

**AUDIT REPORT OF
THE MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

This audit has been conducted pursuant to the authority and duty of the State Auditor as Chief Inspector and Supervisor of Public Offices to conduct an annual inspection of all political subdivisions of the State of West Virginia and any agency created by these subdivisions. This power is granted by West Virginia Code §6-9-1 et seq.

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Community Development Block Grant

PROPRIETARY FUND TYPE

MAJOR FUNDS

Sanitation and Trash
Civic Arena

NONMAJOR FUNDS

Special Revenue Funds

Capital Improvements
Safety Town
Federal Drug
Special Paving and Sewer Assessment
Westmoreland Fire Protection
Jean Dean Public Safety
Urban Renewal

Capital Projects Funds

Landfill Reserve
Floodwall

Debt Service Fund

Tax Increment Financing

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FIDUCIARY FUND TYPES

Agency Funds

Police Retiree's Insurance
Fire Retiree's Insurance
Asset Seizure

Pension Funds

Policemen's Pension and Relief
Firemen's Pension and Relief

COMPONENT UNITS

Discretely Presented

Municipal Development Authority
Municipal Parking Board
Water Quality Board

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INTRODUCTORY SECTION

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

OFFICE	NAME	TERM
	<u>Elective</u>	
Mayor:	Steve Williams	01-01-13 / 12-31-16
Council Members:	David G. Ball	01-01-13 / 12-31-16
	Mark A. Bates	01-01-13 / 12-31-16
	Gary L. Bunn	01-01-13 / 12-31-16
	Scott Caserta	01-01-13 / 12-31-16
	Joyce Clark	01-01-13 / 12-31-16
	Sandra M. Clements	01-01-13 / 12-31-16
	Pete Gillespie (resigned)	01-01-13 / 11/03/14
	Frances Jackson	01-01-13 / 12-31-16
	Tom McGuffin	01-01-13 / 12-31-16
	Bill Rosenberger (appointed)	11-03-14 / 12-31-16
	Rick Simmons	01-01-13 / 12-31-16
	Rebecca Thacker	01-01-13 / 12-31-16
	<u>Appointive</u>	
Finance Director:	Deron Runyon	
City Clerk:	Barbara Nelson	
Municipal Attorney:	Scott Damron	

FINANCIAL SECTION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
City of Huntington
Huntington, West Virginia 25717

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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.

Basis for Qualified Opinion on Governmental Activities

The City did not report a liability for landfill closure and postclosure care costs within the Statement of Net Position for governmental activities as required by Governmental Accounting Standards Board Statement Number 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*. The amount by which this departure would effect liabilities, expenses, and net position is not determinable.

Opinions

In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion on Governmental Activities" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the City of Huntington, West Virginia, as of June 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Furthermore in our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate discretely presented component units of the City of Huntington, West Virginia, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note I.D.9, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

As discussed in Note I.D.9, the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement Number 69, *Government Combinations and Disposals of Government Operations*. Our opinion is not modified with respect to this matter.

As discussed in Note IV.J, the prior year financial statements have been adjusted to correct a misstatement and to implement Governmental Accounting Standard Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement Number 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Other Postemployment Benefits and the Schedule of Employer Contributions for Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios, the Schedules of Investment Returns and the Schedules of Contributions Multiyear for the Police and Fire Pension Relief Funds, the Schedule of the Government's Proportionate Share of the Net Pension Liability and the Schedule of Government Contributions on pages 79-85 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 this 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.

The City has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the 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. Our opinion on the basic financial statements is not affected by this missing information.

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 individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, the Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, and the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, and the Schedule of Expenditures of Federal Awards as required by the Office of Management Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133) is the responsibility of management and were derived from and relates 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, the individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, and the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, 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.

Respectfully submitted,


Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 21, 2016

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Authority	Water Quality Board
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 3,458,836	\$ 445,370	\$ 3,904,206	\$ 689,410	\$ 243,709	\$ 1,315,360
Investments	2,143,283	--	2,143,283	--	--	--
Receivables:						
Accounts	2,554,476	659,416	3,213,892	--	640	2,008,078
Taxes	5,221,423	--	5,221,423	--	--	--
Loans	7,769,781	--	7,769,781	--	--	--
Grants	29,016	--	29,016	--	--	--
Assets held for resale	609,649	--	609,649	--	--	--
Internal balances	472,573	(472,573)	--	--	--	--
Due from:						
Primary government	--	--	--	300,000	--	9,120
Component units	113,394	--	113,394	--	--	--
Other governments	643,705	--	643,705	--	--	--
Other funds	--	--	--	--	--	293,153
Fiduciary funds	38,432	--	38,432	--	--	--
Inventory, at cost	--	57,658	57,658	--	--	22,669
Prepaid expenses	177,929	9,465	187,394	--	3,065	41,593
Total current assets	23,232,497	699,336	23,931,833	989,410	247,414	3,689,973
Noncurrent assets:						
Regular account	--	--	--	618,553	114	708,536
Reserve account	--	--	--	--	--	2,292,644
Reserve for construction	--	--	--	--	--	5,973,341
Customer deposits	--	--	--	--	--	310,577
Capital assets:						
Nondepreciable:						
Land	941,939	--	941,939	5,141,571	942,876	298,055
Construction in progress	560,958	--	560,958	--	--	1,091,750
Depreciable:						
Buildings	--	--	--	12,843,003	4,775,401	82,362,434
Structures and improvements	8,196,823	75,140	8,271,963	1,588,812	490,173	4,489,384
System infrastructure	16,820,437	--	16,820,437	--	--	--
Vehicles	8,649,788	1,932,559	10,582,347	--	--	2,261,771
Machinery and equipment	3,592,057	174,913	3,766,970	200,000	678,536	2,226,306
Furniture and fixtures	--	--	--	2,661,074	--	--
Less: accumulated depreciation	(28,297,192)	(1,529,390)	(29,826,582)	(11,724,500)	(5,000,901)	(59,671,507)
Other debits:						
Net pension asset (MPFRS)	303,557	--	303,557	--	--	--
Total noncurrent assets	10,768,367	653,222	11,421,589	11,328,513	1,886,199	42,343,291
Total assets	34,000,864	1,352,558	35,353,422	12,317,923	2,133,613	46,033,264
DEFERRED OUTFLOWS						
Public Employees Retirement System (PERS):						
Contributions made after measurement date	490,381	161,315	651,696	--	51,547	435,396
Changes in proportion between employer contributions and proportionate share of contributions	263,637	62,034	325,671	--	33,948	42,760
Municipal Police Officers and Firefighters Retirement System (MPFRS):						
Contributions made after measurement date	169,908	--	169,908	--	--	--
Changes in proportion between employer contributions and proportionate share of contributions	18,138	--	18,138	--	--	--
Defined Benefit Plans (DBP):						
Changes in actual investment experience	773,007	--	773,007	--	--	--
Total deferred outflows of resources	1,715,071	223,349	1,938,420	--	85,495	478,156

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

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

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Authority	Water Quality Board
LIABILITIES						
Current liabilities payable						
from current assets:						
Accounts payable	\$ 1,240,759	\$ 105,608	\$ 1,346,367	\$ 3,115	\$ 1,069	\$ 1,046,928
Payroll payable	863,040	38,224	901,264	--	--	118,519
Other accrued expenses	--	--	--	--	--	41,039
Line of credit	655,852	--	655,852	--	--	49,976
Accrued interest payable	--	--	--	83,454	--	23,444
Unclaimed property	88,248	--	88,248	--	--	--
Reserve for health claims	820,956	52,852	873,808	3,738	13,607	--
Customer deposits	--	--	--	--	--	322,826
Due to:						
Primary government	--	--	--	8,839	49,366	55,189
Component unit	309,120	--	309,120	--	--	--
Fiduciary funds	4,019,702	--	4,019,702	--	--	--
Other funds	--	--	--	--	--	293,153
Unearned revenue						
Sponsorship	--	14,792	14,792	--	--	--
Charges for services	--	1,444	1,444	--	4,817	--
Customer advances	--	25,184	25,184	--	--	--
Ticket sales	--	27,426	27,426	--	--	--
Unearned revenue	578,210	4,074	582,284	--	--	--
Total current liabilities	8,575,887	269,604	8,845,491	99,146	68,859	1,951,074
Noncurrent liabilities due						
within one year:						
Bonds payable	--	--	--	290,000	--	1,329,906
Notes payable	--	--	--	--	--	11,242
Leases payable	900,627	102,305	1,002,932	--	--	--
Tax increment financing bonds payable	65,100	--	65,100	--	--	--
Noncurrent liabilities due in more than one year:						
Bonds payable	--	--	--	7,426,739	--	15,179,109
Notes payable	--	--	--	--	--	320,811
Leases payable	2,746,541	194,799	2,941,340	--	--	--
Tax increment financing bonds payable	1,179,900	--	1,179,900	--	--	--
Other postemployment benefits payable	52,931,174	589,325	53,520,499	10,661	100,771	2,853,798
Net pension liability - PERS	1,145,266	269,511	1,414,777	--	147,446	699,586
Net pension liability - DBP	136,611,116	--	136,611,116	--	--	--
Compensated absences payable	1,253,892	67,774	1,321,666	4,765	18,586	114,287
Total noncurrent liabilities	196,833,616	1,223,714	198,057,330	7,732,165	266,803	20,508,739
Total liabilities	205,409,503	1,493,318	206,902,821	7,831,311	335,662	22,459,813
DEFERRED INFLOWS						
Public Employees Retirement System (PERS):						
Difference between projected and actual earnings on investments	1,211,534	285,077	1,496,611	--	156,007	740,065
Municipal Police Officers and Firefighters Retirement System (MPFRS)						
Difference between projected and actual earnings on investments	21,817	--	21,817	--	--	--
Defined Benefit Plans (DBP):						
Changes in noninvestment experience	1,699,047	--	1,699,047	--	--	--
Changes in assumptions	3,641,786	--	3,641,786	--	--	--
Total deferred inflows of resources	6,574,184	285,077	6,859,261	--	156,007	740,065

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

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Municipal Development Authority</u>	<u>Municipal Parking Authority</u>	<u>Water Quality Board</u>
NET POSITION						
Net investment in capital assets	\$ 5,572,642	\$ 356,118	\$ 5,928,760	\$ 2,993,221	\$ 1,886,085	\$ 16,547,636
Restricted for:						
Debt service	--	--	--	618,553	114	2,977,736
Construction	--	--	--	--	--	5,973,341
Community development	7,798,797	--	7,798,797	--	--	--
Net pension asset	303,557	--	303,557	--	--	--
Customer deposits	--	--	--	--	--	--
Unrestricted	<u>(189,942,748)</u>	<u>(558,606)</u>	<u>(190,501,354)</u>	<u>874,838</u>	<u>(158,760)</u>	<u>(2,187,171)</u>
Total net position	<u>\$ (176,267,752)</u>	<u>\$ (202,488)</u>	<u>\$ (176,470,240)</u>	<u>\$ 4,486,612</u>	<u>\$ 1,727,439</u>	<u>\$ 23,311,542</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Program Revenues				Primary Government			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Authority	Water Quality Board
Functions / Programs										
Primary government:										
Governmental activities:										
General government	\$ 16,053,629	\$ 12,512,496	\$ 154,564	\$ --	\$ (3,386,569)	\$ --	\$ (3,386,569)	\$ --	\$ --	\$ --
Public safety	31,419,852	476,735	3,721,567	442,810	(26,778,740)	--	(26,778,740)	--	--	--
Streets and transportation	4,173,048	--	--	--	(4,173,048)	--	(4,173,048)	--	--	--
Health and sanitation	549,947	--	--	--	(549,947)	--	(549,947)	--	--	--
Culture and recreation	1,161,900	--	401,063	--	(760,837)	--	(760,837)	--	--	--
Social services	220,988	--	274,174	--	53,186	--	53,186	--	--	--
Community development	2,602,279	--	2,498,405	--	(103,874)	--	(103,874)	--	--	--
Interest on long-term debt	219,538	--	--	--	(219,538)	--	(219,538)	--	--	--
Total governmental activities	56,401,181	12,989,231	7,049,773	442,810	(35,919,367)	--	(35,919,367)	--	--	--
Business-type activities:										
Sanitation and trash	3,260,047	3,239,845	--	--	--	(20,202)	(20,202)	--	--	--
Civic arena	2,043,522	1,700,810	--	--	--	(342,712)	(342,712)	--	--	--
Total business-type activities	5,303,569	4,940,655	--	--	--	(362,914)	(362,914)	--	--	--
Total primary government	\$ 61,704,750	\$ 17,929,886	\$ 7,049,773	\$ 442,810	(35,919,367)	(362,914)	(36,282,281)	--	--	--
Component units:										
Municipal Development Authority	2,035,787	30,205	1,010,740	--	--	--	(994,842)	--	--	--
Municipal Parking Board	942,174	853,425	--	--	--	--	(88,749)	--	--	--
Water Quality Board	12,855,312	12,485,834	152,734	6,782	--	--	--	--	--	(209,962)
Total component units	\$ 15,833,273	\$ 13,369,464	\$ 1,163,474	\$ 6,782	--	--	(994,842)	(88,749)	--	(209,962)

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

	Program Revenues			Primary Government			Component Units		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Authority	Water Quality Board
General revenues:									
Ad valorem property taxes	\$	5,745,523	\$	--	--	\$	--	--	\$
Business & occupation tax		13,951,387		--	--		--	--	
Alcoholic beverages tax		395,213		--	--		--	--	
Utility services tax		2,114,840		--	--		--	--	
Hotel occupancy tax		490,172		--	--		--	--	
Animal tax		2,215		--	--		--	--	
Gas and oil severance tax		89,309		--	--		--	--	
Amusement tax		30,996		--	--		--	--	
Sales and use tax		5,924,935		--	--		--	--	
Coal severance tax		164,930		--	--		--	--	
Unrestricted investment earnings		4,237		232			257,965	184	
Interest revenue		--		--	--		--	--	44,366
Gain on sale of capital assets		8,179		--	--		--	109,115	--
Miscellaneous		905,730		--	--		--	--	--
Special item:									
Transfer of floodwall (Note IV.K)		(155,434)		--	--		--	--	--
Revaluation of accounting estimate (Note IV.K)		--		--	--		757,025	--	--
Transfers		(718,611)		718,611			--	--	--
Total general revenues and transfers		28,953,621		718,843		29,672,464	1,014,990	109,299	44,366
Change in net position		(6,965,746)		355,929		(6,609,817)	20,148	20,550	(165,596)
Net position - beginning, as restated (Note IV.J)		(169,302,006)		(558,417)		(169,860,423)	4,466,464	1,706,889	23,477,138
Net position - ending		(176,267,752)		(202,488)		(176,470,240)	4,486,612	1,727,439	23,311,542

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

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS					
Assets:					
Current:					
Cash and cash equivalents	\$ 3,057,926	\$ 21,925	\$ 149,872	\$ 229,113	\$ 3,458,836
Investments	762,114	--	--	1,381,169	2,143,283
Receivables:					
Taxes	5,221,423	--	--	--	5,221,423
Accounts	1,224,800	--	1,329,676	--	2,554,476
Grants	--	--	29,016	--	29,016
Loans	--	--	7,769,781	--	7,769,781
Assets held for resale	--	--	--	609,649	609,649
Due from:					
Other funds	849,493	--	1,348	12,722	863,563
Other governments	596,063	47,642	--	--	643,705
Component units	113,394	--	--	--	113,394
Fiduciary funds	144	--	--	38,288	38,432
Prepaid expenses	177,929	--	--	--	177,929
Total assets	<u>12,003,286</u>	<u>69,567</u>	<u>9,279,693</u>	<u>2,270,941</u>	<u>23,623,487</u>
Deferred Outflows:					
Total deferred outflows of resources	--	--	--	--	--
Total assets and deferred outflows of resources	<u>\$ 12,003,286</u>	<u>\$ 69,567</u>	<u>\$ 9,279,693</u>	<u>\$ 2,270,941</u>	<u>\$ 23,623,487</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	1,151,652	--	71,285	17,822	1,240,759
Payroll payable	863,040	--	--	--	863,040
Line of credit	--	--	--	655,852	655,852
Reserve for health claims	806,590	--	14,366	--	820,956
Due to:					
Component unit	309,120	--	--	--	309,120
Other funds	290,465	32,080	62,724	5,721	390,990
Fiduciary funds	4,019,702	--	--	--	4,019,702
Unearned revenue:					
Other	578,210	--	--	--	578,210
Unclaimed property	88,248	--	--	--	88,248
Total liabilities	<u>8,107,027</u>	<u>32,080</u>	<u>148,375</u>	<u>679,395</u>	<u>8,966,877</u>

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

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

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows:					
Taxes	\$ 412,380	\$ --	\$ --	\$ --	\$ 412,380
Total deferred inflows of resources	412,380	--	--	--	412,380
Total liabilities and deferred inflows of resources	8,519,407	32,080	148,375	679,395	9,379,257
Fund balances:					
Nonspendable	177,929	--	--	609,649	787,578
Restricted	--	--	7,798,797	5,165	7,803,962
Committed	779,789	--	--	--	779,789
Assigned	1,188,756	37,487	--	1,577,588	2,803,831
Unassigned	1,337,405	--	1,332,521	(600,856)	2,069,070
Total fund balances	3,483,879	37,487	9,131,318	1,591,546	14,244,230
Total liabilities, deferred inflows and fund balances	\$ 12,003,286	\$ 69,567	\$ 9,279,693	\$ 2,270,941	\$ 23,623,487

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Total fund balances on the governmental fund's balance sheet \$ 14,244,230

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

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds (Note IV.C). 10,464,810

Other long-term assets that are not available to pay for current-year expenditures. This is the net pension asset for the Municipal Police Officers and Firefighters Retirement System (MPFRS). 303,557

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note IV.C). 412,380

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level (Note VI.A and VI.B.)

