

Audited Financial Statements

# City of Charleston

Year Ended June 30, 2020

**CITY OF CHARLESTON, WEST VIRGINIA  
TABLE OF CONTENTS  
AUDITED FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|   | <u>Page(s)</u> |
|---|----------------|
| City Officials. . . . .   | 5              |
| Independent Auditor's Report. . . . .   | 6 - 8          |
| Management's Discussion and Analysis . . . . .  | 9 - 20         |
| <br>Basic Financial Statements:   |                |
| <i>Government-wide Financial Statements:</i>  |                |
| Statement of Net Position. . . . .  | 24 - 26        |
| Statement of Activities . . . . .   | 27             |
| <br><i>Fund Financial Statements:</i>   |                |
| Balance Sheet - Governmental Funds. . . . .   | 29             |
| Reconciliation of the Balance Sheet - Governmental Funds to the<br>Statement of Net Position. . . . .   | 30 - 31        |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances - Governmental Funds . . . . .  | 32 - 33        |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in<br>Fund Balances of Governmental Funds to the Statement of Activities. . . . . | 34 - 35        |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance - Budget and Actual (Budgetary Basis) - General Fund . . . . .                       | 36 - 38        |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balance - Budget and Actual - Coal Severance Tax Fund . . . . .                              | 39             |
| Statement of Net Position - Proprietary Funds. . . . .  | 41 - 42        |
| Statement of Revenues, Expenses and Changes in<br>Fund Net Position - Proprietary Funds. . . . .  | 43             |
| Statement of Cash Flows - Proprietary Funds. . . . .  | 44 - 45        |
| Statement of Fiduciary Net Position - Fiduciary Funds. . . . .  | 47             |
| Statement of Changes in Fiduciary Net Position - Fiduciary Funds . . . . .  | 48             |
| <br>Notes to the Financial Statements. . . . .  | <br>49 -109    |
| <br>Required Supplementary Information:   |                |
| <i>Employer Defined Benefit Plans:</i>  |                |
| Schedules of Changes In the Net Pension Liability and Related Ratios . . . . .  | 111 - 112      |
| Schedules of Investment Returns . . . . .   | 113            |
| Schedule of Contributions Multiyear . . . . .   | 113            |
| Notes to Schedules . . . . .  | 114            |

**CITY OF CHARLESTON, WEST VIRGINIA**  
**TABLE OF CONTENTS (continued)**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Page(s)

Other Post-Employment Benefits:

|  |     |
|--|-----|
| Schedules of Changes in Net OPEB Liability ..... | 115 |
| Notes to the Schedules .....                     | 116 |

Other Post-Employment Benefits PEIA:

|   |     |
|---|-----|
| Schedule of the Government's Proportionate Share of the Net Pension Liability ..... | 117 |
| Schedule of Government Contributions .....  | 118 |

Public Employees Retirement System:

|   |     |
|---|-----|
| Schedule of the Government's Proportionate Share of the Net Pension Liability ..... | 119 |
| Schedule of Government Contributions .....  | 120 |

Municipal Police Officers and Firefighters Retirement System:

|   |     |
|---|-----|
| Schedule of the Government's Proportionate Share of the Net Pension Liability ..... | 121 |
| Schedule of Government Contributions .....  | 122 |

Supplementary Information:

Combining Financial Statements and Schedules:

|   |           |
|---|-----------|
| Combining Balance Sheet - Nonmajor Governmental Funds .....   | 125       |
| Combining Statement of Revenues, Expenditures and<br>Changes in Fund Balances - Nonmajor Governmental Funds .....     | 126       |
| Combining Balance Sheet - Nonmajor Special Revenue Funds .....  | 129 - 130 |
| Combining Statement of Revenues, Expenditures and<br>Changes in Fund Balances - Nonmajor Special Revenue Funds .....  | 131 - 133 |
| Combining Balance Sheet - Nonmajor Capital Projects Funds .....   | 135       |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances -<br>Nonmajor Capital Projects Funds ..... | 136       |
| Combining Balance Sheet - Nonmajor Debt Service Fund .....  | 138       |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Nonmajor Debt Service Fund .....       | 139       |
| Combining Balance Sheet - Nonmajor Permanent Funds .....  | 141       |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balance -<br>Nonmajor Permanent Funds .....         | 142       |
| Combining Statement of Fiduciary Net Position - Pension Trust Funds .....   | 144       |
| Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds .....                                  | 145       |
| Combining Statement of Fiduciary Net Position - Agency Funds .....  | 147       |
| Combining Statement of Changes in Assets and Liabilities - Agency Funds .....   | 148       |
| Schedule of State Grant Awards .....  | 149       |

**CITY OF CHARLESTON, WEST VIRGINIA**  
**TABLE OF CONTENTS (continued)**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|   |           |
|---|-----------|
| Independent Auditor's Report on Internal Control over Financial Reporting and<br>on Compliance and Other Matters Based on an Audit of Financial<br>Statements Performed in Accordance with <i>Government Auditing Standards</i> . . . . . | 150 - 151 |
| Independent Auditor's Report on Compliance for Each Major Program<br>and on Internal Control over Compliance<br>Required by the Uniform Guidance. . . . .   | 152 - 153 |
| Schedule of Expenditures of Federal Awards. . . . .   | 154 - 155 |
| Notes to the Schedule of Expenditures of Federal Awards . . . . .   | 156       |
| Schedule of Findings and Questioned Costs . . . . .   | 157 - 160 |
| Summary Schedule of Prior Audit Findings . . . . .  | 161       |
| Corrective Action Plan . . . . .  | 162       |

**CITY OF CHARLESTON, WEST VIRGINIA  
CITY OFFICIALS  
For the Fiscal Year Ended June 30, 2020**

| OFFICE                 | NAME                             | TERM                                |
|------------------------|----------------------------------|-------------------------------------|
| <u>Elective</u>        |                                  |                                     |
| Mayor:                 | Amy Shuler Goodwin               | 1/07/2019-1/02/2023                 |
| Treasurer:             | Victor Grigoraci                 | 1/07/2019-1/02/2023                 |
| Municipal Judge:       | Anne Charnock                    | 1/07/2019-1/02/2023                 |
| <u>Council Members</u> |                                  |                                     |
| At Large               | Ben Adams                        | Ward 8                              |
| At Large               | Becki Ceperley                   | Ward 9                              |
| At Large               | Naomi Bays                       | Ward 10                             |
| At Large               | Jennifer Pharr                   | Ward 11                             |
| At Large               | Caitlin Cook                     | Ward 12                             |
| At Large               | John Kennedy Bailey              | Ward 13                             |
| Ward 1                 | Pat Jones                        | Ward 14                             |
| Ward 2                 | Bobby Haas                       | Ward 15                             |
| Ward 3                 | Chuck Overstreet                 | Ward 16                             |
| Ward 4                 | Tiffany Wesley Plear             | Ward 17                             |
| Ward 5                 | Jeanine Faegre                   | Ward 18                             |
| Ward 6                 | Deanna McKinney                  | Ward 19                             |
| Ward 7                 | Adam Knauff                      | Ward 20                             |
| <u>Appointive</u>      |                                  |                                     |
| City Manager:          | Jonathan Storage                 | Chief of Staff: Matt Sutton         |
| Finance Director:      | Andy Wood                        | City Collector: Lamont Moore        |
| City Clerk:            | Miles Cary                       | City Engineer: Chris Knox           |
| Attorney:              | Kevin Baker                      | Economic &<br>Community Development |
| City Auditor:          | Tia C. Robertson, M.A.F.M., CICA | Director: Larry Malone              |

## 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, 2020, 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 Urban Renewal Authority (CURA) and the Charleston Convention and Visitor's Bureau (CVB), which represents 7 percent of the assets, 15 percent of the net position, and 7 percent of the 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 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.

The Virginia Center  
1411 Virginia Street, East | Suite 100  
Charleston, WV 25301

MAIN (304) 343-4126  
FAX (304) 343-8008

The Rivers Office Park  
200 Star Avenue | Suite 220  
PO Box 149  
Parkersburg, WV 26102

MAIN (304) 485-6584  
FAX (304) 485-0971

The Wharf District  
68 Clay Street | Suite C  
Morgantown, WV 26501

MAIN (304) 554-3371  
FAX (304) 554-3410

suttlecpas.com  
cpa@suttlecpas.com

## **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, 2020, 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.

## **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 9 through 20, the schedules of employer defined benefit plans information on pages 111 through 114, the schedules of other post employment benefit plan information on pages 115 through 116, the schedules of other post-employment benefits PEIA on pages 117 through 118, the schedules of public employees retirement system on pages 119 through 120, and the schedules of municipal police officers and firefighters retirement system on pages 121 through 122 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 (GASB), 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the schedule of state grant 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 and schedule of state grant awards 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 January 26, 2021, 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.

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

Charleston, West Virginia  
January 26, 2021



CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

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, 2020. 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 of Charleston reported total deficit net position of \$498,200,255 in fiscal year 2020 and a deficit net position of \$469,249,194 in fiscal year 2019.

Of the net position in fiscal year 2020, a deficit balance of \$724,930,862 was reported as total unrestricted net position, which includes \$718,828,628 deficit balance in governmental activities and a \$6,102,234 deficit balance in business-type activities. Total net position decreased \$28,951,061 as a result of this year's operations.

Deferred outflows increased by \$14,559,741 in governmental activities and increased by \$637,976 in business-type activities. Deferred inflows decreased by \$1,933,317 in governmental activities and increased by \$170,377 in business-type activities.

The City's governmental activities reported total expenses of \$149,646,539, total revenues of \$126,639,902, and transfers out of \$1,667,977 for a net decrease of \$24,674,614. This net decrease is due to Other Post-Employment Benefits liability.

Business-type activities reported total expenses of \$11,305,589 program revenues of \$4,974,092, general revenues of \$303,138, capital grants and contributions of \$83,935 and transfers in of \$1,667,977 for a net decrease of \$4,276,447.

*Fund Level*

Governmental funds reported a combined fund balance of \$96,462,820, an increase of \$16,120,528 from the prior year as a result of receiving federal funding from the Coronavirus Aid, Relief, and Economic Security Act.

The General Fund reported an unassigned fund balance of \$34,899,232, non-spendable fund balance of \$1,045,727, restricted fund balance of \$2,638,629, committed fund balance of \$35,482,790, and assigned fund balance of \$0, compared to \$25,304,143, \$560,756, \$3,315,251, \$30,352,834, and \$0, respectively, in the prior year.

Total governmental funds reported non-spendable fund balance of \$2,257,736, restricted of \$14,824,114, committed of \$44,481,738, and assigned fund balance of \$0, compared to \$1,959,437, \$14,543,804, \$38,534,908, and \$0, respectively, in the prior year. The total unassigned fund balance for the governmental funds was \$34,899,232, compared to unassigned fund balance of \$25,304,143 in prior year.

*Long-term Debt*

Total bonds and obligations under long-term liabilities at year end were \$81,705,790, a net decrease of \$9,004,647 over the prior year.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

## 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.

*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.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

The government-wide financial statements can be found on pages 23 through 27 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 28 through 39 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 40 through 45 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 46 and 48 of this report.

### **Government-Wide Financial Analysis**

The City's combined net position (governmental and business-type activities) totaled (\$498,200,255) at the end of 2020 and (\$469,249,194) at the end of 2019. The largest portion of the City's net position, \$206,522,560, 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.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

In addition, a portion of the City's net position, \$20,208,047, 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 (\$724,930,862), reflects the City's deficit of remaining assets to remaining liabilities.

**CITY OF CHARLESTON'S NET POSITION**

|                                      | Governmental            |                         | Business-type         |                       | Total                   |                         |
|--------------------------------------|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
|                                      | Activities              |                         | Activities            |                       |                         |                         |
|                                      | 2019                    | 2020                    | 2019                  | 2020                  | 2019                    | 2020                    |
| Current and other assets             | \$ 92,795,416           | \$ 110,957,279          | \$ 8,446,712          | \$ 7,994,605          | \$ 101,242,128          | \$ 118,951,884          |
| Capital assets                       | 102,728,129             | 103,911,303             | 118,232,459           | 114,250,989           | 220,960,588             | 218,162,292             |
| Total assets                         | <u>195,523,545</u>      | <u>214,868,582</u>      | <u>126,679,171</u>    | <u>122,245,594</u>    | <u>322,202,716</u>      | <u>337,114,176</u>      |
| Deferred Outflows of Resources       |                         |                         |                       |                       |                         |                         |
| Pensions                             | 30,648,378              | 26,007,745              | -                     | -                     | 30,648,378              | 26,007,745              |
| OPEB                                 | 19,193,078              | 38,416,087              | 610,094               | 1,267,249             | 19,803,172              | 39,683,336              |
| Loss on refunding of debt            | 22,635                  | -                       | 103,884               | 84,705                | 126,519                 | 84,705                  |
| Total deferred outflows of resources | <u>49,864,091</u>       | <u>64,423,832</u>       | <u>713,978</u>        | <u>1,351,954</u>      | <u>50,578,069</u>       | <u>65,775,786</u>       |
| Long-term liabilities outstanding    | 772,458,167             | 832,036,095             | 12,390,074            | 13,041,608            | 784,848,241             | 845,077,703             |
| Other liabilities                    | 19,055,623              | 19,990,404              | 1,187,981             | 846,916               | 20,243,604              | 20,837,320              |
| Total liabilities                    | <u>791,513,790</u>      | <u>852,026,499</u>      | <u>13,578,055</u>     | <u>13,888,524</u>     | <u>805,091,845</u>      | <u>865,915,023</u>      |
| Deferred Inflows of Resources        |                         |                         |                       |                       |                         |                         |
| OPEB                                 | 28,119,122              | 31,736,911              | 893,080               | 1,045,539             | 29,012,202              | 32,782,450              |
| Unearned Revenue                     | -                       | -                       | 2,300                 | 20,218                | -                       | 20,218                  |
| Pensions                             | 7,923,632               | 2,372,526               | -                     | -                     | 7,923,632               | 2,372,526               |
| Total deferred inflows of resources  | <u>36,042,754</u>       | <u>34,109,437</u>       | <u>895,380</u>        | <u>1,065,757</u>      | <u>36,935,834</u>       | <u>35,175,194</u>       |
| Net Position:                        |                         |                         |                       |                       |                         |                         |
| Net Investment in capital assets     | 91,462,101              | 94,906,656              | 115,097,482           | 111,615,904           | 206,559,583             | 206,522,560             |
| Restricted                           | 16,503,241              | 17,078,450              | 3,418,432             | 3,129,597             | 19,921,673              | 20,208,047              |
| Unrestricted                         | (690,134,250)           | (718,828,628)           | (5,596,200)           | (6,102,234)           | (695,730,450)           | (724,930,862)           |
| Total net position                   | <u>\$ (582,168,908)</u> | <u>\$ (606,843,522)</u> | <u>\$ 112,919,714</u> | <u>\$ 108,643,267</u> | <u>\$ (469,249,194)</u> | <u>\$ (498,200,255)</u> |

**Governmental Activities.** Governmental activities decreased the City of Charleston's net position by \$24,674,614 which is primarily attributable to the implementation of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

As of June 30, 2020, per GASB 68 the net pension liability balance was \$418,659,647 of which \$415,947,736 was attributed to police and fire pension and \$2,711,911 was attributed general government. This was an increase of \$34,434,944 from fiscal year end 2019.

**Business-type Activities.** Total net position of the City's business-type activities decreased \$4,276,447 (4 percent) over prior year. Total operating revenues decreased \$1,070,431 over prior year. The Charleston Coliseum & Convention Center (CCCC) experienced a decrease in operating revenues of \$767,757 and an increase in operating expenses \$2,208,219. The Civic Center Revenues were down during fiscal year 2020 due to the COVID-19 Pandemic. The Parking System experienced a \$302,674 decrease in operating revenues from the prior year. The operating expenses for the Parking System decreased by \$415,125. The CCCC total net position decreased \$3,475,476 and Parking System net position decreased \$800,971.

A Tax Incremental Financing District was established for the CCCC's future expansion and renovation. Collections during 2019 were \$428,446 and in 2020 \$194,980 (54 percent decrease) which is restricted for future bond payments.

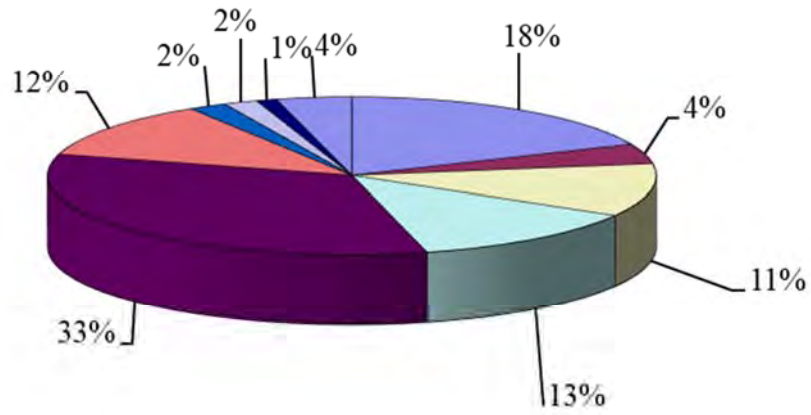
**CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020**

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

|  | Governmental            |                         | Business-type         |                       | Total                   |                         |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-------------------------|-------------------------|
|  | Activities              |                         | Activities            |                       |                         |                         |
|  | 2019                    | 2020                    | 2019                  | 2020                  | 2019                    | 2020                    |
| <b>Revenues:</b>                       |                         |                         |                       |                       |                         |                         |
| <b>Program Revenues:</b>               |                         |                         |                       |                       |                         |                         |
| Charges for Services                   | \$ 23,677,758           | \$ 23,455,764           | \$ 6,044,523          | \$ 4,974,092          | \$ 29,722,281           | \$ 28,429,856           |
| Operating Grants and Contributions     | 5,005,310               | 5,202,517               | -                     | -                     | 5,005,310               | 5,202,517               |
| Capital Grants and Contributions       | 1,426,141               | 13,671,290              | -                     | -                     | 1,426,141               | 13,671,290              |
| <b>General Revenues:</b>               |                         |                         |                       |                       |                         |                         |
| Property Taxes                         | 15,373,413              | 15,974,408              | -                     | -                     | 15,373,413              | 15,974,408              |
| Business and Occupation Taxes          | 43,082,465              | 42,132,390              | -                     | -                     | 43,082,465              | 42,132,390              |
| City sales & use tax                   | 15,547,188              | 14,934,639              | -                     | -                     | 15,547,188              | 14,934,639              |
| Other Taxes                            | 6,959,198               | 6,190,820               | -                     | -                     | 6,959,198               | 6,190,820               |
| Other                                  | 3,586,433               | 5,078,074               | 606,933               | 303,138               | 4,193,366               | 5,381,212               |
| <b>Total Revenues</b>                  | <b>114,657,906</b>      | <b>126,639,902</b>      | <b>6,651,456</b>      | <b>5,277,230</b>      | <b>121,309,362</b>      | <b>131,917,132</b>      |
| <b>Expenses:</b>                       |                         |                         |                       |                       |                         |                         |
| General Government                     | 21,807,049              | 22,515,628              | -                     | -                     | 21,807,049              | 22,515,628              |
| Public Safety                          | 74,448,613              | 99,040,087              | -                     | -                     | 74,448,613              | 99,040,087              |
| Highways & Streets                     | 5,902,128               | 9,674,366               | -                     | -                     | 5,902,128               | 9,674,366               |
| Health & Sanitation                    | 4,844,691               | 5,411,967               | -                     | -                     | 4,844,691               | 5,411,967               |
| Economic Development                   | 1,687,642               | 1,677,478               | -                     | -                     | 1,687,642               | 1,677,478               |
| Culture & Recreation                   | 16,818,240              | 7,101,781               | -                     | -                     | 16,818,240              | 7,101,781               |
| Social Services                        | 879,177                 | 870,085                 | -                     | -                     | 879,177                 | 870,085                 |
| Interest on Long-Term Debt             | 3,518,479               | 3,355,147               | -                     | -                     | 3,518,479               | 3,355,147               |
| Civic Center                           | -                       | -                       | 6,617,072             | 8,801,801             | 6,617,072               | 8,801,801               |
| Parking System                         | -                       | -                       | 2,918,913             | 2,503,788             | 2,918,913               | 2,503,788               |
| <b>Total Expenses</b>                  | <b>129,906,019</b>      | <b>149,646,539</b>      | <b>9,535,985</b>      | <b>11,305,589</b>     | <b>139,442,004</b>      | <b>160,952,128</b>      |
| <b>Increase in Net Position</b>        |                         |                         |                       |                       |                         |                         |
| Before Transfers                       | (15,248,113)            | (23,006,637)            | (2,884,529)           | (6,028,359)           | (18,132,642)            | (29,034,996)            |
| Capital Contributions - Energy Rebates | -                       | -                       | 135,024               | 83,935                | 135,024                 | 83,935                  |
| Transfers                              | (103,578,373)           | (1,667,977)             | 103,578,373           | 1,667,977             | -                       | -                       |
| <b>Increase in Net Position</b>        | <b>(118,826,486)</b>    | <b>(24,674,614)</b>     | <b>100,828,868</b>    | <b>(4,276,447)</b>    | <b>(17,997,618)</b>     | <b>(28,951,061)</b>     |
| <b>Net Position- beginning</b>         | <b>(463,342,422)</b>    | <b>(582,168,908)</b>    | <b>12,090,846</b>     | <b>112,919,714</b>    | <b>(451,251,576)</b>    | <b>(469,249,194)</b>    |
| <b>Net Position- ending</b>            | <b>\$ (582,168,908)</b> | <b>\$ (606,843,522)</b> | <b>\$ 112,919,714</b> | <b>\$ 108,643,267</b> | <b>\$ (469,249,194)</b> | <b>\$ (498,200,255)</b> |

CITY OF CHARLESTON, WEST VIRGINIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2020

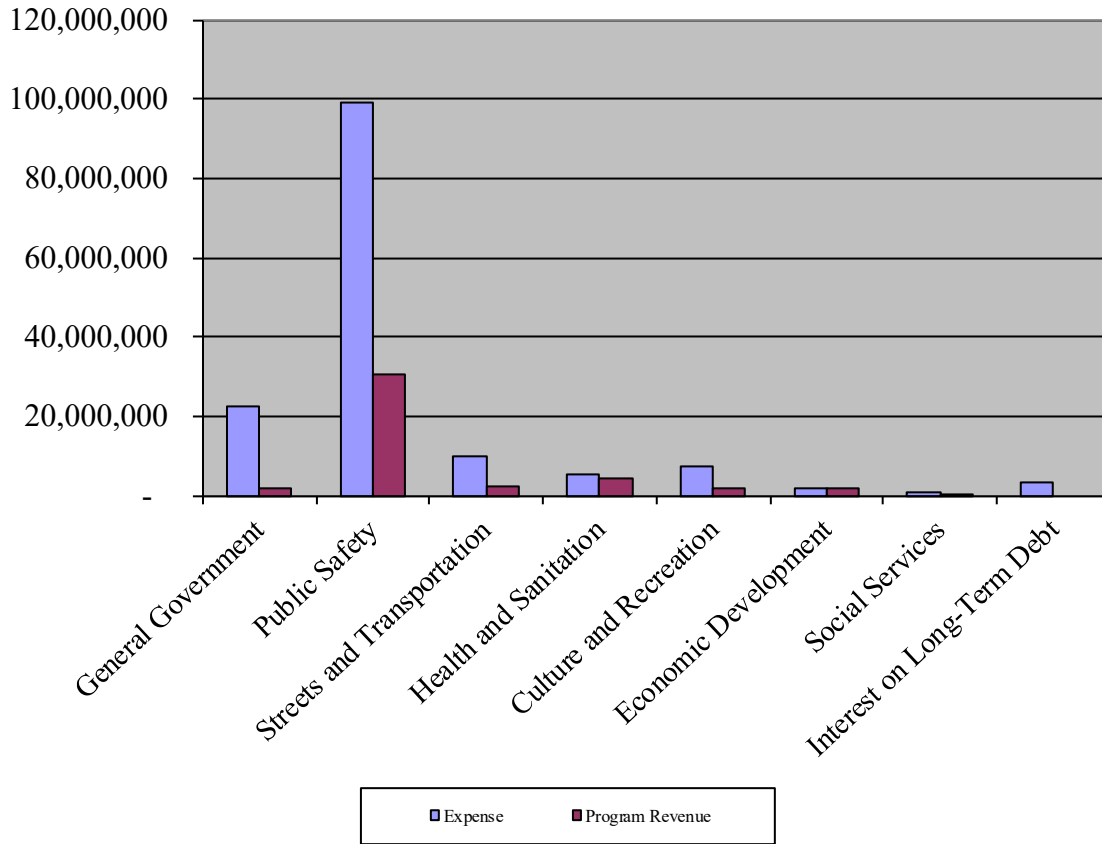
**Revenue by Source-Governmental Activities**



|                          |                                      |                                    |                  |                                 |
|--------------------------|--------------------------------------|------------------------------------|------------------|---------------------------------|
| ■ Charges for Services   | ■ Operating Grants and Contributions | ■ Capital Grants and Contributions | ■ Property Taxes | ■ Business and Occupation Taxes |
| ■ City sales & use taxes | ■ Utility Taxes                      | ■ Hotel/Motel Taxes                | ■ Other Taxes    | ■ Other                         |

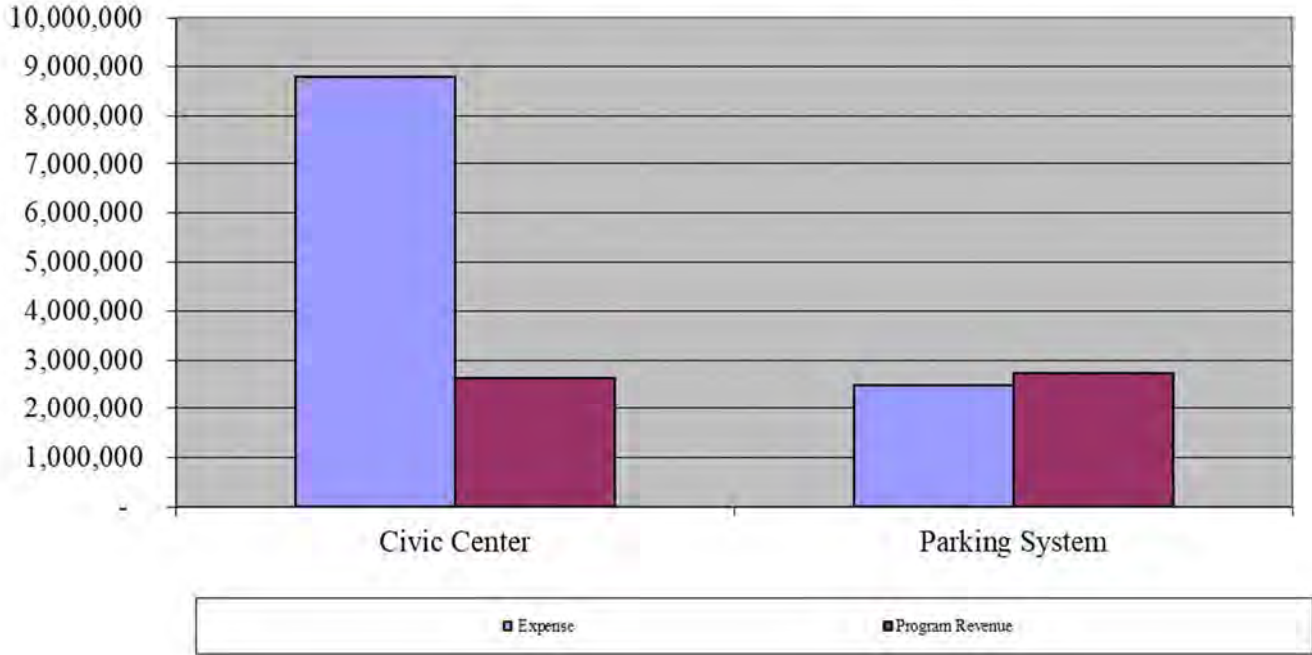
CITY OF CHARLESTON, WEST VIRGINIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2020

**Expenses and Program Revenues-Governmental Activities**

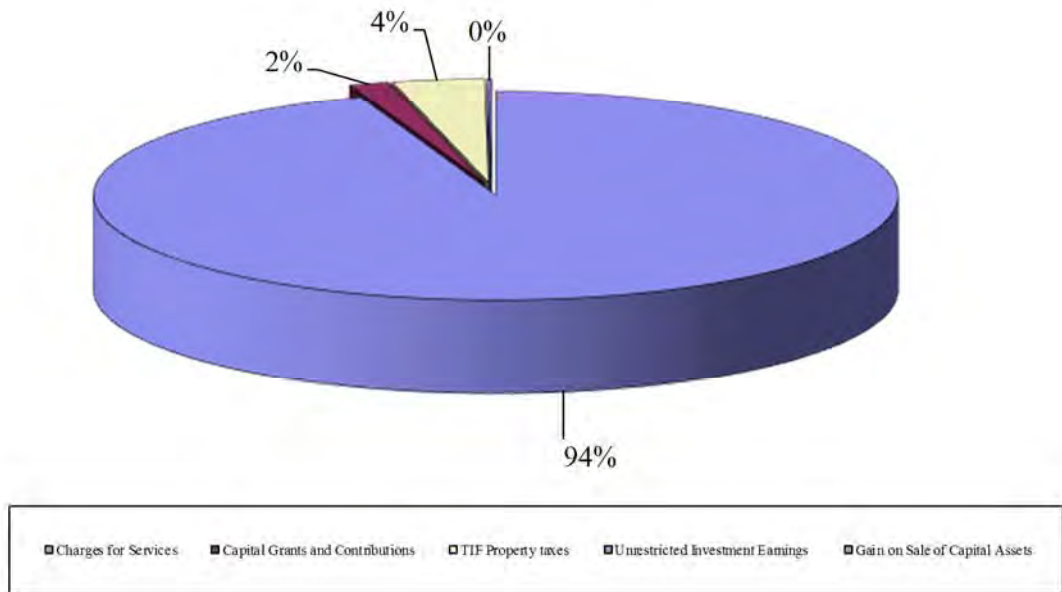


CITY OF CHARLESTON, WEST VIRGINIA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Fiscal Year Ended June 30, 2020

**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, 2020

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

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

**Governmental funds.** The focus of the City of Charleston's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the government's financing requirements. In particular, 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 of Charleston's Governmental Funds reported combined ending fund balances of \$96,462,820, an increase of \$16,120,528 in comparison with the prior year. Approximately 36 percent of the combined ending fund balances in the amount of \$34,899,232 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 \$2,257,736; restricted by external grants, contributors, and laws \$14,824,114; committed by the government's council \$44,481,738; and assigned by the government's council or administrative officials \$0.

The General Fund is the chief operating fund of the City of Charleston. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$34,899,232, while total fund balance reached \$74,066,378. 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 37 percent of total General Fund expenditures, while total fund balance represents 79 percent of that same amount.

The fund balance of the City of Charleston's General Fund increased \$14,533,394 during the current fiscal year. Police and fire pension contributions increased five percent due to the Conservation Method adopted in 2011 and November 2014 the City of Charleston implemented a half cent sales tax increase dedicated to the pension reserve fund. Workers' compensation claims cost decreased ten percent due to the Return to Work program implemented in fiscal year 2015. The most significant increase in the fund balance came from the receipt of a grant from the United States Department of Treasury. The City received \$10,125,150 in grant money from the Coronavirus Relief Fund.

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 \$28,514 over the prior year due to the decline in production and coal sales. Community Development and HOME Funds are funded by HUD federal grants for community development. The grant revenues recognized were \$154,844 less in comparison to fiscal year 2019 due to 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 of Charleston's Business-type Activities.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**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 and contributions received for various projects and to adjust budgets to reflect actual circumstances. In fiscal year 2020 the City, through budget amendments, increased the budget by \$2,246,312, on the basis of additional revenue from external and internal sources. The City also decreased the budgeted revenues by \$968,080 which amounts to a net increase of \$1,278,232. Additionally, the City increased the fiscal year 2020 budget \$9,613,888 to effect the re-budgeting of the fiscal year 2019 ending fund balance.

The additional revenues from external sources were \$45,000 from the State, \$220,000 from Contributions and Donations, \$1,781,312 from a settlement from WV American Water Company (classified as miscellaneous on the budget), and the additional revenue from internal sources was \$200,000 from Reimbursements.

The fiscal year 2019 ending fund balance of \$9,613,888 was primarily re-budgeted to Capital Outlay Expenditures of \$2,805,875, General Government Expenditures of \$2,283,279, Costs related to a settlement for the Fire Department of \$2,011,818, and transfers to various departments of \$1,712,916. The City has adopted a policy of carrying forward to the next year any unspent budget funds in several areas to provide additional resources to meet unforeseen circumstances or to preserve funding to complete major projects. In this regard, the City carried forward \$800,000 for the Legal department Court Costs and Claims reserve.

**Capital Asset and Debt Administration**

**Capital Assets.** The City of Charleston's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$218,162,292 (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, but not limited to 2019 Concrete Street Repairs \$718,770, 2018 Retaining Walls Repair Project \$513,070, 2019 Concrete Sidewalk & Accessible Ramp Summer \$453,025, and various other capital projects were completed during the fiscal year in the amount of \$30,031.

Projects for the Emergency Streambank #14 Kanawha River & Greenbrier Street, South Side Bridge Inspection and Rehabilitation, Citywide Fiber Optics, and various other capital projects were remaining in construction in progress as of the end of the fiscal year in the amount of \$3,343,020.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

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

|                             | Governmental Activities |                       | Business-type Activities |                       | Total                 |                       |
|-----------------------------|-------------------------|-----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|                             | 2019                    | 2020                  | 2019                     | 2020                  | 2019                  | 2020                  |
| Land                        | \$ 9,305,842            | \$ 9,371,611          | \$ 4,366,447             | \$ 4,366,447          | \$ 13,672,289         | \$ 13,738,058         |
| Construction<br>in Progress | 2,292,677               | 3,343,020             | 587,480                  | -                     | 2,880,157             | 3,343,020             |
| Buildings &<br>Improvements | 26,565,151              | 25,340,697            | 112,733,173              | 108,900,734           | 139,298,324           | 134,241,431           |
| Other Improvements          | 16,358,385              | 15,268,509            | -                        | -                     | 16,358,385            | 15,268,509            |
| Machinery & Equipment       | 8,947,050               | 9,850,176             | 545,359                  | 983,808               | 9,492,409             | 10,833,984            |
| Infrastructure              | 39,259,024              | 40,737,290            | -                        | -                     | 39,259,024            | 40,737,290            |
| <b>Total</b>                | <b>\$ 102,728,129</b>   | <b>\$ 103,911,303</b> | <b>\$ 118,232,459</b>    | <b>\$ 114,250,989</b> | <b>\$ 220,960,588</b> | <b>\$ 218,162,292</b> |

Additional information on the City of Charleston's capital assets can be found in Note III.C. on pages 68 through 70 of this report.

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

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

|               | Governmental Activities |                      | Business-type Activities |                     | Total                |                      |
|---------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|               | 2019                    | 2020                 | 2019                     | 2020                | 2019                 | 2020                 |
| Revenue Bonds | \$ 84,477,341           | \$ 78,986,000        | \$ 3,238,861             | \$ 2,719,790        | \$ 87,716,202        | \$ 81,705,790        |
| <b>Total</b>  | <b>\$ 84,477,341</b>    | <b>\$ 78,986,000</b> | <b>\$ 3,238,861</b>      | <b>\$ 2,719,790</b> | <b>\$ 87,716,202</b> | <b>\$ 81,705,790</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 \$163,412,375.

Additional information on the City of Charleston's long-term debt can be found in Note III.G. on pages 73 through 76 of this report.

CITY OF CHARLESTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Fiscal Year Ended June 30, 2020

**Economic Factors and Next Year's Budget**

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

The Charleston area is the State's premier business center due to its industrial diversity and numerous job opportunities. As of September 2020, the unemployment rate was 9.2 percent, an increase from 5.0 percent the prior year. The State and United States unemployment rates are 4.7 and 8.6 percent respectively. West Virginia's 66.9% Labor Force Participation Rate continued to be in line with the country with the national average being 61.7%.

Howard Swint, an associate broker with Colliers International, states the Class A office market, which serves as a bellwether for overall office space trends, has remained steady during the first three quarters of 2020 which is viewed favorably given the COVID19 pandemic. However, demand from new prospects has flattened while existing tenants periodically consider options for downsizing their leaseholds, as work-from-home and social distancing trends continue. Very little new regular market demand activity is expected going forward until Q2 2021 at the earliest. The uncertain disposition of the former Huntington Square building continues to dampen the overall market occupancy rates as new leases are reportedly being eschewed by the owner while existing tenants are not renewing their leases as well. It is believed that the building could even "go dark" during Q1 2021.

Uncertainty remains with the fate of big box retail stores as they compete against online shopping. The Charleston Town Center Mall remains tied up in legal issues surrounding the bankruptcy. The Mall will continue to struggle until the bankruptcy issues are resolved. That along with changes in the market, means the Mall will have to continue to reinvent and possible repurpose itself.

New commercial construction is down with renovations and adaptive reuse of structures being the lion's share of construction. Elk City continues to experience a renaissance with continued additions of small businesses locating there.

The Charleston Convention and Visitors Bureau (CVB) is charged with marketing Charleston as both a convention and leisure destination. In pursuing this mission, their primary goal is to add to Charleston's tax base and, in our part, improve the overall quality of life for its citizens. 2019-20 has been a challenging year for all industries, with tourism and hospitality hit especially hard. Traditionally, their annual budget is approximately \$1.5 million, but for FY 2020-21 that number has been cut to just over \$500,000. However, through the hard work and dedication of a passionate staff, they have avoided furloughs and continue to fulfill their mission. They will continue to tell Charleston's story, which is that of a place with an extraordinary culture and that is an ideal place to visit, live or open a new business.

