

**AUDIT REPORT OF  
THE MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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, 2016**

**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  
Federal Drug  
Westmoreland Fire Protection  
Jean Dean Public Safety  
Urban Renewal  
Safety Town

*Capital Projects Fund*

Landfill Reserve

*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, 2016**

**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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
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***INTRODUCTORY SECTION***

**CITY OF HUNTINGTON, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
For the Fiscal Year Ended June 30, 2016**

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
	Frances Jackson	01-01-13 / 12-31-16
	Tom McGuffin	01-01-13 / 12-31-16
	Bill Rosenberger	11-03-14 / 12-31-16
	John David Short	10-29-15 / 12-31-16
	Rebecca Thacker	01-01-13 / 12-31-16
	<u>Appointive</u>	
Finance Director:	Pamela Chandler	
City Clerk:	Barbara Nelson	
Municipal Attorney:	Scott Damron	

***FINANCIAL SECTION***



# State of West Virginia

**John B. McCuskey**

**State Auditor and  
Chief Inspector**

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Chief Inspector Division  
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## *INDEPENDENT AUDITOR'S REPORT*

Honorable Mayor and Council  
City of Huntington  
Huntington, West Virginia 25701

### **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, 2016, 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.

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntington, West Virginia, as of June 30, 2016, 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 Matter*

As discussed in Note I.D.9., the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurement and Application*. 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 Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 76-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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***

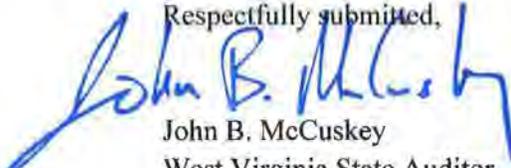
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, the discretely presented 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 Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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, 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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, 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, 2017, 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,  
  