Public Employees Retirement System (PERS):

Deferred outflows:

Contributions made after measurement date 490,381

Changes in proportion between employer contributions and proportionate share of contributions 263,637

Deferred inflows:

Differences between projected and actual earnings on investments (1,211,534)

Municipal Police Officers and Firefighters Retirement System (MPFRS):

Deferred outflows:

Contributions made after measurement date 169,908

Changes in proportion between employer contributions and proportionate share of contributions 18,138

Deferred inflows:

Differences between projected and actual earnings on investments (21,817)

Defined Benefit Plans (DBP):

Deferred outflows:

Changes in noninvestment experience 773,007

Deferred inflows:

Changes in noninvestment experience (1,699,047)

Changes in assumptions (3,641,786)

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2015

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (Note IV.F).

Capital leases	\$ (3,647,168)
Compensated absences	(1,253,892)
Net pension liability - PERS	(1,145,266)
Net pension liability - DBP	(136,611,116)
Other postemployment benefits payable	(52,931,174)
Tax increment financing	<u>(1,245,000)</u>
 Net position of governmental activities	 <u>\$ (176,267,752)</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 5,535,454	\$ --	\$ --	\$ 184,877	\$ 5,720,331
Business & occupation tax	13,951,387	--	--	--	13,951,387
Alcoholic beverages tax	395,213	--	--	--	395,213
Utility services tax	2,114,840	--	--	--	2,114,840
Hotel occupancy tax	490,172	--	--	--	490,172
Animal tax	2,215	--	--	--	2,215
Gas and oil severance tax	89,309	--	--	--	89,309
Amusement tax	30,996	--	--	--	30,996
Sales and use tax	5,924,935	--	--	--	5,924,935
Coal severance tax	--	164,930	--	--	164,930
Licenses and permits	603,293	--	--	--	603,293
Intergovernmental:					
Federal	1,576,842	--	2,658,267	--	4,235,109
State	2,584,402	--	--	--	2,584,402
Charges for services	10,367,740	--	--	70,375	10,438,115
Fines and forfeits	448,258	--	--	28,477	476,735
Interest and investment earnings	2,510	23	673	1,031	4,237
Franchise fees	574,635	--	--	8,570	583,205
Retiree and employee health insurance	1,471,088	--	--	--	1,471,088
Contributions and donations	334,387	--	--	318,360	652,747
Miscellaneous	322,525	--	--	--	322,525
Total revenues	46,820,201	164,953	2,658,940	611,690	50,255,784
EXPENDITURES					
Current:					
General government	16,201,033	--	--	91,865	16,292,898
Public safety	27,109,404	--	--	153,877	27,263,281
Streets and transportation	3,800,417	--	--	--	3,800,417
Health and sanitation	318,413	--	--	207,593	526,006
Culture and recreation	967,502	72,799	--	--	1,040,301
Social services	--	--	220,988	--	220,988
Capital projects	1,003,375	--	--	456,979	1,460,354
Community development	--	--	2,588,647	--	2,588,647
Debt service:					
Principal	--	--	--	129,000	129,000
Interest	--	--	--	90,008	90,008
Total expenditures	49,400,144	72,799	2,809,635	1,129,322	53,411,900
Excess (deficiency) of revenues over expenditures	<u>(2,579,943)</u>	<u>92,154</u>	<u>(150,695)</u>	<u>(517,632)</u>	<u>(3,156,116)</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Development Block Grant</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 222,831	\$ --	\$ --	\$ --	\$ 222,831
Transfers (out)	(862,267)	(79,080)	--	(95)	(941,442)
Proceeds from the sale of assets	10,716	--	--	(75,814)	(65,098)
Capital leases	610,711	--	--	67,077	677,788
Special item:					
Transfer of floodwall (Note IV.5)	<u>--</u>	<u>--</u>	<u>--</u>	<u>(155,434)</u>	<u>(155,434)</u>
 Total other financing sources (uses)	 <u>(18,009)</u>	 <u>(79,080)</u>	 <u>--</u>	 <u>(164,266)</u>	 <u>(261,355)</u>
 Net change in fund balances	 (2,597,952)	 13,074	 (150,695)	 (681,898)	 (3,417,471)
 Fund balances - beginning	 <u>6,081,831</u>	 <u>24,413</u>	 <u>9,282,013</u>	 <u>2,273,444</u>	 <u>17,661,701</u>
 Fund balances - ending	 <u>\$ 3,483,879</u>	 <u>\$ 37,487</u>	 <u>\$ 9,131,318</u>	 <u>\$ 1,591,546</u>	 <u>\$ 14,244,230</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds		\$ (3,417,471)
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 or donated during the fiscal year (Note IV. C).		1,416,218
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note IV.C).		(1,570,395)
The net effect of various miscellaneous transactions involving capital asset disposal (i.e., sales, trade-ins, and donations) may decrease net position. This is the net value of the disposed assets (Note IV.C).		(2,537)
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 between prior and current year unavailable unearned revenues (Note IV.B).		
Prior year deferred taxes	(387,188)	
Current year deferred taxes	<u>412,380</u>	
		25,192
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68 (Note II).		
<i>Public Employee Retirement System (PERS):</i>		
Contributions made after measurement date		490,381
Amount of pension expenses recognized at government-wide level		(211,076)
<i>Municipal Police Officers and Firefighters Retirement System (MPFRS):</i>		
Contributions made after measurement date		169,908
Amount of pension expenses recognized at government-wide level		40,489
<i>Defined Benefit Plans (DBP):</i>		
Amount of employer contributions to pensions		11,699,992
Amount of pension expenses recognized at government-wide level		(7,928,872)
The issuance of long term debt(e.g., bonds, leases) provides current financial resources to governmental funds, however, this has no effect on net position. This is the amount of debt issued for the fiscal year (Note IV. G).		(677,788)

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2015

The repayment of long-term debt (e.g., bonds, leases) uses financial resources of governmental funds, however, this has no 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 is the amount of principal paid, and additions and reductions to deferred discounts or premiums, on long term debt for the fiscal year (Note IV. G).

\$ 961,270

Some expenses reported in the statement of activities do not require the use of current financial resources (e.g., compensated absences, net pension obligation) and, therefore, are not reported as expenditures in governmental funds (Note IV.G).

Change in other postemployment benefits payable

(8,274,457)

Change in compensated absences payable

313,400

Change in net position of governmental activities

\$ (6,965,746)

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	Modified Accrual Basis	Budget Basis	Amounts Budget Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Ad valorem property taxes \$	5,575,000	\$ 5,575,000	\$ 5,535,454	\$ --	\$ 5,535,454	\$ (39,546)
Business & occupation tax	15,114,878	13,914,878	13,951,387	--	13,951,387	36,509
Alcoholic beverages tax	550,000	360,000	395,213	--	395,213	35,213
Utility services tax	2,004,000	2,054,000	2,114,840	--	2,114,840	60,840
Hotel occupancy tax	774,000	504,000	490,172	--	490,172	(13,828)
Animal tax	2,000	2,000	2,215	--	2,215	215
Gas and oil severance tax	48,000	89,000	89,309	--	89,309	309
Amusement tax	30,000	50,000	30,996	--	30,996	(19,004)
Sales and use tax	6,481,620	6,081,620	5,924,935	--	5,924,935	(156,685)
Licenses and permits	626,600	656,600	603,293	--	603,293	(53,307)
Intergovernmental:						
Federal	1,166,736	1,154,736	1,576,842	--	1,576,842	422,106
State	1,500,000	889,289	2,584,402	(2,135,777)	448,625	(440,664)
Charges for services	11,021,688	10,620,688	10,367,740	--	10,367,740	(252,948)
Fines and forfeits	464,952	374,952	448,258	--	448,258	73,306
Interest earnings	9,500	4,500	2,510	--	2,510	(1,990)
Franchise fees	555,000	563,000	574,635	--	574,635	11,635
Employee and retiree health insurance	1,105,000	1,478,000	1,471,088	--	1,471,088	(6,912)
Contributions and donations	605,000	397,236	334,387	--	334,387	(62,849)
Miscellaneous	306,000	339,000	322,525	--	322,525	(16,475)
Total revenues	47,939,974	45,108,499	46,820,201	(2,135,777)	44,684,424	(424,075)
EXPENDITURES						
Current:						
General government	20,332,492	19,682,485	16,201,033	--	16,201,033	3,481,452
Public safety	25,857,754	25,507,751	27,109,404	(2,135,777)	24,973,627	534,124
Streets and transportation	3,057,373	3,270,107	3,800,417	--	3,800,417	(530,310)
Health and sanitation	1,678,790	1,521,026	318,413	400,000	718,413	802,613
Culture and recreation	2,122,241	2,161,241	967,502	462,267	1,429,769	731,472
Capital projects	--	344,431	1,003,375	--	1,003,375	(658,944)
Total expenditures	53,048,650	52,487,041	49,400,144	(1,273,510)	48,126,634	4,360,407
Excess (deficiency) of revenues over expenditures	(5,108,676)	(7,378,542)	(2,579,943)	(862,267)	(3,442,210)	3,936,332

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts		Actual Modified Accrual Basis	Adjustments Budget Basis	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final				
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ --	\$ --	\$ 222,831	\$ --	\$ 222,831	\$ 222,831
Transfers (out)	--	--	(862,267)	862,267	--	--
Proceeds from the sale of asse	30,000	20,000	10,716	--	10,716	(9,284)
Capital leases	--	610,711	610,711	--	610,711	--
Total other financing sources (uses)	30,000	630,711	(18,009)	862,267	844,258	213,547
Net change in fund balance	(5,078,676)	(6,747,831)	(2,597,952)	--	(2,597,952)	4,149,879
Fund balance - beginning	5,078,676	6,747,831	6,081,831	--	6,081,831	(666,000)
Fund balance - ending	\$ --	\$ --	\$ 3,483,879	\$ --	\$ 3,483,879	\$ 3,483,879

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Coal severance tax	\$ 180,000	\$ 180,000	\$ 164,930	\$ (15,070)
Interest earnings	25	25	23	(2)
Total revenues	<u>180,025</u>	<u>180,025</u>	<u>164,953</u>	<u>(15,072)</u>
EXPENDITURES				
Current:				
Culture and recreation	<u>201,377</u>	<u>204,438</u>	<u>151,879</u>	<u>52,559</u>
Total expenditures	<u>201,377</u>	<u>204,438</u>	<u>151,879</u>	<u>52,559</u>
Net change in fund balance	(21,352)	(24,413)	13,074	37,487
Fund balance - beginning	<u>21,352</u>	<u>24,413</u>	<u>24,413</u>	<u>--</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,487</u>	<u>\$ 37,487</u>

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

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

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Totals
ASSETS			
Current:			
Cash and cash equivalents	\$ 50,919	\$ 394,451	\$ 445,370
Receivables:			
Accounts	596,769	62,647	659,416
Due from:			
Other funds	122,517	192,080	314,597
Inventory, at cost	--	57,658	57,658
Prepaid expenses	--	9,465	9,465
	<u>770,205</u>	<u>716,301</u>	<u>1,486,506</u>
Total current assets			
Capital assets:			
Depreciable:			
Structures and improvements	75,140	--	75,140
Vehicles	1,932,559	--	1,932,559
Machinery and equipment	174,913	--	174,913
Less: accumulated depreciation	(1,529,390)	--	(1,529,390)
	<u>653,222</u>	<u>--</u>	<u>653,222</u>
Total capital assets (net of accumulated depreciation)			
	<u>653,222</u>	<u>--</u>	<u>653,222</u>
Total noncurrent assets			
	<u>653,222</u>	<u>--</u>	<u>653,222</u>
Total assets	<u>1,423,427</u>	<u>716,301</u>	<u>2,139,728</u>
DEFERRED OUTFLOWS			
Changes in pension contribution	62,034	--	62,034
Contributions made after measurement date	161,315	--	161,315
	<u>223,349</u>	<u>--</u>	<u>223,349</u>
Total deferred outflows of resources			

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

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

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Totals
	<u> </u>	<u> </u>	<u> </u>
LIABILITIES			
Current liabilities payable			
from current assets:			
Accounts payable	\$ 26,345	\$ 79,263	\$ 105,608
Reserve for health claims	52,852	--	52,852
Payroll payable	8,948	29,276	38,224
Due to:			
Other funds	417,491	369,679	787,170
Leases payable	102,305	--	102,305
Total current liabilities payable	<u>607,941</u>	<u>478,218</u>	<u>1,086,159</u>
from current assets	<u>607,941</u>	<u>478,218</u>	<u>1,086,159</u>
Other	--	4,074	4,074
Sponsorship	--	14,792	14,792
Charges for services	--	1,444	1,444
Ticket sales	--	27,426	27,426
Customer advances	--	25,184	25,184
Total unearned revenues	<u>--</u>	<u>72,920</u>	<u>72,920</u>
Noncurrent liabilities			
Leases payable	194,799	--	194,799
Other postemployment benefits payable	589,325	--	589,325
Net pension liability - PERS	269,511	--	269,511
Compensated absences payable	67,774	--	67,774
Total noncurrent liabilities	<u>1,121,409</u>	<u>--</u>	<u>1,121,409</u>
Total liabilities	<u>1,729,350</u>	<u>551,138</u>	<u>2,280,488</u>
DEFERRED INFLOWS			
Changes in investment experience	<u>285,077</u>	<u>--</u>	<u>285,077</u>
Total deferred inflows of resources	<u>285,077</u>	<u>--</u>	<u>285,077</u>
NET POSITION			
Net investment in capital assets	356,118	--	356,118
Unrestricted	<u>(723,769)</u>	<u>165,163</u>	<u>(558,606)</u>
Total net position	<u>\$ (367,651)</u>	<u>\$ 165,163</u>	<u>\$ (202,488)</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Totals
Operating revenues:			
Sales and services to customers	\$ 3,185,214	\$ 744,528	\$ 3,929,742
Discount and penalties	--	307,405	307,405
Water services	--	193,756	193,756
Rental fees	--	402,173	402,173
Miscellaneous	54,631	52,948	107,579
Total revenues	<u>3,239,845</u>	<u>1,700,810</u>	<u>4,940,655</u>
Operating expenses:			
Personal services	1,981,011	650,980	2,631,991
Contractual services	462,028	250,938	712,966
Administrative and general	214,166	697,608	911,774
Miscellaneous	1,081	47,441	48,522
Liability insurance	106,276	145,405	251,681
Materials and supplies	139,701	13,441	153,142
Utilities	9,041	179,062	188,103
Depreciation	146,368	--	146,368
Maintenance	194,096	58,647	252,743
Total operating expenses	<u>3,253,768</u>	<u>2,043,522</u>	<u>5,297,290</u>
Operating income (loss)	<u>(13,923)</u>	<u>(342,712)</u>	<u>(356,635)</u>
Non-operating revenues (expenses):			
Interest revenue	--	174	174
Investment earnings	58	--	58
Interest and fiscal charges	(6,279)	--	(6,279)
Total non-operating revenues (expenses)	<u>(6,221)</u>	<u>174</u>	<u>(6,047)</u>
Income (loss) before operating transfers and contributions	<u>(20,144)</u>	<u>(342,538)</u>	<u>(362,682)</u>
Transfers in	400,000	541,347	941,347
Transfers(out)	(222,736)	--	(222,736)
Change in net position	157,120	198,809	355,929
Net position at beginning of year, as restated (Notes IV.J)	<u>(524,771)</u>	<u>(33,646)</u>	<u>(558,417)</u>
Net position at end of year	<u>\$ (367,651)</u>	<u>\$ 165,163</u>	<u>\$ (202,488)</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Totals
Cash flows from operating activities:			
Cash received from customers	\$ 3,234,518	\$ 1,756,015	\$ 4,990,533
Cash paid for goods and services	(840,324)	(1,372,355)	(2,212,679)
Other cash payments	(208,787)	(140,095)	(348,882)
Cash paid to employees	(2,191,215)	(648,632)	(2,839,847)
Net cash provided (used) by operating activities	<u>(5,808)</u>	<u>(405,067)</u>	<u>(410,875)</u>
Cash flows from noncapital financing activities:			
Transfers in	400,000	541,347	941,347
Transfers (out)	(222,736)	--	(222,736)
Net cash provided (used) by noncapital financing activities	<u>177,264</u>	<u>541,347</u>	<u>718,611</u>
Cash flows from capital and related financing activities:			
Purchases of capital assets	(75,140)	--	(75,140)
Principal paid on capital debt	(113,367)	--	(113,367)
Interest paid on capital debt	(6,279)	--	(6,279)
Net cash provided (used) by capital and related financing activities	<u>(194,786)</u>	<u>--</u>	<u>(194,786)</u>
Cash flows from investing activities:			
Interest and investment earnings	58	174	232
Net cash provided (used) by investing activities	<u>58</u>	<u>174</u>	<u>232</u>
Net increase (decrease) in cash and cash equivalents	(23,272)	136,454	113,182
Cash and cash equivalents at beginning of year	<u>74,191</u>	<u>257,997</u>	<u>332,188</u>
Cash and cash equivalents at end of year	<u>\$ 50,919</u>	<u>\$ 394,451</u>	<u>\$ 445,370</u>