**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, West Virginia 25330.



***FINANCIAL SECTION***

# **CITY OF CHARLESTON, WEST VIRGINIA THE GOVERNMENT-WIDE STATEMENTS**

The government-wide financial statements are presented on pages 24 through 27. 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, 2020

|  | Primary Government         |                             |                    | Component Units    |                               |                                     |
|--|----------------------------|-----------------------------|--------------------|--------------------|-------------------------------|-------------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total              | Sanitary<br>Board  | Urban<br>Renewal<br>Authority | Convention<br>& Visitor's<br>Bureau |
| <b>ASSETS</b>                              |                            |                             |                    |                    |                               |                                     |
| Current assets:                            |                            |                             |                    |                    |                               |                                     |
| Cash and cash equivalents                  | \$ 40,613,606              | \$ 4,509,290                | \$ 45,122,896      | \$ 13,582,037      | \$ 2,629,056                  | \$ 808,237                          |
| Investments                                | 27,083,443                 | 372,472                     | 27,455,915         | --                 | --                            | --                                  |
| Receivables:                               |                            |                             |                    |                    |                               |                                     |
| Accounts                                   | 17,727,348                 | 174,864                     | 17,902,212         | 1,577,346          | --                            | 14,665                              |
| Accrued interest                           | 22,741                     | --                          | 22,741             | --                 | --                            | --                                  |
| Taxes                                      | 11,430,421                 | --                          | 11,430,421         | --                 | --                            | --                                  |
| Other                                      | --                         | --                          | --                 | 10,777             | 1,350,000                     | --                                  |
| Loans                                      | 4,662,949                  | --                          | 4,662,949          | --                 | 778,906                       | --                                  |
| Grants                                     | 1,615,439                  | --                          | 1,615,439          | --                 | --                            | --                                  |
| Internal balances                          | 77,155                     | ( 77,155)                   | --                 | --                 | --                            | --                                  |
| Due from:                                  |                            |                             |                    |                    |                               |                                     |
| Primary government                         | --                         | --                          | --                 | 16,354             | --                            | --                                  |
| Component units                            | 60,729                     | --                          | 60,729             | --                 | --                            | --                                  |
| Fiduciary Funds                            | 12,456                     | --                          | 12,456             | --                 | --                            | --                                  |
| Restricted :                               |                            |                             |                    |                    |                               |                                     |
| TIF district                               | --                         | 213,551                     | 213,551            | --                 | --                            | --                                  |
| Revenue bond covenant account              | --                         | 2,335,536                   | 2,335,536          | --                 | --                            | --                                  |
| Customer deposits                          | --                         | 227,358                     | 227,358            | --                 | --                            | --                                  |
| Inventory                                  | --                         | --                          | --                 | 1,081,888          | --                            | --                                  |
| Prepaid items                              | 1,047,079                  | 238,689                     | 1,285,768          | 303,524            | 725                           | 7                                   |
| <b>Total current assets</b>                | <b>104,353,366</b>         | <b>7,994,605</b>            | <b>112,347,971</b> | <b>16,571,926</b>  | <b>4,758,687</b>              | <b>822,909</b>                      |
| Noncurrent assets:                         |                            |                             |                    |                    |                               |                                     |
| Regular account                            | --                         | --                          | --                 | 2,479,897          | --                            | --                                  |
| Reserve account                            | --                         | --                          | --                 | 7,452,816          | --                            | --                                  |
| Renewal and replacement                    | --                         | --                          | --                 | 13,343,974         | --                            | --                                  |
| Restricted cash                            | 4,913,782                  | --                          | 4,913,782          | --                 | --                            | --                                  |
| Reserve for insurance deductible           | --                         | --                          | --                 | 315,286            | --                            | --                                  |
| Reserve for other post employment benefits | --                         | --                          | --                 | 610,302            | --                            | --                                  |
| Reserve for health care                    | --                         | --                          | --                 | 1,017,980          | --                            | --                                  |
| Reserve for flexible spending account      | --                         | --                          | --                 | 9,688              | --                            | --                                  |
| Reserve for construction                   | --                         | --                          | --                 | 4,059,800          | 242,675                       | --                                  |
| Capital assets:                            |                            |                             |                    |                    |                               |                                     |
| Nondepreciable:                            |                            |                             |                    |                    |                               |                                     |
| Land                                       | 9,371,611                  | 4,366,447                   | 13,738,058         | 2,654,021          | 7,167,282                     | --                                  |
| Construction in progress                   | 3,343,020                  | --                          | 3,343,020          | 2,271,316          | --                            | --                                  |
| Depreciable:                               |                            |                             |                    |                    |                               |                                     |
| Buildings and improvements                 | 84,616,555                 | 150,999,274                 | 235,615,829        | --                 | 112,324                       | --                                  |
| Structures and improvements                | --                         | --                          | --                 | 46,736,771         | --                            | --                                  |
| Vehicles                                   | 24,851,097                 | --                          | 24,851,097         | --                 | --                            | --                                  |
| Infrastructure                             | 111,598,668                | --                          | 111,598,668        | --                 | --                            | --                                  |
| Collection System                          | --                         | --                          | --                 | 111,624,223        | --                            | --                                  |
| Pumping System                             | --                         | --                          | --                 | 3,070,121          | --                            | --                                  |
| Machinery and equipment                    | 21,164,716                 | 3,439,606                   | 24,604,322         | 60,737,349         | 40,590                        | 104,335                             |
| Less: accumulated depreciation             | ( 151,034,364)             | ( 44,554,338)               | ( 195,588,702)     | ( 94,461,444)      | ( 87,167)                     | ( 96,223)                           |
| Net pension asset                          | 1,690,131                  | --                          | 1,690,131          | --                 | --                            | --                                  |
| <b>Total noncurrent assets</b>             | <b>110,515,216</b>         | <b>114,250,989</b>          | <b>224,766,205</b> | <b>161,922,100</b> | <b>7,475,704</b>              | <b>8,112</b>                        |
| <b>Total assets</b>                        | <b>214,868,582</b>         | <b>122,245,594</b>          | <b>337,114,176</b> | <b>178,494,026</b> | <b>12,234,391</b>             | <b>831,021</b>                      |

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



CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2020

|   | Primary Government         |                             |                    | Component Units    |                               |                                     |
|---|----------------------------|-----------------------------|--------------------|--------------------|-------------------------------|-------------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total              | Sanitary<br>Board  | Urban<br>Renewal<br>Authority | Convention<br>& Visitor's<br>Bureau |
| <b>DEFERRED OUTFLOWS</b>  |                            |                             |                    |                    |                               |                                     |
| Loss on refunding of debt   | --                         | 84,705                      | 84,705             | --                 | --                            | --                                  |
| Public Employees Retirement System (PERS):                            |                            |                             |                    |                    |                               |                                     |
| Contributions made after measurement date                             | 1,669,122                  | --                          | 1,669,122          | 432,264            | 13,650                        | 43,961                              |
| Changes between expected and actual experience                        | 104,957                    | --                          | 104,957            | 23,961             | 739                           | 2,601                               |
| Changes in contributions  | 147,552                    | --                          | 147,552            | 34,918             | 31                            | 11,432                              |
| Municipal Police Officers and Firefighters Retirement System (MPFRS): |                            |                             |                    |                    |                               |                                     |
| Contributions made after measurement date                             | 583,747                    | --                          | 583,747            | --                 | --                            | --                                  |
| Changes in contributions  | 172,446                    | --                          | 172,446            | --                 | --                            | --                                  |
| Changes in actual investment experience                               | 271,307                    | --                          | 271,307            | --                 | --                            | --                                  |
| Other Post Employment Benefits (OPEB)                                 |                            |                             |                    |                    |                               |                                     |
| Changes in assumptions  | 34,862,491                 | 1,150,407                   | 36,012,898         | 2,197,106          | --                            | --                                  |
| Changes between expected and actual experience                        | 3,540,858                  | 116,842                     | 3,657,700          | --                 | --                            | --                                  |
| Other Post Employment Benefits (OPEB) - PELA                          |                            |                             |                    |                    |                               |                                     |
| Changes in earnings   | 558                        | --                          | 558                | 589                | --                            | 813                                 |
| Changes in contributions  | --                         | --                          | --                 | 476                | 3,103                         | 23,668                              |
| Contributions made after measurement date                             | 12,180                     | --                          | 12,180             | 12,864             | 4,032                         | 16,800                              |
| Defined Benefit Plans (DBP):  |                            |                             |                    |                    |                               |                                     |
| Changes in actual investment experience                               | 2,968,083                  | --                          | 2,968,083          | --                 | --                            | --                                  |
| Changes in assumptions  | 20,090,531                 | --                          | 20,090,531         | --                 | --                            | --                                  |
| <b>Total deferred outflows of resources</b>                           | <b>64,423,832</b>          | <b>1,351,954</b>            | <b>65,775,786</b>  | <b>2,702,178</b>   | <b>21,555</b>                 | <b>99,275</b>                       |
| <b>LIABILITIES</b>  |                            |                             |                    |                    |                               |                                     |
| Current liabilities payable   |                            |                             |                    |                    |                               |                                     |
| from current assets:  |                            |                             |                    |                    |                               |                                     |
| Accounts payable  | 3,642,243                  | 125,381                     | 3,767,624          | 1,712,498          | 3,877                         | 155,666                             |
| Refunds payable   | --                         | 37,774                      | 37,774             | --                 | --                            | --                                  |
| Payroll payable   | 960,860                    | 46,718                      | 1,007,578          | 137,247            | --                            | --                                  |
| Other accrued expenses  | 111,763                    | 4,956                       | 116,719            | --                 | 18,458                        | 114,421                             |
| Live on the Levee Charitable Raffle                                   | 50                         | --                          | 50                 | --                 | --                            | --                                  |
| Accrued interest payable  | 34,772                     | 22,421                      | 57,193             | 671,505            | --                            | --                                  |
| Compensated absences payable  | 625,156                    | 36,505                      | 661,661            | 274,079            | --                            | --                                  |
| Bonds payable   | 4,280,000                  | 550,000                     | 4,830,000          | 4,206,591          | --                            | --                                  |
| Leases payable  | 3,022,623                  | --                          | 3,022,623          | --                 | --                            | --                                  |
| Reserve for future insurance claims                                   | 2,517,682                  | 18,940                      | 2,536,622          | --                 | --                            | --                                  |
| Due to:   |                            |                             |                    |                    |                               |                                     |
| Primary government  | --                         | --                          | --                 | 60,730             | --                            | --                                  |
| Component unit  | --                         | 4,221                       | 4,221              | --                 | --                            | --                                  |
| Other governments   | 78,851                     | --                          | 78,851             | --                 | --                            | --                                  |
| Unearned revenue  |                            |                             |                    |                    |                               |                                     |
| Grant advances  | 4,604,936                  | --                          | 4,604,936          | --                 | --                            | --                                  |
| Unearned revenue  | 9,500                      | --                          | 9,500              | --                 | 800                           | --                                  |
| Customer prepaid fees   | 101,968                    | --                          | 101,968            | --                 | --                            | --                                  |
| <b>Total current liabilities</b>                                      | <b>19,990,404</b>          | <b>846,916</b>              | <b>20,837,320</b>  | <b>7,062,650</b>   | <b>23,135</b>                 | <b>270,087</b>                      |
| Noncurrent liabilities due in more than one year:                     |                            |                             |                    |                    |                               |                                     |
| Bonds payable   | 74,706,000                 | 2,169,790                   | 76,875,790         | 76,508,858         | --                            | --                                  |
| Leases payable  | 5,982,024                  | --                          | 5,982,024          | --                 | --                            | --                                  |
| Total other post employment benefits liability (OPEB)                 | 327,805,339                | 10,817,060                  | 338,622,399        | 21,871,521         | --                            | --                                  |
| Net other post employment benefits liability (OPEB)                   | 98,085                     | --                          | 98,085             | --                 | 35,369                        | 142,948                             |
| Net pension liability -PERS   | 2,711,911                  | --                          | 2,711,911          | 619,063            | 19,082                        | 67,211                              |
| Net pension liability - Police and Fire                               | 415,947,736                | --                          | 415,947,736        | --                 | --                            | --                                  |
| Compensated absences payable  | 937,735                    | 54,758                      | 992,493            | --                 | --                            | --                                  |
| Claims and judgements   | 3,847,265                  | --                          | 3,847,265          | --                 | --                            | --                                  |
| <b>Total noncurrent liabilities</b>                                   | <b>832,036,095</b>         | <b>13,041,608</b>           | <b>845,077,703</b> | <b>98,999,442</b>  | <b>54,451</b>                 | <b>210,159</b>                      |
| <b>Total liabilities</b>  | <b>852,026,499</b>         | <b>13,888,524</b>           | <b>865,915,023</b> | <b>106,062,092</b> | <b>77,586</b>                 | <b>480,246</b>                      |

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2020

|  | Primary Government         |                             |                         | Component Units      |                               |                                     |
|--|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------|-------------------------------------|
|  | Governmental<br>Activities | Business-type<br>Activities | Total                   | Sanitary<br>Board    | Urban<br>Renewal<br>Authority | Convention<br>& Visitor's<br>Bureau |
| <b>DEFERRED INFLOWS</b>                            |                            |                             |                         |                      |                               |                                     |
| Public Employees Retirement System (PERS):         |                            |                             |                         |                      |                               |                                     |
| Changes in contributions                           | 430,982                    | --                          | 430,982                 | 12,960               | 1,895                         | 11,588                              |
| Changes between projected and actual earnings      | 980,168                    | --                          | 980,168                 | 223,762              | 6,897                         | 24,294                              |
| Changes in assumptions                             | 497,821                    | --                          | 497,821                 | 113,647              | 3,503                         | 12,339                              |
| Changes in expected and actual experience          | 236,841                    | --                          | 236,841                 | 54,068               | 1,667                         | 5,870                               |
| Other Post Employment Benefits (OPEB)              |                            |                             |                         |                      |                               |                                     |
| Changes in assumptions                             | 3,699,562                  | 122,081                     | 3,821,643               | 223,189              | --                            | --                                  |
| Differences between expected and actual experience | 27,984,906                 | 923,458                     | 28,908,364              | 3,793,128            | --                            | --                                  |
| Other Post Employment Benefits (OPEB) - PEIA       |                            |                             |                         |                      |                               |                                     |
| Changes in assumptions                             | 19,892                     | --                          | 19,892                  | 21,009               | 7,173                         | 28,991                              |
| Changes in earnings                                | 1,616                      | --                          | 1,616                   | 1,706                | 382                           | 16,672                              |
| Changes in contributions                           | 16,881                     | --                          | 16,881                  | 12,194               | 4,915                         | 13,941                              |
| Changes in non-investment experience               | 11,439                     | --                          | 11,439                  | 12,082               | 4,125                         | 2,355                               |
| Changes in reallocation of proportionate share     | 2,615                      | --                          | 2,615                   | 2,787                | --                            | 3,846                               |
| Defined Benefit Plans (DBP):                       |                            |                             |                         |                      |                               |                                     |
| Changes between projected and actual earnings      | 96,078                     | --                          | 96,078                  | --                   | --                            | --                                  |
| Municipal Police & Fire Retirement System (MPFRS): |                            |                             |                         |                      |                               |                                     |
| Changes in earnings                                | 9,954                      | --                          | 9,954                   | --                   | --                            | --                                  |
| Changes in assumptions                             | 61,560                     | --                          | 61,560                  | --                   | --                            | --                                  |
| Changes in contributions                           | 59,122                     | --                          | 59,122                  | --                   | --                            | --                                  |
| Deferred Revenue                                   | --                         | 20,218                      | 20,218                  | --                   | --                            | --                                  |
| <b>Total deferred inflows of resources</b>         | <b>34,109,437</b>          | <b>1,065,757</b>            | <b>35,175,194</b>       | <b>4,470,532</b>     | <b>30,557</b>                 | <b>119,896</b>                      |
| <b>NET POSITION</b>                                |                            |                             |                         |                      |                               |                                     |
| Net investment in capital assets                   | 94,906,656                 | 111,615,904                 | 206,522,560             | 55,976,708           | 7,233,029                     | 8,112                               |
| Restricted for:                                    |                            |                             |                         |                      |                               |                                     |
| Culture and recreation                             | 78,199                     | --                          | 78,199                  | --                   | --                            | --                                  |
| Debt service                                       | 6,048,973                  | 2,708,008                   | 8,756,981               | 23,276,687           | --                            | --                                  |
| Capital projects                                   | 2,279,232                  | --                          | 2,279,232               | --                   | --                            | --                                  |
| General Government                                 | 1,200,219                  | --                          | 1,200,219               | --                   | 13,000                        | --                                  |
| Community development projects                     | 756,536                    | --                          | 756,536                 | --                   | --                            | --                                  |
| Public safety                                      | 407,037                    | --                          | 407,037                 | --                   | --                            | --                                  |
| Health & Sanitation                                | 3,720,397                  | --                          | 3,720,397               | --                   | --                            | --                                  |
| Social Services                                    |                            |                             |                         |                      |                               |                                     |
| Expendable   | 1,208,609                  | --                          | 1,208,609               | --                   | --                            | --                                  |
| Nonexpendable                                      | 1,379,248                  | --                          | 1,379,248               | --                   | --                            | --                                  |
| TIF District                                       | --                         | 194,231                     | 194,231                 | --                   | --                            | --                                  |
| Customer deposits                                  | --                         | 227,358                     | 227,358                 | --                   | --                            | --                                  |
| Unrestricted                                       | (718,828,628)              | (6,102,234)                 | (724,930,862)           | (8,589,815)          | 4,901,774                     | 322,042                             |
| <b>Total net position</b>                          | <b>\$ (606,843,522)</b>    | <b>\$ 108,643,267</b>       | <b>\$ (498,200,255)</b> | <b>\$ 70,663,580</b> | <b>\$ 12,147,803</b>          | <b>\$ 330,154</b>                   |

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, 2020

|                                       | Program Revenues      |                            |  | Net (Expense) Revenues and<br>Changes in Net Position |                            |                             |                         |                      |                               |                                     |           |
|---------------------------------------|-----------------------|----------------------------|--|---|----------------------------|-----------------------------|-------------------------|----------------------|-------------------------------|-------------------------------------|-----------|
|                                       | Expenses              | Charges<br>for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions                | Primary Government         |                             |                         | Component Units      |                               |                                     |           |
|                                       |                       |                            |  |   | Governmental<br>Activities | Business-type<br>Activities | Total                   | Sanitary<br>Board    | Urban<br>Renewal<br>Authority | Convention<br>& Visitor's<br>Bureau |           |
| <b>Functions / Programs</b>           |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| <b>Primary government:</b>            |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| Governmental activities:              |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| General government                    | \$ 22,515,628         | \$ 1,410,214               | \$ --                                    | \$ 281,210  | \$ (20,824,204)            | \$ --                       | \$ (20,824,204)         | \$ --                | \$ --                         | \$ --                               | \$ --     |
| Public safety                         | 99,040,087            | 15,472,788                 | 3,867,051                                | 11,317,660  | (68,382,588)               | --                          | (68,382,588)            | --                   | --                            | --                                  | --        |
| Streets and transportation            | 9,674,366             | 1,215,362                  | --                                       | 1,069,114   | (7,389,890)                | --                          | (7,389,890)             | --                   | --                            | --                                  | --        |
| Health and sanitation                 | 5,411,967             | 4,113,316                  | --                                       | 13,500  | (1,285,151)                | --                          | (1,285,151)             | --                   | --                            | --                                  | --        |
| Culture and recreation                | 7,101,781             | 1,113,381                  | --                                       | 798,689   | (5,189,711)                | --                          | (5,189,711)             | --                   | --                            | --                                  | --        |
| Interest on long-term debt            | 3,355,147             | --                         | --                                       | --  | (3,355,147)                | --                          | (3,355,147)             | --                   | --                            | --                                  | --        |
| Social services                       | 870,085               | 130,703                    | --                                       | --  | (739,382)                  | --                          | (739,382)               | --                   | --                            | --                                  | --        |
| Economic development                  | 1,677,478             | --                         | 1,335,466                                | 191,117   | (150,895)                  | --                          | (150,895)               | --                   | --                            | --                                  | --        |
| <b>Total governmental activities</b>  | <b>149,646,539</b>    | <b>23,455,764</b>          | <b>5,202,517</b>                         | <b>13,671,290</b>                                     | <b>(107,316,968)</b>       | <b>--</b>                   | <b>(107,316,968)</b>    | <b>--</b>            | <b>--</b>                     | <b>--</b>                           | <b>--</b> |
| Business-type activities:             |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| Civic Center                          | 8,801,801             | 2,340,427                  | --                                       | 83,935  | --                         | (6,377,439)                 | (6,377,439)             | --                   | --                            | --                                  | --        |
| Parking System                        | 2,503,788             | 2,633,665                  | --                                       | --  | --                         | 129,877                     | 129,877                 | --                   | --                            | --                                  | --        |
| <b>Total business-type activities</b> | <b>11,305,589</b>     | <b>4,974,092</b>           | <b>--</b>                                | <b>83,935</b>   | <b>--</b>                  | <b>(6,247,562)</b>          | <b>(6,247,562)</b>      | <b>--</b>            | <b>--</b>                     | <b>--</b>                           | <b>--</b> |
| <b>Total primary government</b>       | <b>\$ 160,952,128</b> | <b>\$ 28,429,856</b>       | <b>\$ 5,202,517</b>                      | <b>\$ 13,755,225</b>                                  | <b>(107,316,968)</b>       | <b>(6,247,562)</b>          | <b>(113,564,530)</b>    | <b>--</b>            | <b>--</b>                     | <b>--</b>                           | <b>--</b> |
| <b>Component units:</b>               |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| Sanitary Board                        | \$ 20,772,620         | \$ 22,437,064              | \$ --                                    | \$ --   | --                         | --                          | --                      | 1,664,444            | --                            | --                                  | --        |
| Urban Renewal Authority               | 1,281,650             | 263,079                    | --                                       | --  | --                         | --                          | --                      | --                   | (1,018,571)                   | --                                  | --        |
| Convention & Visitor's Bureau         | 1,538,937             | 132,053                    | --                                       | 1,171,409   | --                         | --                          | --                      | --                   | --                            | (235,475)                           | --        |
| <b>Total component units</b>          | <b>\$ 23,593,207</b>  | <b>\$ 22,832,196</b>       | <b>\$ --</b>                             | <b>\$ 1,171,409</b>                                   | <b>--</b>                  | <b>--</b>                   | <b>--</b>               | <b>1,664,444</b>     | <b>(1,018,571)</b>            | <b>(235,475)</b>                    | <b>--</b> |
| General revenues:                     |                       |                            |  |   |                            |                             |                         |                      |                               |                                     |           |
| Ad valorem property taxes             |                       |                            |  |   | 15,974,408                 | --                          | 15,974,408              | --                   | --                            | --                                  | --        |
| Business & occupation tax             |                       |                            |  |   | 42,132,390                 | --                          | 42,132,390              | --                   | --                            | --                                  | --        |
| Alcoholic beverages tax               |                       |                            |  |   | 992,716                    | --                          | 992,716                 | --                   | --                            | --                                  | --        |
| Utility services tax                  |                       |                            |  |   | 2,544,982                  | --                          | 2,544,982               | --                   | --                            | --                                  | --        |
| Hotel occupancy tax                   |                       |                            |  |   | 2,286,736                  | --                          | 2,286,736               | --                   | --                            | --                                  | --        |
| Animal tax                            |                       |                            |  |   | 5,543                      | --                          | 5,543                   | --                   | --                            | --                                  | --        |
| Gas & Oil Severance                   |                       |                            |  |   | 122,144                    | --                          | 122,144                 | --                   | --                            | --                                  | --        |
| Amusement tax                         |                       |                            |  |   | 107,881                    | --                          | 107,881                 | --                   | --                            | --                                  | --        |
| Sales and use tax                     |                       |                            |  |   | 14,934,639                 | --                          | 14,934,639              | --                   | --                            | --                                  | --        |
| Coal severance tax                    |                       |                            |  |   | 130,818                    | --                          | 130,818                 | --                   | --                            | --                                  | --        |
| Unrestricted investment earnings      |                       |                            |  |   | 1,431,755                  | 107,749                     | 1,539,504               | 501,249              | 30,266                        | 15                                  | --        |
| Refunds                               |                       |                            |  |   | 46,851                     | --                          | 46,851                  | --                   | --                            | --                                  | --        |
| Reimbursement                         |                       |                            |  |   | 1,104,196                  | --                          | 1,104,196               | --                   | --                            | --                                  | --        |
| Insurance Proceeds                    |                       |                            |  |   | 176,680                    | --                          | 176,680                 | --                   | --                            | --                                  | --        |
| Gain(Loss) on sale of capital assets  |                       |                            |  |   | (37,646)                   | 409                         | (37,237)                | --                   | (1,829,672)                   | --                                  | --        |
| Settlement                            |                       |                            |  |   | 1,781,312                  | --                          | 1,781,312               | --                   | --                            | --                                  | --        |
| Miscellaneous & Other                 |                       |                            |  |   | 574,926                    | 194,980                     | 769,906                 | 175,929              | 41,968                        | --                                  | --        |
| <b>Total General Revenues</b>         |                       |                            |  |   | <b>84,310,331</b>          | <b>303,138</b>              | <b>84,613,469</b>       | <b>677,178</b>       | <b>(1,757,438)</b>            | <b>15</b>                           | <b>--</b> |
| Transfers                             |                       |                            |  |   | (1,667,977)                | 1,667,977                   | --                      | --                   | --                            | --                                  | --        |
| Change in net position                |                       |                            |  |   | (24,674,614)               | (4,276,447)                 | (28,951,061)            | 2,341,622            | (2,776,009)                   | (235,460)                           | --        |
| Net position - beginning              |                       |                            |  |   | (582,168,908)              | 112,919,714                 | (469,249,194)           | 68,321,958           | 14,923,812                    | 565,614                             | --        |
| Net position - ending                 |                       |                            |  |   | <b>\$ (606,843,522)</b>    | <b>\$ 108,643,267</b>       | <b>\$ (498,200,255)</b> | <b>\$ 70,663,580</b> | <b>\$ 12,147,803</b>          | <b>\$ 330,154</b>                   | <b>--</b> |

# 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 124.

CITY OF CHARLESTON, WEST VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2020

|  | General              | Coal<br>Severance<br>Tax | Community<br>Development | HOME                | Other Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|--------------------------|--------------------------|---------------------|---|--------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                          |                      |                          |                          |                     |   |                                |
| <b>Assets:</b>   |                      |                          |                          |                     |   |                                |
| <b>Current:</b>  |                      |                          |                          |                     |   |                                |
| Cash and cash equivalents                                    | \$ 30,859,719        | \$ 21                    | \$ 874                   | \$ 71,931           | \$ 9,681,061                            | \$ 40,613,606                  |
| Investments  | 21,802,031           | --                       | --                       | --                  | 5,281,412                               | 27,083,443                     |
| Receivables:   |                      |                          |                          |                     |   |                                |
| Taxes  | 11,407,983           | 22,438                   | --                       | --                  | --                                      | 11,430,421                     |
| Accounts   | 17,324,085           | --                       | --                       | --                  | 403,263                                 | 17,727,348                     |
| Grants   | --                   | --                       | 147,785                  | 43,701              | 1,423,953                               | 1,615,439                      |
| Loans  | --                   | --                       | 2,136,962                | 2,234,774           | 291,213                                 | 4,662,949                      |
| Accrued interest   | 16,613               | --                       | --                       | --                  | 6,128                                   | 22,741                         |
| Due from:  |                      |                          |                          |                     |   |                                |
| Other funds  | 2,153,903            | --                       | --                       | --                  | 2,456,213                               | 4,610,116                      |
| Component units  | 26,077               | --                       | --                       | --                  | 34,652                                  | 60,729                         |
| Prepaid items  | 1,045,727            | --                       | --                       | --                  | 1,352                                   | 1,047,079                      |
| Restricted cash  | 359,397              | --                       | --                       | --                  | 4,554,385                               | 4,913,782                      |
| <b>Total assets</b>  | <b>84,995,535</b>    | <b>22,459</b>            | <b>2,285,621</b>         | <b>2,350,406</b>    | <b>24,133,632</b>                       | <b>113,787,653</b>             |
| <b>Deferred Outflows:</b>                                    |                      |                          |                          |                     |   |                                |
| Total deferred outflows of resources                         | --                   | --                       | --                       | --                  | --                                      | --                             |
| <b>Total assets and deferred outflows of resources</b>       | <b>\$ 84,995,535</b> | <b>\$ 22,459</b>         | <b>\$ 2,285,621</b>      | <b>\$ 2,350,406</b> | <b>\$ 24,133,632</b>                    | <b>\$ 113,787,653</b>          |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>       |                      |                          |                          |                     |   |                                |
| <b>Liabilities:</b>  |                      |                          |                          |                     |   |                                |
| Accounts payable   | \$ 2,807,857         | \$ --                    | \$ 113,226               | \$ 1,073            | \$ 720,087                              | \$ 3,642,243                   |
| Payroll payable  | 960,860              | --                       | --                       | --                  | --                                      | 960,860                        |
| Live on the Levee Charity Raffle                             | --                   | --                       | --                       | --                  | 50                                      | 50                             |
| Other accrued expenditures                                   | 111,763              | --                       | --                       | --                  | --                                      | 111,763                        |
| Reserve for future insurance claims                          | 2,517,682            | --                       | --                       | --                  | --                                      | 2,517,682                      |
| Due to:  |                      |                          |                          |                     |   |                                |
| Other funds  | 3,573,701            | --                       | 34,559                   | 42,628              | 869,617                                 | 4,520,505                      |
| Other governments  | 78,851               | --                       | --                       | --                  | --                                      | 78,851                         |
| Unearned revenue   | --                   | --                       | --                       | --                  | 9,500                                   | 9,500                          |
| Grant advances   | --                   | --                       | 2,136,962                | 2,306,705           | 161,269                                 | 4,604,936                      |
| Customer prepaid fees  | 101,968              | --                       | --                       | --                  | --                                      | 101,968                        |
| <b>Total liabilities</b>                                     | <b>10,152,682</b>    | <b>--</b>                | <b>2,284,747</b>         | <b>2,350,406</b>    | <b>1,760,523</b>                        | <b>16,548,358</b>              |
| <b>Deferred Inflows:</b>                                     |                      |                          |                          |                     |   |                                |
| Taxes  | 776,475              | --                       | --                       | --                  | --                                      | 776,475                        |
| <b>Total deferred inflows of resources</b>                   | <b>776,475</b>       | <b>--</b>                | <b>--</b>                | <b>--</b>           | <b>--</b>                               | <b>776,475</b>                 |
| <b>Total liabilities and deferred inflows of resources</b>   | <b>10,929,157</b>    | <b>--</b>                | <b>2,284,747</b>         | <b>2,350,406</b>    | <b>1,760,523</b>                        | <b>17,324,833</b>              |
| <b>Fund balances:</b>  |                      |                          |                          |                     |   |                                |
| Nonspendable   | 1,045,727            | --                       | --                       | --                  | 1,212,009                               | 2,257,736                      |
| Restricted   | 2,638,629            | 22,459                   | 874                      | --                  | 12,162,152                              | 14,824,114                     |
| Committed  | 35,482,790           | --                       | --                       | --                  | 8,998,948                               | 44,481,738                     |
| Assigned   | --                   | --                       | --                       | --                  | --                                      | --                             |
| Unassigned   | 34,899,232           | --                       | --                       | --                  | --                                      | 34,899,232                     |
| <b>Total fund balances</b>                                   | <b>74,066,378</b>    | <b>22,459</b>            | <b>874</b>               | <b>--</b>           | <b>22,373,109</b>                       | <b>96,462,820</b>              |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 84,995,535</b> | <b>\$ 22,459</b>         | <b>\$ 2,285,621</b>      | <b>\$ 2,350,406</b> | <b>\$ 24,133,632</b>                    | <b>\$ 113,787,653</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, 2020

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|  |    |            |
|--|----|------------|
| Total fund balances on the governmental fund's balance sheet | \$ | 96,462,820 |
|--|----|------------|

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 III.C.). |  | 103,911,303 |
|--|--|-------------|

|  |  |           |
|--|--|-----------|
| Net pension assets used in governmental activities are not financial resources and, therefore not reported in the funds. |  | 1,690,131 |
|--|--|-----------|

|   |  |         |
|---|--|---------|
| Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. This is the amount of deferred taxes (Note III.B.). |  | 776,475 |
|---|--|---------|

*Public Employees Retirement System (PERS):*

Deferred outflows:

|  |  |           |
|--|--|-----------|
| Contributions made after measurement date      |  | 1,669,122 |
| Changes between expected and actual experience |  | 104,957   |
| Changes in contributions                       |  | 147,552   |

Deferred inflows:

|   |  |            |
|---|--|------------|
| Changes in contributions                      |  | ( 430,982) |
| Changes in investment experience              |  | --         |
| Changes between projected and actual earnings |  | ( 980,168) |
| Changes in assumptions                        |  | ( 497,821) |

*Defined Benefit Plans (DBP):*

Deferred outflows:

|   |  |            |
|---|--|------------|
| Changes in noninvestment experience     |  | --         |
| Changes in actual investment experience |  | 2,968,083  |
| Changes in assumptions                  |  | 20,090,531 |

Deferred inflows:

|   |  |           |
|---|--|-----------|
| Changes in actual investment experience |  | ( 96,078) |
| Changes in actual investment experience |  | --        |
| Changes in assumptions                  |  | --        |

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 (Continued)  
June 30, 2020

|  |                   |
|--|-------------------|
| MPFRS  |                   |
| Deferred outflows:   |                   |
| Contributions made after measurement date  | 583,747           |
| Changes in contributions   | 172,446           |
| Changes in actual investment experience  | 271,307           |
| Deferred inflows:  |                   |
| Changes in contributions   | ( 59,122)         |
| Changes in earnings  | ( 9,954)          |
| Changes in assumptions   | ( 61,560)         |
| Employer contributions   | --                |
| OPEB   | --                |
| Deferred outflows:   |                   |
| Changes in actual investment experience  | 3,540,858         |
| Changes in assumptions   | 34,862,491        |
| Deferred inflows:  |                   |
| Changes in actual investment experience  | ( 27,984,906)     |
| Changes in assumptions   | ( 3,699,562)      |
| OPEB - PEIA  |                   |
| Deferred outflows:   |                   |
| Contributions made after measurement date  | 12,180            |
| Changes in earnings  | 558               |
| Deferred inflows:  |                   |
| Difference between expected and actual experience  | --                |
| Changes in assumptions   | ( 19,892)         |
| Changes in earnings  | ( 1,616)          |
| Changes in contributions   | ( 16,881)         |
| Changes in non-investment experience   | ( 11,439)         |
| Changes in reallocation of proportionate share   | ( 2,615)          |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note III.G.). |                   |
| Capital leases   | ( 9,004,647)      |
| Compensated absences   | ( 1,562,891)      |
| Net pension liability - PERS   | ( 2,711,911)      |
| Net pension liability - Police & Fire  | ( 415,947,736)    |
| Bonds payable  | ( 78,986,000)     |
| Accrued interest payable   | ( 34,772)         |
| Claims & judgements  | ( 3,847,265)      |
| Other post employment benefits   | ( 327,805,339)    |
| Other post employment benefits - PEIA  | ( 98,085)         |
|  | ( 98,085)         |
| Net position of governmental activities  | \$ ( 606,606,681) |

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURE  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2020

|  | General            | Coal<br>Severance<br>Tax | Community<br>Development | HOME           | Other Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|--------------------|--------------------------|--------------------------|----------------|---|--------------------------------|
| <b>REVENUES</b>                                      |                    |                          |                          |                |   |                                |
| Taxes:   |                    |                          |                          |                |   |                                |
| Ad valorem property taxes                            | \$ 16,015,772      | \$ --                    | \$ --                    | \$ --          | \$ --                                   | \$ 16,015,772                  |
| Business & occupation tax                            | 42,132,390         | --                       | --                       | --             | --                                      | 42,132,390                     |
| Alcoholic beverages tax                              | 992,716            | --                       | --                       | --             | --                                      | 992,716                        |
| Utility services tax                                 | 2,544,982          | --                       | --                       | --             | --                                      | 2,544,982                      |
| Hotel occupancy tax                                  | 2,286,736          | --                       | --                       | --             | --                                      | 2,286,736                      |
| Animal tax   | 5,543              | --                       | --                       | --             | --                                      | 5,543                          |
| Gas and oil severance tax                            | 122,144            | --                       | --                       | --             | --                                      | 122,144                        |
| Amusement tax  | 107,881            | --                       | --                       | --             | --                                      | 107,881                        |
| City sales tax                                       | 14,934,639         | --                       | --                       | --             | --                                      | 14,934,639                     |
| Coal severance tax                                   | --                 | 130,818                  | --                       | --             | --                                      | 130,818                        |
| Licenses and permits                                 | 1,355,564          | --                       | --                       | --             | --                                      | 1,355,564                      |
| Intergovernmental:                                   |                    |                          |                          |                |   |                                |
| Federal  | 10,287,549         | --                       | 1,200,109                | 518,531        | 1,956,557                               | 13,962,746                     |
| State  | 3,922,536          | --                       | --                       | --             | 145,655                                 | 4,068,191                      |
| Local  | --                 | --                       | --                       | --             | 44,208                                  | 44,208                         |
| Charges for services                                 | 16,923,832         | --                       | --                       | --             | 4,106,255                               | 21,030,087                     |
| Fines and forfeits                                   | --                 | --                       | --                       | --             | 470,050                                 | 470,050                        |
| Interest and investment earnings                     | 728,744            | --                       | --                       | --             | 703,011                                 | 1,431,755                      |
| Payments in lieu of taxes                            | 46,851             | --                       | --                       | --             | --                                      | 46,851                         |
| Reimbursements                                       | 953,734            | --                       | --                       | --             | 150,462                                 | 1,104,196                      |
| IRP fees   | 600,063            | --                       | --                       | --             | --                                      | 600,063                        |
| Contributions and donations                          | 266,916            | --                       | --                       | --             | 871,483                                 | 1,138,399                      |
| Miscellaneous  | 511,196            | --                       | 63,730                   | --             | --                                      | 574,926                        |
| <b>Total revenues</b>                                | <b>114,739,788</b> | <b>130,818</b>           | <b>1,263,839</b>         | <b>518,531</b> | <b>8,447,681</b>                        | <b>125,100,657</b>             |
| <b>EXPENDITURES</b>                                  |                    |                          |                          |                |   |                                |
| Current:   |                    |                          |                          |                |   |                                |
| General government                                   | 17,863,661         | --                       | --                       | --             | 152,349                                 | 18,016,010                     |
| Public safety  | 51,801,477         | --                       | --                       | --             | 925,684                                 | 52,727,161                     |
| Streets and transportation                           | 7,166,742          | --                       | --                       | --             | --                                      | 7,166,742                      |
| Health and sanitation                                | 3,380,499          | --                       | --                       | --             | 1,068,058                               | 4,448,557                      |
| Culture and recreation                               | 5,708,433          | --                       | --                       | --             | 41,948                                  | 5,750,381                      |
| Social services                                      | 597,469            | --                       | --                       | --             | 95,270                                  | 692,739                        |
| Capital projects                                     | 6,720,841          | --                       | --                       | --             | 4,833,501                               | 11,554,342                     |
| Economic development                                 | --                 | --                       | 1,263,170                | 518,531        | 278,951                                 | 2,060,652                      |
| Debt service:  |                    |                          |                          |                |   |                                |
| Principal  | 545,000            | --                       | --                       | --             | 5,525,027                               | 6,070,027                      |
| Interest & fiscal charges                            | 70,675             | --                       | --                       | --             | 3,241,182                               | 3,311,857                      |
| Bond issuance costs                                  | 1,750              | --                       | --                       | --             | --                                      | 1,750                          |
| <b>Total expenditures</b>                            | <b>93,856,547</b>  | <b>--</b>                | <b>1,263,170</b>         | <b>518,531</b> | <b>16,161,970</b>                       | <b>111,800,218</b>             |
| Excess (deficiency) of revenues<br>over expenditures | 20,883,241         | 130,818                  | 669                      | --             | ( 7,714,289)                            | 13,300,439                     |