John B. McCuskey  
West Virginia State Auditor  
Charleston, West Virginia

March 21, 2017

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Parking Board	Municipal Development Authority	Water Quality Board
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 4,907,383	\$ 1,227,812	\$ 6,135,195	\$ 316,999	\$ 881,422	\$ 1,418,929
Investments	2,136,732	--	2,136,732	--	--	--
Receivables:						
Accounts	2,325,693	663,676	2,989,369	700	--	1,764,524
Taxes	5,527,942	--	5,527,942	--	--	--
Loans	7,393,669	--	7,393,669	--	--	--
Other	--	42,705	42,705	--	--	--
Assets held for resale	614,062	--	614,062	--	--	--
Internal balances	426,949	( 426,949)	--	--	--	--
Due from:						
Primary government	--	--	--	--	200,000	13,610
Component units	74,222	--	74,222	--	--	--
Other governments	635,233	--	635,233	--	--	--
Fiduciary funds	68,809	--	68,809	--	--	--
Inventory, at cost	--	77,164	77,164	--	--	13,695
Prepaid expenses	209,505	28,358	237,863	1,221	--	84,700
<b>Total current assets</b>	<b>24,320,199</b>	<b>1,612,766</b>	<b>25,932,965</b>	<b>318,920</b>	<b>1,081,422</b>	<b>3,295,458</b>
Noncurrent assets:						
Regular account	--	--	--	114	506,794	353,591
Reserve account	--	--	--	--	--	1,525,541
Reserve for construction	--	--	--	--	--	2,335,846
Customer deposits	--	--	--	--	--	379,633
Capital assets:						
Nondepreciable:						
Land	941,939	--	941,939	942,877	5,141,571	298,055
Construction in progress	449,162	--	449,162	--	110,000	5,663,342
Depreciable:						
Buildings	--	--	--	4,775,401	12,853,204	82,362,434
Structures and improvements	8,196,823	75,140	8,271,963	490,173	1,588,812	4,956,115
System infrastructure	16,820,437	--	16,820,437	--	--	--
Vehicles	9,111,176	2,134,819	11,245,995	--	--	2,277,140
Machinery and equipment	4,142,618	174,913	4,317,531	684,515	200,000	2,236,555
Furniture and fixtures	--	--	--	--	2,661,074	--
Less: accumulated depreciation	( 29,743,645)	( 1,670,652)	( 31,414,297)	( 5,149,696)	( 12,802,564)	( 61,571,526)
Other debits:						
Net pension asset (MPFRS)	392,648	--	392,648	--	--	--
<b>Total noncurrent assets</b>	<b>10,311,158</b>	<b>714,220</b>	<b>11,025,378</b>	<b>1,743,384</b>	<b>10,258,891</b>	<b>40,816,726</b>
<b>Total assets</b>	<b>34,631,357</b>	<b>2,326,986</b>	<b>36,958,343</b>	<b>2,062,304</b>	<b>11,340,313</b>	<b>44,112,184</b>
<b>DEFERRED OUTFLOWS</b>						
Public Employees Retirement System (PERS):						
Contributions made after measurement date	525,499	157,887	683,386	49,671	--	480,989
Changes in contributions	183,014	43,064	226,078	23,566	--	283,122
Changes in investment earnings	495,306	116,547	611,853	63,780	--	398,744
Difference between expected and actual experience	332,031	78,127	410,158	42,755	--	267,301
Municipal Police Officers and Firefighters Retirement System (MPFRS):						
Contributions made after measurement date	195,277	--	195,277	--	--	--
Changes in contributions	44,370	--	44,370	--	--	--
Changes in investment earnings	19,545	--	19,545	--	--	--
Difference between expected and actual experience	17,917	--	17,917	--	--	--
Defined Benefit Plans (DBP):						
Changes in noninvestment experience	2,187,592	--	2,187,592	--	--	--
Changes in assumptions	13,892,339	--	13,892,339	--	--	--
Changes in actual investment experience	1,225,665	--	1,225,665	--	--	--
<b>Total deferred outflows of resources</b>	<b>19,118,555</b>	<b>395,625</b>	<b>19,514,180</b>	<b>179,772</b>	<b>--</b>	<b>1,430,156</b>