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds		
	Sanitation		
	and Trash	Civic Arena	Totals
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (13,923)	\$ (342,712)	\$ (356,635)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	146,368	--	146,368
Decrease (increase) in accounts receivable	76,262	56,563	132,825
Decrease (increase) in ticket sales	--	8,343	8,343
Decrease (increase) in sponsorship	--	(5,291)	(5,291)
Decrease (increase) in charges for services	--	(9,913)	(9,913)
Decrease (increase) in customer advances	--	5,503	5,503
Decrease (increase) in deferred outflows	(81,589)	--	(81,589)
Decrease (increase) in due from other funds	27,837	(88,327)	(60,490)
Decrease (increase) in inventory	--	(10,937)	(10,937)
Decrease (increase) in prepaid expenses	17,373	18,422	35,795
Increase (decrease) in accounts payable	(16,385)	12,702	(3,683)
Increase (decrease) in other postemployment benefits payable	93,282	--	93,282
Increase (decrease) in payroll payable	(2,611)	2,348	(263)
Increase (decrease) in other compensated absences	13,810	--	13,810
Increase (decrease) in net pension liability	(315,137)	--	(315,137)
Increase (decrease) in deferred inflows	285,077	--	285,077
Increase (decrease) in due to other funds	(236,624)	(51,768)	(288,392)
Increase (decrease) in reserve for health claims	452	--	452
Net cash provided by operations	<u>\$ (5,808)</u>	<u>\$ (405,067)</u>	<u>\$ (410,875)</u>

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

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

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Non-pooled cash	\$ 900,461	\$ 2,234,776
Total cash	<u>900,461</u>	<u>2,234,776</u>
Investments, at fair value:		
Money market funds	1,367,699	--
U.S Government agency notes	4,691,516	--
Municipal obligations	2,498,913	--
Mutual funds	13,936,483	--
Corporate bonds	7,070,412	--
Common stock	9,307,620	--
Preferred stock	525,960	--
Certificate of deposit	<u>1,954,891</u>	<u>--</u>
Total investments	<u>41,353,494</u>	<u>--</u>
Receivables:		
Accounts receivable	2,861	--
Due from other governments	892,508	--
Due from: primary government	<u>4,019,702</u>	<u>--</u>
Total receivables	<u>4,915,071</u>	<u>--</u>
Total assets	<u>47,169,026</u>	<u>2,234,776</u>
DEFERRED OUTFLOWS		
Deferred outflows	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 47,169,026</u>	<u>\$ 2,234,776</u>

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

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

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
LIABILITIES		
Accounts payable	\$ 5,238	\$ --
Refunds payable and other	--	2,196,488
Due to: other funds	10,297	--
Due to: other governments	144	--
Due to: primary government	--	38,288
	<u>15,679</u>	<u>2,234,776</u>
Total liabilities		
DEFERRED INFLOWS		
Deferred inflows	<u>--</u>	<u>--</u>
Total deferred inflows of resources	<u>--</u>	<u>--</u>
	<u>\$ 15,679</u>	<u>\$ 2,234,776</u>
NET POSITION		
Net position restricted for pension benefits	<u>\$ 47,153,347</u>	<u>\$ --</u>

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2015

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 9,564,215
Plan members	672,260
Insurance premium surtax	<u>2,135,777</u>
Total contributions	<u>12,372,252</u>
Investment income:	
Net increase (decrease) in fair value of investments	(188,807)
Interest and dividends	<u>1,381,817</u>
Net investment income	<u>1,193,010</u>
Total additions	<u>13,565,262</u>
DEDUCTIONS	
Benefits	9,342,912
Administrative expenses	<u>248,687</u>
Total deductions	<u>9,591,599</u>
Change in net assets	3,973,663
Net position restricted for pension benefits:	
Beginning of year	<u>43,179,684</u>
End of year	<u>\$ 47,153,347</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 HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, the accounting policies of the City of Huntington, 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 Huntington is a municipal corporation governed by an elected mayor and eleven-member council. The accompanying financial statements present the government and its component units as required by generally accepted accounting principles.

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

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

Discretely Presented Component Units

Discretely presented component units are entities which are legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 61. The discretely presented component units are presented on the government-wide statements.

The *Huntington Municipal Development Authority* serves the City of Huntington, West Virginia, and is governed by a Board comprised of fifteen members appointed by the City and is comprised of three business representatives, three industry representatives, three labor representatives, one member of the Council, and five additional representatives. The Municipal Development Authority develops property on behalf of the City and also provides services to external parties. The rates for user charges and bond issuance authorization are approved by the government's elected council.

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

The *Municipal Parking Board* serve all citizens of the City by providing parking services and is governed by a seven-member Board appointed by the City. The City provides financial support to the Board on an annual basis. The rates for user charges and bond issuance authorization are approved by the government's elected council.

The *Water Quality Board* serves all citizens of the City of Huntington and is governed by a three-member board comprised of the Mayor and two members appointed by Council. The rates for user charges and bond issuance authorization are approved by the government's elected Council.

Complete financial statements for the Water Quality Board 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 nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

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. Combining financial statements for the nonmajor governmental funds are included as supplementary information.

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

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

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

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

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

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

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required 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 municipalities.

The *Community Development Block Grant fund (CDBG)*, a special revenue fund, accounts for the CDBG Entitlement Program. The CDBG Entitlement Program provides grants to metropolitan areas and urban counties for community development.

The government reports the following major proprietary funds:

The *Sanitation and Trash fund* serves the City by providing garbage collection and disposal services to the public.

The *Civic Arena fund* accounts for operating activities of the City's Civic Arena.

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

Additionally, the government reports the following fund types:

The *Pension (and other employee benefit) Trust funds* account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans or other employee benefit plans. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

The *Agency funds* are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the City of Huntington, West Virginia holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

1. Deposits and Investments

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the City reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

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

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

State statute §8-13-22c places limitations on 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 over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

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

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

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

2. Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

Property Tax Receivable

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If 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.

All municipalities within the State are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, twelve and five-tenths cents (12.5 cents); On Class II property, twenty-five cents (25 cents); On Class IV property, fifty cents (50 cents). In addition, municipalities may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2015, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense
Class II	\$ 536,914,258	22.00 cents
Class IV	\$ 985,427,087	44.00 cents

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

3. Inventories and Prepaid Items

The Civic Arena inventories are valued at cost using the first-in/first-out (FIFO) method.

The cost of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed.

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

4. Restricted Assets

Certain proceeds of the discretely presented component units, Municipal Parking Board and Municipal Development Authority, revenue bonds, as well as certain proceeds set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of capitalization policy amount example \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is not reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

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

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	40
Structures and Improvements	40-50
Infrastructure	40-50
Machinery and equipment	05-10
Vehicles	05-10
Furniture and fixtures	05-10

6. Compensated Absences

Full-time, permanent employees are granted and may accumulate vacation, other paid time off, and compensatory time benefits in varying amounts to specified maximums depending on tenure and benefit group with the City. Employees are entitled to their accrued vacation, personal time, and compensatory time upon termination. All vacation pay is accrued when incurred. There is no liability calculated for unpaid accumulated sick leave unless the employee is eligible for retirement.

When a permanent employee retires, the employee may elect to have a portion of accrued sick leave converted to accrued vacation and/or insurance benefits depending upon which benefit group the employee belongs. Compensated absences are reported as accrued when incurred in the government-wide and proprietary financial statements in accordance with GASB statement No.16, *Accounting for Compensated Absences*.

7. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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.

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

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

8. Fund Balances

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

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

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

9. Change in Accounting Principle

Effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. These Statements are to improve accounting and financial reporting by state and local governments for pensions, and to improve information provided by state and local government employers about financial support for pensions that is provided by other entities. There effect on beginning net position is shown in Note IV.J.

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

Effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement provides specific accounting and financial reporting guidance for the combinations in the governmental environment. At July, 1 2014, the City of Huntington transferred operations of the Floodwall Division to the newly created, Huntington Water Quality Board. In accordance with GASB statement No.69, this transfer has been reported as a special item in the primary government's financial statements.

10. Deferred Outflows/Inflows of Resources

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

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Deferred inflows and outflows related to pension activity are not required to be reported in the governmental funds but are required to be reported at the government-wide level. The details of the \$(211,076) difference for the Public Employees Retirement System, the \$40,489 difference for the Municipal Police Officers and Firefighters Retirement System, and the \$(7,928,872) difference for the governmental portion of the Defined Benefit Plans are as follows:

	Public Employees Retirement System	Cost-Sharing Municipal Police Officers and Firefighters Retirement System	Single- Employer Policemen's and Firemen's Defined Benefit Plans
Change in net pension liability/asset	\$ 1,339,404	\$ 168,704	\$ 8,338,946
Contributions made during the measurement period	(602,583)	(124,536)	(11,699,992)
Deferred outflows:			
Changes in proportion and differences between government contributions and proportionate share of contributions	263,637	18,138	--
Change in actual investment experience	--	--	773,007
Deferred inflows:			
Change in assumptions	--	--	(3,641,786)
Change in noninvestment experience	--	--	(1,699,047)
Difference between projected and actual earnings on investments	(1,211,534)	(21,817)	--
Net adjustment for the amount of pension expense recognized at the government-wide level	<u>\$ (211,076)</u>	<u>\$ 40,489</u>	<u>\$ (7,928,872)</u>

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

The City of Huntington, West Virginia prepares its budget on the Modified accrual basis of accounting, with the exception of transfers and contributions for insurance surtax. Therefore a reconciliation has been performed for the General Fund.

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

<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase (decrease)	\$ (650,007) \$	--
Public safety expenditure increase (decrease)	(350,003)	--
Streets and transportation increase (decrease)	212,734	--
Health and sanitation expenditure increase (decrease)	(157,764)	--
Culture and recreation expenditure increase (decrease)	39,000	3,061
Capital projects expenditure increase (decrease)	344,431	--

B. Deficit Fund Equity

The Governmental Activities had a deficit net position of (\$176,267,752) as of June 30, 2015. The City has incurred significant debt in excess of anticipated revenues in this and prior year for the Net Pension Liability and Other Postemployment Benefits as estimated within the actuarial evaluations. The City is in the process of developing funding strategies to reduce these debts in the future.

The Sanitation and Trash fund had a deficit net position of (\$367,561) as of June 30, 2015, of which \$331,239 is attributable to the implementation of GASB Statement No. 68 and GASB Statement No. 71. The fund has incurred expenditures in excess of anticipated amounts in this and prior years and the City officials will be monitoring the situation to determine if a rate increase is necessary.

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
Primary Government			
Money Market Funds	\$ 762,114	Not rated	Not rated
U.S. Treasury Bills	952,578	AAA	AAA
Other	428,591	Not rated	Not rated
Total	<u>\$ 2,143,283</u>		

Interest Rate Risk

	0-3 years
Money Market Funds	\$ 762,114
U.S. Treasury Bills	952,578
Other	428,591
Total	<u>\$ 2,143,283</u>

Component Units

The discretely presented component units had the following investments held with the Municipal Bond Commission:

	Fair Value
Municipal Bond Commission:	<u>\$ 618,667</u>

	Fair Value	Credit Risk Rating
		Standard & Poor's and Fitch
Policemen's Pension and Relief		
Money market funds	\$ 1,110,841	Not rated
U.S Government agency notes	3,662,350	AA+
Municipal obligations	2,374,356	AAA-AA-
Mutual funds	10,765,559	Not rated
Corporate bonds	3,564,655	AAA-AA.-
Common stock	2,470,394	Not Rated
Certificate of deposit	1,904,834	A
Total	<u>\$ 25,852,989</u>	

CITY OF HUNTINGTON, WEST VIRGINIA
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For the Fiscal Year Ended June 30, 2015

Interest Rate Risk

	0-1 years	1-5 years	5-10 years	Over 10 years
Money market funds	\$ 1,110,841	\$ --	\$ --	\$ --
U.S Government agency notes	--	2,232,216	999,169	430,965
Municipal obligations	--	--	1,115,807	1,258,549
Mutual funds	--	10,765,559	--	--
Corporate bonds	610,792	388,634	2,211,362	353,867
Common stock	--	2,470,394	--	--
Certificate of deposit	--	1,502,802	402,032	--
Total	<u>\$ 1,721,633</u>	<u>\$ 17,359,605</u>	<u>\$ 4,728,370</u>	<u>\$ 2,043,381</u>

Firemen's Pension and Relief

	Fair Value	Credit Risk Rating
		Moody's Investment Services
Money market funds	\$ 256,858	Not rated
U.S Government agency notes	1,029,166	Aaa
Municipal obligations	124,557	Aaa-Baa2
Mutual funds	3,170,924	Not rated
Corporate bonds	3,505,757	Aaa-Baa2
Common stock	6,837,226	Not rated
Preferred stock	525,960	Not rated
Certificate of deposit	50,057	A1
Total	<u>\$ 15,500,505</u>	

Interest Rate Risk

	0-1 years	1-5 years	5-10 years	Over 10 years
Money market funds	\$ 256,858	\$ --	\$ --	\$ --
U.S Government agency notes	--	449,228	297,550	282,388
Municipal obligations	--	48,309	76,248	--
Mutual funds	--	3,170,924	--	--
Corporate bonds	175,668	2,131,187	1,198,902	--
Common stock	--	6,837,226	--	--
Preferred stock	--	525,960	--	--
Certificate of deposit	50,057	--	--	--
Total	<u>\$ 482,583</u>	<u>\$ 13,162,834</u>	<u>\$ 1,572,700</u>	<u>\$ 282,388</u>

Interest Rate Risk

The government does not have a policy for interest rate risk.

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

Credit Risk

State law limits investments as described in Note I.D.1. The government does not have a policy for credit risk in addition to state regulations. As of June 30, 2015, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Concentration of Credit Risk

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments. At year end, the government had the following investments held with these issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Riverpark/Wedgewood Large Cap Focused Growth Fund Share Class I	\$ 1,487,024	5.75%
Vanguard High Yield Dividend Index Inv.	1,891,324	7.32%
Vanguard 500 Index Fund	1,925,284	7.45%

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds' bank balances were \$7,039,443, which were collateralized with securities held by the pledging financial institution's trust department in the government's name.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds investment balances were \$43,496,777, was not exposed to credit risk because the related securities are insured, registered and held by the government's brokerage firm which is not the counter party for these particular securities.

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ 7,039,443
Investments - collateralized and secured	<u>43,496,777</u>
Total	<u><u>\$50,536,220</u></u>
Cash and cash equivalents	\$ 7,039,443
Investments	42,878,110
Investments-restricted	<u>618,667</u>
Total	<u><u>\$ 50,536,220</u></u>

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

For deposits, the Municipal Development Authority could be exposed to risk in the event of a bank failure where the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority's bank balances were \$1,307,963, which were collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

For deposits, the Municipal Parking Board could be exposed to risk in the event of a bank failure where the Board's deposits may not be returned. The Board does not have a deposit policy for custodial credit risk. At year end, the Board's bank balances were \$243,709, which were collateralized with securities held by the pledging financial institution's trust department in the Board's name.

For investments, the Municipal Parking Board could be exposed to risk in the event of the failure of the counterparty where the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Board does not have a deposit policy for custodial credit risk. At year end, the Board's and fiduciary funds investment balances were \$114, which were invested with the Municipal Bond Commission and collateralized by the full faith and credit of the United States of America.