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



CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURE  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (CONTINUED)  
For the Fiscal Year Ended June 30, 2020

|   | General              | Coal<br>Severance<br>Tax | Community<br>Development | HOME         | Other Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--------------------------|--------------------------|--------------|---|--------------------------------|
| <b>OTHER FINANCING SOURCES (USES)</b>   |                      |                          |                          |              |   |                                |
| Transfers in                            | 18,444,679           | --                       | --                       | --           | 13,687,383                              | 32,132,062                     |
| Transfers (out)                         | ( 29,164,338)        | ( 160,526)               | --                       | --           | ( 4,475,175)                            | ( 33,800,039)                  |
| Insurance Proceeds                      | 58,426               | --                       | --                       | --           | 118,254                                 | 176,680                        |
| Proceeds from the sale of assets        | 71,574               | --                       | --                       | --           | --                                      | 71,574                         |
| Capital Leases                          | 2,458,500            | --                       | --                       | --           | --                                      | 2,458,500                      |
| Settlement                              | 1,781,312            | --                       | --                       | --           | --                                      | 1,781,312                      |
| <br>                                    |                      |                          |                          |              |   |                                |
| Total other financing<br>sources (uses) | <u>( 6,349,847)</u>  | <u>( 160,526)</u>        | <u>--</u>                | <u>--</u>    | <u>9,330,462</u>                        | <u>2,820,089</u>               |
| <br>                                    |                      |                          |                          |              |   |                                |
| Net change in fund balances             | 14,533,394           | ( 29,708)                | 669                      | --           | 1,616,173                               | 16,120,528                     |
| <br>                                    |                      |                          |                          |              |   |                                |
| Fund balances - beginning               | <u>59,532,984</u>    | <u>52,167</u>            | <u>205</u>               | <u>--</u>    | <u>20,756,936</u>                       | <u>80,342,292</u>              |
| <br>                                    |                      |                          |                          |              |   |                                |
| Fund balances - ending                  | <u>\$ 74,066,378</u> | <u>\$ 22,459</u>         | <u>\$ 874</u>            | <u>\$ --</u> | <u>\$ 22,373,109</u>                    | <u>\$ 96,462,820</u>           |

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, 2020

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

|  |               |
|--|---------------|
| Net change in fund balances - total governmental funds   | \$ 16,120,528 |
| 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 and constructed during the fiscal year (Note III.C.).  | 9,198,033     |
| 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 III.C.).             | ( 7,955,639)  |
| 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 position differs from the change in fund balance by the cost of the capital assets sold (Note III.C.). | ( 109,220)    |
| Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources (Note III.C.).  | 50,000        |
| 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 from the prior year (Note III.B.).   | ( 41,364)     |
| Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68 (Note V.).  |               |
| <i>Public Employee Retirement System (PERS):</i>   |               |
| Contributions made after measurement date  | 1,669,122     |
| Amount of pension expenses recognized at government-wide level - deferred outflows   | ( 2,125,475)  |
| Amount of pension expenses recognized at government-wide level - deferred inflows  | 148,610       |
| <i>Defined Benefit Plans (DBP):</i>  |               |
| Amount of pension expenses recognized at government-wide level - deferred outflows   | ( 4,432,340)  |
| Amount of pension expenses recognized at government-wide level - deferred inflows  | 5,327,158     |
| <i>Municipal Police Officer and Firefighter Retirement System (MPFRS):</i>   |               |
| Contributions made after measurement date  | 583,747       |
| Amount of pension expenses recognized at government-wide level - deferred outflows   | ( 335,687)    |
| Amount of pension expenses recognized at government-wide level - deferred inflows  | 75,338        |
| <i>Other Post Employment Benefits (OPEB):</i>  |               |
| Amount of OPEB expenses recognized at government-wide level - deferred outflows  | 19,222,451    |
| Amount of OPEB expenses recognized at government-wide level - deferred inflows   | ( 3,606,629)  |
| <i>Other Post Employment Benefits (OPEB) - PEIA:</i>   |               |
| Amount of OPEB expenses recognized at government-wide level - deferred outflows  | 582           |
| Amount of OPEB expenses recognized at government-wide level - deferred inflows   | ( 11,184)     |

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 (CONTINUED)  
For the Fiscal Year Ended June 30, 2020

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 III.G.).

|                                       |               |
|---------------------------------------|---------------|
| Bond principle payments               | 5,525,000     |
| Lease proceeds                        | ( 2,458,500)  |
| Lease principle payments              | 3,348,540     |
| Net pension liability - PERS          | 811,938       |
| Net pension liability - DBP           | ( 35,246,882) |
| Net pension asset - MPFRS             | 199,447       |
| Claims and judgements                 | 78,490        |
| Other post employment benefits        | ( 30,545,024) |
| Other post employment benefits - PEIA | 29,791        |
| Bond discount                         | ( 33,659)     |
| Interest Payable                      | ( 7,854)      |

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 compensated absences.

|   |                         |
|---|-------------------------|
|   | <u>( 153,932)</u>       |
| Change in net position of governmental activities | <u>\$ ( 24,674,614)</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, 2020**

|  | Budgeted Amounts  |                   | Actual<br>Modified<br>Accrual Basis | Adjustments<br>Budget<br>Basis | Actual<br>Amounts | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|--|-------------------|-------------------|-------------------------------------|--------------------------------|-------------------|---|
|  | Original          | Final             |                                     |                                |                   |   |
| <b>REVENUES</b>                          |                   |                   |                                     |                                |                   |   |
| Taxes:                                   |                   |                   |                                     |                                |                   |   |
| Property                                 | \$ 15,855,000     | \$ 15,855,000     | \$ 16,015,772                       | \$ (27)                        | \$ 16,015,745     | \$ 160,745  |
| Business & occupation                    | 43,930,000        | 42,961,920        | 42,132,390                          | 1,380,215                      | 43,512,605        | 550,685   |
| Utility                                  | 2,725,000         | 2,725,000         | 2,544,982                           | --                             | 2,544,982         | (180,018)   |
| Hotel motel                              | 3,100,000         | 3,100,000         | 2,286,736                           | --                             | 2,286,736         | (813,264)   |
| City sales tax                           | --                | --                | 14,934,639                          | (14,934,639)                   | --                | --  |
| Alcoholic beverages                      | 1,100,000         | 1,100,000         | 992,716                             | --                             | 992,716           | (107,284)   |
| Amusement                                | 150,000           | 150,000           | 107,881                             | --                             | 107,881           | (42,119)  |
| Animal                                   | 6,000             | 6,000             | 5,543                               | --                             | 5,543             | (457)   |
| Gas & oil severance                      | 110,000           | 110,000           | 122,144                             | --                             | 122,144           | 12,144  |
| Licenses and permits (includes IRP fees) | 2,141,000         | 2,141,000         | 1,955,627                           | --                             | 1,955,627         | (185,373)   |
| Charges for services                     | 16,545,500        | 16,545,500        | 16,923,832                          | --                             | 16,923,832        | 378,332   |
| Intergovernmental:                       |                   |                   |                                     |                                |                   |   |
| Federal                                  | 100,000           | 100,000           | 10,287,549                          | --                             | 10,287,549        | 10,187,549  |
| State                                    | --                | 45,000            | 3,922,536                           | (3,867,051)                    | 55,485            | 10,485  |
| Interest and investment earnings         | 135,000           | 135,000           | 728,744                             | (558,694)                      | 170,050           | 35,050  |
| Reimbursements                           | 1,072,000         | 1,272,000         | 953,734                             | --                             | 953,734           | (318,266)   |
| Payments in lieu of taxes                | 75,000            | 75,000            | 46,851                              | --                             | 46,851            | (28,149)  |
| Contributions and donations              | 225,000           | 445,000           | 266,916                             | (12,257)                       | 254,659           | (190,341)   |
| Miscellaneous                            | 375,000           | 2,156,312         | 511,196                             | --                             | 511,196           | (1,645,116)   |
| Total revenues                           | <u>87,644,500</u> | <u>88,922,732</u> | <u>114,739,788</u>                  | <u>(17,992,453)</u>            | <u>96,747,335</u> | <u>7,824,603</u>  |
| <b>EXPENDITURES</b>                      |                   |                   |                                     |                                |                   |   |
| General government:                      |                   |                   |                                     |                                |                   |   |
| Mayor's office                           | 824,393           | 1,208,557         | 745,502                             | (18,917)                       | 726,585           | 481,972   |
| City Council                             | 536,332           | 606,332           | 579,295                             | --                             | 579,295           | 27,037  |
| City Manager                             | 1,703,839         | 1,908,839         | 1,919,146                           | (37,835)                       | 1,881,311         | 27,528  |
| City Treasurer                           | 197,931           | 197,931           | 232,952                             | (37,835)                       | 195,117           | 2,814   |
| City Collector                           | 1,071,233         | 1,271,233         | 1,135,073                           | (113,504)                      | 1,021,569         | 249,664   |
| City Clerk                               | 191,967           | 191,967           | 196,704                             | --                             | 196,704           | (4,737)   |
| Municipal Court                          | 510,682           | 510,682           | 520,303                             | (37,835)                       | 482,468           | 28,214  |
| City Attorney                            | 1,119,778         | 1,919,778         | 1,246,948                           | --                             | 1,246,948         | 672,830   |
| City Auditor                             | 492,149           | 507,149           | 547,228                             | (37,835)                       | 509,393           | (2,244)   |
| Engineering                              | 1,045,898         | 1,045,898         | 1,028,521                           | (37,835)                       | 990,686           | 55,212  |
| MOECD                                    | 559,993           | 559,993           | 589,766                             | (18,917)                       | 570,849           | (10,856)  |
| Human Resources                          | 708,880           | 708,880           | 664,210                             | (18,917)                       | 645,293           | 63,587  |
| Contributions to Main Street<br>Program  | 64,000            | 64,000            | 64,000                              | --                             | 64,000            | --  |
| Regional Intergovernmental               |                   |                   |                                     |                                |                   |   |
| Council                                  | 20,000            | 20,000            | 20,073                              | --                             | 20,073            | (73)  |
| Mail room                                | 194,070           | 194,070           | 251,640                             | (56,752)                       | 194,888           | (818)   |
| Building commission                      | 1,219,270         | 1,436,270         | 1,446,472                           | (18,917)                       | 1,427,555         | 8,715   |
| Planning                                 | 604,213           | 604,213           | 623,223                             | (37,835)                       | 585,388           | 18,825  |
| Elections                                | --                | --                | --                                  | --                             | --                | --  |

**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, 2020**

|   | Budgeted Amounts  |                   | Actual<br>Modified<br>Accrual Basis | Adjustments<br>Budget<br>Basis | Actual<br>Amounts | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------|-------------------|-------------------------------------|--------------------------------|-------------------|---|
|   | Original          | Final             |                                     |                                |                   |   |
| Information systems                     | 1,684,445         | 2,134,445         | 1,637,291                           | ( 37,835)                      | 1,599,456         | 534,989   |
| Building maintenance                    | 1,257,451         | 1,257,451         | 1,037,110                           | ( 37,834)                      | 999,276           | 258,175   |
| Regular Retiree Health Benefits & COBRA | 1,688,594         | 2,088,594         | 50,673                              | 2,516,002                      | 2,566,675         | ( 478,081)  |
| Internal audit                          | 251,567           | 331,567           | 174,523                             | --                             | 174,523           | 157,044   |
| Morris Square                           | 378,773           | 378,773           | 250,953                             | --                             | 250,953           | 127,820   |
| Employee health clinic                  | 902,700           | 902,700           | 932,361                             | --                             | 932,361           | ( 29,661)   |
| Public works                            | 266,818           | 281,818           | 297,585                             | ( 37,834)                      | 259,751           | 22,067  |
| Public grounds                          | 1,622,459         | 1,712,459         | 1,672,109                           | ( 132,421)                     | 1,539,688         | 172,771   |
| Contingency                             | --                | 100,000           | --                                  | --                             | --                | 100,000   |
| Total general government                | <u>19,117,435</u> | <u>22,143,599</u> | <u>17,863,661</u>                   | <u>1,797,144</u>               | <u>19,660,805</u> | <u>2,482,794</u>  |
| Public safety:                          |                   |                   |                                     |                                |                   |   |
| Police                                  | 24,328,363        | 24,144,771        | 24,597,750                          | ( 2,028,040)                   | 22,569,710        | 1,575,061   |
| Fire                                    | 22,561,484        | 25,015,046        | 25,545,171                          | ( 2,009,267)                   | 23,535,904        | 1,479,142   |
| Traffic engineering                     | 1,491,121         | 1,491,121         | 1,550,590                           | ( 113,504)                     | 1,437,086         | 54,035  |
| C-K emergency services                  | 202,767           | 202,767           | 107,966                             | ( 18,917)                      | 89,049            | 113,718   |
| Total public safety                     | <u>48,583,735</u> | <u>50,853,705</u> | <u>51,801,477</u>                   | <u>( 4,169,728)</u>            | <u>47,631,749</u> | <u>3,221,956</u>  |
| Streets and transportation:             |                   |                   |                                     |                                |                   |   |
| Streets and transportation              | 4,579,777         | 4,429,777         | 4,324,403                           | ( 643,189)                     | 3,681,214         | 748,563   |
| Equipment maintenance                   | 3,393,988         | 3,293,988         | 2,842,339                           | ( 283,759)                     | 2,558,580         | 735,408   |
| Total streets<br>and transportation     | <u>7,973,765</u>  | <u>7,723,765</u>  | <u>7,166,742</u>                    | <u>( 926,948)</u>              | <u>6,239,794</u>  | <u>1,483,971</u>  |
| Health and sanitation:                  |                   |                   |                                     |                                |                   |   |
| Refuse collection & recycling           | 3,557,230         | 3,433,113         | 3,275,499                           | ( 321,594)                     | 2,953,905         | 479,208   |
| Kanawha-Charleston health department    | 100,000           | 100,000           | 100,000                             | --                             | 100,000           | --  |
| CARES                                   | 60,000            | 5,000             | 5,000                               | --                             | 5,000             | --  |
| Total health and sanitation             | <u>3,717,230</u>  | <u>3,538,113</u>  | <u>3,380,499</u>                    | <u>( 321,594)</u>              | <u>3,058,905</u>  | <u>479,208</u>  |
| Culture and recreation:                 |                   |                   |                                     |                                |                   |   |
| Parks and recreation                    | 2,937,189         | 2,937,189         | 2,726,959                           | ( 170,281)                     | 2,556,678         | 380,511   |
| Convention and<br>visitor's bureau      | 1,550,000         | 1,550,000         | 1,115,038                           | --                             | 1,115,038         | 434,962   |
| Cultural/fairs/festivals                | 239,000           | 239,000           | 145,500                             | --                             | 145,500           | 93,500  |
| Festival Fund for the Arts              | 212,737           | 212,737           | 158,530                             | --                             | 158,530           | 54,207  |
| Municipal auditorium                    | 2,068,103         | 2,368,103         | 234,978                             | --                             | 234,978           | 2,133,125   |
| Charleston Area Alliance                | 100,000           | 100,000           | 100,000                             | --                             | 100,000           | --  |
| Library                                 | 933,226           | 933,226           | 933,226                             | --                             | 933,226           | --  |
| Appalachian Power Park                  | 405,000           | 405,000           | 228,702                             | --                             | 228,702           | 176,298   |
| Total culture and recreation            | <u>8,445,255</u>  | <u>8,745,255</u>  | <u>5,642,933</u>                    | <u>( 170,281)</u>              | <u>5,472,652</u>  | <u>3,272,603</u>  |
| Social services:                        |                   |                   |                                     |                                |                   |   |
| Spring hill cemetery                    | 737,824           | 737,824           | 578,552                             | ( 56,752)                      | 521,800           | 216,024   |
| Human rights                            | --                | --                | 18,917                              | ( 18,917)                      | --                | --  |
| Total social services                   | <u>737,824</u>    | <u>737,824</u>    | <u>597,469</u>                      | <u>( 75,669)</u>               | <u>521,800</u>    | <u>216,024</u>  |

**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, 2020**

|   | Budgeted Amounts |               | Actual<br>Modified<br>Accrual Basis | Adjustments<br>Budget<br>Basis | Actual<br>Amounts | Variance With<br>Final Budget<br>Positive<br>(Negative) |
|---|------------------|---------------|-------------------------------------|--------------------------------|-------------------|---|
|   | Original         | Final         |                                     |                                |                   |   |
| Economic Development:                           |                  |               |                                     |                                |                   |   |
| Wayfinding commission                           | --               | --            | 65,500                              | ( 65,500)                      | --                | --  |
| Total economic development                      | --               | --            | 65,500                              | ( 65,500)                      | --                | --  |
| Capital projects:                               |                  |               |                                     |                                |                   |   |
| General government                              | 767,300          | 906,300       | 604,785                             | --                             | 604,785           | 301,515   |
| Public safety                                   | 2,813,794        | 4,692,669     | 3,498,382                           | --                             | 3,498,382         | 1,194,287   |
| Streets and transportation                      | 1,591,895        | 2,221,895     | 1,633,786                           | --                             | 1,633,786         | 588,109   |
| Health and sanitation                           | 771,188          | 903,188       | 708,041                             | --                             | 708,041           | 195,147   |
| Culture and recreation                          | 128,989          | 229,989       | 160,695                             | --                             | 160,695           | 69,294  |
| Social services                                 | 145,080          | 145,080       | 115,152                             | --                             | 115,152           | 29,928  |
| Total capital projects                          | 6,218,246        | 9,099,121     | 6,720,841                           | --                             | 6,720,841         | 2,378,280   |
| Debt service:                                   |                  |               |                                     |                                |                   |   |
| Principal                                       | 545,000          | 545,000       | 545,000                             | --                             | 545,000           | --  |
| Interest  | 70,675           | 70,675        | 70,675                              | --                             | 70,675            | --  |
| Bond Service Charges                            | 1,750            | 1,750         | 1,750                               | --                             | 1,750             | --  |
| Total debt service                              | 617,425          | 617,425       | 617,425                             | --                             | 617,425           | --  |
| Total expenditures                              | 95,410,915       | 103,458,807   | 93,856,547                          | ( 3,932,576)                   | 89,923,971        | 13,534,836  |
| Excess of revenues<br>over (under) expenditures | ( 7,766,415)     | ( 14,536,075) | 20,883,241                          | ( 14,059,877)                  | 6,823,364         | 21,359,439  |
| <b>OTHER FINANCING SOURCES (USES)</b>           |                  |               |                                     |                                |                   |   |
| Transfers in                                    | 8,353,000        | 9,568,000     | 18,444,679                          | ( 9,686,814)                   | 8,757,865         | ( 810,135)  |
| Transfers out                                   | ( 3,489,904)     | ( 7,449,132)  | ( 29,164,338)                       | 19,344,126                     | ( 9,820,212)      | ( 2,371,080)  |
| Capital lease proceeds                          | 2,553,319        | 2,553,319     | 2,458,500                           | --                             | 2,458,500         | ( 94,819)   |
| Sale of capital assets                          | 250,000          | 250,000       | 71,574                              | --                             | 71,574            | ( 178,426)  |
| Insurance Proceeds                              | --               | --            | 58,426                              | --                             | 58,426            | 58,426  |
| Settlement                                      | --               | --            | 1,781,312                           | --                             | 1,781,312         | 1,781,312   |
| Total other<br>financing sources (uses)         | 7,666,415        | 4,922,187     | ( 6,349,847)                        | 9,657,312                      | 3,307,465         | ( 1,614,722)  |
| Net change in fund balance                      | ( 100,000)       | ( 9,613,888)  | 14,533,394                          | ( 4,402,565)                   | 10,130,829        | 19,744,717  |
| Fund balance-beginning                          | 100,000          | 9,613,888     | 59,532,984                          | ( 49,767,044)                  | 9,765,940         | ( 152,052)  |
| Fund balance-ending                             | \$ --            | \$ --         | \$ 74,066,378                       | \$ ( 54,169,609)               | \$ 19,896,769     | \$ 19,896,769   |

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) - COAL SEVERANCE TAX FUND  
For the Fiscal Year Ended June 30, 2020

|   | <u>Budgeted Amounts</u> |                   | Actual<br>Modified<br>Accrual<br>Basis | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-------------------------|-------------------|--|---|
|   | <u>Original</u>         | <u>Final</u>      |  |   |
| <b>REVENUES</b>                         |                         |                   |  |   |
| Taxes:                                  |                         |                   |  |   |
| Coal severance tax                      | \$ 135,000              | \$ 135,000        | \$ 130,818                             | \$ ( 4,182)   |
| Interest earnings                       | <u>25</u>               | <u>25</u>         | <u>--</u>                              | <u>( 25)</u>  |
| Total revenues                          | <u>135,025</u>          | <u>135,025</u>    | <u>130,818</u>                         | <u>( 4,207)</u>   |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                         |                   |  |   |
| Transfers (out)                         | <u>( 135,025)</u>       | <u>( 187,128)</u> | <u>( 160,526)</u>                      | <u>26,602</u>   |
| Total other financing<br>sources (uses) | <u>( 135,025)</u>       | <u>( 187,128)</u> | <u>( 160,526)</u>                      | <u>26,602</u>   |
| Net change in fund balance              | --                      | ( 52,103)         | ( 29,708)                              | 22,395  |
| Fund balance - beginning                | <u>--</u>               | <u>52,103</u>     | <u>52,167</u>                          | <u>64</u>   |
| Fund balance - ending                   | <u>\$ --</u>            | <u>\$ --</u>      | <u>\$ 22,459</u>                       | <u>\$ 22,459</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, 2020

|  | Business-type Activities<br>- Enterprise Funds |                   |               |
|--|--|-------------------|---------------|
|  | Civic<br>Center                                | Parking<br>System | Totals        |
| <b>ASSETS</b>  |  |                   |               |
| Current:   |  |                   |               |
| Cash and cash equivalents                              | \$ 91,977                                      | \$ 4,417,313      | \$ 4,509,290  |
| Investments  | 372,472  | --                | 372,472       |
| Receivables:   |  |                   |               |
| Accounts   | 27,186   | 147,678           | 174,864       |
| Due from:  |  |                   |               |
| Other funds  | 1,827  | --                | 1,827         |
| Restricted:  |  |                   |               |
| TIF district taxes receivable                          | --   | --                | --            |
| TIF district   | 213,551  | --                | 213,551       |
| Regular account  | --   | 2,335,536         | 2,335,536     |
| Customer deposits                                      | 227,358  | --                | 227,358       |
| Prepaid items  | 199,955  | 38,734            | 238,689       |
| Total current assets                                   | 1,134,326                                      | 6,939,261         | 8,073,587     |
| Capital assets:  |  |                   |               |
| Nondepreciable:  |  |                   |               |
| Land   | 300,000  | 4,066,447         | 4,366,447     |
| Construction in progress                               | --   | --                | --            |
| Depreciable:   |  |                   |               |
| Buildings & improvements                               | 126,618,564                                    | 24,380,710        | 150,999,274   |
| Machinery and equipment                                | 1,744,423                                      | 1,695,183         | 3,439,606     |
| Less: accumulated depreciation                         | ( 23,671,099)                                  | ( 20,883,239)     | ( 44,554,338) |
| Total capital assets (net of accumulated depreciation) | 104,991,888                                    | 9,259,101         | 114,250,989   |
| Total noncurrent assets                                | 104,991,888                                    | 9,259,101         | 114,250,989   |
| Total assets   | 106,126,214                                    | 16,198,362        | 122,324,576   |
| <b>DEFERRED OUTFLOWS</b>                               |  |                   |               |
| OPEB changes between expected and actual experience    | 69,952   | 46,890            | 116,842       |
| OPEB changes in assumptions                            | 688,731  | 461,676           | 1,150,407     |
| Loss on refunding of debt                              | 84,705   | --                | 84,705        |
| Total deferred outflows of resources                   | 843,388  | 508,566           | 1,351,954     |
| Total assets and deferred outflows of resources        | 106,969,602                                    | 16,706,928        | 123,676,530   |

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)  
June 30, 2020

|  | Business-type Activities<br>- Enterprise Funds |                      | Totals                |
|--|--|----------------------|-----------------------|
|  | Civic<br>Center                                | Parking<br>System    |                       |
| <b>LIABILITIES</b>                                       |  |                      |                       |
| Current liabilities payable<br>from current assets:      |  |                      |                       |
| Accounts payable   | 78,802   | 46,579               | 125,381               |
| Insurance claims payable                                 | 34,515   | 3,259                | 37,774                |
| Payroll payable  | 27,235   | 19,483               | 46,718                |
| Other accrued expenses                                   | 1,501  | 3,455                | 4,956                 |
| Compensated absences payable                             | 20,144   | 16,361               | 36,505                |
| Customer deposits  | 18,940   | --                   | 18,940                |
| Accrued revenue bond/note<br>interest payable            | 22,421   | --                   | 22,421                |
| Due to:  |  |                      |                       |
| Component unit   | 3,643  | 578                  | 4,221                 |
| Other funds  | 60,225   | 18,757               | 78,982                |
| Other governments  | --   | --                   | --                    |
| Bonds payable  | 550,000  | --                   | 550,000               |
| <br>   |  |                      |                       |
| Total current liabilities payable<br>from current assets | <u>817,426</u>                                 | <u>108,472</u>       | <u>925,898</u>        |
| <br>   |  |                      |                       |
| Noncurrent liabilities                                   |  |                      |                       |
| Bonds payable  | 2,169,790                                      | --                   | 2,169,790             |
| Compensated absences payable                             | 30,216   | 24,542               | 54,758                |
| Other postemployment benefits payable                    | 6,476,009                                      | 4,341,051            | 10,817,060            |
| <br>   |  |                      |                       |
| Total noncurrent liabilities                             | <u>8,676,015</u>                               | <u>4,365,593</u>     | <u>13,041,608</u>     |
| <br>   |  |                      |                       |
| Total liabilities  | <u>9,493,441</u>                               | <u>4,474,065</u>     | <u>13,967,506</u>     |
| <br>   |  |                      |                       |
| <b>DEFERRED INFLOWS</b>                                  |  |                      |                       |
| OPEB changes in assumptions                              | 73,088   | 48,993               | 122,081               |
| OPEB changes between expected and actual experience      | 552,860  | 370,598              | 923,458               |
| Deferred revenue   | 3,500  | 16,718               | 20,218                |
| <br>   |  |                      |                       |
| Total deferred inflows of resources                      | <u>629,448</u>                                 | <u>436,309</u>       | <u>1,065,757</u>      |
| <br>   |  |                      |                       |
| Total liabilities and deferred inflows of resources      | <u>10,122,889</u>                              | <u>4,910,374</u>     | <u>15,033,263</u>     |
| <br>   |  |                      |                       |
| <b>NET POSITION</b>                                      |  |                      |                       |
| Net investment in capital assets                         | 102,356,803                                    | 9,259,101            | 111,615,904           |
| Restricted for debt service                              | 372,472  | 2,335,536            | 2,708,008             |
| Restricted for customer deposits                         | 227,358  | --                   | 227,358               |
| Restricted for TIF district                              | 194,231  | --                   | 194,231               |
| Unrestricted   | ( 6,304,151)                                   | 201,917              | ( 6,102,234)          |
| <br>   |  |                      |                       |
| Total net position                                       | <u>\$ 96,846,713</u>                           | <u>\$ 11,796,554</u> | <u>\$ 108,643,267</u> |

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

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
For the Fiscal Year Ended June 30, 2020

|   | Business-type Activities<br>- Enterprise Funds |                      |                       |
|---|--|----------------------|-----------------------|
|   | Civic<br>Center                                | Parking<br>System    | Totals                |
| Operating revenues:   |  |                      |                       |
| Sales and services to customers                               | \$ 1,124,740                                   | \$ 2,527,374         | \$ 3,652,114          |
| Rental fees   | 1,201,781                                      | 87,840               | 1,289,621             |
| Miscellaneous   | 13,906   | 18,451               | 32,357                |
| Total revenues  | <u>2,340,427</u>                               | <u>2,633,665</u>     | <u>4,974,092</u>      |
| Operating expenses:   |  |                      |                       |
| Personal services   | 2,230,285                                      | 992,184              | 3,222,469             |
| Contractual services  | 1,623,038                                      | 623,317              | 2,246,355             |
| Materials and supplies  | 137,943  | 58,568               | 196,511               |
| Depreciation  | 4,643,475                                      | 829,719              | 5,473,194             |
| Total operating expenses                                      | <u>8,634,741</u>                               | <u>2,503,788</u>     | <u>11,138,529</u>     |
| Operating income (loss)                                       | <u>( 6,294,314)</u>                            | <u>129,877</u>       | <u>( 6,164,437)</u>   |
| Nonoperating revenues (expenses):                             |  |                      |                       |
| Interest revenue  | 6,716  | 99,557               | 106,273               |
| Investment earnings   | 1,476  | --                   | 1,476                 |
| Gain (loss) on sale of fixed assets                           | 409  | --                   | 409                   |
| TIF property taxes  | 194,980  | --                   | 194,980               |
| Interest & fiscal charges                                     | ( 167,060)                                     | --                   | ( 167,060)            |
| Total nonoperating revenues<br>(expenses)                     | <u>36,521</u>                                  | <u>99,557</u>        | <u>136,078</u>        |
| Income (loss) before operating transfers<br>and contributions | <u>( 6,257,793)</u>                            | <u>229,434</u>       | <u>( 6,028,359)</u>   |
| Capital contributions - Energy Rebates                        | 83,935   | --                   | 83,935                |
| Transfers in  | 2,782,680                                      | --                   | 2,782,680             |
| Transfers(out)  | ( 84,298)                                      | ( 1,030,405)         | ( 1,114,703)          |
| Change in net position  | ( 3,475,476)                                   | ( 800,971)           | ( 4,276,447)          |
| Net position at beginning of year                             | <u>100,322,189</u>                             | <u>12,597,525</u>    | <u>112,919,714</u>    |
| Net position at end of year                                   | <u>\$ 96,846,713</u>                           | <u>\$ 11,796,554</u> | <u>\$ 108,643,267</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, 2020

|  | Business-type Activities<br>- Enterprise Funds |                   |              |
|--|--|-------------------|--------------|
|  | Civic<br>Center                                | Parking<br>System | Totals       |
| <b>Cash flows from operating activities:</b>   |  |                   |              |
| Cash received from customers   | \$ 2,656,002                                   | \$ 2,637,386      | \$ 5,293,388 |
| Cash paid for goods and services   | ( 2,080,159)                                   | ( 644,878)        | ( 2,725,037) |
| Cash paid for interfund services   | 146,442  | ( 4,220)          | 142,222      |
| Cash paid to employees   | ( 1,736,803)                                   | ( 905,026)        | ( 2,641,829) |
| Net cash provided (used) by operating activities   | ( 1,014,518)                                   | 1,083,262         | 68,744       |
| <b>Cash flows from noncapital financing activities:</b>  |  |                   |              |
| Transfers in   | 2,782,680                                      | - -               | 2,782,680    |
| Transfers (out)  | ( 84,298)                                      | ( 1,030,405)      | ( 1,114,703) |
| Net cash provided by noncapital financing activities   | 2,698,382                                      | ( 1,030,405)      | 1,667,977    |
| <b>Cash flows from capital and related financing activities:</b>   |  |                   |              |
| Purchases of capital assets  | ( 657,934)                                     | ( 259,076)        | ( 917,010)   |
| Acquisition and construction of capital assets   | ( 406,607)                                     | ( 168,107)        | ( 574,714)   |
| Principal paid on capital debt   | ( 530,000)                                     | - -               | ( 530,000)   |
| Proceeds from the sales of capital assets  | 409  | - -               | 409          |
| Interest paid on capital debt  | ( 141,428)                                     | - -               | ( 141,428)   |
| TIF district property taxes  | 194,980  | - -               | 194,980      |
| Capital Contributions - Energy Rebates   | 83,935   | - -               | 83,935       |
| Net cash used by capital and related financing activities  | ( 1,456,645)                                   | ( 427,183)        | ( 1,883,828) |
| <b>Cash flows from investing activities:</b>   |  |                   |              |
| Interest received  | 8,190  | 99,553            | 107,743      |
| Net cash provided by investing activities  | 8,190  | 99,553            | 107,743      |
| Net increase (decrease) in cash and cash equivalents   | 235,409  | ( 274,773)        | ( 39,364)    |
| Cash and cash equivalents, July 1, 2019<br>(including \$395,427 and \$2,777,842 and in restricted accounts)  | 442,591  | 7,027,622         | 7,470,213    |
| Cash and cash equivalents, June 30, 2020<br>(including \$586,023 and \$2,335,536 and in restricted accounts) | \$ 678,000                                     | \$ 6,752,849      | \$ 7,430,849 |

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)  
For the Fiscal Year Ended June 30, 2020

|   | Business-type Activities<br>- Enterprise Funds |                     | Totals           |
|---|--|---------------------|------------------|
|   | Civic<br>Center                                | Parking<br>System   |                  |
| <b>Reconciliation of operating income<br/>to net cash provided (used) by<br/>operating activities:</b>      |  |                     |                  |
| Operating income (loss)   | \$ (6,294,314)                                 | 129,877             | \$ (6,164,437)   |
| Adjustments to reconcile operating<br>income (loss) to net cash provided (used) by<br>operating activities: |  |                     |                  |
| Depreciation expense  | 4,643,475                                      | 829,719             | 5,473,194        |
| Decrease (increase) in accounts receivable  | 325,316  | (2,635)             | 322,681          |
| Decrease (increase) in due from other funds   | 145,634  | 450                 | 146,084          |
| Decrease (increase) in restricted deposits  | 23,535   | --                  | 23,535           |
| Decrease (increase) in prepaid items  | (104,120)                                      | 28,433              | (75,687)         |
| Decrease (increase) in deferred outflows  | (398,667)                                      | (258,488)           | (657,155)        |
| Increase (decrease) in accounts payable   | (205,533)                                      | 8,876               | (196,657)        |
| Increase (decrease) in insurance payable  | 10,903   | (49,966)            | (39,063)         |
| Increase (decrease) in payroll payable  | (9,032)  | 4,533               | (4,499)          |
| Increase (decrease) in other accrued expenses   | 1,450  | --                  | 1,450            |
| Increase (decrease) in compensated absences   | (13,859)                                       | 6,911               | (6,948)          |
| Increase (decrease) in customer deposits  | (34,475)                                       | --                  | (34,475)         |
| Increase (decrease) in unearned revenue   | 1,200  | 6,356               | 7,556            |
| Increase (decrease) in due to component unit & other entities   | (10,976)                                       | (302)               | (11,278)         |
| Increase (decrease) in due to other funds   | 808  | (4,670)             | (3,862)          |
| Increase (decrease) in other postemployment benefits payable  | 805,196  | 330,651             | 1,135,847        |
| Increase (decrease) in deferred inflows   | 98,941   | 53,517              | 152,458          |
|   | <u>\$ (1,014,518)</u>                          | <u>\$ 1,083,262</u> | <u>\$ 68,744</u> |
| Net cash provided (used) by operations  | <u>\$ (1,014,518)</u>                          | <u>\$ 1,083,262</u> | <u>\$ 68,744</u> |

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

# CITY OF CHARLESTON, WEST VIRGINIA FIDUCIARY FUND FINANCIAL STATEMENTS

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

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

The individual Fiduciary and Agency Fund descriptions and financial statements begin on page 143.

CITY OF CHARLESTON, WEST VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020

|   | Pension<br>Trust<br>Funds | Agency<br>Funds |
|---|---------------------------|-----------------|
| <b>ASSETS</b>                                   |                           |                 |
| Non-pooled cash                                 | \$ 9,038,100              | \$ 4,236,562    |
| Total cash                                      | 9,038,100                 | 4,236,562       |
| Investments, at fair value:                     |                           |                 |
| Certificates of deposit                         | 2,565,137                 | --              |
| Common stock                                    | 8,517,866                 | --              |
| Managed bond funds                              | 9,629,364                 | --              |
| Exchange traded products                        | 20,526,214                | --              |
| Total investments                               | 41,238,581                | --              |
| Receivables:                                    |                           |                 |
| Interest  | 48,314                    | --              |
| Accounts receivable                             | --                        | 170,041         |
| Due from other funds                            | --                        | 18,433          |
| Total receivables                               | 48,314                    | 188,474         |
| Total assets                                    | 50,324,995                | 4,425,036       |
| <b>DEFERRED OUTFLOWS</b>                        |                           |                 |
| Total deferred outflows of resources            | --                        | --              |
| <b>LIABILITIES</b>                              |                           |                 |
| Refunds payable and other                       | 674,258                   | 4,394,147       |
| Due to: other funds                             | --                        | 30,889          |
| Total liabilities                               | 674,258                   | 4,425,036       |
| <b>DEFERRED INFLOWS</b>                         |                           |                 |
| Total deferred inflows of resources             | --                        | --              |
| <b>NET POSITION</b>                             |                           |                 |
| Net position restricted<br>for pension benefits | \$ 49,650,737             | \$ --           |

(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, 2020

|   | <u>Pension<br/>Trust<br/>Funds</u> |
|---|------------------------------------|
| <b>ADDITIONS</b>  |                                    |
| Contributions:  |                                    |
| Employer  | \$ 8,842,465                       |
| Plan members  | 1,076,485                          |
| Insurance premium surtax                                | 3,867,051                          |
| Additional transfers in                                 | <u>3,687,404</u>                   |
| Total contributions                                     | <u>17,473,405</u>                  |
| Investment income:                                      |                                    |
| Net increase (decrease) in fair value<br>of investments | ( 90,860)                          |
| Interest and dividends                                  | 970,466                            |
| Miscellaneous   | 55                                 |
| Less: investment expense                                | <u>( 218,958)</u>                  |
| Net investment income                                   | <u>660,703</u>                     |
| Total additions   | <u>18,134,108</u>                  |
| <b>DEDUCTIONS</b>                                       |                                    |
| Benefits  | 15,302,820                         |
| Administrative expenses                                 | <u>17,903</u>                      |
| Total deductions  | <u>15,320,723</u>                  |
| Change in net position                                  | 2,813,385                          |
| Net position restricted for<br>pension benefits:        |                                    |
| Beginning of year                                       | <u>46,837,352</u>                  |
| End of year   | <u>\$ 49,650,737</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  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**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-six 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 of Charleston 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.

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

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The City of Charleston Urban Renewal Authority serves the City of Charleston, West Virginia, and is governed by a board comprised of members appointed by the City 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 of Charleston contributes 50% of the Hotel Occupancy Taxes collected to the Bureau. If these taxes were discontinued, the Bureau's ability to continue in business would be threatened.

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

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net 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  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**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.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

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.

## **D. Assets, Liabilities, and Net Position or Equity**

### **1. Deposits and Investments**

The City of Charleston, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than three months from the date of acquisition.

For purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity. In accordance with 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

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

value. All investment income, including changes in fair value of investments, is recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

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

State statutes authorize the government to invest in the West Virginia Board of Treasury Investments or the West Virginia Municipal Bond Commission, which is reported at amortized cost, 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.

## **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."

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

*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, 2020.

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, 2020, 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                  | \$ -                                       | 10.93 cents            | 5.03 cents         | 10.93 cents                    |
| Class II                 | \$ 1,312,820,560                           | 21.86 cents            | 10.06 cents        | 21.86 cents                    |
| Class IV                 | \$ 1,955,426,938                           | 43.72 cents            | 20.12 cents        | 43.72 cents                    |

The City of Charleston, West Virginia held an election on May 8, 2018. The City was authorized to lay an excess levy to provide approximately \$5,195,938 annually for four fiscal years beginning July 1, 2019 (FYE June 30, 2020) through July 1, 2022 (FYE June 30, 2023) 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

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

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 acquisition 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       |

**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. Vacation is accrued on a calendar monthly basis and earned as the employee provides services throughout the year. Employees are allowed accumulate 240 hours at any given time. 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.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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 \$2,257,736 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 \$14,824,114 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 \$44,481,738 of committed fund balance at fiscal yearend. |
| 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 no 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 \$34,899,232 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.



CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

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 \$4,730,967

**II. 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                             |
|--------------|---|
| \$ 3,026,164 | General Government Expenditure Increase |
| 2,269,970    | Public Safety Expenditure Increase      |
| (179,117)    | Health and Sanitation Decrease          |
| 300,000      | Culture and Recreation Increase         |
| 2,880,875    | Capital Projects Expenditure Increase   |
| (250,000)    | Streets and Transportation Decrease     |

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.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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 III.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.