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Parking Board	Municipal Development Authority	Water Quality Board
<b>LIABILITIES</b>						
Current liabilities payable from current assets:						
Accounts payable	\$ 1,424,012	\$ 307,909	\$ 1,731,921	\$ 2,846	\$ 3,081	\$ 1,116,021
Line of credit	711,043	--	711,043	--	--	--
Payroll payable	952,288	45,465	997,753	12,741	--	122,978
Accrued interest payable	--	--	--	--	81,521	--
Unclaimed property	84,804	--	84,804	--	--	--
Customer deposits	--	--	--	--	--	394,469
Reserve for health claims	858,795	62,649	921,444	11,712	4,462	--
Other accrued expenses	--	--	--	--	--	22,650
Due to:						
Primary government	--	--	--	53,399	10,340	10,483
Component unit	213,610	--	213,610	--	--	--
Fiduciary funds	4,682,189	--	4,682,189	--	--	--
Unearned revenue:						
Sponsorship	--	12,000	12,000	--	--	--
Charges for services	--	7,665	7,665	910	--	--
Customer advances	--	24,291	24,291	--	--	--
Ticket sales	--	171,960	171,960	--	--	--
Other unearned revenue	525,368	4,074	529,442	--	--	--
<b>Total current liabilities</b>	<b>9,452,109</b>	<b>636,013</b>	<b>10,088,122</b>	<b>81,608</b>	<b>99,404</b>	<b>1,666,601</b>
Noncurrent liabilities due within one year:						
Bonds payable	--	--	--	--	293,173	997,848
Notes payable	--	--	--	--	--	11,047
Leases payable	836,748	104,092	940,840	--	--	--
Tax increment financing bonds payable	36,894	--	36,894	--	--	--
Matured bond interest payable	--	--	--	--	--	61,677
Noncurrent liabilities due in more than one year:						
Bonds payable	--	--	--	--	7,145,393	13,625,012
Notes payable	--	--	--	--	--	310,154
Leases payable	1,990,641	90,707	2,081,348	--	--	--
Tax increment financing bonds payable	1,113,106	--	1,113,106	--	--	--
Other postemployment benefits payable	61,272,929	722,162	61,995,091	119,999	12,784	3,842,500
Accrued interest payable	47,160	--	47,160	--	--	--
Net pension liability - PERS	1,623,339	382,085	2,005,424	209,051	--	1,307,148
Net pension liability - DBP	164,913,826	--	164,913,826	--	--	--
Compensated absences payable	1,351,104	76,995	1,428,099	22,214	6,084	128,701
Liability for closure and postclosure costs for landfills	22,017,000	--	22,017,000	--	--	--
<b>Total noncurrent liabilities</b>	<b>255,202,747</b>	<b>1,376,041</b>	<b>256,578,788</b>	<b>351,264</b>	<b>7,457,434</b>	<b>20,284,087</b>
<b>Total liabilities</b>	<b>264,654,856</b>	<b>2,012,054</b>	<b>266,666,910</b>	<b>432,872</b>	<b>7,556,838</b>	<b>21,950,688</b>
<b>DEFERRED INFLOWS</b>						
Public Employees Retirement System (PERS):						
Changes in contributions	111,578	26,255	137,833	14,368	--	--
Difference in investment experience	851,292	200,311	1,051,603	109,619	--	685,331
Difference in assumptions	195,273	45,948	241,221	25,145	--	157,203
Municipal Police and Firefighters Retirement System (MPFRS):						
Changes in contributions	5,577	--	5,577	--	--	--
Changes in investment experience	14,577	--	14,577	--	--	--
<b>Total deferred inflows of resources</b>	<b>1,178,297</b>	<b>272,514</b>	<b>1,450,811</b>	<b>149,132</b>	<b>--</b>	<b>842,534</b>
<b>NET POSITION</b>						
Net investment in capital assets	5,941,121	519,421	6,460,542	1,743,270	2,313,531	21,216,377
Restricted expendable:						
Restricted for:						
Debt service	--	--	--	114	506,794	1,879,132
Construction	--	--	--	--	--	2,335,846
Community development projects	7,397,081	--	7,397,081	--	--	--
Net pension asset	392,648	--	392,648	--	--	--
Unrestricted	( 225,814,091)	( 81,378)	( 225,895,469)	( 83,312)	963,150	( 2,682,237)
<b>Total net position</b>	<b>\$ ( 212,083,241)</b>	<b>\$ 438,043</b>	<b>\$ ( 211,645,198)</b>	<b>\$ 1,660,072</b>	<b>\$ 3,783,475</b>	<b>\$ 22,749,118</b>