	<u>Municipal Development Authority</u>	<u>Municipal Parking Board</u>
Cash and cash equivalents	\$ 689,410	\$ 243,709
Investments - collateralized and secured	618,553	114
Total	<u>\$ 1,307,963</u>	<u>\$ 243,823</u>

	<u>Municipal Development Authority</u>	<u>Municipal Parking Board</u>
Cash and cash equivalents	\$ 689,410	\$ 243,709
Investments	618,553	114
Total	<u>\$ 1,307,963</u>	<u>\$ 243,823</u>

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

B. Receivables

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

	General	Community Development Block Grant	Sanitation and Trash	Civic Arena	Fiduciary-Pension Trust Funds	Total
Receivables:						
Accounts	\$ 7,119,846	\$ 1,329,676	\$ 6,692,865	\$ 62,647	\$ 2,861	\$15,207,895
Accrued interest	5,497,278	--	--	--	--	5,497,278
Loans	--	9,553,789	--	--	--	9,553,789
Grants	--	29,016	--	--	--	29,016
Gross receivables	<u>12,617,124</u>	<u>10,912,481</u>	<u>6,692,865</u>	<u>62,647</u>	<u>2,861</u>	<u>30,287,978</u>
Less: allowance for uncollectible	<u>(6,170,901)</u>	<u>(1,784,008)</u>	<u>(6,096,096)</u>	<u>--</u>	<u>--</u>	<u>(14,051,005)</u>
Net total receivables	<u>\$ 6,446,223</u>	<u>\$ 9,128,473</u>	<u>\$ 596,769</u>	<u>\$ 62,647</u>	<u>\$ 2,861</u>	<u>\$16,236,973</u>

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

	Unearned	Unavailable
Delinquent property taxes receivable (general fund)	\$ --	\$ 412,380
Accounts receivable (general fund)	578,210	--
Total deferred/unearned revenue for governmental funds	<u>\$ 578,210</u>	<u>\$ 412,380</u>

Loans receivable for the Municipal Development Authority, a discretely presented component unit of the City, are \$0 net of allowance for uncollectible of (\$2,385,610).

Accounts receivable for the Municipal Parking Board, a discretely presented component unit of the City, are \$640.

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

On June 30, 2014, officials of the City and members of the Huntington Municipal Development Authority (HMDA), examined loan receivable balances for the HMDA. Officials and members determined that an allowance for uncollectible accounts should be established for the loan balances from Ebenezer Medical Outreach, Inc./Douglass Center, LP (Douglass High School renovation) and Housing Development Corporation / Huntington High, LP (Huntington High School renovation). It was determined that the allowance for uncollectible accounts should cover the total loan receivable balances of Douglass Center, LP and Huntington High, LP.

During 2015, Douglass Center, LP was sold to Marshall University. Sale proceeds of \$757,025 has been recorded in the current year as revenue as a special item for HMDA.

The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2015, was determined based upon the City's lien position on certain assets associated with the Huntington High L.P. loan. Additionally, it was determined that the assets of Huntington High, LP are not sufficient to make payments on the outstanding loans, and it is doubtful that the payments will be made in the future.

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 941,939	\$ --	\$ --	\$ 941,939
Construction in progress	--	560,958	--	560,958
Total capital assets not being depreciated	<u>941,939</u>	<u>560,958</u>	<u>--</u>	<u>1,502,897</u>
Capital assets being depreciated:				
Structures and improvements	9,770,482	--	(1,573,659)	8,196,823
System Infrastructure	16,820,437	--	--	16,820,437
Machinery and equipment	3,279,836	363,494	(51,273)	3,592,057
Vehicles	8,525,681	491,766	(367,659)	8,649,788
Less: accumulated depreciation	<u>(28,716,851)</u>	<u>(1,570,395)</u>	<u>1,990,054</u>	<u>(28,297,192)</u>
Total capital assets being depreciated, net	<u>9,679,585</u>	<u>(715,135)</u>	<u>(2,537)</u>	<u>8,961,913</u>
Governmental activities capital assets, net	<u>\$ 10,621,524</u>	<u>\$ (154,177)</u>	<u>\$ (2,537)</u>	<u>\$10,464,810</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated:				
Structures and improvements	\$ --	\$ 75,140	\$ --	\$ 75,140
Machinery and equipment	174,913	--	--	174,913
Vehicles	1,932,559	--	--	1,932,559
Less: accumulated depreciation	<u>(1,383,022)</u>	<u>(146,368)</u>	<u>--</u>	<u>(1,529,390)</u>
Total capital assets being depreciated, net	<u>724,450</u>	<u>(71,228)</u>	<u>--</u>	<u>653,222</u>
Business-type activities capital assets, net	<u>\$ 724,450</u>	<u>\$ (71,228)</u>	<u>\$ --</u>	<u>\$ 653,222</u>

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

Governmental activities:		
General government		\$ 243,950
Public safety		613,138
Streets and transportation		557,234
Health and sanitation		26,160
Culture and recreation		117,883
Social services		<u>12,030</u>
Total depreciation expense-governmental activities		<u>\$ 1,570,395</u>
Business-type activities:		
Sanitation and Trash		<u>\$ 146,368</u>
Total depreciation expense-business-type activities		<u>\$ 146,368</u>

Construction in Progress

The government has active construction projects as of June 30, 2015. The projects include the acquisition public safety software and the creation of a custom firetruck.

Project	Spent-to-Date	Funded
Public Safety Software and Equipment	<u>\$ 560,958</u>	Lease Proceeds and General Operating Funds

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

Discretely Presented Component Units

Activity related to capital assets for the Municipal Development Authority for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,931,928	\$ 1,000,000	\$ (790,357)	\$ 5,141,571
Total capital assets not being depreciated	<u>4,931,928</u>	<u>1,000,000</u>	<u>(790,357)</u>	<u>5,141,571</u>
Capital assets, being depreciated:				
Buildings	12,843,003	--	--	12,843,003
Structures and improvements	1,588,812	--	--	1,588,812
Furniture and fixtures	2,661,074	--	--	2,661,074
Machinery and equipment	200,000	--	--	200,000
Less: accumulated depreciation	<u>(10,636,955)</u>	<u>(1,087,545)</u>	<u>--</u>	<u>(11,724,500)</u>
Total capital assets being depreciated	<u>6,655,934</u>	<u>(1,087,545)</u>	<u>--</u>	<u>5,568,389</u>
Total capital assets, net	<u>\$ 11,587,862</u>	<u>\$ (87,545)</u>	<u>\$ (790,357)</u>	<u>\$ 10,709,960</u>

Activity related to capital assets for the Municipal Parking Board for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,751,377	\$ --	\$ (808,501)	\$ 942,876
Total capital assets not being depreciated	<u>1,751,377</u>	<u>--</u>	<u>(808,501)</u>	<u>942,876</u>
Capital assets, being depreciated:				
Buildings	4,775,401	--	--	4,775,401
Structures and improvements	686,649	--	(196,476)	490,173
Machinery and equipment	672,030	6,506	--	678,536
Less: accumulated depreciation	<u>(4,955,021)</u>	<u>(159,972)</u>	<u>114,092</u>	<u>(5,000,901)</u>
Total capital assets being depreciated	<u>1,179,059</u>	<u>(153,466)</u>	<u>(82,384)</u>	<u>943,209</u>
Total capital assets, net	<u>\$ 2,930,436</u>	<u>\$ (153,466)</u>	<u>\$ (890,885)</u>	<u>\$ 1,886,085</u>

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

D. Interfund Receivables, Payables, and Transfers

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

Interfund receivables/payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Sanitation and Trash	Reimbursement	\$ 411,369
Nonmajor Governmental-Landfill Reserve	Sanitation and Trash	Reimbursement	6,122
General Fund	Community Development Block Grant	Reimbursement	62,724
General Fund	Nonmajor Enterprise-Civic Arena	Reimbursement	369,679
Nonmajor Governmental-Jean Dean			
Public Safety	General Fund	Reimbursement	6,600
General Fund	Nonmajor Governmental - HURA	Reimbursement	5,721
Nonmajor Enterprise-Civic Arena	General Fund	Reimbursement	160,000
Nonmajor Enterprise-Civic Arena	Coal Severance Fund	Subsidizing	32,080
Sanitation and Trash	General Fund	Reimbursement	122,517
Community Development Block Grant	General Fund	Reimbursement	1,348
	Total		<u>\$ 1,178,160</u>

Interfund receivables/payables for the primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Municipal Development Authority	Reimbursement	\$ 8,839
General Fund	Municipal Parking Board	Reimbursement	49,366
Municipal Development Authority	General Fund	Reimbursement	300,000
General Fund	Sanitary Board	Reimbursement	55,189
Sanitary Board	General Fund	Reimbursement	9,120
Total:			<u>\$ 422,514</u>

Interfund receivables/payables for the primary government and fiduciary funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Policemen's Pension and relief	Reimbursement	\$ 144
Policemen's Pension and Relief	General Fund	Reimbursement	1,784,976
Firemen's Pension and Relief	General Fund	Reimbursement	2,234,726
Federal Drug Fund	Asset Forfeiture	Reimbursement	38,288
			<u>\$ 4,058,134</u>

Interfund transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Sanitation and Trash	Reimbursements	\$ 400,000
General Fund	Civic Arena	Subsidizing	462,267
			<u>\$ 862,267</u>

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

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

E. Fund Balance Detail

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

	General Fund	Coal Severance	Community Development Block Grant	Nonmajor Funds	Total
Nonspendable:					
Prepays	\$ 177,929	\$ --	\$ --	\$ --	\$ 177,929
Assets held for resale	--	--	--	609,649	609,649
Restricted:					
Debt Service	--	--	--	5,165	5,165
Community Developme	--	--	7,798,797	--	7,798,797
Committed:					
Landfill closure	779,789	--	--	--	779,789
Assigned:					
General government	1,188,756	--	--	--	1,188,756
Public safety	--	--	--	167,593	167,593
Culture and recreation	--	37,487	--	--	37,487
Capital projects	--	--	--	4,979	4,979
Landfill closure	--	--	--	1,388,609	1,388,609
Public safety building	--	--	--	16,407	16,407
Unassigned	1,337,405	--	1,332,521	(600,856)	2,069,070
Total fund balances	<u>\$ 3,483,879</u>	<u>\$ 37,487</u>	<u>\$ 9,131,318</u>	<u>\$ 1,591,546</u>	<u>\$ 14,244,230</u>

F. 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.

The government has entered into lease agreements as lessee for financing the acquisition of machinery and equipment for an enterprise funds. These lease agreements qualify as capital assets for accounting purposes, and, therefore have been recorded at the present value of future minimum lease payments as of the inception date in the Sanitation and Trash enterprise fund.

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities	Sanitation and Trash
Machinery, equipment and vehicles	\$ 7,976,651	\$ 745,844
Less: accumulated depreciation	(3,886,037)	(251,287)
Total	<u>\$ 4,090,614</u>	<u>\$ 494,557</u>

Assets acquired through capital leases for governmental activities were estimated since the history of these lease assets could not be converted upon implementation. The accumulated depreciation for these assets was also estimated. All new lease purchases during the fiscal year ended June 30, 2015 are stated at actual costs and actual depreciation.

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

Year Ending June 30	Governmental Activities	Business- type Activities
2016	\$ 1,155,130	\$ 106,709
2017	828,807	106,709
2018	549,313	78,865
2019	362,882	12,755
2020	350,490	--
2021 - 2025	739,500	--
2026 - 2030	295,800	--
Total minimum lease payments	4,281,922	305,039
Less: amount representing interest	(634,754)	(7,935)
Present value of minimum lease payments	<u>\$ 3,647,168</u>	<u>\$ 297,104</u>

G. Long-term Debt

Notes Payable

The Huntington Municipal Development Authority (HMDA) has entered into a loan agreement with the U.S. Department of Housing and Urban Development (HUD) to finance housing projects.

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance #####
Component Units:					
MDA - HUD 2000	8/1/2014	2%	\$ 1,720,000	\$ 1,720,000	\$ --
MDA - HUD 2002	8/1/2022	2%	1,600,000	1,600,000	--
Total notes payable			<u>\$ 3,320,000</u>	<u>\$ 3,320,000</u>	<u>\$ --</u>

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

Tax Increment Financing Revenue Bonds

The City issued bonds where the government pledges income derived from ad valorem property taxes from a specific district to pay debt service. On June 30, 2006, the City issued \$2,450,000 of Tax Increment Financing Revenue Bonds, Series 2006 through United Bank bearing an interest rate of 5.75 percent. These bonds are payable solely from the ad valorem property tax collected from the specified tax district. These bonds do not constitute a general obligation of the City and are payable only if the tax revenue is collected from the specified tax district. If the tax revenues are not collected, the City is not required to pay off the debt.

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance #####
Primary Government:					
Series 2006	6/30/2034	5.75%	\$ 2,450,000	\$ 1,205,000	\$ 1,245,000
Total notes payable			<u>\$ 2,450,000</u>	<u>\$ 1,205,000</u>	<u>\$ 1,245,000</u>

Debt service requirements to maturity are as follows:

Year Ended	Business-type Activities	
	Principal	Interest
2016	\$ 59,464	\$ 5,966
2017	59,749	5,681
2018	60,035	5,394
2019	60,323	5,107
2020	60,612	4,818
2021 - 2025	307,443	19,704
2026 - 2030	314,878	12,267
2031 - 2035	322,496	4,651
Totals	<u>\$ 1,245,000</u>	<u>\$ 63,588</u>

The City has pledged future ad valorem tax revenues, to repay \$2,450,000 in tax increment financing revenue bonds issued in June 2006. Proceeds from the bonds provided financing for the development of the specific tax district. The bonds are payable solely from ad valorem property taxes collected from the district and are payable through June 2034. Annual principal and interest payment on the bonds are expected to require less than 105 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,308,588. Principal and interest paid for the current year and total customer net revenues were \$191,005 and \$182,894, respectively.

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

Revenue Bonds - Component Units

The Municipal Development Authority and the Municipal Parking Board, discretely presented component units of the City, issue bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

The proceeds of these bonds are being used for the development of the City and the parking systems. The bonds are secured by lease revenues of the Municipal Development Authority and Municipal Parking Board. Revenue bonds outstanding of \$7,716,739, at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance #####
Component Units:					
Municipal Development Authority					
Series 2010-A	12/29/2023	4%	\$ 3,650,000	\$ 625,000	\$ 3,025,000
Municipal Development Authority					
Series 2010-B	12/29/2031	4%	5,255,000	430,000	4,825,000
Municipal Parking Board	12/1/2000	4%	2,500,000	2,500,000	--
Less: Bond Discount			(145,087)	(11,826)	(133,261)
Total component units			<u>\$ 11,259,913</u>	<u>\$ 3,543,174</u>	<u>\$ 7,716,739</u>

Revenue bond debt service requirements to maturity are as follows:

Year Ended	Municipal Development Authority	
	Principal	Interest
2016	\$ 290,000	\$ 494,926
2017	305,000	483,026
2018	375,000	469,192
2019	405,000	452,882
2020	425,000	434,648
2021 - 2025	2,410,000	1,387,324
2026 - 2030	2,965,000	485,870
2031 - 2035	675,000	29,700
Less: bond discount	(133,261)	--
Totals	<u>\$ 7,716,739</u>	<u>\$ 4,237,568</u>

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

Utility Pledged Revenues

The Municipal Development Authority has pledged future lease revenues, net of specified operating expenses, to repay \$3,650,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for the maintenance and upgrades of the Civic Arena. The bonds are payable solely from lease net revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of net lease revenues. The total principal and interest remaining to be paid on the bonds is \$3,584,333. Principal and interest paid for the current year and total customer net revenues were \$414,400 and \$(228,074), respectively.

The Municipal Development Authority has pledged future lease revenues, net of specified operating expenses, to repay \$5,255,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for the maintenance and upgrades of the Civic Arena. The bonds are payable solely from lease net revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of net lease revenues. The total principal and interest remaining to be paid on the bonds is \$8,503,235. Principal and interest paid for the current year and total customer net revenues were \$203,789 and \$(228,074), respectively.