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<br>in Fund Balance | Fund<br>Balance |
|--------------------------------|-------------------------------|-----------------|
| Budgetary Basis                | \$ 14,533,394                 | \$ 74,066,378   |
| Basis of Accounting Difference | (4,402,565)                   | (54,169,609)    |
| GAAP Basis                     | \$ 10,130,829                 | \$ 19,896,769   |

Intergovernmental revenues - state and public safety expenditures both decreased by \$3,867,051, 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, 2020.

| Encumbrance Description         | General<br>Fund |
|---------------------------------|-----------------|
| Professional Services           | \$ 39,011       |
| Contributions to Other Entities | 389,269         |
| Court Costs & Damages           | 577,475         |
| Comprehensive Plan              | (550)           |
| Stormwater Project              | 4,332           |
| Culture & Recreation            | 93,500          |
| Police Department               | 32,217          |
| Fire Department                 | 425,397         |
|                                 | \$ 1,560,651    |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

*Cash & Cash Equivalents and Investments*

Cash and Cash Equivalents are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

At year end, the government had the following investments:

|  | Fair Value           | Credit Risk Rating          |                             |
|--|----------------------|-----------------------------|-----------------------------|
|  |                      | Standard & Poor's and Fitch | Moody's Investment Services |
| West Virginia Municipal Bond Commission, at amortized cost | \$ 372,472           | Not Rated                   | Not Rated                   |
| WV Money Market Pool                                       | 24,781,727           | Not Rated                   | Not Rated                   |
|  | <u>25,154,199</u>    |                             |                             |
| US Treasury N/B 2.5%                                       | 101,336              | AA+                         | Not Rated                   |
| US Treasury N/B 2%   | 104,770              | AA+                         | Not Rated                   |
| US Treasury N/B 1.5%                                       | 102,828              |                             |                             |
| Total Rated Securities                                     | <u>308,934</u>       |                             |                             |
| Common Stock   | 171,025              | Not Rated                   | Not Rated                   |
| Mutual Funds   | 1,456,298            | Not Rated                   | Not Rated                   |
| Certificates of Deposit                                    | 365,459              | Not Rated                   | Not Rated                   |
| Total Unrated Securities                                   | <u>1,992,782</u>     |                             |                             |
| Total Primary Government                                   | <u>\$ 27,455,915</u> |                             |                             |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|                                       | <u>Fair Value</u> | <u>Credit Risk Rating</u>                      |  |
|---------------------------------------|-------------------|--|--|
|                                       |                   | <u>Standard<br/>&amp; Poor's<br/>and Fitch</u> | <u>Moody's<br/>Investment<br/>Services</u> |
| <b>Policemen's Pension and Relief</b> |                   |  |  |
| <b>Corporate Bonds</b>                |                   |  |  |
| Boeing Co                             | \$ 250,180        | BBB-   | Baa2                                       |
| Royal BK CDA Mtn                      | 100,669           | AA-  | Aa2  |
| Barclays Bank PLC Ser A Mtn           | 500,000           | A  | A1   |
| General Electric Capital Corp         | 99,175            | BBB+   | Baa1                                       |
| Johnson & Johnson                     | 100,820           | AAA  | Aaa  |
| Masco Corp                            | 253,447           | BBB  | Baa3                                       |
| Duke Energy Carolinas                 | 256,365           | A  | Aa2  |
| Sysco Corp                            | 101,728           | BBB-   | Baa1                                       |
| Caterpillar Fin Svcs                  | 101,971           | A  | A3   |
| Boeing Co                             | 253,135           | BBB-   | Baa2                                       |
| Goldman Sachs Group                   | 100,636           | BBB+   | A3   |
| Ebay Inc                              | 103,319           | BBB+   | Baa1                                       |
| Fedex Corp                            | 104,007           | BBB  | Baa2                                       |
| Keybank National Association          | 103,883           | A-   | Baa1                                       |
| Waste Mgmt Inc                        | 104,508           | A-   | Baa1                                       |
| Bank of America Corp                  | 495,925           | A-   | A2   |
| Wells Fargo & Co                      | 499,635           | A-   | A2   |
| Amazon                                | 104,682           | AA-  | A2   |
| Johnson & Johnson                     | 104,148           | AAA  | Aaa  |
| Express Scripts                       | 104,650           | A-   | WR   |
| Barclays Bank PLC Ser A Mtn           | 99,999            | A  | A1   |
| Kellogg Co                            | 105,944           | BBB  | Baa2                                       |
| Wells Fargo & Co                      | 100,103           | A-   | A2   |
| Marriott Intl Inc                     | 97,271            | BBB-   | Baa3                                       |
| 3M Co                                 | 107,637           | A+   | A1   |
| Wells Fargo & Co                      | 251,290           | A-   | A2   |
| Royal Bk of CDA                       | 158,904           | A  | A2   |
|                                       | <hr/>             |  |  |
| Total Rated Securities                | 4,764,031         |  |  |
| Common Stock                          | 4,421,793         |  |  |
| Exchange Traded Products              | 10,666,826        |  |  |
| Certificates of Deposit               | 1,287,605         |  |  |
|                                       | <hr/>             |  |  |
| Total Unrated Securities              | 16,376,224        |  |  |
|                                       | <hr/>             |  |  |
| Total Policemen's Pension and Relief  | \$ 21,140,255     |  |  |
|                                       | <hr/> <hr/>       |  |  |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|                                     | <u>Fair Value</u>    | <u>Credit Risk Rating</u>                      |  |
|-------------------------------------|----------------------|--|--|
|                                     |                      | <u>Standard<br/>&amp; Poor's<br/>and Fitch</u> | <u>Moody's<br/>Investment<br/>Services</u> |
| <b>Firemen's Pension and Relief</b> |                      |  |  |
| <b>Corporate Bonds</b>              |                      |  |  |
| Boeing Co                           | \$ 250,180           | BBB-   | Baa2                                       |
| Royal BK CDA Mtn                    | 100,669              | AA-  | Aa2  |
| Barclays Bank PLC Ser A Mtn         | 500,000              | A  | A1   |
| General Electric Capital Corp       | 99,175               | BBB+   | Baa1                                       |
| Johnson & Johnson                   | 100,820              | AAA  | Aaa  |
| Masco Corp                          | 253,448              | BBB  | Baa3                                       |
| Duke Energy Carolinas               | 256,365              | A  | Aa2  |
| Sysco Corp                          | 101,728              | BBB-   | Baa1                                       |
| Caterpillar Fin Svcs                | 101,971              | A  | A3   |
| Boeing Co                           | 253,135              | BBB-   | Baa2                                       |
| Goldman Sachs Group                 | 100,636              | BBB+   | A3   |
| Ebay Inc                            | 103,319              | BBB+   | Baa1                                       |
| Fedex Corp                          | 104,007              | BBB  | Baa2                                       |
| Keybank National Association        | 103,883              | A-   | A3   |
| Waste Mgmt Inc                      | 104,508              | A-   | Baa1                                       |
| Bank of America Corp                | 495,925              | A-   | A2   |
| Wells Fargo & Co                    | 499,635              | A-   | A2   |
| Amazon                              | 104,682              | AA-  | A2   |
| Johnson & Johnson                   | 104,148              | AAA  | Aaa  |
| Express Scripts                     | 104,650              | A-   | WR   |
| Barclays Bank PLC Ser A Mtn         | 99,999               | A  | A1   |
| Kellog Co                           | 105,944              | BBB  | Baa2                                       |
| Wells Fargo & Co                    | 251,290              | A-   | A2   |
| Marriott Intl Inc                   | 97,271               | BBB-   | Baa3                                       |
| 3M Co                               | 107,637              | A+   | A1   |
| Wells Fargo & Co                    | 100,103              | A-   | A2   |
| Royal Bk of CDA                     | 158,903              | A-   | A2   |
| JP Morgan Chase                     | 101,302              | A-   | A2   |
| Total Rated Securities              | <u>4,865,333</u>     |  |  |
| Common Stock                        | 4,096,073            |  |  |
| Exchange Traded Products            | 9,859,388            |  |  |
| Certificates of Deposit             | <u>1,277,532</u>     |  |  |
| Total Unrated Securities            | <u>15,232,993</u>    |  |  |
| Total Firemen's Pension and Relief  | <u>\$ 20,098,326</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 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  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The City has invested in The West Virginia Money Market Pool is structured as a money market fund with the goal of preservation of principal. The Pool's objective is to preserve capital and maintain sufficient liquidity to meet the daily disbursement requirements

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 investments in the West Virginia Money Market Pool in the amount of \$24,781,727.

*Credit Risk*

It's the government's policy to limit its investments as stated in the West Virginia 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, 2020, 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.

As of June 30, 2020, the City's investments had the following maturities.

| Security Type                   | Fair Value           | Less than<br>1 Year  | 1-5               | 6-10        | More than<br>10 Years |
|---------------------------------|----------------------|----------------------|-------------------|-------------|-----------------------|
| <b>Primary Government:</b>      |                      |                      |                   |             |                       |
| West Virginia Municipal Bond    |                      |                      |                   |             |                       |
| at amortized cost               | \$ 372,472           | \$ 372,472           | \$ -              | \$ -        | -                     |
| West Virginia Money Market Pool | 24,781,727           | 24,781,727           | -                 | -           | -                     |
| US Treasury N/B 2.5%            | 101,336              | 101,336              | -                 | -           | -                     |
| US Treasury N/B 2%              | 104,770              | -                    | 104,770           | -           | -                     |
| US Treasury N/B 1.5%            | 102,828              | -                    | 102,828           | -           | -                     |
| Common Stock                    | 171,025              | 171,025              | -                 | -           | -                     |
| Mutual Funds                    | 1,456,298            | 1,456,298            | -                 | -           | -                     |
| Certificates of Deposit         | 365,459              | 50,301               | 315,158           | -           | -                     |
|                                 | <u>\$ 27,455,915</u> | <u>\$ 26,933,159</u> | <u>\$ 522,756</u> | <u>\$ -</u> | <u>-</u>              |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**Policemen's Pension and Relief**

|   | <u>Fair Value</u>    | <u>1 Year</u>        | <u>1-5</u>          | <u>6-10</u>       | <u>10 Years</u>   |
|---|----------------------|----------------------|---------------------|-------------------|-------------------|
| <b>Corporate Bonds</b>                      |                      |                      |                     |                   |                   |
| Boeing Co                                   | \$ 250,180           | \$ 250,180           | \$ -                | \$ -              | \$ -              |
| Royal BK CDA Mtn                            | 100,669              | 100,669              | -                   | -                 | -                 |
| Barclays Bank PLC Ser A Mtn                 | 500,000              | 500,000              | -                   | -                 | -                 |
| General Electric Capital Corp               | 99,175               | 99,175               | -                   | -                 | -                 |
| Johnson & Johnson                           | 100,820              | 100,820              | -                   | -                 | -                 |
| Masco Corp                                  | 253,447              | 253,447              | -                   | -                 | -                 |
| Duke Energy Carolinas                       | 256,365              | 256,365              | -                   | -                 | -                 |
| Sysco Corp                                  | 101,728              | -                    | 101,728             | -                 | -                 |
| Caterpillar Fin Svcs                        | 101,971              | -                    | 101,971             | -                 | -                 |
| Boeing Co                                   | 253,135              | -                    | 253,135             | -                 | -                 |
| Goldman Sachs Group                         | 100,636              | -                    | 100,636             | -                 | -                 |
| Ebay Inc                                    | 103,319              | -                    | 103,319             | -                 | -                 |
| Fedex Corp                                  | 104,007              | -                    | 104,007             | -                 | -                 |
| Keybank National Association                | 103,883              | -                    | 103,883             | -                 | -                 |
| Waste Mgmt Inc                              | 104,508              | -                    | 104,508             | -                 | -                 |
| Bank of America Corp                        | 495,925              | -                    | 495,925             | -                 | -                 |
| Wells Fargo & Co                            | 499,635              | -                    | 499,635             | -                 | -                 |
| Amazon                                      | 104,682              | -                    | 104,682             | -                 | -                 |
| Johnson & Johnson                           | 104,148              | -                    | 104,148             | -                 | -                 |
| Express Scripts                             | 104,650              | -                    | 104,650             | -                 | -                 |
| Barclays Bank PLC Ser A Mtn                 | 99,999               | -                    | 99,999              | -                 | -                 |
| Kellog Co                                   | 105,944              | -                    | 105,944             | -                 | -                 |
| Wells Fargo & Co                            | 100,103              | -                    | -                   | 100,103           | -                 |
| Marriott Intl Inc                           | 97,271               | -                    | -                   | 97,271            | -                 |
| 3M Co                                       | 107,637              | -                    | -                   | 107,637           | -                 |
| Wells Fargo & Co                            | 251,290              | -                    | -                   | 251,290           | -                 |
| Royal Bk of CDA                             | 158,904              | -                    | -                   | -                 | 158,904           |
| Exchange Traded Products                    | 10,666,826           | 10,666,826           | -                   | -                 | -                 |
| Common Stock                                | 4,421,793            | 4,421,793            | -                   | -                 | -                 |
| Certificates of Deposit                     | 1,287,605            | 252,170              | 615,657             | 419,778           | -                 |
| <b>Total Policemen's Pension and Relief</b> | <u>\$ 21,140,255</u> | <u>\$ 16,901,445</u> | <u>\$ 3,103,827</u> | <u>\$ 976,079</u> | <u>\$ 158,904</u> |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|   | Fair Value           | 1 Year               | 1-5                 | 6-10                | 10 Years          |
|---|----------------------|----------------------|---------------------|---------------------|-------------------|
| <b>Firemen's Pension and Relief</b>       |                      |                      |                     |                     |                   |
| <b>Security Type</b>                      |                      |                      |                     |                     |                   |
| <b>Corporate Bonds</b>                    |                      |                      |                     |                     |                   |
| Boeing Co                                 | \$ 250,180           | \$ 250,180           | \$ -                | \$ -                | \$ -              |
| Royal BK CDA Mtn                          | 100,669              | 100,669              | -                   | -                   | -                 |
| Barclays Bank PLC Ser A Mtn               | 500,000              | 500,000              | -                   | -                   | -                 |
| General Electric Capital Corp             | 99,175               | 99,175               | -                   | -                   | -                 |
| Johnson & Johnson                         | 100,820              | 100,820              | -                   | -                   | -                 |
| Masco Corp                                | 253,448              | 253,448              | -                   | -                   | -                 |
| Duke Energy Carolinas                     | 256,365              | 256,365              | -                   | -                   | -                 |
| Sysco Corp                                | 101,728              | -                    | 101,728             | -                   | -                 |
| Caterpillar Fin Svcs                      | 101,971              | -                    | 101,971             | -                   | -                 |
| Boeing Co                                 | 253,135              | -                    | 253,135             | -                   | -                 |
| Goldman Sachs Group                       | 100,636              | -                    | 100,636             | -                   | -                 |
| Ebay Inc                                  | 103,319              | -                    | 103,319             | -                   | -                 |
| Fedex Corp                                | 104,007              | -                    | 104,007             | -                   | -                 |
| Keybank National Association              | 103,883              | -                    | 103,883             | -                   | -                 |
| Waste Mgmt Inc                            | 104,508              | -                    | 104,508             | -                   | -                 |
| Bank of America Corp                      | 495,925              | -                    | 495,925             | -                   | -                 |
| Wells Fargo & Co                          | 499,635              | -                    | 499,635             | -                   | -                 |
| Amazon                                    | 104,682              | -                    | 104,682             | -                   | -                 |
| Johnson & Johnson                         | 104,148              | -                    | 104,148             | -                   | -                 |
| Express Scripts                           | 104,650              | -                    | 104,650             | -                   | -                 |
| Barclays Bank PLC Ser A Mtn               | 99,999               | -                    | 99,999              | -                   | -                 |
| Kellog Co                                 | 105,944              | -                    | 105,944             | -                   | -                 |
| Wells Fargo & Co                          | 251,290              | -                    | -                   | 251,290             | -                 |
| Marriott Intl Inc                         | 97,271               | -                    | -                   | 97,271              | -                 |
| 3M Co                                     | 107,637              | -                    | -                   | 107,637             | -                 |
| Wells Fargo & Co                          | 100,103              | -                    | -                   | 100,103             | -                 |
| Royal Bk of CDA                           | 158,903              | -                    | -                   | -                   | 158,903           |
| JP Morgan Chase                           | 101,302              | -                    | -                   | -                   | 101,302           |
| Exchange Traded Products                  | 9,859,388            | 9,859,388            | -                   | -                   | -                 |
| Common Stock                              | 4,096,073            | 4,096,073            | -                   | -                   | -                 |
| Certificates of Deposit                   | 1,277,532            | 252,170              | 355,346             | 401,628             | 268,388           |
| <b>Total Firemen's Pension and Relief</b> | <b>\$ 20,098,326</b> | <b>\$ 15,768,288</b> | <b>\$ 2,843,516</b> | <b>\$ 957,929</b>   | <b>\$ 528,593</b> |
| <br>                                      |                      |                      |                     |                     |                   |
| Total Investments                         | <u>\$ 41,238,581</u> | <u>\$ 32,669,733</u> | <u>\$ 5,947,343</u> | <u>\$ 1,934,008</u> | <u>\$ 687,497</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.1. The government does not have a policy for concentration of credit risk in addition to governing West Virginia statutes.



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

Any investment in one issuer of five percent or greater must be disclosed in accordance with GAAP. The Policemen’s Pension Fund had five mutual fund investments in Ishares Russell Midcap Value, Ishares Russell Midcap Growth, Ishares Core S&P Mid-Cap, Ishares Russell 2000 Value, and SPDR S&P 500 ETF Trust Unit Ser 1 S&P that had six percent, seven percent, six percent, five percent, and five percent respectively; the Firemen's Pension Fund had five mutual fund investments in Ishares Russell Midcap Value, Ishares Russell Midcap Growth, Ishares Core S&P Mid-Cap ETF, Ishares Russell 2000 Value ETF, and SPDR S&P 500 ETF Trust Unit Ser 1 S&P that were six percent, six percent, six percent, five percent and five percent respectively, of the total portfolio; and Spring Hill Cemetery had six mutual fund investments in Fidelity Mid Cap Index, Vanguard High Yield Dividend, Vanguard Growth Index Fund, Baird Aggregate Bond Fund, Federated Institutional High Yield Bond Inst Class, and PIMCO Investment Grad Corp bond Inst, that were six percent, eight percent, eight percent, eighteen percent, six percent, and six percent respectively, of the total portfolio at June 30, 2020.

*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, 2020.

*Fair Value of Investments*

The City of Charleston measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At June 30, 2020, the Entity had the following recurring fair value measurements.

|  |                      | Fair Value Measurements Using                             |  |                                       |
|--|----------------------|---|--|---------------------------------------|
|  |                      | Quoted Price<br>in Active Markets<br>for Identical Assets | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |
| Investments by fair value level - Police Pension | Total                | Level 1   | Level 2                                      | Level 3                               |
| Exchange Traded Products (ETPs)                  | \$ 10,666,826        | \$ 10,666,826   | \$ -   | \$ -                                  |
| Common Stock                                     | 4,421,793            | 4,421,793   | -  | -                                     |
| Corporate Bonds                                  | 4,764,031            | 4,764,031   | -  | -                                     |
| Certificates of Deposit                          | 1,287,605            | -   | 1,287,605                                    | -                                     |
| <b>Total</b>                                     | <b>\$ 21,140,255</b> | <b>\$ 19,852,650</b>                                      | <b>\$ 1,287,605</b>                          | <b>\$ -</b>                           |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|  |                      | Fair Value Measurements Using                             |  |                                       |  |
|--|----------------------|---|--|---------------------------------------|--|
|  |                      | Quoted Price<br>in Active Markets<br>for Identical Assets | Significant<br>Other<br>Observable<br>Inputs | Significant<br>Unobservable<br>Inputs |  |
| Investments by fair value level - Fire Pension | Total                | Level 1   | Level 2                                      | Level 3                               |  |
| Exchange Traded Products (ETPs)                | \$ 9,859,388         | \$ 9,859,388  | \$ -   | \$ -                                  |  |
| Common Stock                                   | 4,096,073            | 4,096,073   | -  | -                                     |  |
| Corporate Bonds                                | 4,865,333            | 4,865,333   | -  | -                                     |  |
| Certificates of Deposit                        | 1,277,532            | -   | 1,277,532                                    | -                                     |  |
|  | <u>20,098,326</u>    | <u>18,820,794</u>   | <u>1,277,532</u>                             | <u>-</u>                              |  |
| Total  | \$ <u>20,098,326</u> | \$ <u>18,820,794</u>                                      | \$ <u>1,277,532</u>                          | \$ <u>-</u>                           |  |

**B. Receivables**

|                                      |                      | Coal             | Community           |                     |      |
|--------------------------------------|----------------------|------------------|---------------------|---------------------|------|
|                                      |                      | General          | Severance           | Development         | HOME |
| Receivables:                         |                      |                  |                     |                     |      |
| Accounts                             | \$ 17,405,216        | \$ -             | \$ -                | \$ -                |      |
| Accrued interest                     | 16,613               | -                | -                   | -                   |      |
| Taxes                                | 11,407,983           | 22,438           | -                   | -                   |      |
| Loans                                | -                    | -                | 2,983,337           | 2,234,774           |      |
| Grants                               | -                    | -                | 147,785             | 43,701              |      |
| Gross receivables                    | 28,829,812           | 22,438           | 3,131,122           | 2,278,475           |      |
| Less: allowance<br>for uncollectible | (81,131)             | -                | (846,375)           | -                   |      |
| Net total<br>receivables             | \$ <u>28,748,681</u> | \$ <u>22,438</u> | \$ <u>2,284,747</u> | \$ <u>2,278,475</u> |      |

|                                      |                  | Civic<br>Center   | Parking<br>System   | Nonmajor Funds<br>and Fiduciary Funds | Total |
|--------------------------------------|------------------|-------------------|---------------------|---------------------------------------|-------|
| Receivables:                         |                  |                   |                     |                                       |       |
| Accounts                             | \$ 27,186        | 169,678           | \$ 403,263          | \$ 18,005,343                         |       |
| Accrued interest                     | -                | -                 | 6,128               | 22,741                                |       |
| Taxes                                | -                | -                 | -                   | 11,430,421                            |       |
| Loans                                | -                | -                 | 300,904             | 5,519,015                             |       |
| Grants                               | -                | -                 | 1,423,953           | 1,615,439                             |       |
| Gross receivables                    | 27,186           | 169,678           | 2,134,248           | 36,592,959                            |       |
| Less: allowance<br>for uncollectible | -                | (22,000)          | (9,771)             | (959,277)                             |       |
| Net total<br>receivables             | \$ <u>27,186</u> | \$ <u>147,678</u> | \$ <u>2,124,477</u> | \$ <u>35,633,682</u>                  |       |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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  | \$ 776,475        | \$ -                |
| Prepaid License Fees, Advance Office Rental,<br>and Prepaid Cemetary Burial Fees (general fund) | -                 | 101,968             |
| Grant drawdowns prior to meeting all eligibility requirements                                   | -                 | 4,604,936           |
| <b>Total</b>  | <b>\$ 776,475</b> | <b>\$ 4,706,904</b> |

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

|   | Primary Government   |              |                |                   |
|---|----------------------|--------------|----------------|-------------------|
|   | Beginning<br>Balance | Increases    | Decreases      | Ending<br>Balance |
| <b>Governmental activities:</b>             |                      |              |                |                   |
| Capital assets, not being depreciated:      |                      |              |                |                   |
| Land  | \$ 9,305,842         | \$ 94,669    | \$ (28,900)    | \$ 9,371,611      |
| Construction in progress                    | 2,292,677            | 2,765,238    | (1,714,895)    | 3,343,020         |
| Total capital assets not being depreciated  | 11,598,519           | 2,859,907    | (1,743,795)    | 12,714,631        |
| Capital assets being depreciated:           |                      |              |                |                   |
| Buildings and improvements                  | 54,136,022           | 73,900       | (86,250)       | 54,123,672        |
| Structures and improvements                 | 30,484,640           | 8,243        | -              | 30,492,883        |
| Machinery and equipment                     | 20,285,295           | 1,134,818    | (595,407)      | 20,824,706        |
| Vehicles                                    | 22,014,864           | 3,145,630    | (309,397)      | 24,851,097        |
| Furniture                                   | 340,010              | -            | -              | 340,010           |
| Infrastructure                              | 107,858,238          | 3,740,430    | -              | 111,598,668       |
| Total capital assets being depreciated      | 235,119,069          | 8,103,021    | (991,054)      | 242,231,036       |
| Less accumulated depreciation:              |                      |              |                |                   |
| Buildings and improvements                  | (27,570,871)         | (1,218,034)  | 5,930          | (28,782,975)      |
| Structures and improvements                 | (14,126,255)         | (1,098,119)  | -              | (15,224,374)      |
| Machinery and equipment                     | (16,908,463)         | (1,146,481)  | 595,407        | (17,459,537)      |
| Vehicles                                    | (16,444,392)         | (2,230,841)  | 309,397        | (18,365,836)      |
| Furniture                                   | (340,264)            | -            | -              | (340,264)         |
| Infrastructure                              | (68,599,214)         | (2,262,164)  | -              | (70,861,378)      |
| Total accumulated depreciation              | (143,989,459)        | (7,955,639)  | 910,734        | (151,034,364)     |
| Total capital assets being depreciated, net | 91,129,610           | 147,382      | (80,320)       | 91,196,672        |
| Governmental activities capital assets, net | \$ 102,728,129       | \$ 3,007,289 | \$ (1,824,115) | \$ 103,911,303    |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|  | Beginning<br>Balance | Increases      | Decreases    | Ending<br>Balance |
|--|----------------------|----------------|--------------|-------------------|
| <b>Business-type activities:</b>             |                      |                |              |                   |
| Capital assets, not being depreciated:       |                      |                |              |                   |
| Land   | \$ 4,366,447         | \$ -           | \$ -         | \$ 4,366,447      |
| Construction in progress                     | 587,481              | 406,607        | (994,088)    | -                 |
| Total capital assets not being depreciated   | 4,953,928            | 406,607        | (994,088)    | 4,366,447         |
| Capital assets being depreciated:            |                      |                |              |                   |
| Buildings and improvements                   | 149,560,405          | 1,438,869      | -            | 150,999,274       |
| Machinery and equipment                      | 2,630,173            | 640,336        | (14,621)     | 3,255,888         |
| Vehicles                                     | 183,718              | -              | -            | 183,718           |
| Total capital assets being depreciated       | 152,374,296          | 2,079,205      | (14,621)     | 154,438,880       |
| Less accumulated depreciation:               |                      |                |              |                   |
| Buildings and improvements                   | (36,827,233)         | (5,271,307)    | -            | (42,098,540)      |
| Machinery and equipment                      | (2,146,414)          | (173,505)      | 14,621       | (2,305,298)       |
| Vehicles                                     | (122,118)            | (28,382)       | -            | (150,500)         |
| Total accumulated depreciation               | (39,095,765)         | (5,473,194)    | 14,621       | (44,554,338)      |
| Total capital assets being depreciated, net  | 113,278,531          | (3,393,989)    | -            | 109,884,542       |
| Business-type activities capital assets, net | \$ 118,232,459       | \$ (2,987,382) | \$ (994,088) | \$ 114,250,989    |

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

|   |              |
|---|--------------|
| <b>Governmental Activities:</b>   |              |
| General Government  | \$ 2,985,984 |
| Public Safety   | 1,820,386    |
| Highways and streets, including depreciation of general infrastructure assets | 1,269,831    |
| Health and Sanitation   | 638,798      |
| Culture & Recreation  | 1,163,131    |
| Social Services   | 77,509       |
| Total depreciation expense - governmental activities                          | \$ 7,955,639 |

|   |              |
|---|--------------|
| <b>Business-type activities:</b>                      |              |
| Civic Center  | \$ 4,643,475 |
| Parking   | 829,719      |
| Total depreciation expense - business type activities | \$ 5,473,194 |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

*Construction in Progress*

The government has active construction projects as of June 30, 2020. The projects include equipment for police vehicles, Five Corners architectural study, fiber optics, emergency streambank repairs for Kanawha River and Greenbrier Street, Southside Bridge inspection and rehabilitation, and community center remodels. At year end, the amounts for governmental activities are as follows:

| Project   | Spent-to-Date | Funded       |
|---|---------------|--------------|
| Equipment for police vehicles                         | \$ 34,409     | General Fund |
| Five Corners Architectural Study                      | 5,394         | General Fund |
| Fiber Optics City Wide                                | 99,704        | General Fund |
| Emergency Streambank - Kan. River & Greenbrier Street | 1,660,050     | General Fund |
| South Side Bridge Inspection & Rehabilitation         | 1,492,254     | General Fund |
| Community Center Remodels                             | 51,209        | General Fund |
|   | \$ 3,343,020  |              |

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

The composition of interfund balances as of June 30, 2020, is as follows:

*Interfund receivables/payables:*

| Payable Fund               | Purpose  | Amount       |
|----------------------------|--|--------------|
| Civic Center               | Reimbursements Insurance/Fuel                            | \$ 60,225    |
| Parking                    | Reimbursements Insurance/Fuel                            | 18,757       |
| CDBG                       | Reimbursement Salary & Utilities                         | 34,559       |
| Home                       | Reimbursement Salary & Utilities                         | 42,628       |
| Nonmajor Governmental Fund | Reimbursements Salaries, loans,<br>and transfer of fines | 869,617      |
| General Fund               | Insurance expenditure reimbursement                      | 1,827        |
| General Fund               | Endowment and Loans                                      | 26,280       |
| Agency Fund                | Settled Cases & Reimbursements                           | 30,889       |
| General Fund               | Debt service payments                                    | 1,824,248    |
| Total                      |  | \$ 2,909,030 |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

*Interfund transfers:*

|                                  | Transfers In    |                        |                          |                 |                        |
|----------------------------------|-----------------|------------------------|--------------------------|-----------------|------------------------|
|                                  | General<br>Fund | Springhill<br>Cemetery | Nonmajor<br>Governmental | Civic<br>Center | Total<br>Transfers Out |
| Transfers out:                   |                 |                        |                          |                 |                        |
| General fund                     | \$ 13,659,041   | \$ 18,325              | \$ 12,934,318            | \$ 2,552,654    | \$ 29,164,338          |
| Coal severance tax               | -               | -                      | -                        | 160,526         | 160,526                |
| Nonmajor govern-<br>mental funds | 3,755,233       | -                      | 650,442                  | 69,500          | 4,475,175              |
| Parking                          | 1,030,405       | -                      | -                        | -               | 1,030,405              |
| Civic Center                     | -               | -                      | 84,298                   | -               | 84,298                 |
| Total Transfers<br>In            | \$ 18,444,679   | \$ 18,325              | \$ 13,669,058            | \$ 2,782,680    | \$ 34,914,742          |

The General Fund interfund transfers provide appropriations to subsidize the Civic Center for healthcare, debt service and operating costs. The General Fund also transfers monies to Public Arts Fund (special revenue fund) for various public art related expenses. The General Fund also transfers monies to General Maintenance Fund, City Service Fee Fund, and Facilities Maintenance Fund (capital project funds) for building maintenance, paving projects, facilities maintenance, and Ball Park maintenance respectively. The General Fund also transfers monies to Spring Hill Cemetery Fund (permanent fund) for various cemetery maintenance/grounds keeping. Coal Severance Fund transfers monies to Civic Center for debt service payments. Solid Waste, Municipal Court, and Sinking Fund (special revenue funds) transfer monies to the General Fund to help offset refuse cost, municipal court cost, and to pay off debt service respectively. Charleston Land Trust (special revenue) transferred monies to Charleston Reuse Agency in order to close out Charleston Land Trust and create Charleston Reuse Agency Fund. Civic Center Capital Improvement Fund (capital project fund) transfers monies to the Civic Center for capital improvement fees. The Civic Center transfers monies to the Civic Center Capital Improvement Fund for various Civic Center project expenses. Slack Plaza (special revenue fund) transferred monies to the General Maintenance and Facilities Maintenance Fund for a reimbursement received from Charleston Urban Renewal Authority (CURA) for expenses incurred during the Slack Plaza project. Due to the implementation of GASB 54, several special revenue funds are included in the General Fund instead of being shown as stand-alone funds. The transfers showing above from the General Fund to the General Fund are results of these special revenue transfers. These transfers are for City Sales tax monies being transferred to Pension Reserves and to open new funds.

**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 17, 2016, the City of Charleston issued \$4,310,000 of Taxable Lease Revenue Refunding and Improvement Bonds (The City of Charleston Stadium Project), Series 2016A. The proceeds of which are to be used to current to currently refund the Series 2004 Bonds, pay the costs of improvements to the facilities by upgrading and replacing the technology in the scoreboard and pay costs of issuance.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The assets acquired through capital leases are as follows:

| Asset                             | Governmental<br>Activities | Civic<br>Center | Parking<br>System |
|-----------------------------------|----------------------------|-----------------|-------------------|
| Appalachian Power Park            | \$ 21,438,651              | \$ -            | \$ -              |
| Machinery, equipment and vehicles | 19,553,770                 | -               | 196,998           |
| Less: accumulated depreciation    | (22,209,243)               | -               | (196,998)         |
| Total                             | \$ 18,783,178              | \$ -            | \$ -              |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

| Year Ending<br>June 30                  | Governmental<br>Activities |
|---|----------------------------|
| 2021                                    | \$ 3,213,722               |
| 2022                                    | 2,462,151                  |
| 2023                                    | 1,757,030                  |
| 2024                                    | 1,156,718                  |
| 2025                                    | 707,082                    |
| 2026-2030                               | 164,800                    |
| Total minimum lease payments            | 9,461,503                  |
| Less: amount representing interest      | (456,856)                  |
| Present value of minimum lease payments | \$ 9,004,647               |

**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 \$8,765,717 for a total of \$30,204,368 with accumulated depreciation of \$9,050,050 at June 30, 2020. Rents totaled \$693,619 for the fiscal year 2020, which includes \$175,000 of back payments from 2019 fiscal year. The rents totaled do not include the receivable amount. 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, 2020 for each of the next five years and thereafter and in the aggregate are as follows:

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

| June 30,  | Amount       |
|-----------|--------------|
| 2021      | \$ 523,871   |
| 2022      | 445,866      |
| 2023      | 385,494      |
| 2024      | 382,894      |
| 2025      | 244,894      |
| 2026-2030 | 299,735      |
| Total     | \$ 2,282,754 |

**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, 2020 has no general obligation bonds payable.

*Revenue Bonds*

The City has issued bonds in prior years where the government pledged designated revenues to pay debt service. The proceeds of these bonds were used to acquire or construct assets. The City has the following revenue bonds outstanding at June 30, 2020:

*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 amount of principal paid on these bonds in fiscal year 2020 was \$480,000 and the amount of interest was \$64,580, which paid the bonds in full.

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 amount of principal paid on these bonds in fiscal year 2020 was \$925,000 and the amount of interest was \$122,219, which paid the bonds in full.

The City of Charleston issued Sales Tax Revenue Bonds (Civic Center Renovation Project), Series 2015, on August 17, 2016 in the amount of \$97,250,000. These bonds were issued to renovate the existing Civic Center. The City of Charleston implemented a Sales Tax Ordinance requiring that the Municipal Sales Tax Revenues each quarter be utilized to satisfy the debt service requirements and any prior debt service requirements deficit each fiscal year on, and to replenish any required reserves in accordance with the bond documents for, any bonds issued by, or other obligations incurred by, the City, from time to time, including any refunding bonds, to finance improvements to the Charleston Convention and Civic Center. These revenues are required to be sufficient to pay the principal amount of \$78,986,000 and interest amount of \$24,940,204 until maturity in 2036.



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

*Revenue Bonds – Business-type Activities*

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 \$910,000 and interest in the amount of \$119,085 until bond maturity in 2023. During the fiscal year 2020 these pledged revenues were used to pay the principal amount of \$200,000 and interest amount of \$56,610 on these bonds which is 10.61% of the specified revenues.

The Civic Center Refunding Improvement Bonds, Series 2009, in the amount of \$3,275,000 were issued to current refund the Series 1999 which were issued to construct additions, betterments, and improvements to the Civic Center secured by pledged revenues from hotel occupancy tax and coal severance tax. Remaining revenues pledged are equal to the principal amount of \$1,330,000 and interest amount of \$150,585 until bond maturity in 2024. During the fiscal year 2020 these pledged revenues were used to pay the principal amount of \$235,000 and interest amount of \$62,465 on these bonds which is 12.30% 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 \$525,000 and interest of \$59,115 until bond maturity in 2024. During the fiscal year 2020 lease payments in the principal amount of \$95,000 and interest amount of \$24,705 were used to pay the debt service on these bonds.