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

Functions / Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position							
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units				
					Governmental Activities	Business-type Activities	Total	Municipal Parking Board	Municipal Development Authority	Water Quality Board		
<b>Primary government:</b>												
Governmental activities:												
General government	\$ 17,944,048	\$ 14,746,068	\$ 205,398	\$ --	\$ (2,992,582)	\$ --	\$ (2,992,582)	\$ --	\$ --	\$ --	\$ --	\$ --
Public safety	41,301,735	475,105	3,507,318	1,171,179	(36,148,133)	--	(36,148,133)	--	--	--	--	--
Streets and transportation	2,692,861	--	--	69,000	(2,623,861)	--	(2,623,861)	--	--	--	--	--
Health and sanitation	193,446	--	--	--	(193,446)	--	(193,446)	--	--	--	--	--
Culture and recreation	1,924,338	--	32,556	587,901	(1,303,881)	--	(1,303,881)	--	--	--	--	--
Social services	240,431	--	245,332	--	4,901	--	4,901	--	--	--	--	--
Community development	1,987,791	--	647,009	909,856	(430,926)	--	(430,926)	--	--	--	--	--
Interest on long-term debt	267,068	--	--	--	(267,068)	--	(267,068)	--	--	--	--	--
<b>Total governmental activities</b>	<b>66,551,718</b>	<b>15,221,173</b>	<b>4,637,613</b>	<b>2,737,936</b>	<b>(43,954,996)</b>	<b>--</b>	<b>(43,954,996)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Business-type activities:												
Sanitation & Trash	3,160,905	3,546,993	--	--	--	386,088	386,088	--	--	--	--	--
Civic Arena	2,143,078	1,714,727	--	--	--	(428,351)	(428,351)	--	--	--	--	--
<b>Total business-type activities</b>	<b>5,303,983</b>	<b>5,261,720</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(42,263)</b>	<b>(42,263)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Total primary government</b>	<b>\$ 71,855,701</b>	<b>\$ 20,482,893</b>	<b>\$ 4,637,613</b>	<b>\$ 2,737,936</b>	<b>(43,954,996)</b>	<b>(42,263)</b>	<b>(43,997,259)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Component units:</b>												
Parking Board	907,515	822,668	--	--	--	--	--	(84,847)	--	--	--	--
Development Authority	1,857,205	123,716	724,305	--	--	--	--	--	(1,009,184)	--	--	--
Water Quality Board	13,806,639	13,013,738	--	--	--	--	--	--	--	--	(792,901)	--
<b>Total component units</b>	<b>\$ 16,571,359</b>	<b>\$ 13,960,122</b>	<b>\$ 724,305</b>	<b>\$ --</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(84,847)</b>	<b>(1,009,184)</b>	<b>--</b>	<b>(792,901)</b>	<b>--</b>

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2016**

Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position						
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units			
				Governmental Activities	Business-type Activities	Total	Municipal Parking Board	Municipal Development Authority	Water Quality Board	
General revenues:										
Ad valorem property taxes				\$ 5,697,732	\$ --	\$ 5,697,732	\$ --	\$ 297,331	\$ --	
Business & occupation tax				14,108,095	--	14,108,095	--	--	--	
Alcoholic beverages tax				410,792	--	410,792	--	--	--	
Utility services tax				1,974,363	--	1,974,363	--	--	--	
Hotel occupancy tax				981,048	--	981,048	--	--	--	
Animal tax				2,278	--	2,278	--	--	--	
Gas and oil severance tax				105,492	--	105,492	--	--	--	
Amusement tax				18,872	--	18,872	--	--	--	
Sales and use tax				6,503,578	--	6,503,578	--	--	--	
Coal severance tax				113,838	--	113,838	--	--	--	
Unrestricted investment earnings				10,822	188	11,010	76	673	11,175	
Gain on sale of capital assets				58,627	--	58,627	--	--	--	
Miscellaneous				812,767	--	812,767	17,404	8,043	27,159	
Transfers				( 682,606)	682,606	--	--	--	--	
Total general revenues and transfers				30,115,698	682,794	30,798,492	17,480	306,047	38,334	
Change in net position				( 13,839,298)	640,531	( 13,198,767)	( 67,367)	( 703,137)	( 754,567)	
Net position - beginning (Restated Note IV. J.)				( 198,243,943)	( 202,488)	( 198,446,431)	1,727,439	4,486,612	23,503,685	
Net position - ending				\$ ( 212,083,241)	\$ 438,043	\$ ( 211,645,198)	\$ 1,660,072	\$ 3,783,475	\$ 22,749,118	