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax increment financing	\$ 1,374,000	\$ --	\$ (129,000)	\$ 1,245,000	\$ 65,100
Capital leases	3,801,650	677,788	(832,270)	3,647,168	900,627
Other postemployment benefits payable	44,656,717	8,274,457	--	52,931,174	--
Net pension liability - PERS	2,484,670	--	(1,339,404)	1,145,266	--
Net pension liability - DBP	144,950,062	--	(8,338,946)	136,611,116	--
Compensated absences	1,567,292	1,253,892	(1,567,292)	1,253,892	--
Governmental activities					
Long-term liabilities	<u>\$ 198,834,391</u>	<u>\$ 10,206,137</u>	<u>\$ (12,206,912)</u>	<u>\$ 196,833,616</u>	<u>\$ 965,727</u>

	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 410,471	\$ --	\$ (113,367)	\$ 297,104	\$ 102,305
Net pension liability - PERS	584,648	--	(315,137)	269,511	--
Other postemployment benefits	496,043	93,282	--	589,325	--
Compensated absences	53,964	51,328	(37,518)	67,774	--
Business-type activities					
Long-term liabilities	<u>\$ 1,545,126</u>	<u>\$ 144,610</u>	<u>\$ (466,022)</u>	<u>\$ 1,223,714</u>	<u>\$ 102,305</u>

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

Municipal Development Authority					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 8,130,000	\$ --	\$ (280,000)	\$ 7,850,000	\$ 290,000
Notes payable	985,000	--	(985,000)	--	--
Less: deferred amounts					
bond discount	(145,087)	--	11,826	(133,261)	--
Total bonds and notes payable	8,969,913	--	(1,253,174)	7,716,739	290,000
Other postemployment benefits	6,764	3,897	--	10,661	--
Compensated absences	5,200	--	(435)	4,765	--
Business-type activities					
Long-term liabilities	\$ 8,981,877	\$ 3,897	\$ (1,253,609)	\$ 7,732,165	\$ 290,000

Municipal Parking Board					
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 1,199,827	\$ --	\$ (1,199,827)	\$ --	\$ --
Total bonds and notes payable	1,199,827	--	(1,199,827)	--	--
Net pension liability - PERS	319,948	--	(172,502)	147,446	--
Other postemployment benefits	76,323	24,448	--	100,771	--
Compensated absences	32,664	--	(14,078)	18,586	--
Business-type activities					
Long-term liabilities	\$ 1,628,762	\$ 24,448	\$ (1,386,407)	\$ 266,803	\$ --

Short-term Debt - Revolving Line of Credit

The City uses a revolving line of credit to finance public projects related to housing projects. The HURA fund participated in the borrowing. Short-term debt activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit	\$ 577,981	\$ 163,820	\$ (85,949)	\$ 655,852

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

H. Restricted Assets

The balances of the restricted asset accounts for the component units are as follows:

	Municipal Development Authority	Municipal Parking Board
Revenue bond operations and maintenance account	\$ 618,553	\$ 114

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2015, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

Plan	Amount
Policemen's Pension and Relief Fund	\$ 1,034,332
Firemen's Pension and Relief Fund	1,101,445
Total	\$ 2,135,777

State contributions are funded by allocations of the State's insurance premium tax.

J. Prior Period Adjustments and Restatements

The following net position required restatement at the beginning of the year as follows:

	Sanitation & Trash
Prior Period Restatement	
Net position, as previously stated	\$ (81,883)
Add:	
Deferred Outflow - Contributions	--
Subsequent to measurement date-PERS	141,760
Subtract:	
Beginning net pension liability- PERS	(584,648)
Net position, restated	\$ (524,771)

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

The following net position of the governmental activities /discretely presented component units required restatement at the beginning of the year as follows:

	Governmental Activities	Business-type Activities	Municipal Parking Board
Net position, as previously stated	\$ (68,887,683)	\$ (115,529)	\$ 1,949,214
Prior Period Adjustment			
Add:			
Landfill land	671,560	--	--
Prior Period Restatements			
Add:			
Deferred Outflow - Contributions			
Subsequent to measurement date-PERS	602,527	141,760	77,622
Net pension asset	134,853	--	--
Deferred Outflow - Contributions			
Subsequent to measurement date-MPFI	124,536	--	--
Subtract:			
Beginning NPL -PERS	(2,484,616)	(584,648)	(319,947)
Beginning NPL- DPB	(99,463,183)	--	--
Net position, restated	<u>\$ (169,302,006)</u>	<u>\$ (558,417)</u>	<u>\$ 1,706,889</u>

K. Special Items

Transfer of Floodwall Division

As of July 1, 2014, operations of the Floodwall capital projects fund has been transferred to the newly created Huntington Water Quality Board (HWQB). All assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Floodwall fund have been transferred to the HWQB as of the effective transfer date of July 1, 2014. In accordance with Governmental Accounting Standards Board statement No. 69, the primary government has reported a Special Item of \$(155,434) for the loss on disposal of these operations.

Huntington Municipal Development Authority (HMDA)

On May 28, 2015, Marshall University purchased the Douglass Centre building. This building was used as collateral to secure a loan received by HMDA through the U.S Department of Housing and Urban Development (HUD). The Douglass Centre Limited Partnership transferred sales proceeds of \$757,025 to HMDA. These proceeds were used to pay the HUD loan in full. HMDA and the City of Huntington released their collateral for the sale, but did not forgive loans due from Douglass Centre Limited Partnership.

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

V. OTHER INFORMATION

A. Risk Management

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

Workers' Compensation Fund (WCF): Private insurance companies could begin to offer workers compensation coverage to government employers beginning July 1, 2010. Workers compensation coverage is self-insured for this entity by the Self Insurance Unit through Risk Management Services Company. The discretely presented component unit (Huntington Municipal Parking Board) has coverage through BrickStreet Insurance.

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

The Dietz Hollow Landfill last accepted solid waste in September 1994. The landfill is now officially closed by placement of a clay liner. Monitoring of the site is ongoing in perpetuity until such time as the sediment pond water readings reach a level allowing the water to flow to a nearby creek. The City is currently under contract with Honeywell to assure the sediment pond is stabilized and capable of handling the runoff from the landfill. This is the first step in the eventual closure of the landfill. As of June 30, 2015, the Landfill Reserve fund balance was \$1,388,609 and the General Fund contains \$799,789 in committed funds for landfill closure. The estimated cost of the landfill closure is not known at this time.

B. Related Party Transaction

The Huntington Municipal Development Authority (HMDA) entered into two separate loan agreements (HUD loan and City loan) with a non-profit rental and real estate company in the 2002-2003 fiscal year. At that time, the City transferred a building and parcel of land (Douglass Centre) to the non-profit entity. This non-profit agency has two general business partners (a for profit and a non-profit corporation) with two separate boards. The Finance Director of the City of Huntington serves on both of these Board and has been employed with the City of Huntington since January, 2009.

The first Loan (HUD loan) was for a principal amount of 1,600,000 with an interest rate of 2% and principal and interest payments due twice yearly. The HUD loan was secured by a first lien of a deed of trust. At June 30, 2015, the principal balance remaining is zero.

The second loan (City Loan) was for a principal amount of \$1,164,188 with an interest rate of 5.46% per annum accrued and payable with the total principal due 40 years after the date of the loan agreement. As of June 30, 2015, no principal or interest payments have been made and the principal balance is \$1,164,188. The loan is secured by a third line lien of a deed of trust subordinate to the first loan described above and another loan received by the non-profit from one of their general business partners.

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

Marshall University purchased the building on May 28, 2015 for \$780,000. Proceeds were used to pay off the HMDA's HUD 108 loan in full prior to June 30, 2015. HMDA and the City of Huntington released their collateral, but did not forgive their two loans with Douglass Centre, L.P.

As described in Note IV.B, the Huntington Municipal Development Authority provided an allowance for the City loan receivable to the non-profit agency in the amount of \$2,385,610.

C. Contingent Liabilities

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

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

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

D. 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.

E. Postemployment Health Care Plan

In addition to the pension benefits described in Note V, the government provides post retirement health and vision benefits for certain retirees and their dependents. The benefits vary depending on the years of service and sick leave accumulated by the retiree.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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Effective July 1, 2008, the City of Huntington adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses in the governmental, business-type activities, Municipal Development Authority, and Municipal Parking Board of \$52,931,174, \$589,325, \$10,661, and \$100,771 respectively, resulting from the adoption. Since 2008 was the year of transition for GASB Statement No. 45, the requirements have been implemented prospectively; therefore, the information provided does not reflect similar information respective of the two preceding years.

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

The City of Huntington, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Huntington'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 Highmark, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Sanitation and Trash Fund, Community Development Block Grant Fund, Municipal Parking Board, and Municipal Development

Non-uniform employees are eligible to receive retiree health care coverage at the earlier of age 50 with 20 years of service; or age 60 with 10 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 does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 45 purposes it was assumed that these rates remain level in future years.

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

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

Membership of the plan is as follows:

<u>Group</u>	<u>Health Care Plan</u>
Active Employees	330
Retirees and Beneficiaries Currently Receiving Benefits	289
Total	<u>619</u>

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

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

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

V:E.2. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and includes the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point.

Valuation Date	7/1/2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Amortization Period	30 Years (Level Percentage Open Group)
Actuarial Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5% per year
Projected Salary Increases	3.00% per year
Post Retirement Benefit Increases	None
Inflation	3.00% per year
Health Care Trends	0.25% increase in fiscal year 2015, reduced by decrements of 0.25% until fiscal year 2023 in medical and continues Rx and later

V:E.3 Annual Other Post Employment Benefit (OPEB) Cost

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

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

The City's annual other postemployment benefit cost is as follows:

	OPEB				
	Governmental Activities	Business-type Activities	Development Authority	Parking Board	Total
Annual required contribution	\$ 10,703,375	\$ 119,169	\$ 2,156	\$ 20,377	\$ 10,845,077
Interest on net OPEB obligation	2,055,193	24,038	2,644	12,608	2,094,483
Adjustment to annual required contribution	(1,905,275)	(21,213)	(384)	(3,627)	(1,930,499)
Annual OPEB cost	10,853,293	121,994	4,416	29,358	11,009,061
Contributions made	(2,578,836)	(28,712)	(519)	(4,910)	(2,612,977)
Increase in net OPEB obligation	8,274,457	93,282	3,897	24,448	8,396,084
Net OPEB obligation at beginning of the year	44,656,717	496,043	6,764	76,323	45,235,847
Net OPEB obligation at the end of the year	<u>\$ 52,931,174</u>	<u>\$ 589,325</u>	<u>\$ 10,661</u>	<u>\$ 100,771</u>	<u>\$ 53,631,931</u>

V.E.4. Trend Information

Other Post Employment Benefits (OPEB)

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	\$ <u>11,009,061</u>	24%	\$ <u>53,631,931</u>

V.E.5. Funding Progress

SCHEDULE OF FUNDING PROGRESS

Other Post Employment Benefits (OPEB)

	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
Date						
7/1/2014	\$ <u>--</u>	\$ <u>125,188,530</u>	\$ <u>125,188,530</u>	0.0%	\$ <u>15,959,638</u>	784%

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

The Schedule of Funding Progress, presented as RSI following the notes to the financial statements, is to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the City maintains no Plan assets, information relative to Plan assets required disclosures is not applicable.

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

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

A. Policemen's and Firemen's Pension and Relief Funds

Plan Descriptions, Contribution Information, and Funding Policies

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

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees hired prior to January 1, 2010. The PPRF's Board consists of a chair, who is the elected mayor, and four members, one of which is the pension secretary, from the municipal police department. The City is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2015.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. The FPRF's Board consists of a president, who is the elected mayor, and four members, one of which is the pension secretary, from the municipal fire department. The City is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2015.

Actuarial valuations are required to be performed once every three years per state statute. However, the actuarial valuations can be performed in shorter intervals at the discretion of the PPRF and FPRF's Board.

The investment policies of the PPRF and the FPRF are restricted by State Code as detailed in Note I.D.1 and may be restricted further as determined by the Boards. For additional information relating to basis of accounting and reported investment values, see Notes I.C., I.D.1. and IV.I.

Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active Employees	84	90	174
Inactive employees entitled to but not yet receiving benefits	1	2	3
Inactive employees or beneficiaries currently receiving benefits	128	179	307
Total	<u>213</u>	<u>271</u>	<u>484</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
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These plans are defined benefit plans. The following is a summary of funding policies, contribution methods and benefit provisions.

	<u>PPRF</u>	<u>FPRF</u>
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which, together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-22-10, commencing on January 1, 2010, with level dollar payments. The sponsor finances benefits using the Optional funding policy as defined in state statutes. Sponsor contributions are equal to the normal cost, net of employee contributions, plus an amortization of the unfunded actuarial liability net of the premium tax allocation applicable to the plan year.	
Plan Members	7% of covered payroll, 9.5% if hired after January 1, 2010	7% of covered payroll, 9.5% if hired after January 1, 2010
Period Required to Vest	No vesting occurs. If separation from employment occurs the member is entitled to a refund of his/her contributions only.	
Post-Retirement Benefit Increases	Cost of living adjustment after two years of retirement. Adjustment calculated on the first \$15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.	
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	
Provisions for:	<u>PPRF</u>	<u>FPRF</u>
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

Net Pension Liability

The net pension liabilities were measured as of June 30, 2015, for both plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Rate of Return

The total pension liability in the actuarial valuation as of June 30, 2015, for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2015. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

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

Actuarial assumptions	Policemen's Pension & Relief	Firemen's Pension & Relief
	<u>Fund</u>	<u>Fund</u>
Inflation rate	3.000%	3.000%
Salary increases	1yr. 9.0%, 2yr. 4.5%, 3-4yr. 2.0%, and 5+ 1.0%	1yr. 9.0%, 2yr. 4.5%, 3-4yr. 2.0%, and 5+ 1.0%
Investment Rate of Return	6.000%	5.00%

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Rate of return

For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 10.0 percent for the PPRF and 3.75 percent for the FPRF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2015, are summarized in the following chart:

<u>Investment</u>	<u>PPFR's</u>		<u>FPRF's</u>	
	Long-term Expected		Long-term Expected	
	Real Rate <u>of Return</u>	Target Asset <u>Allocation</u>	Real Rate <u>of Return</u>	Target Asset <u>Allocation</u>
Equities	7.80%	43.80%	3.25%	53.14%
Fixed Income	3.70%	52.50%	2.75%	45.20%
Cash	0.00%	3.70%	0.00%	1.7%
Portfolio		100.00%		100.00%

Net Pension Liability, Reserves and Discount Rate

Current year net pension liability for the PPRF and FPRF are shown below. The annual required contributions were not made by both the PPRF or FPRF.

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

Reserves

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

Net pension liability

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

	PPRF	FPRF
Total pension liability	\$ 82,728,217	\$ 101,036,247
Plan fiduciary net position	28,541,100	18,612,247
Net pension liability	\$ 54,187,117	\$ 82,424,000
Plan fiduciary net position as a percentage of the total pension liability	34.50%	18.42%

Discount rate

The discount rate used to measure the total pension liability was 6.00 percent for the PPRF and 5.00 percent for the FPRF, and municipal bond rate of 3.80 percent for both plans. The projection of cash flows used to determine the discount rate assumed that the Plan sponsor would make the statutory required contributions as defined by the funding policy. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments, on the behalf of current plan members, for all future plan years. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
PPRF's net pension liability	\$ 65,171,003	\$ 54,187,117	\$ 45,160,883
FPRF's net pension liability	\$ 96,386,382	\$ 82,424,000	\$ 71,049,071

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

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

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a-b)
Balances at July 1, 2014	\$ 87,015,130	\$ 26,517,192	\$ 60,497,938
Changes for the year:			
Service cost	1,570,562	--	1,570,562
Interest	4,650,084	--	4,650,084
Differences between expected & actual experience	(1,214,505)	--	(1,214,505)
Changes of assumptions or other inputs	(5,215,194)	--	(5,215,194)
Contributions - employer	--	5,271,650	(5,271,650)
Contributions - employee	--	365,787	(365,787)
Net investment income	--	654,734	(654,734)
Benefit payments, including refunds of employee contributions	(4,077,860)	(4,077,860)	--
Administrative expense	--	(190,402)	190,402
Net changes	(4,286,913)	2,023,909	(6,310,822)
Balances at June 30, 2015	\$ 82,728,217	\$ 28,541,101	\$ 54,187,116

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

	Increase (Decrease)		
	Total	Plan	Net
	Pension Liability (a)	Fiduciary Net Position (b)	Pension Liability (a-b)
Balances at July, 2014	\$ 101,114,617	\$ 16,662,493	\$ 84,452,124
Changes for the year:			
Service cost	1,569,989	--	1,569,989
Interest	4,899,228	--	4,899,228
Changes of benefit terms	--	--	--
Differences between expected & actual experience	(1,282,535)	--	(1,282,535)
Contributions - employer	--	6,428,342	(6,428,342)
Contributions - employee	--	306,473	(306,473)
Net investment income	--	538,263	(538,263)
Benefit payments, including refunds of employee contributions	(5,265,052)	(5,265,052)	--
Administrative expense	--	(58,286)	58,286
Other changes	--	14	(14)
Net changes	(78,370)	1,949,754	(2,028,124)
Balances at June 30, 2015	\$ 101,036,247	\$ 18,612,247	\$ 82,424,000

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

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

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

	<u>PPRF</u>	<u>FPRF</u>
Pension expense	<u>\$ 2,855,826</u>	<u>\$ 5,073,046</u>

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

Policemen's Pension and Relief Fund

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in noninvestment experience	\$ --	\$ 848,093
Changes of assumptions	--	3,641,786
Changes in actual investment experience	594,881	--
Total	<u>\$ 594,881</u>	<u>\$ 4,489,879</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:

2016	\$ (1,791,100)
2017	(1,791,100)
2018	(461,518)
2019	<u>148,720</u>
Total	<u>\$ (3,894,998)</u>

Firemen's Pension and Relief Fund

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in noninvestment experience	\$ --	\$ (850,954)
Changes in actual investment experience	178,126	--
Total	<u>\$ 178,126</u>	<u>\$ (850,954)</u>

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

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:

2016	\$ (387,049)
2017	(374,842)
2018	44,532
2019	44,532
2020	--
Total	<u>\$ (672,827)</u>

Payables to the pension plan.

The Primary Government has booked payables to both Pension Plans totaling \$4,019,702. This figure represents that amount of funding due to the pension plans in the prior and current plan fiscal year. The City failed to make all required contributions in the current year. The city is currently evaluating methods to appropriately fund the pension funds in future years.