Revenue bonds outstanding, net of unamortized discounts of \$45,210 (Civic Center) at year end are as follows:

| Purpose  | Maturity Dates | Interest Rates | Issued                | Retired                | Balance<br>June 30, 2020 |
|--|----------------|----------------|-----------------------|------------------------|--------------------------|
| <b>Governmental activities:</b>                      |                |                |                       |                        |                          |
| Public Safety Center Refunding Series 2009           | 2024           | 3.00-4.40%     | \$ 1,180,000          | \$ (1,180,000)         | \$ -                     |
| Center for the Arts & Sciences Refunding Series 2010 | 2024           | 3.10-4.375%    | 2,280,000             | (2,280,000)            | -                        |
| Civic Center Project Series 2015                     | 2036           | 4%             | 97,250,000            | (18,264,000)           | 78,986,000               |
| Less: Bond discount                                  |                |                | (163,895)             | 163,895                | -                        |
| Total governmental activities                        |                |                | <u>\$ 100,546,105</u> | <u>\$ (21,560,105)</u> | <u>\$ 78,986,000</u>     |
| <b>Business-type activities:</b>                     |                |                |                       |                        |                          |
| Civic Center Improvement Series 1998                 | 2023           | 4.60-5.10%     | \$ 3,635,000          | \$ (2,725,000)         | \$ 910,000               |
| Civic Center Improvement Refunding Series 2009       | 2024           | 3.00-4.40%     | 3,275,000             | (1,945,000)            | 1,330,000                |
| Civic Center Lease Revenue Series 1999 Series 2009   | 2024           | 3.00-4.40%     | 1,325,000             | (800,000)              | 525,000                  |
| Less: Bond discount                                  |                |                | (1,061,733)           | 1,016,523              | (45,210)                 |
| Total revenue bonds                                  |                |                | <u>\$ 7,173,267</u>   | <u>\$ (4,453,477)</u>  | <u>\$ 2,719,790</u>      |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

Revenue bond debt service requirements to maturity are as follows:

| Year<br>Ended | Governmental<br>Activities |               | Business-type<br>Activities |            |
|---------------|----------------------------|---------------|-----------------------------|------------|
|               | Principal                  | Interest      | Principal                   | Interest   |
| 2021          | \$ 4,280,000               | \$ 3,015,845  | \$ 550,000                  | \$ 119,510 |
| 2022          | 4,447,000                  | 2,849,124     | 570,000                     | 94,310     |
| 2023          | 4,621,000                  | 2,675,835     | 610,000                     | 67,490     |
| 2024          | 4,800,000                  | 2,495,754     | 635,000                     | 38,675     |
| 2025          | 4,988,000                  | 2,308,641     | 400,000                     | 8,800      |
| 2026-2030     | 28,010,000                 | 8,469,337     | -                           | -          |
| 2031-2035     | 26,397,000                 | 3,111,239     | -                           | -          |
| 2036-2040     | 1,443,000                  | 14,430        | -                           | -          |
| Totals        | \$ 78,986,000              | \$ 24,940,205 | \$ 2,765,000                | \$ 328,785 |

**Changes in Long-term Liabilities**

|                                       | Governmental Activities |               |                 |                   |                        |
|---------------------------------------|-------------------------|---------------|-----------------|-------------------|------------------------|
|                                       | Beginning<br>Balance    | Additions     | Reductions      | Ending<br>Balance | Due Within<br>One Year |
| Revenue Bonds                         | \$ 84,511,000           | \$ -          | \$ (5,525,000)  | \$ 78,986,000     | \$ 4,280,000           |
| Less deferred amounts:                |                         |               |                 |                   |                        |
| Bond discount                         | (33,659)                | -             | 33,659          | -                 | -                      |
| Total bonds payable                   | 84,477,341              | -             | (5,491,341)     | 78,986,000        | 4,280,000              |
| Capital leases                        | 9,894,687               | 2,458,500     | (3,348,540)     | 9,004,647         | 3,022,623              |
| Total OPEB liability                  | 297,260,315             | 30,545,024    | -               | 327,805,339       | -                      |
| Net OPEB liability (PEIA)             | 127,876                 | -             | (29,791)        | 98,085            | -                      |
| Net pension liability - Police & Fire | 380,700,854             | 35,246,882    | -               | 415,947,736       | -                      |
| Net pension liability (PERS)          | 3,523,849               | -             | (811,938)       | 2,711,911         | -                      |
| Compensated absences                  | 1,408,959               | 1,798,633     | (1,644,701)     | 1,562,891         | 625,156                |
| Claims and judgments                  | 3,925,755               | -             | (78,490)        | 3,847,265         | -                      |
| Governmental activities               |                         |               |                 |                   |                        |
| Long-term liabilities                 | \$ 781,319,636          | \$ 70,049,039 | \$ (11,404,801) | \$ 839,963,874    | \$ 7,927,779           |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|                          | <b>Business-type Activities</b> |                     |                     |                      |                        |
|--------------------------|---------------------------------|---------------------|---------------------|----------------------|------------------------|
|                          | Beginning<br>Balance            | Additions           | Reductions          | Ending<br>Balance    | Due Within<br>One Year |
| Revenue bonds payable    | \$ 3,295,000                    | \$ -                | \$ (530,000)        | \$ 2,765,000         | \$ 550,000             |
| Less: deferred amounts:  |                                 |                     |                     |                      |                        |
| Bond discount            | (56,139)                        | -                   | 10,929              | (45,210)             | -                      |
| Total bonds payable      | <u>3,238,861</u>                | <u>-</u>            | <u>(519,071)</u>    | <u>2,719,790</u>     | <u>550,000</u>         |
| Total OPEB liability     | 9,681,213                       | 1,135,847           | -                   | 10,817,060           | -                      |
| Compensated absences     | <u>98,210</u>                   | <u>81,192</u>       | <u>(88,139)</u>     | <u>91,263</u>        | <u>36,505</u>          |
| Business-type activities |                                 |                     |                     |                      |                        |
| Long-term liabilities    | <u>\$ 13,018,284</u>            | <u>\$ 1,217,039</u> | <u>\$ (607,210)</u> | <u>\$ 13,628,113</u> | <u>\$ 586,505</u>      |

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<br>Activities | Business-type<br>Activities |
|---|----------------------------|-----------------------------|
| Customer deposits                               | \$ -                       | \$ 227,358                  |
| Cash - contractual agreement                    | 731,077                    | -                           |
| Debt service                                    | 4,182,705                  | -                           |
| WV Board of Treasury money market pool -        | 24,781,727                 | -                           |
| Endowment fund - investments                    | 2,301,716                  | -                           |
| West Virginia Municipal Bond Commission         | -                          | 372,472                     |
| TIF District account                            | -                          | 213,551                     |
| Revenue bond operations and maintenance account | -                          | 2,335,536                   |
| Total restricted assets and investments         | <u>\$ 31,997,225</u>       | <u>\$ 3,148,917</u>         |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**I. Fund Balance Detail**

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

|                                      | General<br>Fund      | Coal<br>Severance | Community<br>Development | HOME        | Nonmajor<br>Funds    | Total                |
|--------------------------------------|----------------------|-------------------|--------------------------|-------------|----------------------|----------------------|
| Nonspendable:                        |                      |                   |                          |             |                      |                      |
| Prepays-Insurance                    | \$ 1,045,727         | \$ --             | \$ --                    | \$ --       | \$ --                | \$ 1,045,727         |
| Perpetual Care Cemetery              | --                   | --                | --                       | --          | 1,212,009            | 1,212,009            |
| Restricted:                          |                      |                   |                          |             |                      |                      |
| Police protection                    | --                   | --                | --                       | --          | 407,037              | 407,037              |
| Human Rights                         | --                   | --                | --                       | --          | 15,602               | 15,602               |
| Ball Park                            | --                   | --                | --                       | --          | 78,199               | 78,199               |
| Perpetual Care Cemetery              | --                   | --                | --                       | --          | 1,379,248            | 1,379,248            |
| Equipment lease purchases            | 2,279,232            | --                | --                       | --          | --                   | 2,279,232            |
| Debt service                         | 359,397              | 22,459            | --                       | --          | 5,667,117            | 6,048,973            |
| Economic Development                 | --                   | --                | 874                      | --          | 557,637              | 558,511              |
| Municipal Court                      | --                   | --                | --                       | --          | 138,890              | 138,890              |
| Public Arts                          | --                   | --                | --                       | --          | 178,914              | 178,914              |
| Landfill Closure                     | --                   | --                | --                       | --          | 3,720,397            | 3,720,397            |
| Historic Preservation                | --                   | --                | --                       | --          | 19,111               | 19,111               |
| Committed:                           |                      |                   |                          |             |                      |                      |
| Highway beautification               | --                   | --                | --                       | --          | 32,751               | 32,751               |
| Civic Center debt & pension reserve  | 27,830,093           | --                | --                       | --          | --                   | 27,830,093           |
| Public Safety                        | 32,217               | --                | --                       | --          | 11,443               | 43,660               |
| Low-Income Housing Projects          | --                   | --                | --                       | --          | 29,312               | 29,312               |
| Sanitation                           | --                   | --                | --                       | --          | 554,775              | 554,775              |
| Bridges, highways & infrastructure   | --                   | --                | --                       | --          | 2,343,883            | 2,343,883            |
| Civic Center capital improvements    | --                   | --                | --                       | --          | 408,971              | 408,971              |
| Municipal Auditorium capital improv  | --                   | --                | --                       | --          | 168,199              | 168,199              |
| City facilities capital improvements | --                   | --                | --                       | --          | 5,426,381            | 5,426,381            |
| Employee Insurance                   | 6,239,149            | --                | --                       | --          | --                   | 6,239,149            |
| Culture and Recreation               | --                   | --                | --                       | --          | 4,902                | 4,902                |
| Community development                | 1,381,331            | --                | --                       | --          | 18,331               | 1,399,662            |
| Unassigned                           | 34,899,232           | --                | --                       | --          | --                   | 34,899,232           |
| <b>Total fund balances</b>           | <b>\$ 74,066,378</b> | <b>\$ 22,459</b>  | <b>\$ 874</b>            | <b>\$ -</b> | <b>\$ 22,373,109</b> | <b>\$ 96,462,820</b> |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

For the year ended June 30, 2020, 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 | \$ 1,914,536        |
| Firemen's Pension and Relief Fund   | 1,952,515           |
| Total                               | \$ <u>3,867,051</u> |

**IV. 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.

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, 2020. 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 \$600,000 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<br>6/30/2020 | Year Ended<br>6/30/2019 |
|---|-------------------------|-------------------------|
| Unpaid claims, beginning of fiscal year | \$ 3,925,755            | \$ 4,015,060            |
| Incurred claims (including IBNRs)       | 1,571,872               | 1,709,609               |
| Claims paid                             | (1,650,362)             | (1,798,914)             |
| Unpaid claims, end of fiscal year       | \$ <u>3,847,265</u>     | \$ <u>3,925,755</u>     |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

**B. Contingent Liabilities**

Amounts received or receivable from 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.

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 of Charleston was a recipient of a donor-restricted endowment for the Spring Hill Cemetery. The corpus of the trust is non-expendable and only the income earned from the trust may be spent for the general care and maintenance of the cemetery. The government's council at its regular meeting held on November 16, 1970, adopted a resolution authorizing the creation of Spring Hill, Inc. and charged the corporation with the management of funds it might receive for the perpetual care of Spring Hill Cemetery. The corporation qualified as a tax-exempt organization

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

under Section 501(c) (13) of the Internal Revenue Code of 1954. The unspent endowment earnings of \$1,379,248 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. Unrestricted Net Position (Deficit)**

|   |                         |
|---|-------------------------|
| Total unrestricted net position before OPEB liability, net pension liability, and related deferred outflows and inflows | \$ 77,302,912           |
| Less: Total OPEB liability  | (327,805,339)           |
| Less: Net OPEB - PEIA liability   | (98,085)                |
| Less: Net pension liability - PERS  | (2,711,911)             |
| Less: Net pension liability - Police and Fire   | (415,947,736)           |
| Less: Bonds payable   | (78,986,000)            |
| Less: Deferred inflows of resources - OPEB  | (31,684,468)            |
| Add: Deferred outflows of resources - OPEB  | 38,403,349              |
| Less: Deferred inflows of resources - OPEB - PEIA   | (52,443)                |
| Add: Deferred outflows of resources - OPEB - PEIA   | 12,738                  |
| Less: Deferred inflows of resources - net pension liability - PERS  | (2,145,812)             |
| Add: Deferred outflows of resources - net pension liability - PERS  | 1,921,631               |
| Less: Deferred inflows of resources - net pension liability - Police & Fire   | (96,078)                |
| Add: Deferred outflows of resources - net pension liability - Police & Fire   | <u>23,058,614</u>       |
| Total unrestricted deficit  | <u>\$ (718,828,628)</u> |

In an effort to reduce future OPEB liability, the Board implemented an eligibility cut-off date of July 1, 2020 for the Board's OPEB plan such that only employees hired by July 1, 2020 are eligible for retiree health care benefits.

**G. Post-Employment Healthcare Plan**

**IV: 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 The Health Plan, 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, 2020 premium rates for medical for single are \$188.52 and for retiree and spouse \$292.50.

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%).

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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% of active employees with current coverage and no coverage are assumed to elect coverage at the end of the sick leave benefits free-period. It is assumed that 100% of inactive employees with current coverage will elect coverage and that there will be no inactive employees with no coverage. Upon death of the retiree or active employee, it is assumed 40% of the surviving spouses will elect coverage.

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, 2020 the monthly retiree contribution for non-tobacco users is as follows:

| Date of Hire   | Under 65 |                     | Over 65 |                     |
|--|----------|---------------------|---------|---------------------|
|  | Single   | Retiree &<br>Spouse | Single  | Retiree &<br>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. For GASB 75 purposes, it was assumed that these rates will increase by 4.0% annually.

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).

The monthly COBRA rates effective on January 1, 2020 are \$766.07 for medical and prescription drugs for single and \$1,532.14 for employee and spouse.



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The number of participants as of June 30, 2020 the effective date of the OPEB GASB 74/75 actuarial valuation, was 678 active employees and 571 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.

**IV: F.2. Actuarial Methods and Assumptions**

In the June 30, 2020 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.

There was one substantive plan provision change since the June 30, 2018 full valuation report. An eligibility cut-off date of July 1, 2020 has been implemented, and only employees hired by July 1, 2020 are eligible for retiree health care benefits. The measurement date of this evaluation is July 1, 2020, and therefore all employees included in this valuation are eligible for retiree health care benefits. In valuations following this one, any employees hired after July 1, 2020 will be excluded and will not generate a liability.

The following paragraphs describe the additional assumptions that were updated during the year.

The discount rate as of the Measurement Date was updated based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current full valuation uses a discount rate of 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. The impact of this change is a significant increase in liabilities. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.

The mortality assumption has been updated from RHP-2017 Total Dataset Mortality fully generational using Scale MP-2017 to the following: General Retirees: SOA PUB-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019; Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019; and Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019. The impact of this change was a slight increase in liabilities.

The payroll growth rate assumption has been updated based on the West Virginia Public Employee's Retirement System actuarial valuation as of June 30, 2019, and the impact of this change was a slight decrease in liabilities.

The Health care trend rates have been set to an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.5%, and the impact of this change was a decrease in liabilities.

**Census Data** Census data was provided by the City in August 2020 and no material modifications were made to the census data.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**Measurement Date** June 30, 2020

**Discount Rate** 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020

**Payroll Growth** 3.0% general wage inflation per year plus the annual merit scale based on the West Virginia Public Employees' Retirement System actuarial valuation as of June 30, 2019. The rates are as follows: Age 20, Rate 3.50%; Age 30, Rate 1.60%; Age 40, Rate 1.10%, Age 50, Rate 0.85%; Age 60+, Rate 0.35%.

**Cost Method** Entry Age Normal Level % of Salary Method where: Service cost for each individual participant, payable for the date of employment to date of retirement, is sufficient to pay for the participant's benefits at retirement; and Annual Service Cost is constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

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

**Mortality** General Retirees: SOA PUB-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019.

Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019

**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 2021 8.00% current, 8.00% prior; FYE 2022 7.5% current, 7.5% prior; FYE 2023 7.00% current, 7.00% prior; FYE 2024 6.5% current, 6.5 % prior; FYE 2025 6.00% current, 6.00% prior; FYE 2026 5.50%, 5.50% prior; FYE 2027 5.00% current; 5.00% prior FYE 2028+ 4.5% current.

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

**IV: F.3. Plan Descriptions, Contribution Information, Funding Policies, and Total OPEB Liability**

Total Other Post-Employment Benefits (OPEB) Liability:

The components of net OPEB liability at June 30, 2020, were as follows:

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|  | Governmental<br>Activities | Business-type<br>Activities |
|--|----------------------------|-----------------------------|
| Total OPEB liability   | \$ 327,805,339             | \$ 10,817,060               |
| Plan fiduciary net position  | -                          | -                           |
| Plan net OPEB liability  | \$ 327,805,339             | \$ 10,817,060               |
| Plan fiduciary net position as a<br>percentage of total OPEB liability | 0.00%                      | 0.00%                       |
| Discount Rate  | 2.66%                      | 2.66%                       |

In accordance with GASB No. 75, the discount rate is 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. Under GASB No. 75, the discount rate used in valuing OPEB liabilities for unfunded plans as of the Measurement Date must be based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale).

**Sensitivity of the net OPEB liability to the Discount Rate Assumption**

Other Post-Employment Benefits Liability:

| 1% Decrease    | Discount<br>Rate Assumption | 1% Increase   |
|----------------|-----------------------------|---------------|
| 1.66%          | 2.66%                       | 3.66%         |
| \$ 406,269,044 | \$ 338,622,399              | \$286,315,694 |

**Sensitivity of the net OPEB liability to the Health Care Trend Assumption**

Other Post-Employment Benefits Liability:

| 1% Decrease    | Discount<br>Rate Assumption | 1% Increase    |
|----------------|-----------------------------|----------------|
| 7.0%           | 8.0%                        | 9.0%           |
| \$ 283,247,209 | \$ 338,622,399              | \$ 411,037,232 |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**Changes in the Total OPEB Pension Liability - Governmental & Business-type Activities**

|   | Increase (Decrease)      |                               |                            |
|---|--------------------------|-------------------------------|----------------------------|
|   | Total                    | Plan                          | Net                        |
|   | Pension<br>Liability (a) | Fiduciary Net<br>Position (b) | Pension<br>Liability (a-b) |
| Balances at June 30, 2019                                     | \$ 306,941,528           | \$ --                         | \$ 306,941,528             |
| Changes for the year:   |                          |                               |                            |
| Service cost  | 12,250,898               | --                            | 12,250,898                 |
| Interest  | 11,051,420               | --                            | 11,051,420                 |
| Changes of benefit terms                                      | --                       | --                            | --                         |
| Differences between expected & actual experience              | ( 11,769,659)            | --                            | ( 11,769,659)              |
| Changes of assumptions or other inputs                        | 28,897,982               | --                            | 28,897,982                 |
| Contributions - employer                                      | --                       | --                            | --                         |
| Contributions - employee                                      | --                       | 8,749,770                     | ( 8,749,770)               |
| Benefit payments, including refunds of employee contributions | ( 8,749,770)             | ( 8,749,770)                  | --                         |
| Administrative expense  | --                       | --                            | --                         |
| Other changes   | --                       | --                            | --                         |
| Net changes   | <u>31,680,871</u>        | <u>--</u>                     | <u>31,680,871</u>          |
| Balances at June 30, 2020                                     | <u>\$ 338,622,399</u>    | <u>\$ --</u>                  | <u>\$ 338,622,399</u>      |

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the government recognized the following OPEB expenses.

OPEB expense                      \$24,310,122

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

**OPEB**

|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 3,657,700                         | \$ ( 28,908,364)                    |
| Changes of assumptions                             | <u>36,012,898</u>                    | <u>( 3,821,643)</u>                 |
|  | <u>\$ 39,670,598</u>                 | <u>\$ (32,730,007)</u>              |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

| <b>Year Ended</b> |           |                  |
|-------------------|-----------|------------------|
| <b>June 30:</b>   |           |                  |
| 2021              | \$        | 1,007,804        |
| 2022              |           | 1,007,804        |
| 2023              |           | 1,007,805        |
| 2024              |           | 1,062,455        |
| 2025              |           | 2,854,723        |
| <b>Total</b>      | <b>\$</b> | <b>6,940,591</b> |

**IV: F.2. Plan Descriptions, Contribution Information, and Funding Policies**

As related to the implementation of GASB 75, following are the City of Charleston’s net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, revenues, and the OPEB expense and expenditures for the fiscal year ended June 30, 2020, related to the Public Employees Retirement System:

|  | <u><b>2020</b></u> |
|--|--------------------|
| Net OPEB liability                           | \$ 98,085          |
| Deferred outflows of resources               | 558                |
| Deferred inflows of resources                | 52,443             |
| OPEB expense                                 | (7,009)            |
| Contributions made by the City of Charleston | 12,180             |

*Plan Description* - The West Virginia Other Postemployment Benefit (OPEB) Plan (the Plan) is a cost-sharing, multiple employer, defined benefit other postemployment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code. Financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State established July 1, 2006 as an irrevocable trust. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with the approval of the PEIA Finance Board. The plan provides medical and prescription drug insurance, as well as life insurance, benefits to certain retirees of State agencies, colleges and universities, county boards of education, and other government entities who receive pension benefits under the PERS, STRS, TDCRS, TIAA-CREF, Plan G, Troopers Plan A, or Troopers Plan B pension systems, as administered by the West Virginia Consolidated Public Retirement Board (CPRB). The plan is closed to new entrants.

*Plan fiduciary net position* - The Plan’s fiduciary net position has been determined on the same basis used by the Plan. The RHBT is accounted for as a fiduciary fund, and its financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting in conformity with GAAP for fiduciary funds as prescribed or permitted by the GASB. The primary sources of revenue are plan members and employer contributions. Members’ contributions are recognized in the period in which the contributions are due. Employer contributions and related receivables to the trust are recognized pursuant to a formal commitment from the employer or statutory or

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

contractual requirement, when there is a reasonable expectation of collection. Benefits and refunds are recognized when due and payable.

RHBT is considered a component unit of the State of West Virginia for financial reporting purposes, and, as such, its financial report is also included in the State of West Virginia’s Comprehensive Annual Financial Report. RHBT issues publicly available financial statements and required supplementary information for the OPEB plan. Details regarding this plan and a copy of the RHBT financial report may be obtained by contacting PEIA at 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, or by calling (888) 680-7342.

*Benefits provided - The Plan provides the following benefits:*

- Medical and prescription drug insurance
- Life insurance

The medical and prescription drug insurance is provided through two options:

- Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses
- External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses

*Contributions* - Employer contributions from the RHBT billing system represent what the employer was billed during the respective year for its portion of the pay-as-you-go (paygo) premiums, retiree leave conversion billings, and other matters, including billing adjustments.

Paygo premiums are established by the PEIA Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The paygo rates related to the measurement date of June 30, 2019 were:

|               |       |       |
|---------------|-------|-------|
|               | 2019  | 2018  |
| Paygo premium | \$183 | \$177 |

Members retired before July 1, 1997 pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired after July 1, 1997 or hired before June 30, 2010 pay a subsidized rate depending on the member’s years of service. Members hired on or after July 1, 2010 pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

Retiree leave conversion contributions from the employer depend on the retiree’s date of hire and years of service at retirement as described below:

- Members hired before July 1, 1988 may convert accrued sick or annual leave days into 100% of the required retiree healthcare contribution.
- Members hired from July 1, 1988 to June 30, 2001 may convert accrued sick or annual leave days into 50% of the required retiree healthcare contribution.

The conversion rate is two days of unused sick and annual leave days per month for single healthcare coverage and three days of unused sick and annual leave days per month for family healthcare coverage.

The City of Charleston’s contributions to the OPEB plan for the year ended June 30, 2019 was \$12,180.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

*Actuarial Assumptions and Methods* - The total OPEB liability for financial reporting purposes was determined by an actuarial valuation as of June 30, 2018 and rolled forward to June 30, 2019. The following actuarial assumptions were used and applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method: Entry age normal cost method.
- Asset valuation method: Investments are reported at fair (market) value.
- Amortization method: Level percentage of payroll over a 20-year closed period
- Remaining amortization period: Level percentage of payroll over a 20 year closed period.
- Investment rate of return: 7.15%, net of OPEB plan investment expense, including inflation.
- Healthcare cost trend rates: Trend rate for pre-Medicare per capita costs of 8.5% for plan year end 2020, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% is reached in plan year 2028. Trend rate for Medicare per capital costs of 3.1% for plan year end 2020, 9.5% for plan year end 2021, decreasing by 0.5% each year thereafter, until ultimate trend rate of 4.5% us reached in plan year 2031.
- Projected salary increases: Dependent upon pension system ranging from 3.0-6.5%, including inflation.
- Inflation rate: 2.75%.
- Mortality rates based on RP-2000 Mortality Tables.

Experience studies are performed at least once in every five-year period. The most recent experience study covered the period from July 1, 2010 to June 30, 2015. These assumptions will remain in effect for valuation purposes until such time as the RHBT adopts revised assumptions.

The projections of the net OPEB liability are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The projection of the net OPEB liability does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost-sharing between the employer and plan members in the future. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial estimated liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. However, the preparation and any estimate of future postemployment costs requires consideration of a broad array of complex social and economic events. Future changes in the healthcare reform, changes in reimbursement methodology, the emergence of new and expensive medical procedures and prescription drugs options, changes in the investment rate of return, and other matters increase the level of uncertainty in such estimates. As such, the estimate of postemployment program costs contains considerable uncertainty and variability, and actual experience may vary significantly from the current estimated net OPEB liability.

*Long-term expected rates of return* - The long-term expected rate of return of 7.15% on OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.50% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 3.00% for assets invested with the BTI.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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. Best estimates of the long-term geometric rates of return for each major asset class included in RHBT's target asset allocation as of June 30, 2019, are summarized below.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

| Asset Class               | Target Allocation |
|---------------------------|-------------------|
| Global equity             | 49.5%             |
| Core plus fixed income    | 13.5%             |
| Core real estate          | 9.0%              |
| Hedge fund                | 9.0%              |
| Private equity            | 9.0%              |
| Cash and cash equivalents | 10.0%             |

| Asset Class               | Long-term Expected Real Rate of Return |
|---------------------------|--|
| Global equity             | 4.8%                                   |
| Core plus fixed income    | 2.1%                                   |
| Core real estate          | 4.1%                                   |
| Hedge fund                | 2.4%                                   |
| Private equity            | 6.8%                                   |
| Cash and cash equivalents | 0.3%                                   |

*Discount rate* - The discount rate used to measure the total OPEB liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that RHBT contributions will continue to follow the current funding policies. Based on those assumptions and that the OPEB plan is expected to be fully funded by the fiscal year ended June 30, 2033, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in the discount rate* - The following presents the City of Charleston’s proportionate share of the net OPEB liability as of June 30, 2020 calculated using the discount rate of 7.15%, as well as what the City of Charleston’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate.

|                    | 1% Decrease | Current Discount Rate | 1% Increase |
|--------------------|-------------|-----------------------|-------------|
|                    | 6.15%       | 7.15%                 | 8.15%       |
| Net OPEB liability | \$ 117,061  | \$ 98,085             | \$ 82,205   |



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate* - The following presents the City of Charleston’s proportionate share of the net OPEB liability as of June 30, 2020 calculated using the healthcare cost trend rate, as well as what the City of Charleston’s net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate.

|                    | 1% Decrease      | Healthcare<br>Cost Trend<br>Rate | 1% Increase       |
|--------------------|------------------|----------------------------------|-------------------|
|                    | <u>6.15%</u>     | <u>7.15%</u>                     | <u>8.15%</u>      |
| Net OPEB liability | <u>\$ 79,091</u> | <u>\$ 98,085</u>                 | <u>\$ 121,133</u> |

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The June 30, 2020 net OPEB liability was measured as of June 30, 2019, and the total OPEB liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

At June 30, 2020, the City of Charleston’s proportionate share of the net OPEB liability was \$98,085. Of this amount, the City of Charleston recognized \$98,085 as its proportionate share on the statement of net position.

The allocation percentage assigned to each participating employer and non-employer contributing entity is based on its proportionate share of employer and non-employer contributions to OPEB for the fiscal year ended June 30, 2019. Employer contributions are recognized when due. At the June 30, 2019 measurement date, the City of Charleston’s proportion was .005911812%.

For the year ended June 30, 2019, the City of Charleston recognized OPEB expense of (\$7,009). Of this amount, (\$7,009) was recognized as the City of Charleston’s proportionate share of OPEB expense.

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB are as follows:

| June 30, 2020  | Deferred Outflows of<br>Resources | Deferred Inflows of<br>Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ -                              | \$ 11,439                        |
| Changes in assumptions   | -                                 | 19,892                           |
| Reallocation of Opt-Out Employer Change in proportionate share   | -                                 | 2,615                            |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | -                                 | 16,881                           |
| Net difference between projected and actual investment earnings.   | 558                               | 1,616                            |
| Contributions after the measurement date   | <u>12,180</u>                     | <u>-</u>                         |
| Total  | <u>\$ 12,738</u>                  | <u>\$ 52,443</u>                 |

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

The City of Charleston will recognize the \$12,180 of contributions made after the measurement date of the net OPEB liability but before the end of the City’s reporting period as a reduction of the net OPEB liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Fiscal Year Ended<br/>June 30,</b> | <b>Amortization</b> |
|---------------------------------------|---------------------|
| 2021                                  | \$ (17,296)         |
| 2022                                  | (17,296)            |
| 2023                                  | (17,293)            |
| Total                                 | \$ (51,885)         |

Payables to the OPEB Plan - The City of Charleston’s did not report any amounts payable for normal contributions to the OPEB plan as of June 30, 2020.

**V. 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*.

**V:A.I. 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, 2019 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, 2020.

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, 2019 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, 2020.

The City of Charleston includes the financial statements of the Policemen’s Pension and Relief fund and the Firemen’s Pension and Relief fund with the financial statements of the City. The statements of both funds can be found on pages 46-48. The Pension funds do not have separate financial statements.

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.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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. As of July 1, 2019, memberships of the plans are as follows:

| Group  | PPRF       | FPRF       | Totals     |
|--|------------|------------|------------|
| Active Employees   | 96         | 103        | 199        |
| Vested Terminated Benefits                                 | 8          | 3          | 11         |
| Former Members Due Refunds                                 | 1          | 1          | 2          |
| Retirees and Beneficiaries Currently<br>Receiving Benefits | 216        | 240        | 456        |
| Total  | <u>321</u> | <u>347</u> | <u>668</u> |

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 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.

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

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

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

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

Employer contributions for the Policemen's Pension and Relief Fund are expected to increase from \$6,395,302 for the plan year ending June 30, 2021, to a high of \$11,566,802 for the plan year ending June 30, 2039. Employer contributions for the Firemen's Pension and Relief Fund are expected to increase from \$7,137,850 for the plan year ending June 30, 2021, to a high of \$11,646,186 for the plan year ending June 30, 2037. For the Policemen's Pension Fund the funded ratio is projected to increase from 14.50% in 2021 to 53.05% in 2039, and ultimately to 100% in 2046. For the Firemen's Pension Fund the funded ratio is projected to increase from 12.73% in 2021 to 43.59% in 2037, 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 and 9.5% if hired after January 1, 2010  |                        |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

| 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.   |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 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                    | 7/1/2019 and projected to the measurement date of June 30, 2020.   | 7/1/2019 and projected to the measurement date of June 30, 2020.   |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Actuarial Cost Method             | Entry Age Normal   | Entry Age Normal   |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Amortization Method/Period        | 40-Year Closed Level-Percentage-of-Pay<br>30.5 years remaining as of July 1, 2019  | 40-Year Closed Level-Percentage-of-Pay<br>30.5 years remaining as of July 1, 2019                              |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
|                                   | 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  | Fair Value   | Fair Value   |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Investment Rate of Return         | 5.5% per year before 2047  | 5.5% per year before 2047  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Projected Salary Increases        | <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Service Based Increase</th> </tr> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Increase</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">20.0%</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">6.5%</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">3.5%</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">2.75%</td></tr> <tr><td style="text-align: center;">5-9</td><td style="text-align: center;">2.50%</td></tr> <tr><td style="text-align: center;">10-29</td><td style="text-align: center;">2.00%</td></tr> <tr><td style="text-align: center;">30-34</td><td style="text-align: center;">1.25%</td></tr> </tbody> </table> | Service Based Increase   |  | <u>Years of Service</u> | <u>Increase</u> | 1 | 20.0% | 2 | 6.5% | 3 | 3.5% | 4 | 2.75% | 5-9 | 2.50% | 10-29 | 2.00% | 30-34 | 1.25% | <table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="2" style="text-align: center;">Service Based Increase</th> </tr> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Increase</u></th> </tr> </thead> <tbody> <tr><td style="text-align: center;">1</td><td style="text-align: center;">20.0%</td></tr> <tr><td style="text-align: center;">2</td><td style="text-align: center;">6.5%</td></tr> <tr><td style="text-align: center;">3</td><td style="text-align: center;">3.5%</td></tr> <tr><td style="text-align: center;">4</td><td style="text-align: center;">2.75%</td></tr> <tr><td style="text-align: center;">5-9</td><td style="text-align: center;">2.50%</td></tr> <tr><td style="text-align: center;">10-29</td><td style="text-align: center;">2.00%</td></tr> <tr><td style="text-align: center;">30-34</td><td style="text-align: center;">1.25%</td></tr> </tbody> </table> | Service Based Increase |  | <u>Years of Service</u> | <u>Increase</u> | 1 | 20.0% | 2 | 6.5% | 3 | 3.5% | 4 | 2.75% | 5-9 | 2.50% | 10-29 | 2.00% | 30-34 | 1.25% |
| Service Based Increase            |  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| <u>Years of Service</u>           | <u>Increase</u>  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 1                                 | 20.0%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 2                                 | 6.5%   |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 3                                 | 3.5%   |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 4                                 | 2.75%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 5-9                               | 2.50%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 10-29                             | 2.00%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 30-34                             | 1.25%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Service Based Increase            |  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| <u>Years of Service</u>           | <u>Increase</u>  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 1                                 | 20.0%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 2                                 | 6.5%   |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 3                                 | 3.5%   |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 4                                 | 2.75%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 5-9                               | 2.50%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 10-29                             | 2.00%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| 30-34                             | 1.25%  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
|                                   | 0% increases for service over 34.  |  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Post-Retirement COLA              | 2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years.   | 2.75% on first \$15,000 of Annual Benefit and on the accumulated supplemental pension amounts for prior years. |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |
| Wage Inflation                    | 2.75%  | 2.75%  |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |  |                        |  |                         |                 |   |       |   |      |   |      |   |       |     |       |       |       |       |       |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

|   |                                    |                           |
|---|------------------------------------|---------------------------|
| Increase in State Insurance<br>Premium Tax Allocation | 2.75% on and after year 1          | 2.75% on and after year 1 |
| Retirement  | Age Rates                          | Age Rates                 |
|   | 50: 45%                            | 50: 45%                   |
|   | 51-55: 30%                         | 51-55: 30%                |
|   | 56-59: 35%                         | 56-59: 35%                |
|   | 60: 100%                           | 60: 100%                  |
| Percent Married                                       | 90%                                | 90%                       |
| Spouse Age  | Females 3 years younger than males |                           |

Mortality rates for both plans were based on the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption was updated to the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The pre-retirement mortality assumption was updated to the RP-2014 Blue Collar Total Employee Mortality table, with generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales.

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 Equivalent 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.

Rate of Return: The money-weighted rate of return on pension plan investments, net of pension plan expense, for fiscal year ended June 30, 2020 was 1.80% for the Policemen’s Pension and Relief Fund. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan expense, was 1.82% 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. Net Pension Liability:

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The components of net pension liability for the Policemen’s and Firemen’s Pension and Relief Fund at June 30, 2020, were as follows:

|  | PPRF           | FPRF           |
|--|----------------|----------------|
| Total pension liability  | \$ 227,356,857 | \$ 238,241,616 |
| Plan fiduciary net position  | (26,003,721)   | (23,647,016)   |
| Plan net pension liability   | \$ 201,353,136 | \$ 214,594,600 |
| Plan fiduciary net position as a percentage of total pension liability | 11.44%         | 9.93%          |
| Discount Rate  | 3.360%         | 3.340%         |

In accordance with GASB No. 67 & GASB No. 68 a single discount rate of 3.36% for the Policemen’s Pension and 3.34% for the Firemen’s Pension was used to measure the total pension liability as of June 30, 2020. These single discount rates were based on the expected rate of return on pension plan investments of 4.5% and the municipal bond rate of 2.45%. 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 3.36% for the Policemen’s Pension and 3.34% 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, a long-term expected rate of investment return of 4.5% has been blended with the 2.45% yield corresponding to the 20-year maturity on a municipal general obligation AA bond yield curve published on Fidelity’s Fixed Income Market Data webpage as of June 30, 2020. It was assumed by the City’s actuaries that 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

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 \$214,277,610 and \$220,209,952, respectively.

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

Policemen’s Pension and Relief Fund:

|                      | Discount<br>Rate Assumption |                      |
|----------------------|-----------------------------|----------------------|
| 1% Decrease<br>2.36% | 3.36%                       | 1% Increase<br>4.36% |
| \$ 242,581,297       | \$ 201,353,136              | \$ 169,222,222       |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

Firemen's Pension and Relief Fund:

| 1% Decrease    | Discount<br>Rate Assumption | 1% Increase    |
|----------------|-----------------------------|----------------|
| 2.34%          | 3.34%                       | 4.34%          |
| \$ 257,410,604 | \$ 214,594,600              | \$ 181,192,490 |

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

|  | Increase (Decrease)               |                                       |                                   |
|--|-----------------------------------|---------------------------------------|-----------------------------------|
|  | Total<br>Pension<br>Liability (a) | Plan<br>Fiduciary Net<br>Position (b) | Net<br>Pension<br>Liability (a-b) |
| Balances at June 30, 2019  | \$ 209,117,290                    | \$ 24,603,586                         | \$ 184,513,704                    |
| Changes for the year:  |                                   |                                       |                                   |
| Service cost   | 4,155,408                         | --                                    | 4,155,408                         |
| Interest   | 7,662,910                         | --                                    | 7,662,910                         |
| Changes of benefit terms   | --                                | --                                    | --                                |
| Differences between expected & actual experience                 | 973,413                           | --                                    | 973,413                           |
| Changes of assumptions or other inputs                           | 12,802,534                        | --                                    | 12,802,534                        |
| Contributions - employer   | --                                | 7,954,830                             | ( 7,954,830)                      |
| Contributions - employee   | --                                | 473,005                               | ( 473,005)                        |
| Net investment income  | --                                | 339,084                               | ( 339,084)                        |
| Benefit payments, including refunds of employee<br>contributions | ( 7,354,698)                      | ( 7,354,698)                          | --                                |
| Administrative expense   | --                                | ( 12,086)                             | 12,086                            |
| Other changes  | --                                | --                                    | --                                |
| Net changes  | 18,239,567                        | 1,400,135                             | 16,839,432                        |
| Balances at June 30, 2020  | \$ 227,356,857                    | \$ 26,003,721                         | \$ 201,353,136                    |



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

|   | Total<br>Pension<br>Liability (a) | Increase (Decrease)<br>Plan<br>Fiduciary Net<br>Position (b) | Net<br>Pension<br>Liability (a-b) |
|---|-----------------------------------|--|-----------------------------------|
| Balances at June 30, 2019                                     |                                   |  |                                   |
| Changes for the year:   | \$ 218,420,916                    | \$ 22,233,766  | \$ 196,187,150                    |
| Service cost  | 4,064,952                         | --   | 4,064,952                         |
| Interest  | 7,955,978                         | --   | 7,955,978                         |
| Changes of benefit terms                                      | --                                | --   | --                                |
| Differences between expected & actual experience              | 2,442,355                         | --   | 2,442,355                         |
| Changes of assumptions or other inputs                        | 13,305,537                        | --   | 13,305,537                        |
| Contributions - employer                                      | --                                | 8,442,090  | ( 8,442,090)                      |
| Contributions - employee                                      | --                                | 603,480  | ( 603,480)                        |
| Net investment income   | --                                | 321,619  | ( 321,619)                        |
| Benefit payments, including refunds of employee contributions | ( 7,948,122)                      | ( 7,948,122)   | --                                |
| Administrative expense  | --                                | ( 5,817)   | 5,817                             |
| Other changes   | --                                | --   | --                                |
| Net changes   | --                                | --   | --                                |
| Balances at June 30, 2020                                     | 19,820,700                        | 1,413,250  | 18,407,450                        |
|   | \$ 238,241,616                    | \$ 23,647,016  | \$ 214,594,600                    |

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

For the year ended June 30, 2020, the government recognized the following pension expenses.

|                 | PPRF         | FPRF         |
|-----------------|--------------|--------------|
| Pension expense | \$22,543,947 | \$28,205,037 |

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

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

**Policemen's Pension and Relief Fund**

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Difference between expected and actual experience                                   | \$ 1,746,906                                  | \$ --  |
| Changes of assumptions  | 13,437,763                                    | --   |
| Net difference between projected and actual earnings on<br>pension plan investments | <u>          --</u>                           | <u>          30,155</u>                      |
|   | <u>\$ 15,184,669</u>                          | <u>\$ 30,155</u>                             |

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:**

|              |           |                                    |
|--------------|-----------|------------------------------------|
| 2021         | \$        | 14,935,526                         |
| 2022         |           | (34,845)                           |
| 2023         |           | 95,442                             |
| 2024         |           | <u>          158,391</u>           |
| <b>Total</b> | <b>\$</b> | <b><u>          15,154,514</u></b> |

**Firemen's Pension and Relief Fund**

|  | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|--|---|--|
| Difference between expected and actual experience                                | \$ 1,221,177                                  | \$ --  |
| Changes of assumptions   | 6,652,768                                     | --   |
| Net difference between projected and actual earnings<br>pension plan investments | <u>          --</u>                           | <u>          65,923</u>                      |
|  | <u>\$ 7,873,945</u>                           | <u>\$ 65,923</u>                             |

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

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

| <b>Year Ended</b> |                            |
|-------------------|----------------------------|
| <b>June 30:</b>   |                            |
| 2021              | \$ 7,631,774               |
| 2022              | (43,460)                   |
| 2023              | 79,015                     |
| 2024              | 140,693                    |
| <b>Total</b>      | <b>\$ <u>7,808,022</u></b> |

**V.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% for employees hired before July 1, 2015 and 6.00% for employees hired after July 1, 2015.   |
| City's contribution rate:   | 10%   |
| 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 for employees hired before July 1, 2015. A member who has attained age 62 with ten or more years of credited service are entitled to a retirement benefit established by State statute, payable monthly for life, in the form of a straight-life annuity equal to 2% percent of the employee's final average salary multiplied by years of service. Final average salary is the average of the highest annual compensation received by an employee during any period of five consecutive years of credited service included within 15 years of credited service immediately preceding the termination date of employment with a participating public employer for employees hired after July 1, 2015. |
| Deferred retirement portion:  | No  |

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

|                 |     |
|-----------------|-----|
| Provisions for: |     |
| Cost of Living  | No  |
| Death Benefits  | Yes |

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, West Virginia 25304.