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2016**

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
<b>Assets:</b>					
<b>Current:</b>					
Cash and cash equivalents	\$ 4,350,281	\$ 49,412	\$ 353,725	\$ 153,965	\$ 4,907,383
Investments	739,071	--	--	1,397,661	2,136,732
Receivables:					
Taxes	5,527,942	--	--	--	5,527,942
Accounts	1,106,147	--	1,219,546	--	2,325,693
Loans	--	--	7,393,669	--	7,393,669
Assets held for resale	--	--	--	614,062	614,062
Due from:					
Other funds	575,600	--	--	13,297	588,897
Other governments	606,106	29,126	--	--	635,232
Component units	74,222	--	--	--	74,222
Fiduciary funds	--	--	--	68,809	68,809
Prepaid expenses	209,505	--	--	--	209,505
Total assets	<u>\$ 13,188,874</u>	<u>\$ 78,538</u>	<u>\$ 8,966,940</u>	<u>\$ 2,247,794</u>	<u>\$ 24,482,146</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	1,353,395	--	61,045	9,572	1,424,012
Line of credit	--	--	--	711,043	711,043
Payroll payable	952,288	--	--	--	952,288
Reserve for health claims	841,692	--	17,103	--	858,795
Due to:					
Component units	213,610	--	--	--	213,610
Other funds	69,617	41,051	50,542	737	161,947
Fiduciary funds	4,682,189	--	--	--	4,682,189
Unearned revenue:					
Other	525,368	--	--	--	525,368
Unclaimed property	84,804	--	--	--	84,804
Total liabilities	<u>8,722,963</u>	<u>41,051</u>	<u>128,690</u>	<u>721,352</u>	<u>9,614,056</u>
<b>Deferred Inflows of Resources:</b>					
Taxes	368,583	--	--	--	368,583
Total deferred inflows of resources	<u>368,583</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>368,583</u>
Total liabilities and deferred inflows of resources	<u>9,091,546</u>	<u>41,051</u>	<u>128,690</u>	<u>721,352</u>	<u>9,982,639</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, 2016**

	<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>
<b>Fund balances:</b>					
Nonspendable	\$ 209,505	\$ --	\$ --	\$ 614,062	\$ 823,567
Restricted	--	--	7,393,669	3,412	7,397,081
Committed	578,885	--	--	--	578,885
Assigned	1,394,071	37,487	1,444,581	1,576,535	4,452,674
Unassigned	<u>1,914,867</u>	<u>--</u>	<u>--</u>	<u>( 667,567)</u>	<u>1,247,300</u>
 Total fund balances	 <u>4,097,328</u>	 <u>37,487</u>	 <u>8,838,250</u>	 <u>1,526,442</u>	 <u>14,499,507</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 13,188,874</u>	 <u>\$ 78,538</u>	 <u>\$ 8,966,940</u>	 <u>\$ 2,247,794</u>	 <u>\$ 24,482,146</u>

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, 2016**

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Total fund balances on the governmental fund's balance sheet	\$	14,499,507
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.).		9,918,510
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) (Note VI.C.).		392,648
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note III. B.).		368,583
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 (Notes VI. A., Note VI. B., and VI.C.).		
<i>Public Employees Retirement System (PERS):</i>		
Deferred outflows:		
Contributions made after measurement date		525,499
Difference between expected and actual experience		332,031
Changes in investment earnings		495,306
Changes in contributions		183,014
Deferred inflows:		
Changes in contributions		( 111,578)
Difference in assumptions		( 195,273)
Difference in investment experience		( 851,292)
<i>Municipal Police Officers and Firefighters Retirement System (MPFRS):</i>		
Deferred outflows:		
Contributions made after measurement date		195,277
Changes in contributions		44,370
Changes in investment earnings		19,545
Difference between expected and actual experience		17,917
Deferred inflows:		
Changes in contributions		( 5,577)
Changes in investment experience		( 14,577)
<i>Defined Benefit Plans (DBP):</i>		
Deferred outflows:		
Changes in noninvestment experience		2,187,592
Changes in actual investment experience		1,225,665
Changes in assumptions		13,892,339