Pension Trust Funds Financial Statements

	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ASSETS		
Non-pooled cash	\$ 473,130	\$ 427,331
Total cash	<u>473,130</u>	<u>427,331</u>
Investments, at fair value:		
Money market funds	1,110,841	256,858
US government agency notes	3,662,350	1,029,166
Municipal obligations	2,374,356	124,557
Mutual funds	10,765,559	3,170,924
Corporate bonds	3,564,655	3,505,757
Common stock	2,470,394	6,837,226
Preferred stock	--	525,960
Certificate of deposit	<u>1,904,834</u>	<u>50,057</u>
Total investments	<u>25,852,989</u>	<u>15,500,505</u>
Receivables:		
Accounts receivable	\$ 2,861	\$ --
Due from other governments	432,765	459,743
Due from: primary government	<u>1,784,976</u>	<u>2,234,726</u>

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

Total receivables	<u>2,220,602</u>	<u>2,694,469</u>
Total assets	<u>28,546,721</u>	<u>18,622,305</u>
DEFERRED OUTFLOWS		
Total deferred outflows of resources	<u>--</u>	<u>--</u>
LIABILITIES		
Accounts payable	4,117	1,121
Due to: other funds	1,360	8,937
Due to: other governments	<u>144</u>	<u>--</u>
Total liabilities	<u>5,621</u>	<u>10,058</u>
DEFERRED INFLOWS		
Total deferred inflows of resources	<u>--</u>	<u>--</u>
NET POSITION		
Net position held in trust for pension benefits	<u>\$ 28,541,100</u>	<u>\$ 18,612,247</u>
	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
ADDITIONS		
Contributions:		
Employer	4,237,318	5,326,897
Plan members	365,787	306,473
Insurance premium surtax	<u>1,034,332</u>	<u>1,101,445</u>
Total contributions	<u>5,637,437</u>	<u>6,734,815</u>
Investment income:		
Net increase (decrease) in fair value of investments	(343,142)	154,335
Interest and dividends	<u>997,876</u>	<u>383,941</u>
Net investment income	<u>654,734</u>	<u>538,276</u>
Total additions	<u>6,292,171</u>	<u>7,273,091</u>

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

DEDUCTIONS		
Benefits	\$ 4,077,860	\$ 5,265,052
Administrative expenses	190,401	58,286
	<u>4,268,261</u>	<u>5,323,338</u>
Total deductions		
Change in net position	2,023,910	1,949,753
Net position held in trust for pension benefits:		
Beginning of year	<u>26,517,190</u>	<u>16,662,494</u>
End of year	<u>\$ 28,541,100</u>	<u>\$ 18,612,247</u>

B. Public Employees Retirement System (PERS)

General Information about the Pension Plans

The City of Huntington, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of nonpublic safety 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 full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
Plan member's contribution rate	4.50%
City's contribution rate	14.00%
Period required to vest	Five Years

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

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 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Public Employees Retirement System (PERS)

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2015	\$ 994,972	100%
2014	\$ 1,077,487	100%
2013	\$ 696,644	100%
2012	\$ 711,400	100%
2011	\$ 670,380	100%
2010	\$ 585,574	100%

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

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

At fiscal year-end, the government reported a liability of \$1,562,223 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the government's proportion was 0.423%, which was an increase of .052% from its proportion measured as of the prior period.

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

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

	Governmental Activities	Business-type Activities	Parking Board	Total
Pension expense	\$ 211,074	\$ 49,666	\$ 27,180	\$ 287,920

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

Public Employees Retirement System

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ --	\$ 1,652,618
Changes in proportion and differences between government contributions and proportionate share of contributions	359,620	--
Government contributions subsequent to the measurement date	703,243	--
	\$ 1,062,863	\$ 1,652,618

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 20, 2016. Other 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:

2016	\$ (303,179)
2017	(303,179)
2018	(303,179)
2019	(383,461)
Total	\$ (1,292,998)

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

Actuarial assumptions

Inflation rate	3.00%
Salary increases	4.25%-6.00%
Investment Rate of Return	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2013. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2014, actuarial valuation to more closely reflect actual

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

<u>Investment</u>	Long-term Expected Real Rate of Return	Target Asset Allocation
US Equity (Russell 3000)	7.6%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%
Core Fixed Income	2.9%	15.0%
High Yield	4.8%	0.0%
TPS	2.9%	0.0%
Real Estate	6.8%	10.0%
Private Equity	9.9%	10.0%
Hedge Funds	5.0%	10.0%
Inflation (CPI)	2.2%	0.0%
		<u>100.0%</u>

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease	Discount Rate	1% Increase
Government's proportionate share of PERS's net pension liability	<u>\$ 1,042,852</u>	<u>\$ 369,065</u>	<u>\$ (205,063)</u>

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

Pension plans' fiduciary net position . Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report.

Municipal Police Officers & Firefighters Retirement System (MPFRS)

The City of Huntington, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of hired Municipal public safety employees after January 1, 2010. 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:

**Municipal Police Officers and Firefighter's
Retirement System (MPFRS)**

Eligibility to participate	Municipal Public safety employees not covered under other pension plans.
Authority establishing contribution obligations and benefit provisions	State Statute
Plan member's contribution rate	8.50%
City's contribution rate	8.50%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 10 years or more of contributing service or age 50 if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (five highest consecutive years in the last 10) times the years of service times applicable benefit percentage (2.6%, 2%, or 1%) equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

Trend Information

Municipal Police Officers and Firefighters Retirement System (MPFRS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2015	\$ 339,816	100%
2014	\$ 249,072	100%
2013	\$ 77,834	100%
2011	\$ 40,754	100%
2010	\$ 27,265	100%

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

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 Ave S.E., Charleston, WV 25304.

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

At fiscal year-end, the government reported a liability of \$303,557 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2014, the government's proportion was 45%, which was an decrease of 7% from its proportion measured as of the prior period.

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

	<u>MPFRS</u>
	Governmental
	<u>Activities</u>
Pension expense	<u>\$ (40,489)</u>

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

Public Employees Retirement System

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ --	\$ 21,817
Changes in proportion and differences between government contributions and proportionate share of contributions	18,138	--
Government contributions subsequent to the measurement date	<u>169,908</u>	<u>--</u>
	<u>\$ 188,046</u>	<u>\$ 21,817</u>

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 20, 2015. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

Year Ended June 30:

2016	\$	93
2017		93
2018		93
2019		(3,958)
Total	<u>\$</u>	<u>(3,679)</u>

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

Actuarial assumptions

Inflation rate	2.20%
Salary increases	3.25%-4.75%
Investment Rate of Return	7.50%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2013. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2014, actuarial valuation to more closely reflect actual

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class included are summarized in the following chart:

<u>Investment</u>	Long-term Expected Real Rate of Return	Target Asset Allocation
US Equity (Russell 3000)	7.6%	27.5%
International Equity (ACWI ex US)	8.5%	27.5%
Core Fixed Income	2.9%	15.0%
High Yield	4.8%	0.0%
TPS	2.9%	0.0%
Real Estate	6.8%	10.0%
Private Equity	9.9%	10.0%
Hedge Funds	5.0%	10.0%
Inflation (CPI)	2.2%	0.0%
		<u>100.0%</u>

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

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	<u>\$ (561,000)</u>	<u>\$ (679,000)</u>	<u>\$ (770,000)</u>

Pension plans' fiduciary net position. Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report.

REQUIRED SUPPLEMENTARY INFORMATION

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015**

I. SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/09	\$ --	\$ 109,692,330	\$ 109,692,330	0.00%	\$ 16,849,837	651%
7/1/10	--	108,988,787	108,988,787	0.00%	17,355,332	628%
7/1/11	--	118,891,508	118,891,508	0.00%	15,568,431	764%
7/1/12	--	124,162,128	124,162,128	0.00%	16,035,484	774%
7/1/13	--	127,943,442	127,943,442	0.00%	16,221,992	789%
7/1/14	--	125,188,530	125,188,530	0.00%	15,959,638	784%

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year	Municipal Contributions	Percent Contributed
2015	\$ 2,612,977	24%
2014	2,394,245	26%
2013	2,832,792	26%
2012	2,635,155	30%
2011	2,717,289	27%
2010	2,527,711	34%
2009	2,426,949	33%

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

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

Policemen's Pension and Relief Fund (PPRF)

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,570,562	\$ 1,639,476
Interest	4,650,084	4,638,808
Difference between expected and actual experience	(1,214,505)	--
Changes in assumptions	(5,215,194)	(3,920,804)
Benefits payments, including refunds of member contributions	<u>(4,077,860)</u>	<u>(10,482)</u>
Net change in total pension liability	(4,286,913)	2,346,998
Total pension liability-beginning	<u>87,015,130</u>	<u>84,668,132</u>
Total pension liability-ending (a)	<u>\$ 82,728,217</u>	<u>\$ 87,015,130</u>
Plan fiduciary net position		
Contributions-employer	5,271,650	5,359,218
Contributions-members	365,787	359,819
Net investment income	654,734	2,438,222
Benefit payments, including refunds of member contributions	(4,077,860)	(3,920,804)
Administrative expenses	(190,402)	(122,396)
Other	--	(10,482)
Net change in plan fiduciary net position	<u>2,023,909</u>	<u>4,103,577</u>
Plan fiduciary net position - beginning	<u>26,517,192</u>	<u>22,413,615</u>
Plan fiduciary net position-ending (b)	<u>\$ 28,541,101</u>	<u>\$ 26,517,192</u>
 Net pension liability - ending (a) - (b)	 <u>\$ 54,187,116</u>	 <u>\$ 60,497,938</u>
 Plan fiduciary net position as a percentage of the total pension liability	 34.50%	 30.47%
 Covered employee payroll	 \$ 4,771,286	 \$ 4,955,880
Net pension liability as a percentage of covered employee payroll	1135.69%	1220.73%

Notes to PPRF'S Schedule:

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

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

Firemen's Pension and Relief Fund (FPRF)

	<u>2015</u>	<u>2014</u>
Total pension liability		
Service cost	\$ 1,569,989	\$ 1,598,605
Interest	4,899,228	4,937,861
Difference between expected and actual experience	(1,282,535)	--
Benefits payments, including refunds of member contributions	<u>(5,265,052)</u>	<u>(5,160,941)</u>
Net change in total pension liability	(78,370)	1,375,525
Total pension liability-beginning	<u>101,114,617</u>	<u>99,739,092</u>
Total pension liability-ending (a)	<u>\$ 101,036,247</u>	<u>\$ 101,114,617</u>
Plan fiduciary net position		
Contributions-employer	6,428,342	6,491,137
Contributions-members	306,473	290,819
Net investment income	538,263	1,573,446
Benefit payments, including refunds of member contributions	(5,265,052)	(5,160,941)
Administrative expenses	(58,286)	(54,823)
Other	<u>14</u>	<u>--</u>
Net change in plan fiduciary net position	1,949,754	3,139,638
Plan fiduciary net position - beginning	<u>16,662,493</u>	<u>13,522,855</u>
Plan fiduciary net position-ending (b)	<u>\$ 18,612,247</u>	<u>\$ 16,662,493</u>
Net pension liability - ending (a) - (b)	<u>\$ 82,424,000</u>	<u>\$ 84,452,124</u>
Plan fiduciary net position as a percentage of the total pension liability	18.42%	16.48%
Covered employee payroll	\$ 4,037,697	\$ 4,063,878
Net pension liability as a percentage of covered employee payroll	2041.36%	2078.12%

Notes to FPRF'S Schedule:

Only two years is presented due to the availability of the information in the application of the reporting requirements

II. SCHEDULES OF INVESTMENT RETURNS

Policemen's Pension and Relief Fund (PPRF)

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	10.00%	10.00%

Firemen's Pension and Relief Fund (PFRF)

	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	3.75%	9.60%

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

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

III. SCHEDULES OF CONTRIBUTIONS MULTIYEAR

Policemen's Pension and Relief Fund (PPRF)

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (a)	\$ 3,717,462	\$ 4,098,151
Employer contribution (b)	(4,237,318)	(4,398,765)
State contribution (c)	<u>(1,034,332)</u>	<u>(960,453)</u>
Contribution (excess) deficiency	\$ <u>(1,554,188)</u>	\$ <u>(1,261,067)</u>
Covered payroll (f)	\$ 4,771,286	\$ 4,955,880
Actual contribution as a percent of covered payroll [(b)+(c)]/f	110%	108%

Firemen's Pension and Relief Fund (PFRF)

	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (a)	\$ 4,908,882	\$ 4,945,075
Employer contribution (b)	(5,326,897)	(5,454,415)
State contribution (c)	<u>(1,101,445)</u>	<u>(1,036,722)</u>
Contribution excess (deficiency)	\$ <u>(1,519,460)</u>	\$ <u>(1,546,062)</u>
Covered payroll (f)	\$ 4,037,697	\$ 4,063,878
Actual contribution as a percent of covered payroll [(b)+(c)]/f	159%	160%

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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
For the Fiscal Year Ended June 30, 2015**

**Public Employees Retirement System
Last 2 Fiscal Years***

	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.42%	0.37%
Government's proportionate share of the net pension liability (asset)	\$ 1,562,223	\$ 3,389,265
Government's covered-employee payroll	\$ 5,670,986	\$ 4,976,029
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	27.55%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	93.98%	79.70%

**Municipal Police Officers & Firefighters Retirement System (MPFRS)
Last 2 Fiscal Years***

	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	-44.71%	-52.29%
Government's proportionate share of the net pension liability (asset)	\$ (303,557)	\$ (138,564)
Government's covered-employee payroll	\$ 1,465,130	\$ 915,691
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-20.72%	-15.13%
Plan fiduciary net position as a percentage of the total pension liability	200.40%	224.40%

* - The amounts presented for each fiscal year were determined as of June 30, 2014

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF GOVERNMENT CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2015

Public Employees Retirement System
Last 2 Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 753,286	\$ 822,293
Contributions in relation to the contractually required contribution	<u>(752,950)</u>	<u>(822,293)</u>
Contribution deficiency (excess)	<u>\$ 336</u>	<u>\$ --</u>
Government's covered-employee payroll	\$ 5,380,616	\$ 5,670,986
Plan fiduciary net position as a percentage of the total pension liability	14.00%	14.50%

Municipal Police Officers & Firefighters Retirement System (MPFRS)
Last 10 Fiscal Years

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 169,908	\$ 124,536
Contributions in relation to the contractually required contribution	<u>(169,908)</u>	<u>(124,536)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>
Government's covered-employee payroll	\$ 1,998,916	\$ 1,465,130
Plan fiduciary net position as a percentage of the total pension liability	8.50%	8.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015

NOTES TO SCHEDULES

Significant Actuarial Assumptions

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

	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
	<u>6/30/2015</u>	<u>6/30/2015</u>
Valuation Date	6/30/2015	6/30/2015
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Period	26 Years (Level Percentage)	28 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	6.000%	5.00%
Projected Salary Increases	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1% thereafter	9% per year (0-1), 4.5% (1-2), 2% (3-4), 1% thereafter
Post Retirement Benefit Increases	None	None
Inflation	3.00%	3.00%
Cost of Living Adjustments	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years	3% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years
Mortality	Active: 85 percent of 1994 Group Annuity Mortality, Post-Retirement: 1994 Group Annuity Mortality, Disabled: 1994 Group Annuity set forward 4 years	Active: 85 percent of 1994 Group Annuity Mortality, Post-Retirement: 1994 Group Annuity Mortality, Disabled: 1994 Group Annuity set forward 4 years

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
June 30, 2015

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS				
Assets:				
Current:				
Cash and cash equivalents	\$ 222,630	\$ 1,318	\$ 5,165	\$ 229,113
Investments	--	1,381,169	--	1,381,169
Receivables:				
Municipal fees	609,649	--	--	609,649
Due from:				
Other funds	6,600	6,122	--	12,722
Fiduciary funds	38,288	--	--	38,288
Total assets	<u>877,167</u>	<u>1,388,609</u>	<u>5,165</u>	<u>2,270,941</u>
Deferred Outflows:				
Deferred outflows	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 877,167</u>	<u>\$ 1,388,609</u>	<u>\$ 5,165</u>	<u>\$ 2,270,941</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	17,822	--	--	17,822
Contracts payable	655,852	--	--	655,852
Due to:				
Component unit	5,721	--	--	5,721
Total liabilities	<u>679,395</u>	<u>--</u>	<u>--</u>	<u>679,395</u>
Deferred Inflows:				
Deferred inflow	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities and deferred inflows of resources	<u>679,395</u>	<u>--</u>	<u>--</u>	<u>679,395</u>
Fund balances:				
Nonspendable	609,649	--	--	609,649
Restricted	--	--	5,165	5,165
Assigned	188,979	1,388,609	--	1,577,588
Unassigned	(600,856)	--	--	(600,856)
Total fund balances	<u>197,772</u>	<u>1,388,609</u>	<u>5,165</u>	<u>1,591,546</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 877,167</u>	<u>\$ 1,388,609</u>	<u>\$ 5,165</u>	<u>\$ 2,270,941</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2015