**V.B.2. 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 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, 2020, the government reported the following proportions and increase/decrease from its proportion measured as of June 30, 2019:

|   | <u>PERS</u>  |
|---|--------------|
| Amount for proportionate share of net pension liability     | \$ 2,711,911 |
| Percentage for proportionate share of net pension liability | 1.261201%    |
| Increase/(decrease) % from prior proportion                 | -0.103235%   |

For the year ended June 30, 2019, the government recognized the following pension expense.

|                                 | <u>PERS</u>         |
|---------------------------------|---------------------|
| Government-wide pension expense | <u>\$ 1,164,927</u> |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings on pension plan investments                                | \$ --   | \$ 980,168                                   |
| Difference between expected and actual experience   | 104,957                                       | 236,841                                      |
| Deferred difference in assumptions  | --  | 497,821                                      |
| Changes in proportion and differences between government contributions and proportionate share of contributions | 147,552                                       | 430,982                                      |
| Government contributions subsequent to the measurement date   | <u>1,669,134</u>                              | <u>--</u>                                    |
|   | <u>\$ 1,921,643</u>                           | <u>\$ 2,145,812</u>                          |

The amount reported as deferred outflows of resources resulting from government contributions subsequent to the measurement date but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the subsequent period. 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:

| <u>Fiscal Year Ended<br/>June 30,</u> | <u>Amortization</u>   |
|---------------------------------------|-----------------------|
| 2021                                  | \$ (350,269)          |
| 2022                                  | (1,662,629)           |
| 2023                                  | (199,783)             |
| 2024                                  | <u>319,378</u>        |
| Total                                 | <u>\$ (1,893,303)</u> |

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

**V.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.

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:<br><br>$\text{Final Average Salary} \times \text{Years of Credited Service} \times \text{Benefit Percentage}$ $2.6\% \times \text{FAS} \times \text{Years of Service for years 1-20}$ $2.0\% \times \text{FAS} \times \text{Years of Service for years 21-25}$ $1.0\% \times \text{FAS} \times \text{Years of Service for years 26-30}$ |
| Provisions for:                            |   |
| Cost of Living                             | Yes   |
| Death Benefits                             | Yes   |

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, West Virginia 25304.

CITY OF CHARLESTON, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2020

**V.C.2. 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, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of July 1, 2018 and rolled forward to June 30, 2019 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, 2020, the government reported the following proportions and increase/decrease from its proportion measured as of June 30, 2019:

|   | MPFRS - Police | MPFRS - Fire |
|---|----------------|--------------|
| Amount for proportionate share of net pension asset     | \$ 968,262     | \$ 721,869   |
| Percentage for proportionate share of net pension asset | 21.118055%     | 15.744140%   |
| Increase/(decrease) % from prior proportion measured    | -3.195207%     | -0.253072%   |

For the year ended June 30, 2020, the government recognized the following pension

|                                 | MPFRS - Police | MPFRS - Fire |
|---------------------------------|----------------|--------------|
| Government-wide pension expense | \$ 43,177      | \$ 17,725    |

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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**

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings on pension plan investments                                | \$ - -  | \$ ( 5,703)                                  |
| Difference between expected and actual experience   | 155,430                                       | - -  |
| Changes in assumptions  | - -   | ( 35,267)                                    |
| Changes in proportion and differences between government contributions and proportionate share of contributions | 134,887                                       | ( 20,194)                                    |
| Government contributions subsequent to the measurement  | <u>295,323</u>                                | <u>- -</u>                                   |
|   | <u>\$ 585,640</u>                             | <u>\$ (61,164)</u>                           |

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

|   | <u>Deferred<br/>Outflows<br/>of Resources</u> | <u>Deferred<br/>Inflows<br/>of Resources</u> |
|---|---|--|
| Net difference between projected and actual earnings on pension plan investments                                | \$ - -  | \$ ( 4,251)                                  |
| Difference between expected and actual experience   | 115,877                                       | - -  |
| Changes in assumptions  | - -   | ( 26,293)                                    |
| Changes in proportion and differences between government contributions and proportionate share of contributions | 37,559  | ( 38,928)                                    |
| Government contributions subsequent to the measurement date   | <u>288,424</u>                                | <u>- -</u>                                   |
|   | <u>\$ 441,860</u>                             | <u>\$ (69,472)</u>                           |



CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The amount reported as deferred outflows of resources resulting from government contributions subsequent to the measurement date but before the end of the City’s reporting period will be recognized as a reduction of the net pension liability in the subsequent period. 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:

| <u>Fiscal Year</u><br><u>Ended</u> | <u>Police</u>     | <u>Fire</u>      |
|------------------------------------|-------------------|------------------|
| June 30, 2021                      | \$ 41,071         | \$ 13,123        |
| June 30, 2022                      | 31,470            | 7,295            |
| June 30, 2023                      | 46,195            | 16,557           |
| June 30, 2024                      | 56,513            | 25,466           |
| June 30, 2025                      | 42,796            | 19,649           |
| June 30, 2026                      | 11,074            | 2,237            |
| June 30, 2027                      | <u>34</u>         | <u>(363)</u>     |
| Total                              | <u>\$ 229,153</u> | <u>\$ 83,964</u> |

**V.D. Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determination for all plans, using the following actuarial assumptions, applied to all periods in the measurement.

**Public Employee Retirement System**

Actuarial Assumptions

|                           |   |
|---------------------------|---|
| Inflation Rate            | 3.00%   |
| Salary Increases          | 3.15% - 6.50%, average including inflation    |
| Investment Rate of Return | 7.50%, net of pension plan investment expense |

Mortality Rates:

Active – 100% of Pub-2010 General Employees table, below-median, headcount weighted, projected with scale MP-2018

Retired healthy males – 108% of Pub-2010 General Retiree Male table, below-median, headcount weighted, projected with scale MP-2018

Retired healthy females – 122% of Pub-2010 Annuitant, Scale AA fully generational General Retiree Female table, below-median, headcount weighted, projected with scale MP-2018

Disabled males – 118% of Pub-2010 General / Teachers Disabled Male table, below-median, headcount weighted, projected with scale MP-2018

Disabled females – 118% of Pub-2010 General / Teachers Disabled Female table, below-median, headcount weighted, projected with scale MP-2018

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The actuarial assumptions used in the June 30, 2019 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

**Municipal Police Officers and Firefighters Retirement System**

Actuarial Assumptions

|                           |  |
|---------------------------|--|
| Inflation Rate            | 3.00%  |
| 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 – 100% of RP-2014 Non-Annuitant tables (sex-distinct), Scale MP-2016 fully generational

Healthy Male Retirees – 103% of RP-2014 Male Healthy Annuitant table, Scale MP-2016 fully generational

Healthy Female Retirees – 100 % of RP-2014 Female Healthy Annuitant tables, Scale MP-2016 fully generational

Disabled Males – 100% of RP-2014 Male Disabled Annuitant table, Scale MP-2016 fully generational

Disabled Females – 100% of RP-2014 Female Disabled Annuitant table, Scale MP-2016 fully generational

The actuarial assumptions in the June 30, 2019 MPFRS valuation were based on results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

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:

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

| Investment                 | Long-term<br>Expected Real<br>Rate of Return | Target Asset<br>Allocation<br>All Plans | Weighted<br>Average<br>Expected Real<br>Rate of Return |
|----------------------------|--|---|--|
| <b>Primary Government:</b> |  |   |  |
| Domestic Equity            | 5.8%   | 27.5%                                   | 1.60%  |
| International Equity       | 7.7%   | 27.5%                                   | 2.12%  |
| Fixed Income               | 3.3%   | 15.0%                                   | 0.50%  |
| Real Estate                | 6.1%   | 10.0%                                   | 0.61%  |
| Private Equity             | 8.8%   | 10.0%                                   | 0.88%  |
| Hedge Funds                | 4.4%   | 10.0%                                   | 0.44%  |
| Total                      |  | 100.00%                                 | 6.15%  |
| Inflation (CPI)            |  |   | 2.00%  |
|                            |  |   | <u>8.15%</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:

|  | 1%<br>Decrease<br>6.50% | Current<br>Discount Rate<br>7.50% | 1%<br>Increase<br>8.50% |
|--|-------------------------|-----------------------------------|-------------------------|
| Government's proportionate share of PERS's net pension liability   | \$ 12,631,521           | \$ 2,711,911                      | \$ (5,679,768)          |
| Government's proportionate share of MPFRS Police net pension asset | \$ (602,287)            | \$ (968,262)                      | \$ (1,242,164)          |
| Government's proportionate share of MPFRS Fire net pension asset   | \$ (449,023)            | \$ (721,869)                      | \$ (926,070)            |

*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, West Virginia 25304.

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

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

The Governmental Accounting Standards Board has also issued Statement No. 84, Fiduciary Activities, effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities and (2) clarifying whether and how business-type activities should report their fiduciary activities. Greater consistency and comparability enhance the value provided by the information reported in financial statements for assessing government accountability and stewardship. The City of Charleston has determined that GASB Statement No. 84 will have no material effect on the financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 87, Leases, effective for fiscal years beginning after June 15, 2021. The requirements of this Statement will increase the usefulness of governments' financial statements by requiring reporting of certain lease liabilities that currently are not reported. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring notes to financial statements related to the timing, significance, and purpose of a government's leasing arrangements. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 87 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements, effective for fiscal years beginning after June 15, 2019. The requirements of this Statement will improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The City of Charleston has determined that GASB Statement No. 88 will have no material effect on the financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, effective for fiscal years beginning after December 15, 2020. The requirements of this Statement will enhance the relevance and comparability about capital assets and the cost of borrowing for a reporting period and will simplify accounting for interest cost incurred before the end of a construction period. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 89 may have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 90, Majority Equity Interest – an amendment to GASB Statements No. 14 and No. 16., effective for fiscal years beginning after December 15, 2019. The requirements of this Statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statements for certain component units. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 90 will have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 91, Conduit Debt Obligations., effective for fiscal years beginning after December 15, 2020. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 91 may have on its financial statements

CITY OF CHARLESTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2020

The Governmental Accounting Standards Board has also issued Implementation Guide No. 2018-1, Implementation Guidance Update – 2018, GASB Implementation Guide No. 2019-1, Implementation Guidance Update-2019, Implementation Guide No. 2019-2, Fiduciary Activities and GASB No. 2019-3, Leases. The purpose of these implementation guides is to provide guidance that clarifies, explains, or elaborates on the related GASB Statements. The requirements of these Implementation Guides will take effect for financial statements starting with the fiscal year that ends June 30, 2020, June 30, 2021, and June 30, 2022, respectively. The City of Charleston has not yet determined the effects that the adoption of the above-mentioned implementation guides will have on its financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 92, Omnibus 2020, which is effective for fiscal years beginning after June 15, 2021. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 92 may have on its combined financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 93, Replacement of Interbank Offered Rates. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. More comparable reporting will improve the usefulness of information for users of state and local government financial statements. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 93 may have on its combined financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, which is effective for fiscal years beginning after June 15, 2023. The requirements of this Statement will improve financial reporting by establishing the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 94 may have on its combined financial statements.

The Governmental Accounting Standards Board has also issued Statement No. 96, Subscription-Based Information Technology Arrangements, which is effective for fiscal years beginning after June 15, 2022. The requirements of this Statement will improve financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements (SBITA) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs. The City of Charleston has not yet determined the effect that the adoption of GASB Statement No. 96 may have on its combined financial statements.

***REQUIRED SUPPLEMENTARY INFORMATION***

CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2020

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

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

|  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>   |                       |                       |                       |                       |                       |                       |                       |
| Service cost   | \$ 4,155,408          | \$ 4,337,479          | \$ 3,766,725          | \$ 4,344,855          | \$ 3,313,221          | \$ 3,292,778          | \$ 3,209,021          |
| Interest   | 7,662,910             | 7,761,028             | 7,612,050             | 7,255,244             | 7,209,972             | 7,332,999             | 7,461,048             |
| Changes in benefit terms   | --                    | --                    | --                    | --                    | --                    | --                    | --                    |
| Differences between expected and actual experience                         | 973,413               | 3,780,602             | (4,059,168)           | (3,481,866)           | (2,127,001)           | (1,897,115)           | --                    |
| Changes in assumptions   | 12,802,534            | 21,109,488            | (1,852,553)           | (14,823,343)          | 26,684,740            | 8,006,116             | 6,439,110             |
| Benefits payments, including refunds of member contributions               | (7,354,698)           | (7,158,883)           | (7,068,435)           | (7,008,249)           | (7,059,677)           | (7,035,461)           | (6,688,132)           |
| Net change in total pension liability                                      | 18,239,567            | 29,829,714            | (1,601,381)           | (13,713,359)          | 28,021,255            | 9,699,317             | 10,421,047            |
| Total pension liability-beginning  | 209,117,290           | 179,287,576           | 180,888,957           | 194,602,316           | 166,581,061           | 156,881,744           | 146,460,696           |
| Total pension liability-ending (a)   | <u>\$ 227,356,857</u> | <u>\$ 209,117,290</u> | <u>\$ 179,287,576</u> | <u>\$ 180,888,957</u> | <u>\$ 194,602,316</u> | <u>\$ 166,581,061</u> | <u>\$ 156,881,743</u> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |                       |                       |
| Contributions-employer   | \$ 7,954,830          | \$ 7,514,119          | \$ 7,380,065          | \$ 7,498,088          | \$ 6,858,876          | \$ 6,530,016          | \$ 6,448,555          |
| Contributions-members  | 473,005               | 510,010               | 525,513               | 574,939               | 556,799               | 592,173               | 648,924               |
| Net investment income  | 339,084               | 1,342,285             | 1,540,163             | 1,864,923             | 695,811               | 766,556               | 1,415,864             |
| Benefit payments, including refunds of member contributions                | (7,354,698)           | (7,158,883)           | (7,068,435)           | (7,008,249)           | (7,059,677)           | (7,035,461)           | (6,688,132)           |
| Administrative expenses  | (12,086)              | (7,349)               | (11,765)              | (10,119)              | (13,087)              | (12,349)              | (22,264)              |
| Other  | --                    | (4,334)               | 196                   | --                    | --                    | --                    | --                    |
| Net change in plan fiduciary net position                                  | 1,400,135             | 2,195,848             | 2,365,737             | 2,919,582             | 1,038,722             | 840,935               | 1,802,947             |
| Plan fiduciary net position - beginning                                    | 24,603,586            | 22,407,738            | 20,042,001            | 17,122,419            | 16,083,697            | 15,242,762            | 13,439,815            |
| Plan fiduciary net position-ending (b)                                     | <u>\$ 26,003,721</u>  | <u>\$ 24,603,586</u>  | <u>\$ 22,407,738</u>  | <u>\$ 20,042,001</u>  | <u>\$ 17,122,419</u>  | <u>\$ 16,083,697</u>  | <u>\$ 15,242,762</u>  |
| Net pension liability - ending (a) - (b)                                   | <u>\$ 201,353,136</u> | <u>\$ 184,513,704</u> | <u>\$ 156,879,838</u> | <u>\$ 160,846,956</u> | <u>\$ 177,479,897</u> | <u>\$ 150,497,364</u> | <u>\$ 141,638,981</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 11.44%                | 11.77%                | 12.50%                | 11.08%                | 8.80%                 | 9.66%                 | 9.72%                 |
| Covered payroll  | \$ 6,434,785          | \$ 6,815,851          | \$ 6,805,977          | \$ 6,876,181          | \$ 7,194,432          | \$ 7,849,996          | \$ 8,257,284          |
| Net pension liability as a percentage of covered payroll                   | 3129.14%              | 2707.13%              | 2305.03%              | 2339.19%              | 2466.91%              | 1917.16%              | 1715.32%              |

Notes to PPRF'S Schedule:

*Changes in assumptions.* In 2020 the interest rate used to discount liabilities and project assets was 4.50%. For purposes of the accounting actuarial valuation, the blended interest rate used to discount liabilities was changed from 3.73% to 3.36%. For purposes of the accounting valuation, we assumed a discount rate based on the municipal bond rate of 2.45% prior to 2046 and a discount rate of 4.5% for plan years after 2046 which resulted in a blended discount rate of 3.36%.

Mortality rates, both pre-retirement and post-retirement, for both plans were based on the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption used the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. Post-retirement projections with MP-2014 to the valuation date represent current mortality and projections using scale MP-2014 beyond the valuation date represent future mortality improvement.

The wage inflation assumption used to project compensation was 3.75%.

The service based compensation increased assumption was updated based on observed experience.

General inflation, post retirement COLA and the increase in State Insurance Premium Tax Allocation was 2.75%.

Turnover, retirement rates and disability assumptions were updated based on observed experience.

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

CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2020

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

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

|  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  | 2014                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Total pension liability</b>   |                       |                       |                       |                       |                       |                       |                       |
| Service cost   | \$ 4,064,952          | \$ 4,191,779          | \$ 3,812,937          | \$ 4,558,952          | \$ 3,402,390          | \$ 3,160,914          | \$ 3,139,576          |
| Interest   | 7,955,978             | 8,242,853             | 8,083,617             | 7,563,985             | 7,426,782             | 7,516,367             | 7,715,345             |
| Changes in benefit terms   | --                    | --                    | --                    | --                    | --                    | --                    | --                    |
| Differences between expected and actual experience                         | 2,442,355             | 230,664               | (1,328,621)           | (352,450)             | (1,147,647)           | (3,217,247)           | --                    |
| Changes in assumptions   | 13,305,537            | 21,564,458            | (1,797,321)           | (15,608,155)          | 27,065,406            | 8,277,173             | 6,693,190             |
| Benefits payments, including refunds of member contributions               | (7,948,122)           | (7,600,235)           | (7,425,842)           | (7,238,403)           | (7,075,905)           | (6,859,784)           | (6,943,758)           |
| Net change in total pension liability                                      | 19,820,700            | 26,629,519            | 1,344,770             | (11,076,071)          | 29,671,026            | 8,877,423             | 10,604,353            |
| Total pension liability-beginning  | 218,420,916           | 191,791,397           | 190,446,627           | 201,522,698           | 171,851,672           | 162,974,249           | 152,369,897           |
| Total pension liability-ending (a)   | <u>\$ 238,241,616</u> | <u>\$ 218,420,916</u> | <u>\$ 191,791,397</u> | <u>\$ 190,446,627</u> | <u>\$ 201,522,698</u> | <u>\$ 171,851,672</u> | <u>\$ 162,974,250</u> |
| <b>Plan fiduciary net position</b>   |                       |                       |                       |                       |                       |                       |                       |
| Contributions-employer   | \$ 8,442,090          | \$ 8,035,292          | \$ 7,843,092          | \$ 7,685,081          | \$ 6,906,802          | \$ 6,561,849          | \$ 6,735,846          |
| Contributions-members  | 603,480               | 509,721               | 525,870               | 574,505               | 580,188               | 592,996               | 603,333               |
| Net investment income  | 321,619               | 1,232,322             | 1,409,712             | 1,717,125             | 695,679               | 622,444               | 1,317,995             |
| Benefit payments, including refunds of member contributions                | (7,948,122)           | (7,600,235)           | (7,425,842)           | (7,238,403)           | (7,075,905)           | (6,859,784)           | (6,943,758)           |
| Administrative expenses  | (5,817)               | (301)                 | (6,890)               | (7,603)               | (9,741)               | (5,864)               | (8,132)               |
| Other  | --                    | (5,400)               | 203                   | --                    | --                    | --                    | --                    |
| Net change in plan fiduciary net position                                  | 1,413,250             | 2,171,399             | 2,346,145             | 2,730,705             | 1,097,023             | 911,641               | 1,705,284             |
| Plan fiduciary net position - beginning                                    | 22,233,766            | 20,062,367            | 17,716,222            | 14,985,517            | 13,888,494            | 12,976,853            | 11,271,569            |
| Plan fiduciary net position-ending (b)                                     | <u>\$ 23,647,016</u>  | <u>\$ 22,233,766</u>  | <u>\$ 20,062,367</u>  | <u>\$ 17,716,222</u>  | <u>\$ 14,985,517</u>  | <u>\$ 13,888,494</u>  | <u>\$ 12,976,853</u>  |
| Net pension liability - ending (a) - (b)                                   | <u>\$ 214,594,600</u> | <u>\$ 196,187,150</u> | <u>\$ 171,729,030</u> | <u>\$ 172,730,405</u> | <u>\$ 186,537,181</u> | <u>\$ 157,963,178</u> | <u>\$ 149,997,397</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 9.93%                 | 10.18%                | 10.46%                | 9.30%                 | 7.44%                 | 8.08%                 | 7.96%                 |
| Covered payroll  | \$ 6,147,535          | \$ 6,419,737          | \$ 6,725,992          | \$ 7,038,745          | \$ 7,273,171          | \$ 7,364,910          | \$ 7,872,875          |
| Net pension liability as a percentage of covered payroll                   | 3490.74%              | 3056.00%              | 2553.21%              | 2453.99%              | 2564.73%              | 2144.81%              | 1905.24%              |

Notes to FPRF'S Schedule:

*Changes in assumptions.* In 2020 the interest rate used to discount liabilities and project assets was 4.50%. For purposes of the accounting actuarial valuation, the blended interest rate used to discount liabilities was changed from 3.71% to 3.34%. For purposes of the accounting valuation, we assumed a discount rate based on the municipal bond rate of 2.45% prior to 2046 and a discount rate of 4.5% for plan years after 2046 which resulted in a blended discount rate of 3.34%.

Mortality rates, both pre-retirement and post-retirement, for both plans were based on the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption used the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. Post-retirement projections with MP-2014 to the valuation date represent current mortality and projections using scale MP-2014 beyond the valuation date represent future mortality improvement.

The wage inflation assumption used to project compensation was 3.75%.

The service based compensation increased assumption was updated based on observed experience.

General inflation, post retirement COLA and the increase in State Insurance Premium Tax Allocation was 2.75%.

Turnover, retirement rates and disability assumptions were updated based on observed experience.

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



CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2020

**II. SCHEDULES OF INVESTMENT RETURNS**

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

|  | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return,<br>net of investment expense | 1.80%       | 6.33%       | 8.08%       | 11.14%      | 4.75%       | 6.50%       | 10.65%      |

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

|  | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money-weighted rate of return,<br>net of investment expense | 1.82%       | 6.26%       | 8.07%       | 11.25%      | 5.15%       | 5.04%       | 11.17%      |

Only seven 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>2020</u>      | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution (a) \$                         | 12,292,781       | \$ 11,932,575       | \$ 10,273,775       | \$ 10,113,252       | \$ 9,998,469        | \$ 8,371,076        | \$ 8,290,897        |
| Employer contribution (b)  | 6,040,294        | 5,764,885           | 5,642,434           | 5,799,404           | 5,226,466           | 4,977,472           | 4,919,728           |
| State contribution (c)   | 1,914,536        | 1,749,234           | 1,737,631           | 1,698,684           | 1,632,410           | 1,552,544           | 1,528,827           |
| Contribution deficiency (excess) \$                                | <u>4,337,951</u> | <u>\$ 4,418,456</u> | <u>\$ 2,893,710</u> | <u>\$ 2,615,164</u> | <u>\$ 3,139,593</u> | <u>\$ 1,841,060</u> | <u>\$ 1,842,342</u> |
| Covered payroll (f)  | 6,434,785        | 6,815,851           | 6,805,977           | 6,876,181           | 7,194,432           | 7,849,996           | 8,257,284           |
| Actual contribution as a percent of<br>covered payroll [(b)+(c)]/f | 124%             | 110%                | 108%                | 109%                | 95%                 | 83%                 | 78%                 |

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

|  | <u>2020</u>      | <u>2019</u>         | <u>2018</u>         | <u>2017</u>         | <u>2016</u>         | <u>2015</u>         | <u>2014</u>         |
|--|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Actuarially determined contribution (a) \$                         | 12,798,513       | \$ 12,736,724       | \$ 10,930,487       | \$ 10,712,117       | \$ 10,373,813       | \$ 8,533,617        | \$ 8,544,824        |
| Employer contribution (b)  | 6,489,575        | 6,253,683           | 6,107,953           | 5,974,752           | 5,300,143           | 5,004,065           | 5,191,340           |
| State contribution (c)   | 1,952,515        | 1,781,609           | 1,735,139           | 1,710,329           | 1,606,659           | 1,557,784           | 1,544,506           |
| Contribution deficiency (excess) \$                                | <u>4,356,423</u> | <u>\$ 4,701,432</u> | <u>\$ 3,087,395</u> | <u>\$ 3,027,036</u> | <u>\$ 3,467,011</u> | <u>\$ 1,971,768</u> | <u>\$ 1,808,978</u> |
| Covered payroll (f)  | 6,147,535        | 6,419,737           | 6,725,992           | 7,038,745           | 7,273,171           | 7,364,910           | 7,872,875           |
| Actual contribution as a percent of<br>covered payroll [(b)+(c)]/f | 137%             | 125%                | 117%                | 109%                | 95%                 | 89%                 | 86%                 |

CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2020

**NOTES TO SCHEDULES**

*Significant Actuarial Assumptions*

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

|                                   | Policemen's<br>Pension & Relief<br>Fund<br><u>6/30/2020</u>   | Firemen's<br>Pension & Relief<br>Fund<br><u>6/30/2020</u>  |
|-----------------------------------|---|--|
| Valuation Date                    | Entry Age Normal  | Entry Age Normal   |
| Actuarial Cost Method             | Level Percentage-of-Pay   | Level Percentage-of-Pay  |
| Amortization Method               | 40 Years Closed (Level Percentage)  | 40 Years Closed (Level Percentage)   |
| Amortization Period               | Market Value  | Market Value   |
| Actuarial Asset Valuation Method  |   |  |
| Actuarial Assumptions:            |   |  |
| Investment Rate of Return         | 4.500%  | 4.500%   |
| Projected Salary Increases        | 20% 1 year, 6.5% 2 years , 3.5% 3 years,<br>2.75 4 years, 2.50% 5-9 years, 2.00% 10-<br>29 years, 1.25% 30-34 years, and 0.00%<br>after 34 years of service   | 20% 1 year, 6.5% 2 years , 3.5% 3 years, 2.75 4<br>years, 2.50% 5-9 years, 2.00% 10-29 years,<br>1.25% 30-34 years, and 0.00% after 34 years of<br>service |
| Post Retirement Benefit Increases | None  | None   |
| Inflation                         | 2.75%   | 2.75%  |
| Cost of Living Adjustments        | 2.75% on first \$15,000 of annual benefit and<br>on the accumulated supplemental pension<br>amounts for prior years   | 2.75% on first \$15,000 of annual benefit and on<br>the accumulated supplemental pension amounts<br>for prior years  |
| Mortality                         | Mortality rates, for pre- retirement and post-retirement, for both plans were based on the RP-2014 Blue Collar Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption used the RP-2014 Blue Collar Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. Post-retirement projections with MP-2014 to the valuation date represent current mortality and projections using scale MP-2014 beyond the valuation date represent future mortality improvement. |  |

CITY OF CHARLESTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2020

**I. SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS**

**Other Post Employment Benefits (OPEB)**

|   | 2020                  | 2019                  | 2018                  |
|---|-----------------------|-----------------------|-----------------------|
| <b>Total OPEB Liability</b>   |                       |                       |                       |
| Service Cost  | \$ 12,250,898         | \$ 11,717,752         | \$ 11,106,811         |
| Interest  | 11,051,420            | 11,973,708            | 10,565,286            |
| Changes of benefit terms  | --                    | --                    | --                    |
| Changes in assumptions  | 28,897,982            | 17,896,868            | (7,643,289)           |
| Differences between expected and actual experience                          | (11,769,659)          | (28,650,473)          | 7,315,402             |
| Benefits payments   | (8,749,770)           | (7,284,299)           | (8,067,334)           |
| Net change in total OPEB liability  | 31,680,871            | 5,653,556             | 13,276,876            |
| Total OPEB liability-beginning (restated for Fiscal Year 2017)              | 306,941,528           | 301,287,972           | 288,011,096           |
| Total OPEB liability-ending (a)   | <u>\$ 338,622,399</u> | <u>\$ 306,941,528</u> | <u>\$ 301,287,972</u> |
| <br><b>Plan fiduciary net position</b>                                      |                       |                       |                       |
| Contributions-employer  | \$ 8,749,770          | \$ 7,284,299          | \$ 8,067,334          |
| Contributions-active employees  | --                    | --                    | --                    |
| Net investment income   | --                    | --                    | --                    |
| Benefit payments  | (8,749,770)           | (7,284,299)           | (8,067,334)           |
| Administrative expenses   | --                    | --                    | --                    |
| Net change in plan fiduciary net position                                   | --                    | --                    | --                    |
| Plan fiduciary net position - beginning                                     | --                    | --                    | --                    |
| Plan fiduciary net position-ending (b)                                      | <u>\$ --</u>          | <u>\$ --</u>          | <u>\$ --</u>          |
| <br>Net OPEB liability - ending (a) - (b)                                   | <u>\$ 338,622,399</u> | <u>\$ 306,941,528</u> | <u>\$ 301,287,972</u> |
| <br>Plan fiduciary net position as a percentage of the total OPEB liability | 0.00%                 | 0.00%                 | 0.00%                 |
| <br>Covered payroll   | \$ 29,356,876         | \$ 29,931,917         | \$ 33,255,922         |
| Net OPEB liability as a percentage of covered payroll                       | 1153.47%              | 1025.47%              | 905.97%               |

Notes to the OPEB Schedule:

There was one substantive plan provision change since the June 30, 2018 full valuation report. An eligibility cut-off date of July 1, 2020 has been implemented, and only employees hired by July 1, 2020 are eligible for retiree health care benefits. The measurement date of this evaluation is July 1, 2020, and therefore all employees included in this valuation are eligible for retiree health care benefits. In valuations following this one, any employees hired after July 1, 2020 will be excluded and will not generate a liability.

*Changes in assumptions.* The discount rate as of the Measurement Date was updated based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The current full valuation uses a discount rate of 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020. The impact of this change is a significant increase in liabilities. The discount rate will be updated annually to reflect market conditions as of the Measurement Date.

The mortality assumption has been updated from RHP-2017 Total Dataset Mortality fully generational using Scale MP-2017 to the following: General Retirees: SOA PUB-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019; Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019; and Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019. The impact of this change was a slight increase in liabilities.

The wage inflation assumption used to project compensation was 3.00% per year plus the annual merit scale based on the West Virginia Public Employees' Retirement System actuarial valuation as of June 30, 2019. The scale is as follows: Age 20, Rate 3.50%; Age 30, Rate 1.60%; Age 40, Rate 1.10%; Age 50 Rate 0.85%; Age 60+ Rate 0.35%.

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

CITY OF CHARLESTON, WEST VIRGINIA  
 REQUIRED SUPPLEMENTARY INFORMATION  
 For the Fiscal Year Ended June 30, 2020

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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

|                                  |   |
|----------------------------------|---|
|                                  | Other Postemployment<br>Benefits  |
|                                  | <u>6/30/2020</u>  |
| Valuation Date                   | Entry Age Normal  |
| Actuarial Cost Method            | Level Percentage-of-Pay   |
| Amortization Method              | 30 Years Closed (Level Percentage)  |
| Amortization Period              | Market Value  |
| Actuarial Asset Valuation Method |   |
| Actuarial Assumptions:           |   |
| Discount Rate                    | 3.51% as of July 1, 2019 and 2.66% as of June 30, 2020  |
| Projected Salary Increases       | 3.00% general wage inflation plus the annual merit scale as follows (based on the West Virginia Public Employees' Retirement System): Age 20, Rate 3.50%; Age 30, Rate 1.60%; Age 40, Rate 1.10%, Age 50, Rate .85%, Age 60+, Rate .35%   |
| Inflation                        | 3.00%   |
| Mortality                        | The mortality assumption has been updated from RHP-2017 Total Dataset Mortality fully generational using Scale MP-2017 to the following: General Retirees: SOA PUB-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019; Police and Fire Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019; and Surviving Spouses: SOA Pub-2010 Contingent Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019. |

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2020**

**West Virginia Retiree Health Benefit Trust Fund**  
 Last 10 Fiscal Years\*

|  | <u>2019</u>  | <u>2018</u> |
|--|--------------|-------------|
| Government's proportion of the net pension liability (asset) (percentage)  | 0.005911812% | 0.00596038% |
| Government's proportionate share of the net pension liability (asset)  | \$ 98,085    | \$ 127,876  |
| Government's covered payroll   | \$ 113,816   | \$ 122,226  |
| Government's proportionate share of the net other-post employment liability (asset) as a percentage of its covered payroll | 86.18%       | 104.62%     |
| Plan fiduciary net position as a percentage of the total other post-employment liability                                   | 39.69%       | 30.98%      |

\* - The amounts presented for each fiscal year were determined as of June 30, 2019.  
 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, 2020**

**West Virginia Retiree Health Benefit Trust Fund  
Last 10 Fiscal Years**

|  | <u><b>2019</b></u>  | <u><b>2018</b></u>  |
|--|---------------------|---------------------|
| Contractually required contribution                                  | \$ 12,180           | \$ 12,180           |
| Contributions in relation to the contractually required contribution | <u>(12,180)</u>     | <u>(12,180)</u>     |
| Contribution deficiency (excess)                                     | <u>          **</u> | <u>          **</u> |
| Government's covered payroll   | \$ -                | \$ -                |
| Contributions as a percentage of covered payroll.                    | 0.00%               | 0.00%               |

\*\*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 THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2020**

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

|  | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Government's proportion of the net pension liability (asset) (percentage)                                    | 1.261201%     | 1.364436%     | 1.419052%     | 1.327175%     | 1.285736%     | 1.301165%     | 1.266242%     |
| Government's proportionate share of the net pension liability (asset)  | \$ 2,711,746  | \$ 3,523,684  | \$ 6,125,266  | \$ 12,198,303 | \$ 7,179,766  | \$ 4,802,144  | \$ 11,543,445 |
| Government's covered payroll   | \$ 19,596,039 | \$ 19,519,308 | \$ 20,073,697 | \$ 18,475,776 | \$ 17,860,017 | \$ 18,084,241 | \$ 17,506,391 |
| Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 13.84%        | 18.05%        | 30.51%        | 66.02%        | 40.20%        | 26.55%        | 65.94%        |
| Plan fiduciary net position as a percentage of the total pension liability                                   | 96.99%        | 96.33%        | 93.67%        | 86.11%        | 91.29%        | 93.98%        | 79.70%        |

\* - The amounts presented for each fiscal year were determined as of June 30, 2019.  
 Only seven 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, 2020**

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

|  | <u>2020</u>        | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution                                  | \$ 1,669,122       | \$ 1,855,299       | \$ 2,043,729       | \$ 2,238,435       | \$ 2,513,283       | \$ 2,456,565       | \$ 2,526,476       | \$ 2,372,689       | \$ 2,399,128       | \$ 2,046,007       |
| Contributions in relation to the contractually required contribution | <u>(1,669,122)</u> | <u>(1,855,299)</u> | <u>(2,043,729)</u> | <u>(2,238,435)</u> | <u>(2,513,283)</u> | <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> |
| 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 payroll   | \$ 16,836,136      | \$ 19,596,039      | \$ 19,519,308      | \$ 20,073,697      | \$ 18,475,776      | \$ 17,860,017      | \$ 18,084,241      | \$ 17,506,391      | \$ -               | \$ -               |
| Contributions as a percentage of covered payroll.                    | 9.91%              | 9.47%              | 10.47%             | 11.15%             | 13.60%             | 13.75%             | 13.97%             | 13.55%             | **                 | **                 |

\*\*Only seven 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 THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**For the Fiscal Year Ended June 30, 2020**

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

|  | <b>Police Officers Retirement System</b> |                    |                    |                    |                    |                    |                    |
|--|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b><u>2019</u></b>                       | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
| Government's proportion of the net pension liability (asset) (percentage)                                    | 21.118055%                               | 24.313262%         | 26.194802%         | 26.159244%         | 25.359714%         | 21.403699%         | 19.176794%         |
| Government's proportionate share of the net pension liability (asset)  | \$ (968,262)                             | \$ (899,107)       | \$ (735,550)       | \$ (369,892)       | \$ (244,721)       | \$ (145,331)       | \$ (50,819)        |
| Government's covered payroll   | \$ 3,195,584                             | \$ 2,540,250       | \$ 2,068,865       | \$ 1,434,311       | \$ 959,612         | \$ 392,330         | \$ 185,248         |
| Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -30.30%                                  | -35.39%            | -35.55%            | -25.79%            | -25.50%            | -37.04%            | -27.43%            |
| Plan fiduciary net position as a percentage of the total pension liability                                   | 168.31%                                  | 184.45%            | 203.46%            | 174.30%            | 189.27%            | 230.08%            | 200.40%            |

\* - The amounts presented for each fiscal year were determined as of June 30, 2019.  
 Only seven years are presented due to the availability of the information in the application of the reporting requirements prospectively.

|  | <b>Firefighters Retirement System</b> |                    |                    |                    |                    |                    |                    |
|--|---------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|  | <b><u>2019</u></b>                    | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
| Government's proportion of the net pension liability (asset) (percentage)                                    | 15.744140%                            | 15.997212%         | 17.051321%         | 15.823930%         | 13.222939%         | 16.780704%         | 5.739737%          |
| Government's proportionate share of the net pension liability (asset)  | \$ (721,869)                          | \$ (591,577)       | \$ (478,801)       | \$ (223,751)       | \$ (127,601)       | \$ (113,941)       | \$ (15,210)        |
| Government's covered payroll   | \$ 2,382,403                          | \$ 1,671,389       | \$ 1,346,713       | \$ 867,626         | \$ 500,356         | \$ 307,590         | \$ 55,446          |
| Government's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -30.30%                               | -35.39%            | -35.55%            | -25.79%            | -25.50%            | -37.04%            | -27.43%            |
| Plan fiduciary net position as a percentage of the total pension liability                                   | 168.31%                               | 184.45%            | 203.46%            | 174.30%            | 189.27%            | 230.08%            | 200.40%            |

\* - The amounts presented for each fiscal year were determined as of June 30, 2019.  
 Only seven 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, 2020**

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

**Police Officers Retirement System**

|  | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>      | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|-----------------|
| Contractually required contribution  | \$ 295,323       | \$ 302,026       | \$ 264,399       | \$ 222,403       | \$ 168,547       | \$ 105,816       | \$ 59,623       | \$ 28,547       | \$ 17,434       |
| Contributions in relation to the contractually required contribution       | <u>(295,323)</u> | <u>(302,026)</u> | <u>(264,399)</u> | <u>(222,403)</u> | <u>(168,547)</u> | <u>(105,816)</u> | <u>(59,623)</u> | <u>(28,547)</u> | <u>(17,434)</u> |
| Contribution deficiency (excess)   | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>    | <u>\$ --</u>    | <u>\$ --</u>    |
| Government's covered payroll   | \$ 3,500,625     | \$ 3,195,584     | \$ 2,540,250     | \$ 2,068,865     | \$ 1,434,311     | \$ 959,612       | \$ 392,330      | \$ 185,248      | \$ **           |
| Plan fiduciary net position as a percentage of the total pension liability | 8.44%            | 9.45%            | 10.41%           | 10.75%           | 11.75%           | 11.03%           | 15.20%          | 15.41%          | **              |

