly prepared in future years.</i>

CITY OF CHARLESTON  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2015

SECTION III

FEDERAL AWARD FINDINGS  
AND QUESTIONED COSTS SECTION

None

**CITY OF CHARLESTON, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2015**

There were no prior year Single Audit findings.