	Special Revenue	Capital Projects	Debt Service	Total Nonmajor Governmental Funds
REVENUES				
Taxes:				
Ad valorem property taxes	\$ --	\$ --	\$ 184,877	\$ 184,877
Charges for services	1,200	69,175	--	70,375
Fines and forfeits	28,477	--	--	28,477
Interest earnings	507	507	17	1,031
Refunds	8,570	--	--	8,570
Contributions and donations	318,360	--	--	318,360
Total revenues	357,114	69,682	184,894	611,690
EXPENDITURES				
Current:				
General government	89,865	--	2,000	91,865
Public safety	153,877	--	--	153,877
Health and sanitation	--	207,593	--	207,593
Capital projects	456,979	--	--	456,979
Debt service:				
Principal	--	--	129,000	129,000
Interest	28,003	--	62,005	90,008
Total expenditures	728,724	207,593	193,005	1,129,322
Excess (deficiency) of revenues over expenditures	(371,610)	(137,911)	(8,111)	(517,632)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(95)	--	--	(95)
Proceeds from the sale of assets	(75,814)	--	--	(75,814)
Capital leases	67,077	--	--	67,077
Special item:				
Transfer of floodwall (Note IV.K)	--	(155,434)	--	(155,434)
Total other financing sources (uses)	(8,832)	(155,434)	--	(164,266)
Net change in fund balance	(380,442)	(293,345)	(8,111)	(681,898)
Fund balances - beginning	578,214	1,681,954	13,276	2,273,444
Fund balances - ending	\$ 197,772	\$ 1,388,609	\$ 5,165	\$ 1,591,546

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2015

	Capital Improvements	Safety Town	Federal Drug	Special Paving and Sewer Assessment	Westmoreland Fire Protection	Jean Dean Public Safety	Huntington Urban Renewal	Total Nonmajor Special Revenue Funds
ASSETS AND DEFERRED OUTFLOWS								
Assets:								
Current:								
Cash and cash equivalents	\$ 4,979	\$ 1,185	\$ 35,314	\$ --	\$ 94,822	\$ 19,251	\$ 67,079	\$ 222,630
Asset held for resale	--	--	--	--	--	--	609,649	609,649
Due from:								
Other funds	--	--	--	--	--	6,600	--	6,600
Fiduciary funds	--	--	38,288	--	--	--	--	38,288
Total assets	\$ 4,979	\$ 1,185	\$ 73,602	\$ --	\$ 94,822	\$ 25,851	\$ 676,728	\$ 877,167
Deferred Outflows:								
Deferred outflows	--	--	--	--	--	--	--	--
Total assets and deferred outflows of resources	\$ 4,979	\$ 1,185	\$ 73,602	\$ --	\$ 94,822	\$ 25,851	\$ 676,728	\$ 877,167
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES								
Liabilities:								
Accounts payable	--	--	2,016	--	--	9,444	6,362	17,822
Line of credit	--	--	--	--	--	--	655,852	655,852
Due to:								
Other funds	--	--	--	--	--	--	5,721	5,721
Total liabilities	--	--	2,016	--	--	9,444	667,935	679,395
Deferred Inflows:								
Deferred inflows	--	--	--	--	--	--	--	--
Total liabilities and deferred inflows of resources	--	--	2,016	--	--	9,444	667,935	679,395
Fund balances:								
Nonspendable	--	--	--	--	--	--	609,649	609,649
Assigned	4,979	1,185	71,586	--	94,822	16,407	--	188,979
Unassigned	--	--	--	--	--	--	(600,856)	(600,856)
Total fund balances	4,979	1,185	71,586	--	94,822	16,407	8,793	197,772
Total liabilities, deferred inflows and fund balances	\$ 4,979	\$ 1,185	\$ 73,602	\$ --	\$ 94,822	\$ 25,851	\$ 676,728	\$ 877,167

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>Capital Improvements</u>	<u>Safety Town</u>	<u>Federal Drug</u>	<u>Special Paving and Sewer Assessment</u>	<u>Westmoreland Fire Protection</u>	<u>Jean Dean Public Safety</u>	<u>Huntington Urban Renewal</u>	<u>Total Nonmajor Special Revenue Funds</u>
REVENUES								
Taxes:								
Charges for services	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,200	\$ 1,200
Fines and forfeits	--	--	--	--	--	28,477	--	28,477
Interest and investment earnings	2	6	324	--	106	11	58	507
Refunds	--	--	--	--	--	--	8,570	8,570
Contributions and donations	--	20,215	298,145	--	--	--	--	318,360
Total revenues	<u>2</u>	<u>20,221</u>	<u>298,469</u>	<u>--</u>	<u>106</u>	<u>28,488</u>	<u>9,828</u>	<u>357,114</u>
EXPENDITURES								
Current:								
General government	400	--	--	300	--	--	89,165	89,865
Public safety	--	21,937	74,056	--	24,902	32,982	--	153,877
Capital projects	--	--	456,979	--	--	--	--	456,979
Interest	--	--	--	--	--	--	28,003	28,003
Total expenditures	<u>400</u>	<u>21,937</u>	<u>531,035</u>	<u>300</u>	<u>24,902</u>	<u>32,982</u>	<u>117,168</u>	<u>728,724</u>
Excess (deficiency) of revenues over expenditures	<u>(398)</u>	<u>(1,716)</u>	<u>(232,566)</u>	<u>(300)</u>	<u>(24,796)</u>	<u>(4,494)</u>	<u>(107,340)</u>	<u>(371,610)</u>
OTHER FINANCING SOURCES (USES)								
Transfers (out)	--	--	--	(95)	--	--	--	(95)
Proceeds from the sale of assets	--	--	--	--	--	--	(75,814)	(75,814)
Capital leases	--	--	67,077	--	--	--	--	67,077
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>67,077</u>	<u>(95)</u>	<u>--</u>	<u>--</u>	<u>(75,814)</u>	<u>(8,832)</u>
Net change in fund balance	<u>(398)</u>	<u>(1,716)</u>	<u>(165,489)</u>	<u>(395)</u>	<u>(24,796)</u>	<u>(4,494)</u>	<u>(183,154)</u>	<u>(380,442)</u>
Fund balances - beginning	<u>5,377</u>	<u>2,901</u>	<u>237,075</u>	<u>395</u>	<u>119,618</u>	<u>20,901</u>	<u>191,947</u>	<u>578,214</u>
Fund balances - ending	<u>\$ 4,979</u>	<u>\$ 1,185</u>	<u>\$ 71,586</u>	<u>\$ --</u>	<u>\$ 94,822</u>	<u>\$ 16,407</u>	<u>\$ 8,793</u>	<u>\$ 197,772</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2015

	<u>Floodwall</u>	<u>Landfill Reserve</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS AND DEFERRED OUTFLOWS			
Assets:			
Current:			
Cash and cash equivalents	\$ --	\$ 1,318	\$ 1,318
Investments	--	1,381,169	1,381,169
Receivables:			
Due from:			
Other funds	<u>--</u>	<u>6,122</u>	<u>6,122</u>
 Total assets	 <u>--</u>	 <u>1,388,609</u>	 <u>1,388,609</u>
Deferred Outflows:			
Deferred outflows	<u>--</u>	<u>--</u>	<u>--</u>
 Total deferred outflows of resources	 <u>--</u>	 <u>--</u>	 <u>--</u>
 Total assets and deferred outflows of resources	 <u>\$ --</u>	 <u>\$ 1,388,609</u>	 <u>\$ 1,388,609</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Deferred Inflows:			
	<u>--</u>	<u>--</u>	<u>--</u>
 Total deferred inflows of resources	 <u>--</u>	 <u>--</u>	 <u>--</u>
 Total liabilities and deferred inflows of resources	 <u>--</u>	 <u>--</u>	 <u>--</u>
FUND BALANCES			
Assigned	<u>--</u>	<u>1,388,609</u>	<u>1,388,609</u>
 Total fund balances	 <u>\$ --</u>	 <u>\$ 1,388,609</u>	 <u>\$ 1,388,609</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - NONMAJOR CAPITAL PROJECTS FUNDS
For the Fiscal Year Ended June 30, 2015

	<u>Floodwall</u>	<u>Landfill Reserve</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES			
Taxes:			
Charges for services	\$ --	\$ 69,175	\$ 69,175
Interest and investment earnings	--	507	507
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u> </u>	<u>69,682</u>	<u>69,682</u>
EXPENDITURES			
Current:			
Health and sanitation	<u> </u>	<u>207,593</u>	<u>207,593</u>
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u> </u>	<u>207,593</u>	<u>207,593</u>
Excess (deficiency) of revenues over expenditures	<u> </u>	<u>(137,911)</u>	<u>(137,911)</u>
OTHER FINANCING SOURCES (USES)			
Special item:			--
Transfer of floodwall (Note IV.K)	<u>(155,434)</u>	<u> </u>	<u>(155,434)</u>
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	<u>(155,434)</u>	<u> </u>	<u>(155,434)</u>
Net change in fund balance	<u>(155,434)</u>	<u>(137,911)</u>	<u>(293,345)</u>
Fund balances - beginning	<u>155,434</u>	<u>1,526,520</u>	<u>1,681,954</u>
Fund balances - ending	<u>\$ --</u>	<u>\$ 1,388,609</u>	<u>\$ 1,388,609</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUND
June 30, 2015

	<u>Tax Increment Financing</u>
ASSETS AND DEFERRED OUTFLOWS	
Assets	
Current:	
Cash and cash equivalents	\$ <u>5,165</u>
Total assets	<u>5,165</u>
Deferred Outflows:	
Deferred outflows	<u>--</u>
Total deferred outflows of resources	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 5,165</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
LIABILITIES	
Liabilities	<u>--</u>
Total liabilities	<u>--</u>
Deferred Inflows:	
Deferred inflows	<u>--</u>
Total deferred inflows of resources	<u>--</u>
Total liabilities and deferred inflows of resources	<u>--</u>
FUND BALANCE	
Restricted	<u>5,165</u>
Total fund balance	<u>5,165</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,165</u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES -
 NONMAJOR DEBT SERVICE FUND
 For the Fiscal Year Ended June 30, 2015**

	<u>Tax Increment Financing</u>
REVENUES	
Taxes:	
Ad valorem property taxes	\$ 184,877
Interest and investment earnings	<u>17</u>
Total revenues	<u>184,894</u>
EXPENDITURES	
Current:	
General government	2,000
Debt service:	
Principal	129,000
Interest	<u>62,005</u>
Total expenditures	<u>193,005</u>
Net change in fund balance	(8,111)
Fund balance - beginning	<u>13,276</u>
Fund balance - ending	<u>\$ 5,165</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2015

	<u>Police Retiree's Insurance</u>	<u>Fire Retiree's Insurance</u>	<u>Asset Seizure</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,119,443	\$ 484,839	\$ 630,494	\$ 2,234,776
Total assets	<u>1,119,443</u>	<u>484,839</u>	<u>630,494</u>	<u>2,234,776</u>
DEFERRED OUTFLOWS				
Deferred outflows	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total deferred outflows of resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total assets and deferred outflows of resources	<u>\$ 1,119,443</u>	<u>\$ 484,839</u>	<u>\$ 630,494</u>	<u>\$ 2,234,776</u>
LIABILITIES				
Due to primary government	--	--	38,288	38,288
Refunds payable and others	<u>1,119,443</u>	<u>484,839</u>	<u>592,206</u>	<u>2,196,488</u>
Total liabilities	<u>1,119,443</u>	<u>484,839</u>	<u>630,494</u>	<u>2,234,776</u>
DEFERRED INFLOWS				
Deferred inflows	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total deferred inflows of resources	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,119,443</u>	<u>\$ 484,839</u>	<u>\$ 630,494</u>	<u>\$ 2,234,776</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - COMPONENT UNITS
June 30, 2015

	Business-type Activities - Enterprise Funds	
	Municipal Development Authority	Municipal Parking Authority
ASSETS		
Current:		
Cash and cash equivalents	\$ 689,410	\$ 243,709
Receivables:		
Accounts	--	640
Due from:		
Primary government	300,000	--
Prepaid expenses	--	3,065
Total current assets	<u>989,410</u>	<u>247,414</u>
Noncurrent assets:		
Restricted assets		
Regular account	<u>618,553</u>	<u>114</u>
Total restricted assets	<u>618,553</u>	<u>114</u>
Capital assets:		
Nondepreciable:		
Land	5,141,571	942,876
Depreciable:		
Buildings	12,843,003	4,775,401
Structures and improvements	1,588,812	490,173
Machinery and equipment	200,000	678,536
Furniture and fixtures	2,661,074	--
Less: accumulated depreciation	<u>(11,724,500)</u>	<u>(5,000,901)</u>
Total capital assets (net of accumulated depreciation)	<u>10,709,960</u>	<u>1,886,085</u>
Total noncurrent assets	<u>11,328,513</u>	<u>1,886,199</u>
Total assets	<u>12,317,923</u>	<u>2,133,613</u>
DEFERRED OUTFLOWS		
Changes in pension contribution	--	33,948
Contributions made subsequent to measurement date	--	51,547
Total deferred outflows of resources	<u>--</u>	<u>85,495</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - COMPONENT UNITS
June 30, 2015

	Business-type Activities - Enterprise Funds	
	Municipal Development Authority	Municipal Parking Authority
LIABILITIES		
Current liabilities payable from current assets:		
Accounts payable	\$ 3,115	\$ 1,069
Reserve for health claims	3,738	13,607
Accrued revenue bond/note interest payable	83,454	--
Due to:		
Primary government	8,839	49,366
Revenue bonds payable	290,000	--
Total current liabilities payable from current assets	389,146	64,042
Unearned revenues:		
Charges for services	--	4,817
Total unearned revenues	--	4,817
Noncurrent liabilities		
Bonds payable	7,426,739	--
Other postemployment benefits payable	10,661	100,771
Net pension liability - PERS	--	147,446
Compensated absences payable	4,765	18,586
Total noncurrent liabilities	7,442,165	266,803
Total liabilities	7,831,311	335,662
DEFERRED INFLOWS		
Change in investment experience	--	156,007
Total deferred inflows of resources	--	156,007
NET POSITION		
Net investment in capital assets	2,993,221	1,886,085
Restricted for debt service	618,553	114
Unrestricted	874,838	(158,760)
Total net position	4,486,612	1,727,439
Total liabilities and net position	\$ 12,317,923	\$ 2,219,108

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - COMPONENT UNITS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Municipal Development Authority	Municipal Parking Authority
Operating revenues:		
Sales and services to customers	\$ 20,000	\$ 758,530
Rental fees	5,205	82,006
Miscellaneous	5,000	12,889
Total revenues	<u>30,205</u>	<u>853,425</u>
Operating expenses:		
Personal services	174,057	581,434
Contractual services	--	1,501
Administrative and general	64,823	68,118
Miscellaneous	935	--
Liability insurance	4,474	--
Materials and supplies	475	21,057
Utilities	1,590	30,075
Depreciation	1,087,545	159,972
Maintenance	11,925	21,069
Total operating expenses	<u>1,345,824</u>	<u>883,226</u>
Operating income (loss)	<u>(1,315,619)</u>	<u>(29,801)</u>
Nonoperating revenues (expenses):		
Tax increment revenue	257,238	--
Investment earnings	727	184
Gain (loss) on sale of fixed assets	(130,356)	109,115
Interest and fiscal charges	(559,607)	(58,948)
Operating grants	1,010,740	--
Total nonoperating revenues (expenses)	<u>578,742</u>	<u>50,351</u>
Income (loss) before special items	<u>(736,877)</u>	<u>20,550</u>
Special item:		
Revaluation of accounting estimate (Note IV.K)	757,025	--
Change in net assets	20,148	20,550
Net position at beginning of year, restated, (Note IV.J)	<u>4,466,464</u>	<u>1,706,889</u>
Net position at end of year	<u>\$ 4,486,612</u>	<u>\$ 1,727,439</u>

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - COMPONENT UNITS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Municipal Development Authority	Municipal Parking Authority
Cash flows from operating activities:		
Cash received from customers	\$ 30,241	\$ 847,376
Cash paid for goods and services	(84,156)	2,589
Other cash received (paid) for intergovernmental activity	97,059	2,108
Cash paid to employees	(170,595)	(735,004)
	(127,451)	117,069
Net cash provided (used) by operating activities	(127,451)	117,069
Cash flows from noncapital financing activities:		
Tax increment financing revenues	257,238	--
Transfers (out)	757,025	--
Contributions from other entities	1,010,740	--
	2,025,003	--
Net cash provided (used) by noncapital financing activities	2,025,003	--
Cash flows from capital and related financing activities:		
Purchases of capital assets	(1,000,000)	(6,506)
Principal paid on capital debt	(1,253,175)	(1,199,827)
Proceeds from the sales of capital assets	660,000	1,000,000
Interest paid on capital debt	(584,592)	(58,948)
	(2,177,767)	(265,281)
Net cash provided (used) by capital and related financing activities	(2,177,767)	(265,281)
Cash flows from investing activities:		
Interest received	727	184
	727	184
Net cash provided (used) by investing activities	727	184
Net increase (decrease) in cash and cash equivalents	(279,488)	(148,028)
Cash and cash equivalents at beginning of year (including \$1,430,644 in restricted accounts)	1,587,451	391,851
Cash and cash equivalents at end of year (including \$618,667 in restricted accounts)	\$ 1,307,963	\$ 243,823

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - COMPONENT UNITS
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Funds	
	Municipal Development Authority	Municipal Parking Authority
	Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ (1,315,619)	\$ (29,801)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,087,545	159,972
Decrease (increase) in accounts receivable	--	1,824
Decrease (increase) in loans receivable	36	--
Decrease (increase) in deferred outflows	--	(7,872)
Decrease (increase) in due from primary government	100,000	489
Decrease (increase) in prepaid expenses	--	(1,278)
Increase (decrease) in accounts payable	34	(1,875)
Increase (decrease) in other postemployment benefits payable	3,897	24,448
Increase (decrease) in other accrued expenses	32	116
Increase (decrease) in compensated absences payable	(435)	(14,078)
Increase (decrease) in net pension liability	--	(172,502)
Increase (decrease) in deferred inflows	--	156,007
Increase (decrease) due to other funds	--	932
Increase (decrease) in due to primary government	(2,941)	687
	\$ (127,451)	\$ 117,069
Net cash provided by operations	\$ (127,451)	\$ 117,069

ACCOMPANYING INFORMATION



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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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*

Independent Auditor's Report

Honorable Mayor and Council
City of Huntington
Huntington, West Virginia 25717

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 Huntington, West Virginia (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 21, 2016. In that report, our opinion was qualified due to the entity not reporting a liability for landfill closure and postclosure care costs as required by Governmental Accounting Standards Board Statement Number 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 through 2015-003 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 through 2015-006.