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

**Firefighters Retirement System**

|  | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      | <u>2016</u>      | <u>2015</u>     | <u>2014</u>     | <u>2013</u>    | <u>2012</u>  |
|--|------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|----------------|--------------|
| Contractually required contribution  | \$ 288,424       | \$ 225,168       | \$ 173,967       | \$ 144,771       | \$ 102,014       | \$ 55,174       | \$ 46,744       | \$ 8,544       | \$ --        |
| Contributions in relation to the contractually required contribution       | <u>(288,424)</u> | <u>(225,168)</u> | <u>(173,967)</u> | <u>(144,771)</u> | <u>(102,014)</u> | <u>(55,174)</u> | <u>(46,744)</u> | <u>(8,544)</u> | <u>--</u>    |
| Contribution deficiency (excess)   | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>     | <u>\$ --</u>    | <u>\$ --</u>    | <u>\$ --</u>   | <u>\$ --</u> |
| Government's covered payroll   | \$ 3,393,434     | \$ 2,382,403     | \$ 1,671,389     | \$ 1,346,713     | \$ 867,626       | \$ 500,356      | \$ 307,590      | \$ 55,446      | \$ **        |
| Plan fiduciary net position as a percentage of the total pension liability | 8.50%            | 9.45%            | 10.41%           | 10.75%           | 11.76%           | 11.03%          | 15.20%          | 15.41%         | **           |

Only seven 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, 2020

|  | Special<br>Revenue  | Capital<br>Projects | Debt<br>Service     | Permanent           | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---------------------|---------------------|---------------------|---------------------|--|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                        |                     |                     |                     |                     |  |
| <b>Assets:</b>   |                     |                     |                     |                     |  |
| <b>Current:</b>  |                     |                     |                     |                     |  |
| Cash and cash equivalents                                  | \$ 1,781,112        | \$ 7,579,724        | \$ 19,562           | \$ 300,663          | \$ 9,681,061                               |
| Investments  | 2,979,696           | --                  | --                  | 2,301,716           | 5,281,412                                  |
| Receivables:   |                     |                     |                     |                     |  |
| Taxes  | --                  | --                  | --                  | --                  | --   |
| Accounts   | 402,813             | --                  | --                  | 450                 | 403,263                                    |
| Grants   | 707,065             | 716,888             | --                  | --                  | 1,423,953                                  |
| Loans  | 291,213             | --                  | --                  | --                  | 291,213                                    |
| Accrued interest   | --                  | --                  | --                  | 6,128               | 6,128                                      |
| Due from:  |                     |                     |                     |                     |  |
| Other funds  | 34,311              | 594,255             | 1,824,247           | 3,400               | 2,456,213                                  |
| Component units  | 34,652              | --                  | --                  | --                  | 34,652                                     |
| Prepaid expenses   | 1,352               | --                  | --                  | --                  | 1,352                                      |
| Restricted cash  | 731,077             | --                  | 3,823,308           | --                  | 4,554,385                                  |
| <br>   |                     |                     |                     |                     |  |
| Total assets   | <u>6,963,291</u>    | <u>8,890,867</u>    | <u>5,667,117</u>    | <u>2,612,357</u>    | <u>24,133,632</u>                          |
| <b>Deferred Outflows:</b>                                  |                     |                     |                     |                     |  |
| Total deferred outflows of resources                       | <u>--</u>           | <u>--</u>           | <u>--</u>           | <u>--</u>           | <u>--</u>                                  |
| <br>   |                     |                     |                     |                     |  |
| Total assets and deferred outflows of resources            | <u>\$ 6,963,291</u> | <u>\$ 8,890,867</u> | <u>\$ 5,667,117</u> | <u>\$ 2,612,357</u> | <u>\$ 24,133,632</u>                       |
| <br><b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                     |                     |                     |                     |  |
| <b>Liabilities:</b>  |                     |                     |                     |                     |  |
| Accounts payable   | \$ 233,753          | \$ 465,234          | \$ --               | \$ 21,100           | \$ 720,087                                 |
| Compensated absences payable                               | 50                  | --                  | --                  | --                  | 50   |
| Due to:  |                     |                     |                     |                     |  |
| Other funds  | 869,617             | --                  | --                  | --                  | 869,617                                    |
| Unearned revenue   | 9,500               | --                  | --                  | --                  | 9,500                                      |
| Customer advances  | 161,269             | --                  | --                  | --                  | 161,269                                    |
| <br>   |                     |                     |                     |                     |  |
| Total liabilities  | <u>1,274,189</u>    | <u>465,234</u>      | <u>--</u>           | <u>21,100</u>       | <u>1,760,523</u>                           |
| <b>Deferred Inflows:</b>                                   |                     |                     |                     |                     |  |
| Total deferred inflows of resources                        | <u>--</u>           | <u>--</u>           | <u>--</u>           | <u>--</u>           | <u>--</u>                                  |
| <br>   |                     |                     |                     |                     |  |
| Total liabilities and deferred inflows of resources        | <u>1,274,189</u>    | <u>465,234</u>      | <u>--</u>           | <u>21,100</u>       | <u>1,760,523</u>                           |
| <br><b>Fund balances:</b>                                  |                     |                     |                     |                     |  |
| Reserved for:  |                     |                     |                     |                     |  |
| Nonspendable   | --                  | --                  | --                  | 1,212,009           | 1,212,009                                  |
| Restricted   | 5,037,588           | 78,199              | 5,667,117           | 1,379,248           | 12,162,152                                 |
| Committed  | 651,514             | 8,347,434           | --                  | --                  | 8,998,948                                  |
| <br>   |                     |                     |                     |                     |  |
| Total fund balances  | <u>5,689,102</u>    | <u>8,425,633</u>    | <u>5,667,117</u>    | <u>2,591,257</u>    | <u>22,373,109</u>                          |
| <br>   |                     |                     |                     |                     |  |
| Total liabilities, deferred inflows and fund balances      | <u>\$ 6,963,291</u> | <u>\$ 8,890,867</u> | <u>\$ 5,667,117</u> | <u>\$ 2,612,357</u> | <u>\$ 24,133,632</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, 2020

|  | Special<br>Revenue  | Capital<br>Projects | Debt<br>Service  | Permanent     | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|---------------------|---------------------|------------------|---------------|--|
| <b>REVENUES</b>                                      |                     |                     |                  |               |  |
| Intergovernmental:                                   |                     |                     |                  |               |  |
| Federal  | \$ 887,443          | \$ 1,069,114        | \$ --            | \$ --         | \$ 1,956,557                               |
| State  | 145,655             | --                  | --               | --            | 145,655                                    |
| Local  | 44,208              | --                  | --               | --            | 44,208                                     |
| Charges for services                                 | 4,100,125           | 6,130               | --               | --            | 4,106,255                                  |
| Fines and forfeits                                   | 470,050             | --                  | --               | --            | 470,050                                    |
| Interest earnings                                    | 480,146             | 70,673              | 57,707           | 94,485        | 703,011                                    |
| Reimbursements                                       | 462                 | 150,000             | --               | --            | 150,462                                    |
| Contributions and donations                          | 857,189             | 11,520              | --               | 2,774         | 871,483                                    |
| <b>Total revenues</b>                                | <b>6,985,278</b>    | <b>1,307,437</b>    | <b>57,707</b>    | <b>97,259</b> | <b>8,447,681</b>                           |
| <b>EXPENDITURES</b>                                  |                     |                     |                  |               |  |
| Current:   |                     |                     |                  |               |  |
| General government                                   | 152,349             | --                  | --               | --            | 152,349                                    |
| Public safety  | 925,684             | --                  | --               | --            | 925,684                                    |
| Health and sanitation                                | 1,068,058           | --                  | --               | --            | 1,068,058                                  |
| Culture and recreation                               | 41,948              | --                  | --               | --            | 41,948                                     |
| Social services                                      | --                  | --                  | --               | 95,270        | 95,270                                     |
| Capital projects                                     | --                  | 4,833,501           | --               | --            | 4,833,501                                  |
| Economic development                                 | 278,951             | --                  | --               | --            | 278,951                                    |
| Debt service:  |                     |                     |                  |               |  |
| Principal  | --                  | --                  | 5,525,027        | --            | 5,525,027                                  |
| Interest   | --                  | --                  | 3,241,182        | --            | 3,241,182                                  |
| <b>Total expenditures</b>                            | <b>2,466,990</b>    | <b>4,833,501</b>    | <b>8,766,209</b> | <b>95,270</b> | <b>16,161,970</b>                          |
| Excess (deficiency) of revenues<br>over expenditures | 4,518,288           | ( 3,526,064)        | ( 8,708,502)     | 1,989         | ( 7,714,289)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                     |                     |                  |               |  |
| Transfers in   | 330,442             | 4,579,032           | 8,759,584        | 18,325        | 13,687,383                                 |
| Transfers (out)                                      | ( 4,401,019)        | ( 74,156)           | --               | --            | ( 4,475,175)                               |
| Proceeds from Insurance claims                       | --                  | 118,254             | --               | --            | 118,254                                    |
| <b>Total other financing<br/>sources (uses)</b>      | <b>( 4,070,577)</b> | <b>4,623,130</b>    | <b>8,759,584</b> | <b>18,325</b> | <b>9,330,462</b>                           |
| Net change in fund balance                           | 447,711             | 1,097,066           | 51,082           | 20,314        | 1,616,173                                  |
| Fund balances - beginning                            | 5,241,391           | 7,328,567           | 5,616,035        | 2,570,943     | 20,756,936                                 |
| Fund balances - ending                               | \$ 5,689,102        | \$ 8,425,633        | \$ 5,667,117     | \$ 2,591,257  | \$ 22,373,109                              |

# 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.

***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 Response Equipment for the City's public safety activities.

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

***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 Charleston, WV.

***The Rail Trail Project Fund*** accounts for federal grants to acquire a railroad bridge, railroad trestle, and additional 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.

## **CITY OF CHARLESTON, WEST VIRGINIA SPECIAL REVENUE FUNDS (Continued)**

***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.

***Historic Preservation*** This fund was established to account for grants received to restore, rehabilitate, or repair historic properties throughout the City of Charleston.

***Slack Plaza*** This fund was established to account for grant revenues, transfers, and gifts received designated to be expended for construction, renovations, and other improvements to the Slack Plaza area from Capitol Street to Court Street.

***Live on the Levee*** This fund was established to account for all Live on the Levee Series revenues and expenditures that runs from May to September each year.

***Home Ownership Zone Property*** This fund provides forgivable loans of up to \$20,000 to homeowners occupying houses within the Home-ownership Zone of the West Side Community Renewal Plan to make improvements to their homes.

***Charleston Land Reuse Agency*** This fund was established to promote the productive use of property by identifying available properties suitable for public space, conservation, housing, and commercial use; and pursuing the acquisition, management, inventory, and disposition of those properties, according to the authority granted by state law and city code.

***Planning Grants*** This fund was established to account for revenues received from various granting agencies for consultation services, architectural design services, implementation of blight analysis GIS mapping software, and other resources to coordinate program design and effective and strategic code enforcement efforts.



CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2020

|  | Asset<br>Forfeiture<br>and<br>Reimbursement | Byrne<br>Justice<br>Assistance<br>Grant | Charleston<br>Land<br>Trust<br>Commission | Homeland<br>Security<br>Assistance | Homeland<br>Security<br>Grant | Human<br>Rights   | Municipal<br>Beautification | Municipal<br>Court | Police &<br>Fire<br>Donation | Police<br>Grants  | Public<br>Arts<br>Grant |
|--|---|---|---|------------------------------------|-------------------------------|-------------------|-----------------------------|--------------------|------------------------------|-------------------|-------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                          |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| <b>Assets:</b>   |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| <b>Current:</b>  |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Cash and cash equivalents                                    | \$ 362,000                                  | \$ --                                   | \$ --                                     | \$ 77                              | \$ --                         | \$ 176,794        | \$ 32,751                   | \$ 236,962         | \$ 11,443                    | \$ 175,752        | \$ 178,914              |
| Investments  | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Receivables:   |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Accounts   | --  | --                                      | --  | --                                 | --                            | --                | --                          | 28,122             | --                           | --                | --                      |
| Grants   | --  | 43,916                                  | --  | --                                 | 20,580                        | --                | --                          | --                 | --                           | 92,472            | --                      |
| Loans  | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Due from:  |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Other funds  | 11,431                                      | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | 22,880            | --                      |
| Component units  | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Prepaid expenses   | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Restricted cash  | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| <b>Total assets</b>  | <b>373,431</b>                              | <b>43,916</b>                           | <b>--</b>                                 | <b>77</b>                          | <b>20,580</b>                 | <b>176,794</b>    | <b>32,751</b>               | <b>265,084</b>     | <b>11,443</b>                | <b>291,104</b>    | <b>178,914</b>          |
| <b>Deferred Outflows:</b>                                    |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Total deferred outflows of resources                         | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| <b>Total assets and deferred outflows of resources</b>       | <b>\$ 373,431</b>                           | <b>\$ 43,916</b>                        | <b>\$ --</b>                              | <b>\$ 77</b>                       | <b>\$ 20,580</b>              | <b>\$ 176,794</b> | <b>\$ 32,751</b>            | <b>\$ 265,084</b>  | <b>\$ 11,443</b>             | <b>\$ 291,104</b> | <b>\$ 178,914</b>       |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>       |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| <b>Liabilities:</b>  |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Accounts payable   | \$ 125                                      | \$ --                                   | \$ --                                     | \$ --                              | \$ --                         | \$ --             | \$ --                       | \$ 78,519          | \$ --                        | \$ 43,505         | \$ --                   |
| Live on the Levee Charity Raffle                             | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Due to:  |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Other funds  | 3,095                                       | 43,916                                  | --  | --                                 | 20,580                        | --                | --                          | 47,675             | --                           | 210,773           | --                      |
| Unearned revenue   | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| Grant advances   | --  | --                                      | --  | 77                                 | --                            | 161,192           | --                          | --                 | --                           | --                | --                      |
| <b>Total liabilities</b>                                     | <b>3,220</b>                                | <b>43,916</b>                           | <b>--</b>                                 | <b>77</b>                          | <b>20,580</b>                 | <b>161,192</b>    | <b>--</b>                   | <b>126,194</b>     | <b>--</b>                    | <b>254,278</b>    | <b>--</b>               |
| <b>Deferred Inflows:</b>                                     |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Total deferred inflows of resources                          | --  | --                                      | --  | --                                 | --                            | --                | --                          | --                 | --                           | --                | --                      |
| <b>Total liabilities and deferred inflows of resources</b>   | <b>3,220</b>                                | <b>43,916</b>                           | <b>--</b>                                 | <b>77</b>                          | <b>20,580</b>                 | <b>161,192</b>    | <b>--</b>                   | <b>126,194</b>     | <b>--</b>                    | <b>254,278</b>    | <b>--</b>               |
| <b>Fund balances:</b>  |   |   |   |                                    |                               |                   |                             |                    |                              |                   |                         |
| Restricted   | 370,211                                     | --                                      | --  | --                                 | --                            | 15,602            | --                          | 138,890            | --                           | 36,826            | 178,914                 |
| Committed  | --  | --                                      | --  | --                                 | --                            | --                | 32,751                      | --                 | 11,443                       | --                | --                      |
| <b>Total fund balances</b>                                   | <b>370,211</b>                              | <b>--</b>                               | <b>--</b>                                 | <b>--</b>                          | <b>--</b>                     | <b>15,602</b>     | <b>32,751</b>               | <b>138,890</b>     | <b>11,443</b>                | <b>36,826</b>     | <b>178,914</b>          |
| <b>Total liabilities, deferred inflows and fund balances</b> | <b>\$ 373,431</b>                           | <b>\$ 43,916</b>                        | <b>\$ --</b>                              | <b>\$ 77</b>                       | <b>\$ 20,580</b>              | <b>\$ 176,794</b> | <b>\$ 32,751</b>            | <b>\$ 265,084</b>  | <b>\$ 11,443</b>             | <b>\$ 291,104</b> | <b>\$ 178,914</b>       |

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS (Continued)  
 JUNE 30, 2020

|  | Rail<br>Trail<br>Project | Rental<br>Rehabilitation | Solid<br>Waste      | Special<br>Demolition | Supportive<br>Housing | U.S. Small<br>Business<br>Administration | Project<br>West<br>Invest | Historic<br>Preservation | Slack<br>Plaza    | Live on<br>the Levee | Home<br>Ownership<br>Zone Property | Charleston<br>Land Reuse<br>Agency | Planning<br>Grants | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|--|--------------------------|--------------------------|---------------------|-----------------------|-----------------------|--|---------------------------|--------------------------|-------------------|----------------------|------------------------------------|------------------------------------|--------------------|--|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                          |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| <b>Assets:</b>   |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| <b>Current:</b>  |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Cash and cash equivalents                                    | \$ --                    | \$ --                    | \$ 260,141          | \$ 18,331             | \$ --                 | \$ 10,177                                | \$ 559                    | \$ 19,111                | \$ --             | \$ 13,100            | \$ 9,499                           | \$ 275,501                         | \$ --              | \$ 1,781,112                                     |
| Investments  | --                       | --                       | 2,979,696           | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 2,979,696  |
| Receivables:   |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Accounts   | --                       | --                       | 368,191             | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | 6,500              | 402,813  |
| Grants   | 26,170                   | --                       | --                  | --                    | 13,019                | --                                       | --                        | --                       | 510,908           | --                   | --                                 | --                                 | --                 | 707,065  |
| Loans  | --                       | 29,312                   | --                  | --                    | --                    | --                                       | 125,833                   | --                       | --                | --                   | 136,068                            | --                                 | --                 | 291,213  |
| Due from:  |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Other funds  | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 34,311   |
| Component units  | --                       | --                       | 34,652              | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 34,652   |
| Prepaid expenses   | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | 1,352                | --                                 | --                                 | --                 | 1,352  |
| Restricted cash  | --                       | --                       | 731,077             | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 731,077  |
| <b>Total assets</b>  | <u>26,170</u>            | <u>29,312</u>            | <u>4,373,757</u>    | <u>18,331</u>         | <u>13,019</u>         | <u>10,177</u>                            | <u>126,392</u>            | <u>19,111</u>            | <u>510,908</u>    | <u>14,452</u>        | <u>145,567</u>                     | <u>275,501</u>                     | <u>6,500</u>       | <u>6,963,291</u>                                 |
| <b>Deferred Outflows:</b>                                    |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Total deferred outflows of resources                         | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | --   |
| <b>Total assets and deferred outflows of resources</b>       | <u>\$ 26,170</u>         | <u>\$ 29,312</u>         | <u>\$ 4,373,757</u> | <u>\$ 18,331</u>      | <u>\$ 13,019</u>      | <u>\$ 10,177</u>                         | <u>\$ 126,392</u>         | <u>\$ 19,111</u>         | <u>\$ 510,908</u> | <u>\$ 14,452</u>     | <u>\$ 145,567</u>                  | <u>\$ 275,501</u>                  | <u>\$ 6,500</u>    | <u>\$ 6,963,291</u>                              |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>       |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| <b>Liabilities:</b>  |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Accounts payable   | \$ --                    | \$ --                    | \$ 98,585           | \$ --                 | \$ 13,019             | \$ --                                    | \$ --                     | \$ --                    | \$ --             | \$ --                | --                                 | --                                 | --                 | \$ 233,753                                       |
| Live on the Levee Charity Raffle                             | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | 50                   | --                                 | --                                 | --                 | 50   |
| Due to:  |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Other funds  | 26,170                   | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | 510,908           | --                   | --                                 | --                                 | 6,500              | 869,617  |
| Unearned revenue   | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | 9,500                | --                                 | --                                 | --                 | 9,500  |
| Grant advances   | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 161,269  |
| <b>Total liabilities</b>                                     | <u>26,170</u>            | <u>--</u>                | <u>98,585</u>       | <u>--</u>             | <u>13,019</u>         | <u>--</u>                                | <u>--</u>                 | <u>--</u>                | <u>510,908</u>    | <u>9,550</u>         | <u>--</u>                          | <u>--</u>                          | <u>6,500</u>       | <u>1,274,189</u>                                 |
| <b>Deferred Inflows:</b>                                     |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Total deferred inflows of resources                          | --                       | --                       | --                  | --                    | --                    | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | --   |
| <b>Total liabilities and deferred inflows of resources</b>   | <u>26,170</u>            | <u>--</u>                | <u>98,585</u>       | <u>--</u>             | <u>13,019</u>         | <u>--</u>                                | <u>--</u>                 | <u>--</u>                | <u>510,908</u>    | <u>9,550</u>         | <u>--</u>                          | <u>--</u>                          | <u>6,500</u>       | <u>1,274,189</u>                                 |
| <b>Fund balances:</b>  |                          |                          |                     |                       |                       |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Restricted   | --                       | --                       | 3,720,397           | --                    | --                    | 10,177                                   | 126,392                   | 19,111                   | --                | --                   | 145,567                            | 275,501                            | --                 | 5,037,588  |
| Committed  | --                       | 29,312                   | 554,775             | 18,331                | --                    | --                                       | --                        | --                       | --                | 4,902                | --                                 | --                                 | --                 | 651,514  |
| <b>Total fund balances</b>                                   | <u>--</u>                | <u>29,312</u>            | <u>4,275,172</u>    | <u>18,331</u>         | <u>--</u>             | <u>10,177</u>                            | <u>126,392</u>            | <u>19,111</u>            | <u>--</u>         | <u>4,902</u>         | <u>145,567</u>                     | <u>275,501</u>                     | <u>--</u>          | <u>5,689,102</u>                                 |
| <b>Total liabilities, deferred inflows and fund balances</b> | <u>\$ 26,170</u>         | <u>\$ 29,312</u>         | <u>\$ 4,373,757</u> | <u>\$ 18,331</u>      | <u>\$ 13,019</u>      | <u>\$ 10,177</u>                         | <u>\$ 126,392</u>         | <u>\$ 19,111</u>         | <u>\$ 510,908</u> | <u>\$ 14,452</u>     | <u>\$ 145,567</u>                  | <u>\$ 275,501</u>                  | <u>\$ 6,500</u>    | <u>\$ 6,963,291</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, 2020

|  | Asset<br>Forfeiture<br>and<br>Reimbursement | Byrne<br>Justice<br>Assistance<br>Grant | Charleston<br>Land<br>Trust<br>Commission | Homeland<br>Security<br>Assistance | Homeland<br>Security<br>Grant | Human<br>Rights  | Municipal<br>Beautification | Municipal<br>Court |
|--|---|---|---|------------------------------------|-------------------------------|------------------|-----------------------------|--------------------|
| <b>REVENUES</b>                                      |   |   |   |                                    |                               |                  |                             |                    |
| Intergovernmental:                                   |   |   |   |                                    |                               |                  |                             |                    |
| Federal  | \$ 11,477                                   | \$ 243,231                              | \$ --                                     | \$ --                              | \$ 350,919                    | \$ --            | \$ --                       | \$ --              |
| State  | 139,155                                     | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Local  | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Charges for services                                 | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Fines and forfeits                                   | --  | --                                      | --  | --                                 | --                            | --               | --                          | 470,050            |
| Interest and investment earnings                     | 3,703                                       | --                                      | 255                                       | --                                 | --                            | --               | 432                         | --                 |
| Reimbursements                                       | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Contributions and donations                          | --  | --                                      | --  | --                                 | --                            | --               | 170                         | --                 |
| Total revenues                                       | <u>154,335</u>                              | <u>243,231</u>                          | <u>255</u>                                | <u>--</u>                          | <u>350,919</u>                | <u>--</u>        | <u>602</u>                  | <u>470,050</u>     |
| <b>EXPENDITURES</b>                                  |   |   |   |                                    |                               |                  |                             |                    |
| Current:   |   |   |   |                                    |                               |                  |                             |                    |
| General government                                   | --  | --                                      | --  | --                                 | --                            | --               | --                          | 152,349            |
| Public safety  | 81,511                                      | 243,231                                 | --  | --                                 | 350,919                       | --               | --                          | --                 |
| Health and sanitation                                | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Culture and recreation                               | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Economic development                                 | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Total expenditures                                   | <u>81,511</u>                               | <u>243,231</u>                          | <u>--</u>                                 | <u>--</u>                          | <u>350,919</u>                | <u>--</u>        | <u>--</u>                   | <u>152,349</u>     |
| Excess (deficiency) of revenues<br>over expenditures | 72,824                                      | --                                      | 255                                       | --                                 | --                            | --               | 602                         | 317,701            |
| <b>OTHER FINANCING SOURCES (USES)</b>                |   |   |   |                                    |                               |                  |                             |                    |
| Transfers in   | --  | --                                      | --  | --                                 | --                            | --               | --                          | --                 |
| Transfers (out)                                      | --  | --                                      | (45,786)                                  | --                                 | --                            | --               | --                          | (305,233)          |
| Total other financing<br>sources (uses)              | <u>--</u>                                   | <u>--</u>                               | <u>(45,786)</u>                           | <u>--</u>                          | <u>--</u>                     | <u>--</u>        | <u>--</u>                   | <u>(305,233)</u>   |
| Net change in fund balance                           | 72,824                                      | --                                      | (45,531)                                  | --                                 | --                            | --               | 602                         | 12,468             |
| Fund balances - beginning                            | <u>297,387</u>                              | <u>--</u>                               | <u>45,531</u>                             | <u>--</u>                          | <u>--</u>                     | <u>15,602</u>    | <u>32,149</u>               | <u>126,422</u>     |
| Fund balances - ending                               | <u>\$ 370,211</u>                           | <u>\$ --</u>                            | <u>\$ --</u>                              | <u>\$ --</u>                       | <u>\$ --</u>                  | <u>\$ 15,602</u> | <u>\$ 32,751</u>            | <u>\$ 138,890</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, 2020

|  | Police &<br>Fire<br>Donation | Police<br>Grants | Public<br>Arts<br>Grant | Rail<br>Trail<br>Project | Rental<br>Rehabilitation | Solid<br>Waste      | Special<br>Demolition | Supportive<br>Housing |
|--|------------------------------|------------------|-------------------------|--------------------------|--------------------------|---------------------|-----------------------|-----------------------|
| <b>REVENUES</b>                                      |                              |                  |                         |                          |                          |                     |                       |                       |
| Intergovernmental:                                   |                              |                  |                         |                          |                          |                     |                       |                       |
| Federal  | \$ --                        | \$ 197,199       | \$ --                   | \$ --                    | \$ --                    | \$ --               | \$ --                 | \$ 84,617             |
| State  | --                           | --               | --                      | --                       | --                       | --                  | --                    | --                    |
| Local  | --                           | 44,208           | --                      | --                       | --                       | --                  | --                    | --                    |
| Charges for services                                 | --                           | --               | --                      | --                       | --                       | 4,100,125           | --                    | --                    |
| Fines and forfeits                                   | --                           | --               | --                      | --                       | --                       | --                  | --                    | --                    |
| Interest and investment earnings                     | 181                          | --               | --                      | --                       | --                       | 474,659             | 240                   | --                    |
| Reimbursements                                       | --                           | --               | --                      | --                       | --                       | --                  | --                    | --                    |
| Contributions and donations                          | 8,500                        | --               | 3,000                   | --                       | --                       | --                  | --                    | --                    |
| Total revenues                                       | <u>8,681</u>                 | <u>241,407</u>   | <u>3,000</u>            | <u>--</u>                | <u>--</u>                | <u>4,574,784</u>    | <u>240</u>            | <u>84,617</u>         |
| <b>EXPENDITURES</b>                                  |                              |                  |                         |                          |                          |                     |                       |                       |
| Current:   |                              |                  |                         |                          |                          |                     |                       |                       |
| General government                                   | --                           | --               | --                      | --                       | --                       | --                  | --                    | --                    |
| Public safety  | 8,616                        | 241,407          | --                      | --                       | --                       | --                  | --                    | --                    |
| Health and sanitation                                | --                           | --               | --                      | --                       | --                       | 1,068,058           | --                    | --                    |
| Culture and recreation                               | --                           | --               | 350                     | --                       | --                       | --                  | --                    | --                    |
| Economic development                                 | --                           | --               | --                      | --                       | 120,831                  | --                  | --                    | 84,617                |
| Total expenditures                                   | <u>8,616</u>                 | <u>241,407</u>   | <u>350</u>              | <u>--</u>                | <u>120,831</u>           | <u>1,068,058</u>    | <u>--</u>             | <u>84,617</u>         |
| Excess (deficiency) of revenues<br>over expenditures | 65                           | --               | 2,650                   | --                       | ( 120,831)               | 3,506,726           | 240                   | --                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                              |                  |                         |                          |                          |                     |                       |                       |
| Transfers in   | --                           | --               | 30,000                  | --                       | --                       | --                  | --                    | --                    |
| Transfers (out)                                      | --                           | --               | --                      | --                       | --                       | ( 3,450,000)        | --                    | --                    |
| Total other financing<br>sources (uses)              | <u>--</u>                    | <u>--</u>        | <u>30,000</u>           | <u>--</u>                | <u>--</u>                | <u>( 3,450,000)</u> | <u>--</u>             | <u>--</u>             |
| Net change in fund balance                           | 65                           | --               | 32,650                  | --                       | ( 120,831)               | 56,726              | 240                   | --                    |
| Fund balances - beginning                            | 11,378                       | 36,826           | 146,264                 | --                       | 150,143                  | 4,218,446           | 18,091                | --                    |
| Fund balances - ending                               | <u>\$ 11,443</u>             | <u>\$ 36,826</u> | <u>\$ 178,914</u>       | <u>\$ --</u>             | <u>\$ 29,312</u>         | <u>\$ 4,275,172</u> | <u>\$ 18,331</u>      | <u>\$ --</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, 2020

|  | U.S. Small<br>Business<br>Administration | Project<br>West<br>Invest | Historic<br>Preservation | Slack<br>Plaza    | Live on<br>the Levee | Home<br>Ownership<br>Zone Property | Charleston<br>Land Reuse<br>Agency | Planning<br>Grants | Total<br>Nonmajor<br>Special<br>Revenue<br>Funds |
|--|--|---------------------------|--------------------------|-------------------|----------------------|------------------------------------|------------------------------------|--------------------|--|
| <b>REVENUES</b>                                      |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Intergovernmental:                                   |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Federal  | \$ --                                    | \$ --                     | \$ --                    | \$ --             | \$ --                | \$ --                              | \$ --                              | \$ --              | 887,443  |
| State  | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | 6,500              | 145,655  |
| Local  | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 44,208   |
| Charges for services                                 | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 4,100,125  |
| Fines and forfeits                                   | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 470,050  |
| Interest and investment earnings                     | --                                       | 43                        | --                       | --                | 223                  | --                                 | 410                                | --                 | 480,146  |
| Reimbursements                                       | --                                       | --                        | --                       | --                | --                   | --                                 | 462                                | --                 | 462  |
| Contributions and donations                          | --                                       | 50,000                    | 18,000                   | 600,000           | 5,929                | 171,590                            | --                                 | --                 | 857,189  |
| <b>Total revenues</b>                                | <b>--</b>                                | <b>50,043</b>             | <b>18,000</b>            | <b>600,000</b>    | <b>6,152</b>         | <b>171,590</b>                     | <b>872</b>                         | <b>6,500</b>       | <b>6,985,278</b>                                 |
| <b>EXPENDITURES</b>                                  |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Current:   |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| General government                                   | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 152,349  |
| Public safety  | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 925,684  |
| Health and sanitation                                | --                                       | --                        | --                       | --                | --                   | --                                 | --                                 | --                 | 1,068,058  |
| Culture and recreation                               | --                                       | --                        | --                       | --                | 41,598               | --                                 | --                                 | --                 | 41,948   |
| Economic development                                 | --                                       | 18,333                    | 1,490                    | --                | --                   | 26,023                             | 21,157                             | 6,500              | 278,951  |
| <b>Total expenditures</b>                            | <b>--</b>                                | <b>18,333</b>             | <b>1,490</b>             | <b>--</b>         | <b>41,598</b>        | <b>26,023</b>                      | <b>21,157</b>                      | <b>6,500</b>       | <b>2,466,990</b>                                 |
| Excess (deficiency) of revenues<br>over expenditures | --                                       | 31,710                    | 16,510                   | 600,000           | ( 35,446)            | 145,567                            | ( 20,285)                          | --                 | 4,518,288  |
| <b>OTHER FINANCING SOURCES (USES)</b>                |  |                           |                          |                   |                      |                                    |                                    |                    |  |
| Transfers in   | --                                       | --                        | --                       | --                | 4,656                | --                                 | 295,786                            | --                 | 330,442  |
| Transfers (out)                                      | --                                       | --                        | --                       | ( 600,000)        | --                   | --                                 | --                                 | --                 | ( 4,401,019)                                     |
| <b>Total other financing<br/>sources (uses)</b>      | <b>--</b>                                | <b>--</b>                 | <b>--</b>                | <b>( 600,000)</b> | <b>4,656</b>         | <b>--</b>                          | <b>295,786</b>                     | <b>--</b>          | <b>( 4,070,577)</b>                              |
| Net change in fund balance                           | --                                       | 31,710                    | 16,510                   | --                | ( 30,790)            | 145,567                            | 275,501                            | --                 | 447,711  |
| Fund balances - beginning                            | 10,177                                   | 94,682                    | 2,601                    | --                | 35,692               | --                                 | --                                 | --                 | 5,241,391  |
| Fund balances - ending                               | \$ 10,177                                | \$ 126,392                | \$ 19,111                | \$ --             | \$ 4,902             | \$ 145,567                         | \$ 275,501                         | \$ --              | \$ 5,689,102                                     |

# 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.

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

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

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

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

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

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

***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.

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 June 30, 2020

|  | Ball Park<br>Maintenance | City Service<br>Fee Project | Civic Center<br>Capital<br>Improvements | Facilities<br>Maintenance<br>Fund | General<br>Maintenance | Infrastructure    | Municipal<br>Auditorium<br>Capital<br>Improvements | Convention &<br>Civic Center<br>Project | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|--------------------------|-----------------------------|---|-----------------------------------|------------------------|-------------------|--|---|---|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                    |                          |                             |   |                                   |                        |                   |  |   |   |
| <b>Assets:</b>   |                          |                             |   |                                   |                        |                   |  |   |   |
| Current:   |                          |                             |   |                                   |                        |                   |  |   |   |
| Cash and cash equivalents                              | \$ 78,199                | \$ 1,919,662                | \$ 351,735                              | \$ 987,412                        | \$ 3,921,054           | \$ 153,405        | \$ 168,199   | \$ 58                                   | \$ 7,579,724                                      |
| Grants   | --                       | 716,888                     | --                                      | --                                | --                     | --                | --   | --                                      | 716,888   |
| Due from:  |                          |                             |   |                                   |                        |                   |  |   |   |
| Other funds  | --                       | --                          | 57,178                                  | 192,048                           | 345,029                | --                | --   | --                                      | 594,255   |
| Total assets   | <u>78,199</u>            | <u>2,636,550</u>            | <u>408,913</u>                          | <u>1,179,460</u>                  | <u>4,266,083</u>       | <u>153,405</u>    | <u>168,199</u>                                     | <u>58</u>                               | <u>8,890,867</u>                                  |
| <b>Deferred Outflows:</b>                              |                          |                             |   |                                   |                        |                   |  |   |   |
| Total deferred outflows of resources                   | --                       | --                          | --                                      | --                                | --                     | --                | --   | --                                      | --  |
| Total assets and deferred outflows of resources        | \$ <u>78,199</u>         | \$ <u>2,636,550</u>         | \$ <u>408,913</u>                       | \$ <u>1,179,460</u>               | \$ <u>4,266,083</u>    | \$ <u>153,405</u> | \$ <u>168,199</u>                                  | \$ <u>58</u>                            | \$ <u>8,890,867</u>                               |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                          |                             |   |                                   |                        |                   |  |   |   |
| <b>LIABILITIES</b>                                     |                          |                             |   |                                   |                        |                   |  |   |   |
| Accounts payable                                       | \$ --                    | \$ 446,072                  | \$ --                                   | \$ 4,986                          | \$ 14,176              | \$ --             | \$ --  | \$ --                                   | \$ 465,234  |
| Total liabilities                                      | <u>--</u>                | <u>446,072</u>              | <u>--</u>                               | <u>4,986</u>                      | <u>14,176</u>          | <u>--</u>         | <u>--</u>  | <u>--</u>                               | <u>465,234</u>                                    |
| <b>Deferred Inflows:</b>                               |                          |                             |   |                                   |                        |                   |  |   |   |
| Total deferred inflows of resources                    | --                       | --                          | --                                      | --                                | --                     | --                | --   | --                                      | --  |
| Total liabilities and deferred inflows of resources    | <u>--</u>                | <u>446,072</u>              | <u>--</u>                               | <u>4,986</u>                      | <u>14,176</u>          | <u>--</u>         | <u>--</u>  | <u>--</u>                               | <u>465,234</u>                                    |
| <b>FUND BALANCES</b>                                   |                          |                             |   |                                   |                        |                   |  |   |   |
| Reserved for:  |                          |                             |   |                                   |                        |                   |  |   |   |
| Restricted   | 78,199                   | --                          | --                                      | --                                | --                     | --                | --   | --                                      | 78,199  |
| Committed  | --                       | 2,190,478                   | 408,913                                 | 1,174,474                         | 4,251,907              | 153,405           | 168,199  | 58                                      | 8,347,434   |
| Total fund balances                                    | <u>78,199</u>            | <u>2,190,478</u>            | <u>408,913</u>                          | <u>1,174,474</u>                  | <u>4,251,907</u>       | <u>153,405</u>    | <u>168,199</u>                                     | <u>58</u>                               | <u>8,425,633</u>                                  |
| Total liabilities, deferred inflows and fund balances  | \$ <u>78,199</u>         | \$ <u>2,636,550</u>         | \$ <u>408,913</u>                       | \$ <u>1,179,460</u>               | \$ <u>4,266,083</u>    | \$ <u>153,405</u> | \$ <u>168,199</u>                                  | \$ <u>58</u>                            | \$ <u>8,890,867</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, 2020

|  | Ball Park<br>Maintenance | City Service<br>Fee Project | Civic Center<br>Capital<br>Improvements | Facilities<br>Maintenance<br>Fund | General<br>Maintenance | Infrastructure    | Municipal<br>Auditorium<br>Capital<br>Improvements | Convention &<br>Civic Center<br>Project | Total<br>Nonmajor<br>Capital<br>Projects<br>Funds |
|--|--------------------------|-----------------------------|---|-----------------------------------|------------------------|-------------------|--|---|---|
| <b>REVENUES</b>                                      |                          |                             |   |                                   |                        |                   |  |   |   |
| Intergovernmental:                                   |                          |                             |   |                                   |                        |                   |  |   |   |
| Federal  | \$ --                    | \$ 1,069,114                | \$ --                                   | \$ --                             | \$ --                  | \$ --             | \$ --  | \$ --                                   | \$ 1,069,114                                      |
| Charges for services                                 | --                       | --                          | --                                      | --                                | --                     | --                | 6,130  | --                                      | 6,130   |
| Interest and investment earnings                     | 716                      | 22,931                      | 5,150                                   | 6,465                             | 31,275                 | 2,004             | 2,131  | 1                                       | 70,673  |
| Reimbursements                                       | --                       | 150,000                     | --                                      | --                                | --                     | --                | --   | --                                      | 150,000   |
| Contributions and donations                          | --                       | --                          | --                                      | 6,520                             | 5,000                  | --                | --   | --                                      | 11,520  |
| Total revenues                                       | <u>716</u>               | <u>1,242,045</u>            | <u>5,150</u>                            | <u>12,985</u>                     | <u>36,275</u>          | <u>2,004</u>      | <u>8,261</u>                                       | <u>1</u>                                | <u>1,307,437</u>                                  |
| <b>EXPENDITURES</b>                                  |                          |                             |   |                                   |                        |                   |  |   |   |
| Current:   |                          |                             |   |                                   |                        |                   |  |   |   |
| Capital projects                                     | <u>2,873</u>             | <u>4,563,827</u>            | <u>--</u>                               | <u>167,481</u>                    | <u>99,320</u>          | <u>--</u>         | <u>--</u>  | <u>--</u>                               | <u>4,833,501</u>                                  |
| Total expenditures                                   | <u>2,873</u>             | <u>4,563,827</u>            | <u>--</u>                               | <u>167,481</u>                    | <u>99,320</u>          | <u>--</u>         | <u>--</u>  | <u>--</u>                               | <u>4,833,501</u>                                  |
| Excess (deficiency) of revenues<br>over expenditures | ( 2,157)                 | ( 3,321,782)                | 5,150                                   | ( 154,496)                        | ( 63,045)              | 2,004             | 8,261  | 1                                       | ( 3,526,064)                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                          |                             |   |                                   |                        |                   |  |   |   |
| Transfers in   | 25,000                   | 2,624,734                   | 84,298                                  | 810,000                           | 1,035,000              | --                | --   | --                                      | 4,579,032   |
| Transfers (out)                                      | --                       | --                          | ( 69,500)                               | ( 4,656)                          | --                     | --                | --   | --                                      | ( 74,156)   |
| Proceeds from insurance claims                       | --                       | 70,000                      | --                                      | 41,671                            | 6,583                  | --                | --   | --                                      | 118,254   |
| Total other financing<br>sources (uses)              | <u>25,000</u>            | <u>2,694,734</u>            | <u>14,798</u>                           | <u>847,015</u>                    | <u>1,041,583</u>       | <u>--</u>         | <u>--</u>  | <u>--</u>                               | <u>4,623,130</u>                                  |
| Net change in fund balance                           | 22,843                   | ( 627,048)                  | 19,948                                  | 692,519                           | 978,538                | 2,004             | 8,261  | 1                                       | 1,097,066   |
| Fund balances - beginning                            | <u>55,356</u>            | <u>2,817,526</u>            | <u>388,965</u>                          | <u>481,955</u>                    | <u>3,273,369</u>       | <u>151,401</u>    | <u>159,938</u>                                     | <u>57</u>                               | <u>7,328,567</u>                                  |
| Fund balances - ending                               | <u>\$ 78,199</u>         | <u>\$ 2,190,478</u>         | <u>\$ 408,913</u>                       | <u>\$ 1,174,474</u>               | <u>\$ 4,251,907</u>    | <u>\$ 153,405</u> | <u>\$ 168,199</u>                                  | <u>\$ 58</u>                            | <u>\$ 8,425,633</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.