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, 2016**

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

Capital leases	\$ ( 2,827,389)
Tax increment financing	( 1,150,000)
Compensated absences	( 1,351,104)
Net pension liability - PERS	( 1,623,339)
Net pension liability - DBP	( 164,913,826)
Other postemployment benefits payable	( 61,272,929)
Accrued interest payable	( 47,160)
Liability for closure and postclosure costs for landfill	<u>( 22,017,000)</u>
Net position of governmental activities	\$ <u>( 212,083,241)</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, 2016**

	<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>
<b>REVENUES</b>					
Taxes:					
Ad valorem property taxes	\$ 5,556,853	\$ --	\$ --	\$ 184,676	\$ 5,741,529
Business & occupation tax	14,108,095	--	--	--	14,108,095
Alcoholic beverages tax	410,792	--	--	--	410,792
Utility services tax	1,974,363	--	--	--	1,974,363
Hotel occupancy tax	981,048	--	--	--	981,048
Animal tax	2,278	--	--	--	2,278
Gas and oil severance tax	105,492	--	--	--	105,492
Amusement tax	18,872	--	--	--	18,872
Sales and use tax	6,503,578	--	--	--	6,503,578
Coal severance tax	--	113,838	--	--	113,838
Licenses and permits	914,695	--	--	--	914,695
Intergovernmental:					
Federal	2,409,890	--	1,904,996	--	4,314,886
State	2,637,016	--	--	--	2,637,016
Charges for services	12,309,283	--	--	66,974	12,376,257
Fines and forfeits	454,487	--	--	20,618	475,105
Interest and investment earnings	4,487	12	5,441	882	10,822
Franchise fees	300,817	--	--	--	300,817
Refunds	--	--	--	28,105	28,105
Retirees and employee health insurance	1,455,116	--	--	--	1,455,116
Contributions and donations	227,579	--	--	196,068	423,647
Miscellaneous	483,845	--	--	--	483,845
<b>Total revenues</b>	<b>50,858,586</b>	<b>113,850</b>	<b>1,910,437</b>	<b>497,323</b>	<b>53,380,196</b>

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, 2016**

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>EXPENDITURES</b>					
Current:					
General government	\$ 18,042,798	\$ --	\$ --	\$ 122,158	\$ 18,164,956
Public safety	26,703,837	--	--	110,646	26,814,483
Streets and transportation	2,268,766	--	--	--	2,268,766
Health and sanitation	121,052	--	--	46,234	167,286
Culture and recreation	1,798,852	72,799	--	--	1,871,651
Social services	--	--	240,431	--	240,431
Capital projects	669,077	--	--	315,034	984,111
Community development	--	--	1,963,074	--	1,963,074
Debt service:					
Principal	--	--	--	112,000	112,000
Interest	--	--	--	103,563	103,563
<b>Total expenditures</b>	<b><u>49,604,382</u></b>	<b><u>72,799</u></b>	<b><u>2,203,505</u></b>	<b><u>809,635</u></b>	<b><u>52,690,321</u></b>
Excess (deficiency) of revenues over expenditures	1,254,204	41,051	( 293,068)	( 312,312)	689,875
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers (out)	( 641,555)	( 41,051)	--	--	( 682,606)
Proceeds from the sale of assets	800	--	--	57,827	58,627
Capital leases	--	--	--	187,077	187,077
<b>Total other financing sources (uses)</b>	<b><u>( 640,755)</u></b>	<b><u>( 41,051)</u></b>	<b><u>--</u></b>	<b><u>244,904</u></b>	<b><u>( 436,902)</u></b>
<b>Net change in fund balances</b>	<b>613,449</b>	<b>--</b>	<b>( 293,068)</b>	<b>( 67,408)</b>	<b>252,973</b>
Fund balances - beginning (Restated Note IV. J.)	<u>3,483,879</u>	<u>37,487</u>	<u>9,131,318</u>	<u>1,593,850</u>	<u>14,246,534</u>
<b>Fund balances - ending</b>	<b><u>\$ 4,097,328</u></b>	<b><u>\$ 37,487</u></b>	<b><u>\$ 8,838,250</u></b>	<b><u>\$ 1,526,442</u></b>	<b><u>\$ 14,499,507</u></b>