Entity's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result 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.

Respectfully submitted,



Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 21, 2016



State of West Virginia

Glen B. Gainer III

**State Auditor and
Chief Inspector**

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Independent Auditor's Report

Honorable Mayor and Council
City of Huntington
Huntington, West Virginia 25717

Report on Compliance for Each Major Federal Program

We have audited the compliance of the City of Huntington, West Virginia (the City) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2015. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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.

Honorable Mayor and Council
City of Huntington
Page 3

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Glen B. Gainer III". The signature is written in a cursive, slightly slanted style.

Glen B. Gainer III
West Virginia State Auditor
Charleston, West Virginia

March 21, 2016

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U. S. Department of Agriculture			
Pass-through Programs from:			
University of Michigan, WV State University and United Way of River Cities Cooperative Extension Service	10.500	N/A	\$ 12,792
Pass-through Programs from:			
State of West Virginia Department of Education			
Child and Adult Care Food Program	10.558	51105	<u>37,535</u>
Total U. S. Department of Agriculture			<u>50,327</u>
U. S. Department of Housing and Urban Development			
Direct programs:			
<u>Program Title</u>			
Community Development Block Grants / Entitlement Grants	14.218	N/A	1,981,241
Emergency Solutions Grant Program	14.231	N/A	64,863
Home Investment Partnerships Program	14.239	N/A	699,426
Pass-through Programs From:			
West Virginia State Office of Economic Opportunity			
<u>Program Title</u>			
Emergency Solutions Grant Program	14.231	S-11-DC-54-0001	<u>62,568</u>
Total U. S. Department of Housing and Urban Development			<u>2,808,098</u>
U. S. Department of Justice			
Direct Programs:			
<u>Program Title</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	38,892

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

	Federal CFDA <u>Number</u>	Pass-Through Entity <u>Number</u>	Total <u>Expenditures</u>
Public Safety Partnership and Community Policing Grants	16.710	N/A	\$ 182,767
Byrne Criminal Justice Innovation Program	16.817	N/A	72,029
Pass-through Programs From: Division of Justice and Community Services (DJCS)			
<u>Program Title</u>			
Juvenile Justice and Delinquency Prevention_Allocation State:	16.540	11-JJP-009	50,085
Edward Byrne Memorial Formula Grant Program	16.579	14-JAG-03 12P-PDI-19	12,323 9,800
Total U. S. Department of Justice			<u>365,896</u>
U.S. Department of Transportation			
Pass-through Programs From: West Virginia Department of Transportation			
<i>Highway Safety Cluster</i>			
<u>Program Title</u>			
State and Community Highway Safety	20.600	F15HS02-402	245,096
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	F15HS02-410 F14HS02-410	194,920 57,675
Safety Belt Performance Grants	20.609	F15HS02-406 F14HS02-406	4,663 2,291
State Traffic Safety Information System Information System Improvement Grants	20.610	F14HS02-408 F15HS02-408	600 16,110
Incentive Grant Program to Increase Motorcyclist Safety	20.612	F14HS02-2012	550
Child Safety and Child Booster Seats Incentive Grants	20.613	F14HS02-2011	2,985
National Priority Safety Programs	20.616	F14HS02-405b F14HS02-405e F15HS02-405b	8,922 6,963 42,935
Alcohol Open Container Requirements	20.607	F14-HS02-154 F15-HS02-154	67,832 89,602
<i>Total Highway Safety Cluster</i>			<u>741,144</u>
Total U.S. Department of Transportation			<u>741,144</u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>
U.S. Department of Military Affairs and Public Safety			
Pass-through Programs From:			
State of West Virginia Department of Military Affairs and Public Safety			
<u>Program Title</u>			
Homeland Security Grant Program	97.067	14-LE-CIP	\$ 12,240
		13-LE-32	63,750
		11-SHS-24	<u>266,000</u>
Total U.S. Department of Military Affairs and Public Safety			<u>341,990</u>
TOTAL FEDERAL AWARDS EXPENDITURES			<u><u>\$ 4,307,455</u></u>

The accompanying notes are an integral part of this schedule.

MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2015

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - LOANS OUTSTANDING

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

<u>Program Title</u>	Federal CFDA <u>Number</u>	Amount <u>Outstanding</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 4,608,481
Home Investment Partnerships Program	14.239	3,152,096

NOTE 3 - SUBRECIPIENT DISBURSEMENTS

Of the federal expenditures presented in the Schedule, the Municipality provided federal awards to subrecipients as follows:

<u>Program Title</u>	Federal CFDA <u>Number</u>	<u>Disbursements</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 336,900
Emergency Solutions Grants Program	14.231	121,341
Highway Safety Cluster		
State and Community Highway Safety	20.600	30,434
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	53,036
Child Safety and Child Booster Seats Incentive Grants	20.613	1,060
National Priority Safety Programs	20.616	34,906
Alcohol Open Container Requirements	20.607	39,916

NOTE 4 - FEDERAL SUBSIDIES

Federal interest rate subsidies related to the City's Build America Bonds totaling \$154,564 are included in revenues from the Federal government in the General Fund, but are not subject to the Single Audit Act or reportable on the SEFA.

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified
Internal Control over Financial Reporting:	
Material weaknesses identified?	Yes
Significant deficiencies identified that is/are not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Internal Control over Major Programs:

Material weaknesses identified?	No
Significant deficiencies identified that is/are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with § 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grants / Entitlement Grants
14.239	HOME Investment Partnerships Program
20.600, 20.601, 20.607, 20.609, 20.610, 20.612, 20.613, 20.616	Highway Safety Cluster
97.067	Homeland Security Grant Program

Dollar threshold used to distinguish between Type A and Type B Program:	\$ 300,000
Auditee qualify as a low-risk auditee?	No

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Section II - Financial Statement Findings

**Segregation of Duties
2015-001**

CONDITION:

It was noted that the responsibilities for approving, executing, and recording transactions and custody of the resulting assets arising from the transactions were not assigned to different individuals.

CRITERIA:

Proper internal control dictates responsibility for approving, executing and recording transactions should rest with different individuals. Custody of resulting assets should also be assigned to individuals with no responsibilities in the above areas.

CAUSE:

The entity has not implemented proper control procedures to sufficiently segregate duties.

EFFECT:

Internal control structure elements do not reduce to a relatively low level the risk that errors and irregularities, in amounts that would be material in relation to the financial statements, may occur and not be detected in a timely manner.

RECOMMENDATION:

The City should distribute among the accounting staff the duties of approving, executing and recording transactions to the extent as being economically practicable.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

City officials will evaluate the current processes and determine where further segregation of duties may be accomplished.

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Controls Over Financial Statement Preparation

2015-002

CONDITION:

We noted during our audit of the City of Huntington that employees or management did not prepare adequate financial statements as of fiscal year June 30, 2015. Specifically, significant audit adjustments had to be made during the audit to correct material misstatements and misclassifications discovered in the financial statements as prepared by management.

CRITERIA:

Paragraph 18 of Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit*, states in part:

"Deficiencies in the following areas ordinarily are at least significant deficiencies in internal control:

Controls over the selection and application of accounting principles that are in conformity with generally accepted accounting principles. Having sufficient expertise in selecting and applying accounting principles is an aspect of such controls.

Controls over the period-end financial reporting process, including controls over procedures used to enter transaction totals into the general ledger; initiate, authorize, record, and process journal entries into the general ledger; and record recurring and nonrecurring adjustments to the financial statements."

Furthermore, paragraph 19 states in part;

"Each of the following is an indicator of a control deficiency that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Ineffective oversight of the entity's financial reporting and internal control by those charged with governance."

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Controls Over Financial Statement Preparation
2015-002 (continued)**

CAUSE:

The City has inadequate policies and procedures related to controls for preparing financial statements that does not minimize the risk of a material misstatement and/or misclassifications.

EFFECT:

A significant potential exists for misstatements to occur in the financial statements without being detected by employees or management in a timely manner.

RECOMMENDATION:

The City should develop policies and procedures to ensure financial statements are prepared in accordance with generally accepted accounting principles.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

City officials stated that the financial statements will be prepared and all accounts will be evaluated to determine the proper accruals prior to the audit to minimize significant audit adjustment in the future.

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Landfill Closure and Postclosure Care Costs Liability
2015 - 003**

CONDITION:

It was noted that the City did not record a liability for landfill closure and postclosure care costs.

CRITERIA:

Governmental Accounting Standards Board (GASB) Statement Number 18 requires that state and local governments disclose the nature and source of Municipal Solid Waste Landfill (MSWLF) closure and postclosure care requirements, the nature of the closure and postclosure care estimates, the reported liability at the balance sheet date, the estimated total closure and postclosure care cost remaining to be recognized, the percentage of MSWLF capacity used to date, and the estimated remaining MSWLF life in years. Entities also are required to disclose how closure and postclosure care financial assurance requirements are being met.

CAUSE:

Officials were unaware of the requirement to reflect this liability in the financial statements, and failed to account for the Landfill Closure and Postclosure Care Costs Liability.

EFFECT:

The liabilities are substantially understated which necessitates a qualification of opinion on the financial statements.

RECOMMENDATION:

The City should review the requirements set forth in GASB Statement No. 18 and obtain an engineering study in order to calculate the liability related to the Landfill Closure and Postclosure Care Costs Liability.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The City is in the process of obtaining an engineering study in order to properly present the Landfill Closure and Postclosure Care Costs Liability.

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Required Contribution - Firemen's Pension Fund
2015-004**

CONDITION:

It was determined during this examination that the City failed to make the minimum required contribution to the Firemen's Pension and Relief Fund. Specifically, the City underfunded the fire pension fund by an amount of \$865,298 for the current fiscal year. As of June 30, 2015, the City owed to the pension fund a total of \$2,234,726.

CRITERIA:

West Virginia Code §8-22-20 states in part:

"...the financial objective of each municipality shall not be less than to contribute to the fund annually an amount which, together with the contributions from the members and the allocable portion of the municipal pensions and protection fund for municipal pension and relief funds established under section fourteen-d [§33-3-14d], article three, chapter thirty-three of this code and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years... "

West Virginia Code §8-22-20 states further with respect to an alternative funding method:

"...contribution payments in subsequent fiscal years under this alternative contribution method may not be less than one hundred seven percent of the amount contributed in the prior fiscal year:...and provided further, that prior to using this alternative contribution method the actuary of the fund shall certify in writing that the fund is projected to be solvent under the alternative contribution method for the next consecutive fifteen-year period...."

“(3)Notwithstanding any other provision of this section or article to the contrary, each municipality shall contribute annually to the fund an amount, which may not be less than the normal cost, as determined by the actuarial report.”

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Required Contribution - Firemen's Pension Fund
2015-004 (continued)**

CAUSE:

During the fiscal year, the City did not receive revenues as expected from prior year experience. Due to the loss of certain revenue streams the City suffered a large loss for the fiscal year under examination and was unable to meet it's obligations to fund the Firemen's Pension Fund.

EFFECT:

The Firemen's Pension and Relief fund is underfunded by \$2,234,726. This violates statutes and the City will have to pay this amount plus applicable interest to rectify this situation. If this trend continues the City is at risk for losing the State provided portion of funding for the pension funds.

RECOMMENDATION:

City officials should rectify the shortfall in the current fiscal year and endeavor to make minimum contributions in the current year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The City is examining revenue streams and expense allocations to determine the necessary steps to pay it's obligations.

MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Required Contribution - Policemen's Pension Fund
2015-005

CONDITION:

It was determined during the examination that the City failed to make the minimum required contribution to the Policemen's Pension and Relief Fund. Specifically, the City underfunded the fire pension fund by an amount of \$663,381 for the current fiscal year. As of June 30, 2015, the City owed to the pension fund a total of \$1,784,976.

CRITERIA:

West Virginia Code §8-22-20 states in part:

"...the financial objective of each municipality shall not be less than to contribute to the fund annually an amount which, together with the contributions from the members and the allocable portion of the municipal pensions and protection fund for municipal pension and relief funds established under section fourteen-d [§33-3-14d], article three, chapter thirty-three of this code and other income sources as authorized by law, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years..."

West Virginia Code §8-22-20 states further with respect to an alternative funding method:

"...contribution payments in subsequent fiscal years under this alternative contribution method may not be less than one hundred seven percent of the amount contributed in the prior fiscal year:...and provided further, that prior to using this alternative contribution method the actuary of the fund shall certify in writing that the fund is projected to be solvent under the alternative contribution method for the next consecutive fifteen-year period...."

"(3)Notwithstanding any other provision of this section or article to the contrary, each municipality shall contribute annually to the fund an amount, which may not be less than the normal cost, as determined by the actuarial report."

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Required Contribution - Policemen's Pension Fund
2015-005 (continued)**

CAUSE:

During the fiscal year, the City did not receive revenues as expected from prior year experience. Due to the loss of certain revenue streams the City suffered a large loss for the fiscal year under examination and was unable to meet it's obligations to fund the Policemen's Pension Fund.

EFFECT:

The Policemen's Pension and Relief fund is underfunded by \$1,784,976. This violates statutes and the City will have to pay this amount plus applicable interest to rectify this situation. If this trend continues the City is at risk for losing the State provided portion of funding for the pension funds.

RECOMMENDATION:

City officials should rectify the shortfall in the current fiscal year and endeavor to make minimum contributions in the current year.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The City is examining revenue streams and expense allocations to determine the necessary steps to pay it's obligations.

**MUNICIPALITY OF HUNTINGTON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**Expenditure in Excess of Amounts Allocated
in the Levy Estimate - General Fund
2015-006**

CONDITION:

It was determined during this examination that municipal officials of the City of Huntington incurred expenditures and/or encumbrances for certain items in the General Fund in excess of the amounts allocated for those items in the official levy estimate (budget) as last revised. Specifically, expenditures in the following categories exceeded budgeted amounts:

	Budgeted Amount Final	Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
Streets and transportation	\$ 3,270,107	\$ 3,800,417	\$ (530,310)
Capital projects	344,431	1,003,375	(658,944)

CRITERIA:

West Virginia Code §11-8-26 states in part that:

- "...a local fiscal body shall not expend money or incur obligations:
- (1) In an unauthorized manner;
 - (2) For an unauthorized purpose;
 - (3) In excess of the amount allocated to the fund in the levy order;
 - (4) In excess of the funds available for current expenses..."

CAUSE:

The City failed to implement policies and procedures which should regulate expenditures and insure that adequate revisions be made to the budget prior to actual disbursements being made.

EFFECT:

By not exercising adequate policies and procedures, the City compromises its budgetary control.

RECOMMENDATION:

The City should implement controls that will insure compliance with budgetary requirements.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

City Officials stated that better budgetary control will be exercised in the future to prevent overexpenditures.

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

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2014-001	Segregation of Duties	Not Resolved
2014-002	Controls over Financial Statement Preparation	Not Resolved
2014-003	Controls over Loan Receivable Documentation	Resolved
2014-004	Municipal Parking Board Revenue Bond Ordinance - Rate Covenant	Resolved
2014-005	Expenditures in Excess of Amounts Allocated In Levy Estimate - General Fund	Not Resolved