***Civic Center Project Debt Service Fund*** This fund is used to account for the accumulation of resources and payment of long-term debt principal and interest related to the Civic Center Project from governmental resources and for governmental revenue bonds debt principal and interest from specified revenues.

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUNDS  
 June 30, 2020

|  | <u>Debt<br/>Service<br/>Sinking<br/>Fund</u> | <u>Civic Center<br/>Project<br/>Debt Service<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Debt Service<br/>Funds</u> |
|--|--|---|--|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                    |  |   |  |
| <b>Assets</b>  |  |   |  |
| Current:   |  |   |  |
| Cash and cash equivalents                              | \$ --  | \$ 19,562   | \$ 19,562  |
| Due from:  |  |   |  |
| Other funds  | --   | 1,824,247   | 1,824,247  |
| Restricted cash  | --   | 3,823,308   | 3,823,308  |
|  | <u>          </u>                            | <u>          </u>   | <u>          </u>                                    |
| Total assets   | <u>          </u>                            | <u>5,667,117</u>  | <u>5,667,117</u>                                     |
| <b>Deferred Outflows:</b>                              |  |   |  |
| Total deferred outflows of resources                   | <u>          </u>                            | <u>          </u>   | <u>          </u>                                    |
| Total assets and deferred outflows of resources        | <u>\$ --</u>                                 | <u>\$ 5,667,117</u>                                       | <u>\$ 5,667,117</u>                                  |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |  |   |  |
| <b>LIABILITIES</b>                                     |  |   |  |
| Total liabilities                                      | <u>\$ --</u>                                 | <u>\$ --</u>  | <u>\$ --</u>   |
| <b>Deferred Inflows:</b>                               |  |   |  |
| Total deferred inflows of resources                    | <u>          </u>                            | <u>          </u>   | <u>          </u>                                    |
| Total liabilities and deferred inflows of resources    | <u>          </u>                            | <u>          </u>   | <u>          </u>                                    |
| <b>FUND BALANCES</b>                                   |  |   |  |
| Reserved for:  |  |   |  |
| Restricted   | <u>          </u>                            | <u>5,667,117</u>  | <u>5,667,117</u>                                     |
| Total fund balances                                    | <u>          </u>                            | <u>5,667,117</u>  | <u>5,667,117</u>                                     |
| Total liabilities, deferred inflows and fund balances  | <u>\$ --</u>                                 | <u>\$ 5,667,117</u>                                       | <u>\$ 5,667,117</u>                                  |

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR DEBT SERVICE FUNDS  
 For the Fiscal Year Ended June 30, 2020

|  | Debt<br>Service<br>Sinking<br>Fund | Civic Center<br>Project<br>Debt Service<br>Fund | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|------------------------------------|---|--|
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| <b>REVENUES</b>                                      |                                    |   |  |
| Interest and investment earnings                     | \$ 5,347                           | \$ 52,360                                       | \$ 57,707                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Total revenues                                       | 5,347                              | 52,360  | 57,707                                     |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| <b>EXPENDITURES</b>                                  |                                    |   |  |
| Current:   |                                    |   |  |
| Principal  | 1,405,027                          | 4,120,000                                       | 5,525,027                                  |
| Interest   | 64,861                             | 3,176,321                                       | 3,241,182                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Total expenditures                                   | 1,469,888                          | 7,296,321                                       | 8,766,209                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Excess (deficiency) of revenues<br>over expenditures | ( 1,464,541)                       | ( 7,243,961)                                    | ( 8,708,502)                               |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                    |   |  |
| Transfers in   | 1,462,804                          | 7,296,780                                       | 8,759,584                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Total other financing<br>sources (uses)              | 1,462,804                          | 7,296,780                                       | 8,759,584                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Net change in fund balance                           | ( 1,737)                           | 52,819  | 51,082                                     |
| Fund balances - beginning                            | 1,737                              | 5,614,298                                       | 5,616,035                                  |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |
| Fund balances - ending                               | \$ --                              | \$ 5,667,117                                    | \$ 5,667,117                               |
|  | <u>          </u>                  | <u>          </u>                               | <u>          </u>                          |

# CITY OF CHARLESTON, WEST VIRGINIA PERMANENT FUND

## *Nonmajor Fund*

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

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR PERMANENT FUNDS  
 June 30, 2020

|  | <u>Spring Hill<br/>Cemetery</u> |
|--|---------------------------------|
| <b>ASSETS AND DEFERRED OUTFLOWS</b>                    |                                 |
| <b>Assets:</b>   |                                 |
| Current:   |                                 |
| Cash and cash equivalents                              | \$ 300,663                      |
| Investments  | 2,301,716                       |
| Receivables:   |                                 |
| Accounts   | 450                             |
| Accrued interest                                       | 6,128                           |
| Due from:  |                                 |
| Other funds  | <u>3,400</u>                    |
| Total assets   | <u>2,612,357</u>                |
| <b>Deferred Outflows:</b>                              |                                 |
| Total deferred outflows of resources                   | <u>--</u>                       |
| Total assets and deferred outflows of resources        | <u>\$ 2,612,357</u>             |
| <b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b> |                                 |
| <b>LIABILITIES</b>                                     |                                 |
| Accounts payable                                       | <u>\$ 21,100</u>                |
| Total liabilities                                      | <u>21,100</u>                   |
| <b>Deferred Inflows:</b>                               |                                 |
| Total deferred inflows of resources                    | <u>--</u>                       |
| Total liabilities and deferred inflows of resources    | <u>21,100</u>                   |
| <b>FUND BALANCES</b>                                   |                                 |
| Reserved for:  |                                 |
| Nonspendable   | 1,212,009                       |
| Restricted   | <u>1,379,248</u>                |
| Total fund balances                                    | <u>2,591,257</u>                |
| Total liabilities, deferred inflows and fund balances  | <u>\$ 2,612,357</u>             |

CITY OF CHARLESTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR PERMANENT FUNDS  
 For the Fiscal Year Ended June 30, 2020

|  | <u>Spring Hill<br/>Cemetery</u> |
|--|---------------------------------|
| <b>REVENUES</b>                                      |                                 |
| Interest and investment earnings                     | \$ 94,485                       |
| Contributions & donations                            | <u>2,774</u>                    |
| Total revenues                                       | <u>97,259</u>                   |
| <b>EXPENDITURES</b>                                  |                                 |
| Current:   |                                 |
| Social services                                      | <u>95,270</u>                   |
| Total expenditures                                   | <u>95,270</u>                   |
| Excess (deficiency) of revenues<br>over expenditures | 1,989                           |
| <b>OTHER FINANCING SOURCES (USES)</b>                |                                 |
| Transfers in   | <u>18,325</u>                   |
| Total other financing<br>sources (uses)              | <u>18,325</u>                   |
| Net change in fund balance                           | 20,314                          |
| Fund balances - beginning                            | <u>2,570,943</u>                |
| Fund balances - ending                               | <u><u>\$ 2,591,257</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  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 June 30, 2020

|  | Pension Trust Funds                  |                                    | Totals        |
|--|--------------------------------------|------------------------------------|---------------|
|  | Policemen's<br>Pension and<br>Relief | Firemen's<br>Pension and<br>Relief |               |
| <b>ASSETS</b>                                      |                                      |                                    |               |
| Non-pooled cash                                    | \$ 4,839,397                         | \$ 4,198,703                       | \$ 9,038,100  |
| Total cash   | 4,839,397                            | 4,198,703                          | 9,038,100     |
| Investments, at fair value:                        |                                      |                                    |               |
| Certificates of deposit                            | 1,287,605                            | 1,277,532                          | 2,565,137     |
| Common stock                                       | 4,421,793                            | 4,096,073                          | 8,517,866     |
| Managed bond funds                                 | 4,764,031                            | 4,865,333                          | 9,629,364     |
| Exchange traded products                           | 10,666,826                           | 9,859,388                          | 20,526,214    |
| Total investments                                  | 21,140,255                           | 20,098,326                         | 41,238,581    |
| Receivables:                                       |                                      |                                    |               |
| Interest receivable                                | 24,069                               | 24,245                             | 48,314        |
| Total receivables                                  | 24,069                               | 24,245                             | 48,314        |
| Total assets                                       | 26,003,721                           | 24,321,274                         | 50,324,995    |
| <b>DEFERRED OUTFLOWS</b>                           |                                      |                                    |               |
| Total deferred outflows of resources               | --                                   | --                                 | --            |
| <b>LIABILITIES</b>                                 |                                      |                                    |               |
| Benefits payable                                   | --                                   | 674,258                            | 674,258       |
| Total liabilities                                  | --                                   | 674,258                            | 674,258       |
| <b>DEFERRED INFLOWS</b>                            |                                      |                                    |               |
| Total deferred inflows of resources                | --                                   | --                                 | --            |
| <b>NET POSITION</b>                                |                                      |                                    |               |
| Net position held in trust<br>for pension benefits | \$ 26,003,721                        | \$ 23,647,016                      | \$ 49,650,737 |

(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  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION TRUST FUNDS  
 For the Fiscal Year Ended June 30, 2020

|   | Pension Trust Funds                  |                                    | Totals               |
|---|--------------------------------------|------------------------------------|----------------------|
|   | Policemen's<br>Pension and<br>Relief | Firemen's<br>Pension and<br>Relief |                      |
| <b>ADDITIONS</b>  |                                      |                                    |                      |
| Contributions:  |                                      |                                    |                      |
| Employer  | \$ 4,344,032                         | \$ 4,498,433                       | \$ 8,842,465         |
| Plan members  | 473,005                              | 603,480                            | 1,076,485            |
| Insurance premium surtax                                | 1,914,536                            | 1,952,515                          | 3,867,051            |
| Additional transfers in                                 | 1,696,262                            | 1,991,142                          | 3,687,404            |
| <br>  |                                      |                                    |                      |
| Total contributions                                     | <u>8,427,835</u>                     | <u>9,045,570</u>                   | <u>17,473,405</u>    |
| <br>  |                                      |                                    |                      |
| Investment income:                                      |                                      |                                    |                      |
| Net increase (decrease) in fair value<br>of investments | ( 48,286)                            | ( 42,574)                          | ( 90,860)            |
| Interest and dividends                                  | 500,695                              | 469,771                            | 970,466              |
| Miscellaneous   | 55                                   | --                                 | 55                   |
| Less: investment expense                                | <u>( 113,380)</u>                    | <u>( 105,578)</u>                  | <u>( 218,958)</u>    |
| <br>  |                                      |                                    |                      |
| Net investment income                                   | <u>339,084</u>                       | <u>321,619</u>                     | <u>660,703</u>       |
| <br>  |                                      |                                    |                      |
| Total additions   | <u>8,766,919</u>                     | <u>9,367,189</u>                   | <u>18,134,108</u>    |
| <br>  |                                      |                                    |                      |
| <b>DEDUCTIONS</b>                                       |                                      |                                    |                      |
| Benefits  | 7,354,698                            | 7,948,122                          | 15,302,820           |
| Administrative expenses                                 | <u>12,086</u>                        | <u>5,817</u>                       | <u>17,903</u>        |
| <br>  |                                      |                                    |                      |
| Total deductions  | <u>7,366,784</u>                     | <u>7,953,939</u>                   | <u>15,320,723</u>    |
| <br>  |                                      |                                    |                      |
| Change in net position                                  | <u>1,400,135</u>                     | <u>1,413,250</u>                   | <u>2,813,385</u>     |
| <br>  |                                      |                                    |                      |
| Net position held in trust for<br>pension benefits:     |                                      |                                    |                      |
| Beginning of year                                       | <u>24,603,586</u>                    | <u>22,233,766</u>                  | <u>46,837,352</u>    |
| <br>  |                                      |                                    |                      |
| End of year   | <u>\$ 26,003,721</u>                 | <u>\$ 23,647,016</u>               | <u>\$ 49,650,737</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 Collection Fee Account*** This fund is custodial in nature and accounts for revenues collected for credit card sales.

**CITY OF CHARLESTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2020**

|   | Civic<br>Center<br>Ticket | Civic<br>Center<br>Promotions | Metro Drug<br>Enforcement<br>Task Force | Pending<br>Forfeiture | Police<br>Asset &<br>Liability | City of<br>Charleston<br>Fee Collection<br>Account | Total<br>Agency<br>Funds |
|---|---------------------------|-------------------------------|---|-----------------------|--------------------------------|--|--------------------------|
| <b>ASSETS</b>                                       |                           |                               |   |                       |                                |  |                          |
| Cash and cash equivalents                           | \$ 1,568,667              | \$ 5,507                      | \$ 721,170                              | \$ 842,121            | \$ 1,069,097                   | \$ 30,000  | \$ 4,236,562             |
| Receivables:  |                           |                               |   |                       |                                |  |                          |
| Accounts  | --                        | --                            | 4,524                                   | 165,517               | --                             | --   | 170,041                  |
| Due from other funds                                | --                        | --                            | 18,433                                  | --                    | --                             | --   | 18,433                   |
|   | <u>1,568,667</u>          | <u>5,507</u>                  | <u>744,127</u>                          | <u>1,007,638</u>      | <u>1,069,097</u>               | <u>30,000</u>                                      | <u>4,425,036</u>         |
| Total assets  |                           |                               |   |                       |                                |  |                          |
|   | <u>1,568,667</u>          | <u>5,507</u>                  | <u>744,127</u>                          | <u>1,007,638</u>      | <u>1,069,097</u>               | <u>30,000</u>                                      | <u>4,425,036</u>         |
| <b>DEFERRED OUTFLOWS</b>                            |                           |                               |   |                       |                                |  |                          |
| Total deferred outflows of resources                | --                        | --                            | --                                      | --                    | --                             | --   | --                       |
| Total assets and deferred outflows of resources     | <u>\$ 1,568,667</u>       | <u>\$ 5,507</u>               | <u>\$ 744,127</u>                       | <u>\$ 1,007,638</u>   | <u>\$ 1,069,097</u>            | <u>\$ 30,000</u>                                   | <u>\$ 4,425,036</u>      |
| <b>LIABILITIES</b>                                  |                           |                               |   |                       |                                |  |                          |
| Due to other funds                                  | \$ --                     | \$ --                         | \$ 5,051                                | \$ 25,838             | \$ --                          | \$ --  | \$ 30,889                |
| Refunds payable and others                          | 1,568,667                 | 5,507                         | 739,076                                 | 981,800               | 1,069,097                      | 30,000   | 4,394,147                |
|   | <u>1,568,667</u>          | <u>5,507</u>                  | <u>744,127</u>                          | <u>1,007,638</u>      | <u>1,069,097</u>               | <u>30,000</u>                                      | <u>4,425,036</u>         |
| Total liabilities                                   |                           |                               |   |                       |                                |  |                          |
|   | <u>1,568,667</u>          | <u>5,507</u>                  | <u>744,127</u>                          | <u>1,007,638</u>      | <u>1,069,097</u>               | <u>30,000</u>                                      | <u>4,425,036</u>         |
| <b>DEFERRED INFLOWS</b>                             |                           |                               |   |                       |                                |  |                          |
| Total deferred inflows of resources                 | --                        | --                            | --                                      | --                    | --                             | --   | --                       |
| Total liabilities and deferred inflows of resources | <u>\$ 1,568,667</u>       | <u>\$ 5,507</u>               | <u>\$ 744,127</u>                       | <u>\$ 1,007,638</u>   | <u>\$ 1,069,097</u>            | <u>\$ 30,000</u>                                   | <u>\$ 4,425,036</u>      |

**CITY OF CHARLESTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

|                                    | Civic<br>Center<br>Ticket | Civic<br>Center<br>Promotions | Metro Drug<br>Enforcement<br>Task Force | Pending<br>Forfeiture | Police<br>Asset<br>& Liability | City of<br>Charleston<br>Fee Collection<br>Account | Total<br>Agency<br>Funds |
|------------------------------------|---------------------------|-------------------------------|---|-----------------------|--------------------------------|--|--------------------------|
| <b>ASSETS</b>                      |                           |                               |   |                       |                                |  |                          |
| Cash and cash equivalents          |                           |                               |   |                       |                                |  |                          |
| July 1, 2019                       | \$ 1,466,454              | \$ 6,675                      | \$ 773,862                              | \$ 899,728            | \$ 1,261,037                   | \$ 30,000  | \$ 4,437,756             |
| Receivables, July 1, 2019          | --                        | --                            | 8,325                                   | 37,645                | --                             | --   | 45,970                   |
| Due from other funds, July 1, 2019 | --                        | --                            | 36,702                                  | --                    | --                             | --   | 36,702                   |
| Additions-cash                     | 5,193,328                 | 185,372                       | 442,529                                 | 390,090               | 16,916                         | --   | 6,228,235                |
| Deductions-cash                    | ( 5,091,115)              | ( 186,540)                    | ( 495,221)                              | ( 447,697)            | ( 208,856)                     | --   | ( 6,429,429)             |
| Additions-receivable               | --                        | --                            | 31,507                                  | 165,517               | --                             | --   | 197,024                  |
| Deductions-receivable              | --                        | --                            | ( 35,308)                               | ( 37,645)             | --                             | --   | ( 72,953)                |
| Additions-due from other funds     | --                        | --                            | 18,433                                  | --                    | --                             | --   | 18,433                   |
| Deductions-due from other funds    | --                        | --                            | ( 36,702)                               | --                    | --                             | --   | ( 36,702)                |
| Cash and cash equivalents          |                           |                               |   |                       |                                |  |                          |
| June 30, 2020                      | 1,568,667                 | 5,507                         | 721,170                                 | 842,121               | 1,069,097                      | 30,000   | 4,236,562                |
| Receivables, June 30, 2020         | --                        | --                            | 4,524                                   | 165,517               | --                             | --   | 170,041                  |
| Due from other funds,              |                           |                               |   |                       |                                |  |                          |
| June 30, 2020                      | --                        | --                            | 18,433                                  | --                    | --                             | --   | 18,433                   |
| Total assets, June 30, 2020        | \$ 1,568,667              | \$ 5,507                      | \$ 744,127                              | \$ 1,007,638          | \$ 1,069,097                   | \$ 30,000  | \$ 4,425,036             |
| <b>LIABILITIES</b>                 |                           |                               |   |                       |                                |  |                          |
| Refunds payable and others         |                           |                               |   |                       |                                |  |                          |
| July 1, 2019                       | \$ 1,466,454              | \$ 6,675                      | \$ 804,073                              | \$ 898,249            | \$ 1,261,037                   | \$ 30,000  | \$ 4,466,488             |
| Additions                          | 5,193,328                 | 185,372                       | 310,339                                 | 529,173               | 16,916                         | --   | 6,235,128                |
| Deductions                         | ( 5,091,115)              | ( 186,540)                    | ( 375,336)                              | ( 445,622)            | ( 208,856)                     | --   | ( 6,307,469)             |
| Due to other funds July 1, 2019    | --                        | --                            | 14,816                                  | 39,124                | --                             | --   | 53,940                   |
| Additions                          | --                        | --                            | 5,051                                   | 25,838                | --                             | --   | 30,889                   |
| Deductions                         | --                        | --                            | ( 14,816)                               | ( 39,124)             | --                             | --   | ( 53,940)                |
| Refunds payable and others         |                           |                               |   |                       |                                |  |                          |
| June 30, 2020                      | 1,568,667                 | 5,507                         | 739,076                                 | 981,800               | 1,069,097                      | 30,000   | 4,394,147                |
| Due to other funds June 30, 2020   | --                        | --                            | 5,051                                   | 25,838                | --                             | --   | 30,889                   |
| Total liabilities, June 30, 2020   | \$ 1,568,667              | \$ 5,507                      | \$ 744,127                              | \$ 1,007,638          | \$ 1,069,097                   | \$ 30,000  | \$ 4,425,036             |

CITY OF CHARLESTON, WEST VIRGINIA  
 SCHEDULE OF STATE GRANT AWARDS  
 YEAR ENDED JUNE 30, 2020

| AWARDING<br>AGENCY:                       | GRANT<br>NAME                 | GRANT<br>IDENTIFICATION | PERIOD OF<br>AWARD | TOTAL<br>AWARD | FUNDS<br>RECEIVED | EXPENDITURES | RECEIVABLE<br>(REFUNDABLE)<br>6/30/2020 | UNEXPENDED<br>BALANCE |
|---|-------------------------------|-------------------------|--------------------|----------------|-------------------|--------------|---|-----------------------|
| WV Department of Health & Human Resources | State Opioid Response Program | G200575                 | 10/1/19-9/30/20    | \$ 200,000     | \$ 45,321         | \$ 65,020    | \$ 19,699                               | \$ 134,980            |

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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 26, 2021, which states reliance on other auditors for the discretely presented component units. Our report includes a reference to other auditors who audited the financial statements of the Charleston Urban Renewal Authority (CURA), and Charleston Convention and Visitors Bureau (CVB), as described in our report on the City's financial statements. This report does not include results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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) as a basis for designing 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.

The Virginia Center  
1411 Virginia Street, East | Suite 100  
Charleston, WV 25301

MAIN (304) 343-4126  
FAX (304) 343-8008

The Rivers Office Park  
200 Star Avenue | Suite 220  
PO Box 149  
Parkersburg, WV 26102

MAIN (304) 485-6584  
FAX (304) 485-0971

The Wharf District  
68 Clay Street | Suite C  
Morgantown, WV 26501

MAIN (304) 554-3371  
FAX (304) 554-3410

suttlecpas.com  
cpa@suttlecpas.com

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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001 that we consider to be a material weakness.

### **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 financial statements. 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*.

### **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  
January 26, 2021

INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2020. 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. The City’s basic financial statements include the operations of the Charleston Urban Renewal Authority, and Charleston Convention and Visitor’s Bureau, which is not included in the City’s schedule of expenditures of federal awards during the year ended June 30, 2020. Our audit, described below, did not include the operations of these component units because the component units were audited by other auditors, who did not perform an audit on compliance with the Uniform Guidance.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

The Virginia Center  
1411 Virginia Street, East | Suite 100  
Charleston, WV 25301

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FAX (304) 554-3410

suttlecpas.com  
cpa@suttlecpas.com



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, 2020.

### **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 the Uniform Guidance, 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. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charleston, West Virginia  
January 26, 2021

**CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| <u>Program Title</u>   | <u>Federal CFDA<br/>Number</u> | <u>Pass Thru<br/>Agency Number</u> | <u>Subrecipient<br/>Amounts</u> | <u>Total Current<br/>Year Expenditures</u> | <u>Outstanding<br/>Loan Amounts</u> |
|--|--------------------------------|------------------------------------|---------------------------------|--|-------------------------------------|
| <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                                | \$ 227,121                      | \$ 4,117,639                               | \$ 2,849,238                        |
| <b>Subrecipients of 14.218</b>   |                                |                                    |                                 |  |                                     |
| Bob Burdette   |                                |                                    | 10,000                          |  |                                     |
| Covenant House   |                                |                                    | 8,500                           |  |                                     |
| Daymark, Inc.  |                                |                                    | 20,000                          |  |                                     |
| Kanawha Valley Collective  |                                |                                    | 1,976                           |  |                                     |
| Kanawha Valley Fellowship Home   |                                |                                    | 15,000                          |  |                                     |
| Keep Your Faith Foundation   |                                |                                    | 2,042                           |  |                                     |
| Pro-Kids, Inc.   |                                |                                    | 13,139                          |  |                                     |
| Rea of Hope, Inc.  |                                |                                    | 7,500                           |  |                                     |
| RCCR   |                                |                                    | 24,000                          |  |                                     |
| RSLC   |                                |                                    | 12,142                          |  |                                     |
| WV Health Right  |                                |                                    | 48,000                          |  |                                     |
| WV State University  |                                |                                    | 20,000                          |  |                                     |
| WV Women Work  |                                |                                    | 6,300                           |  |                                     |
| YWCA - RFAP  |                                |                                    | 5,000                           |  |                                     |
| YWCA - Soj   |                                |                                    | 8,580                           |  |                                     |
| CKHA   |                                |                                    | 24,942                          |  |                                     |
| <b>Total Subrecipients of 14.218</b>                                     |                                |                                    | <u>227,121</u>                  |  |                                     |
| Community Development Block Grants-CV (CARES ACT ALLOCATION - JULY 2020) |                                |                                    |                                 |  |                                     |
| Entitlement Grants   | 14.218                         | N/A                                | 49,106                          | <u>70,417</u>                              |                                     |
| <b>Subrecipients of 14.218 - CDBG-CV</b>                                 |                                |                                    |                                 |  |                                     |
| Manna Meal   |                                |                                    | 42,271                          |  |                                     |
| Salvation Army   |                                |                                    | 6,835                           |  |                                     |
| <b>Total Subrecipients of 14.218 - CDBG-CV</b>                           |                                |                                    | <u>49,106</u>                   |  |                                     |
| Continuum of Care  | 14.267                         | N/A                                | 83,058                          | <u>83,060</u>                              |                                     |
| <b>Subrecipients of 14.267</b>   |                                |                                    |                                 |  |                                     |
| Covenant House   |                                |                                    | 31,865                          |  |                                     |
| RSLC   |                                |                                    | 8,833                           |  |                                     |
| RCCR   |                                |                                    | 21,067                          |  |                                     |
| YWCA   |                                |                                    | 21,293                          |  |                                     |
| <b>Total Subrecipients 14.267</b>  |                                |                                    | <u>83,058</u>                   |  |                                     |
| HOME Investment Partnerships Program                                     | 14.239                         | N/A                                | N/A                             | <u>3,057,331</u>                           | \$ 2,234,775                        |
| <b>Total U.S. Department of Housing and Urban Development</b>            |                                |                                    |                                 | <u>7,328,447</u>                           |                                     |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                              |                                |                                    |                                 |  |                                     |
| Pass-through Programs From:  |                                |                                    |                                 |  |                                     |
| West Virginia Department of Military Affairs and Public Safety           |                                |                                    |                                 |  |                                     |
| Homeland Security - RRT  | 97.067                         | 18-SHS-49                          | N/A                             | 31,705                                     |                                     |
| Homeland Security - C4 Stop the Bleed Kits                               | 97.067                         | 17-SHS-44                          | N/A                             | 7,499                                      |                                     |
| Homeland Security - K-9  | 97.067                         | 19-LE-08                           | N/A                             | 6,974                                      |                                     |
| Homeland Security - SWAT   | 97.067                         | 19-LE-09                           | N/A                             | 35,775                                     |                                     |
| FEMA Port Security   | 97.056                         | EMW-2018-PU-00448-S01              |                                 | <u>268,966</u>                             |                                     |
|  |                                |                                    |                                 | <u>350,919</u>                             |                                     |
| Emergency Management Performance Grants                                  | 97.042                         | 18-EMPG-56                         | N/A                             | <u>87,144</u>                              |                                     |
| <b>Total U.S. Department of Homeland Security</b>                        |                                |                                    |                                 | <u>438,063</u>                             |                                     |

**CITY OF CHARLESTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

| <u>Program Title</u>  | <u>Federal CFDA<br/>Number</u> | <u>Pass Thru<br/>Agency Number</u> | <u>Subrecipient<br/>Amounts</u> | <u>Total Current<br/>Year Expenditures</u> | <u>Outstanding<br/>Loan Amounts</u> |
|---|--------------------------------|------------------------------------|---------------------------------|--|-------------------------------------|
| <b>U.S. DEPARTMENT OF JUSTICE</b>   |                                |                                    |                                 |  |                                     |
| <b>JAG Program Cluster:</b>   |                                |                                    |                                 |  |                                     |
| Edward Byrne Memorial Justice Assistance Grant  | 16.738                         |                                    | N/A                             | 114,475                                    |                                     |
| Edward Byrne Memorial Justice Assistance Grant  | 16.738                         |                                    | N/A                             | 51,420                                     |                                     |
| Comprehensive Opioid, stimulant, and substance abuse program                            | 16.838                         |                                    | N/A                             | <u>18,943</u>                              |                                     |
| <b>Total JAG Program Cluster</b>  |                                |                                    |                                 | <u>184,838</u>                             |                                     |
| Pass-Through Programs From:<br>West Virginia Department of Criminal Justice Services    |                                |                                    |                                 |  |                                     |
| Crime Victims Assistance  | 16.575                         | 16-VA-059                          | N/A                             | 9,497                                      |                                     |
| Crime Victims Assistance  | 16.575                         | 17-VA-047                          | N/A                             | 28,503                                     |                                     |
| JAG Prevention Resource Officers  | 16.579                         | 18-JAG-19                          | N/A                             | 18,749                                     |                                     |
| MDENT Task Force  | 16.579                         | 18-JAG-18                          | 33,755                          | <u>45,000</u>                              |                                     |
|   |                                |                                    |                                 | <u>101,749</u>                             |                                     |
| <b>Subrecipients of 16.579</b>  |                                |                                    |                                 |  |                                     |
| St. Albans PD   |                                |                                    | 11,250                          |  |                                     |
| South Charleston PD   |                                |                                    | 11,250                          |  |                                     |
| Nitro PD  |                                |                                    | <u>11,250</u>                   |  |                                     |
| <b>Total Subrecipients</b>  |                                |                                    | <u>33,750</u>                   |  |                                     |
| Project Safe Neighborhoods - NIBIN  | 16.609                         | N/A                                | N/A                             | 7,272                                      |                                     |
| Federal Bureau of Investigations  | 16.302                         | N/A                                | N/A                             | 4,637                                      |                                     |
| US Marshals   | 16.000                         | N/A                                | N/A                             | <u>22,004</u>                              |                                     |
|   |                                |                                    |                                 | <u>33,913</u>                              |                                     |
| <b>Total U. S. Department of Justice</b>  |                                |                                    |                                 | <u>320,500</u>                             |                                     |
| <b>U.S. DEPARTMENT OF TREASURY</b>  |                                |                                    |                                 |  |                                     |
| Equitable Sharing - Treasury  | 21.016                         |                                    |                                 | 7,803                                      |                                     |
| Corona Virus Relief Fund  | 21.019                         | N/A                                | N/A                             | <u>10,125,150</u>                          |                                     |
| <b>Total U.S. Department of Treasury</b>  |                                |                                    |                                 | <u>10,132,953</u>                          |                                     |
| <b>FEDERAL HIGHWAY ADMINISTRATION</b>   |                                |                                    |                                 |  |                                     |
| Pass-through Programs From:<br>West Virginia Department of Transportation               |                                |                                    |                                 |  |                                     |
| Early Implementation Bike Trail (East End)  | 20.205                         | WV Highways Division               | N/A                             | 16,200                                     |                                     |
| South Side Bridge Rehab   |                                | WV Highways Division               | -                               | <u>1,069,114</u>                           |                                     |
| <b>Total Federal Highway Administration</b>   |                                |                                    |                                 | <u>1,085,314</u>                           |                                     |
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>  |                                |                                    |                                 |  |                                     |
| Pass-Through From:<br>West Virginia Department of Transportation:                       |                                |                                    |                                 |  |                                     |
| CPD Highway Safety Program  | 20.600                         | F19HS-08                           |                                 | 35,883                                     |                                     |
| CPD Highway Safety Program  | 20.600                         | F20HS-08                           | 2,200                           | 45,820                                     |                                     |
|   |                                |                                    |                                 | <u>81,703</u>                              |                                     |
| <b>Subrecipients of 20.600 F18HS-08</b>   |                                |                                    |                                 |  |                                     |
| Putnam CSD  |                                |                                    | <u>2,200</u>                    |  |                                     |
| <b>Total Subrecipients</b>  |                                |                                    | <u>2,200</u>                    |  |                                     |
| <b>Total U.S. Department of Transportation</b>  |                                |                                    |                                 | <u>81,703</u>                              |                                     |
| <b>EXECUTIVE OFFICE OF THE PRESIDENT - OFFICE OF NATIONAL DRUG CONTROL POLICY</b>       |                                |                                    |                                 |  |                                     |
| Pass-Through From:<br>Laurel County Fiscal Court  |                                |                                    |                                 |  |                                     |
| Appalachia High Intensity Drug Trafficking Area - MDENT                                 | 95.001                         | N/A                                |                                 | 99,627                                     |                                     |
| <b>Total Executive Office of the President - Office of National Drug Control Policy</b> |                                |                                    |                                 | <u>99,627</u>                              |                                     |
| <b>TOTAL FEDERAL AWARDS EXPENDITURES</b>  |                                |                                    |                                 | <u>\$ 19,486,607</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, 2020**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 2 - INDIRECT COST RATE**

The City has not elected to use the 10% de minimis indirect cost rate allowed under Section 200.414 of the Uniform Guidance.

**NOTE 3 - LOANS OUTSTANDING**

The City had the following loan balances outstanding at June 30, 2020. Loans outstanding at the beginning of the

| <u>Program Title</u>                                     | <u>Federal CFDA<br/>Number</u> | <u>Outstanding<br/>Amount</u> |
|--|--------------------------------|-------------------------------|
| Community Development Block<br>Grants/Entitlement Grants | 14.218                         | \$ 2,849,238                  |
| HOME Investment Partnership Program                      | 14.239                         | \$ 2,234,775                  |

**NOTE 4 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

CITY OF CHARLESTON, WEST VIRGINIA  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 YEAR ENDED JUNE 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

  X   yes             no

Significant deficiency(ies) identified?

       yes        X   none reported

Noncompliance material to financial statements noted?

       yes        X   no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

       yes        X   no

Significant deficiency(ies) identified?

       yes        X   none reported

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

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

       yes        X   no

Identification of major federal programs:

| <u>CFDA Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-----------------------|---|
| 20.205                | Highway Planning and Construction         |
| 21.019                | Coronavirus Relief Fund                   |

Dollar threshold used to distinguish between type A and type B programs:

  \$750,000  

Auditee qualified as low-risk auditee?

       yes        X   no

CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

SECTION II

FINANCIAL STATEMENT

FINDINGS SECTION

CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

**2020 – 001    DOCUMENTATION AND CALCULATION – POLICEMEN’S PENSION AND RELIEF FUND (PPRF)**

**Criteria:**                    The calculations made in supporting the disbursement of pension benefits for all participants should be completed in accordance with relevant plan provisions and State Code to provide for appropriate benefit calculations and payments.

**Condition:**                    During the audit procedures over PPRF, we noted that certain calculations contained discrepancies in support of various pension criteria.

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

- Three instances in which the pension benefit was incorrectly calculated because fractions of a percent were employed.
- One instance in which the additional percentage for military duty was 1.67% rather than the 1% specified by West Virginia State Code.

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

**Cause:**                         The City’s established procedures to ensure that pension files and all underlying supporting documentation and calculations are accurate did not sufficiently identify certain errors in the calculations.

**Identification as a repeat finding, if applicable:**    N/A

**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:**    *We agree with the findings and will take the necessary corrective actions as noted in the corrective action plan attached.*

CITY OF CHARLESTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2020

SECTION III

FEDERAL AWARD FINDINGS  
AND QUESTIONED COSTS SECTION

None



CITY OF CHARLESTON, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2020

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None



CITY OF CHARLESTON  
PO BOX 2749  
CHARLESTON, WEST VIRGINIA 25330

January 26, 2021

To Whom It May Concern:

The Management of the City of Charleston respectfully submits the following corrective action plan for the year ended June 30, 2020.

Suttle & Stalnaker, PLLC  
1411 Virginia Street E., Suite 100  
Charleston, WV 25301

Audit Period July 1, 2019 to June 30, 2020

The finding from the June 30, 2020 schedule of findings and questioned costs is discussed below. The finding is numbered consistently with the number assigned in the schedule.

**Finding 2020-001: Documentation and Calculation – Policemen’s Pension and Relief Fund (PPFR)**

The Policemen Pension Secretary used fractions in the calculation of benefits. Whole years should be used when calculating pension benefits. The Secretary also used the incorrect percentage when calculating military duty, instead of using the percentage specified by West Virginia State Code.

**Responsible Parties: The City Auditor will explain to the Pension Secretary to use whole years when calculating pension benefits instead of fractions of years. The City Auditor will also explain to the Pension Secretary to use the percentage specified by State Code when calculating military duty.**

If there are any questions regarding this plan, please contact the City Auditor at [tia.robertson@cityofcharleston.org](mailto:tia.robertson@cityofcharleston.org) or 304-348-8028.

Best Regards,

Tia C. Robertson, M.A.F.M.  
City Auditor / Controller  
City of Charleston, West Virginia