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, 2016**

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

Net change in fund balances - total governmental funds	\$	252,973
<p>Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased or donated during the fiscal year (Note IV.C.).</p>		
		917,550
<p>Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note IV.C.).</p>		
		( 1,463,849)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year unavailable unearned revenues (Note IV.B.).</p>		
		( 43,797)
Prior year unavailable revenues:	<u>412,380</u>	
Current year unavailable revenues	<u>368,583</u>	
<p>Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68 (Note II.).</p>		
<i>Public Employee Retirement System (PERS):</i>		
Contributions made after measurement date		525,499
Amount of pension expenses recognized at government-wide level		( 218,384)
<i>Municipal Police Officers and Firefighters Retirement System (MPFRS):</i>		
Contributions made after measurement date		195,277
Amount of pension expenses recognized at government-wide level		( 15,460)
<i>Defined Benefit Plans (DBP):</i>		
Amount of employer contributions to pensions		11,178,330
Amount of pension expenses recognized at government-wide level		( 17,613,089)
<p>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.).</p>		
		( 187,077)
<p>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.).</p>		
		1,118,856

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, 2016**

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Accrued interest is required to be reported as a liability in the statement of net position of the district-wide financial statements. The following represents the changes in accrued interest payable for the year.	\$ (47,160)
Some expenses reported in the statement of activities do not require the use of current financial resources (e.g., compensated absences) and, therefore, are not reported as expenditures in governmental funds (Note IV.G.).	
Change in other postemployment benefits payable	( 8,341,755)
Change in compensated absences payable	<u>( 97,212)</u>
Change in net position of governmental activities	<u><u>\$ (13,839,298)</u></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 BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	Modified	Budget	Budget	Final Budget
			Accrual	Basis	Basis	Positive
			Basis			(Negative)
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 5,575,001	\$ 5,575,001	\$ 5,556,853	\$ --	\$ 5,556,853	\$ ( 18,148)
Business & occupation tax	13,785,000	13,785,000	14,108,095	--	14,108,095	323,095
Alcoholic beverages tax	410,000	410,000	410,792	--	410,792	792
Utility services tax	2,200,000	2,200,000	1,974,363	--	1,974,363	( 225,637)
Hotel occupancy tax	554,000	729,000	981,048	--	981,048	252,048
Animal tax	2,000	2,000	2,278	--	2,278	278
Gas and oil severance tax	71,000	71,000	105,492	--	105,492	34,492
Amusement tax	50,000	50,000	18,872	--	18,872	( 31,128)
Sales and use tax	6,684,400	7,836,940	6,503,578	--	6,503,578	( 1,333,362)
Licenses and permits	1,099,200	1,099,200	914,695	--	914,695	( 184,505)
Intergovernmental:						
Federal	1,000,000	2,600,564	2,409,890	--	2,409,890	( 190,674)
State	1,000,000	1,000,000	2,637,016	( 1,977,115)	659,901	( 340,099)
Local	154,736	154,736	--	--	--	( 154,736)
Charges for services	12,509,000	14,709,000	12,309,283	--	12,309,283	( 2,399,717)
Fines and forfeits	431,600	431,600	454,487	--	454,487	22,887
Interest and investment earnings	2,000	2,000	4,487	--	4,487	2,487
Franchise fees	--	--	300,817	--	300,817	300,817
Retirees and employee health insurance	220,000	220,000	1,455,116	--	1,455,116	1,235,116
Contributions and donations	50,500	228,046	227,579	--	227,579	( 467)
Miscellaneous	228,582	288,108	483,845	--	483,845	195,737
<b>Total revenues</b>	<b>46,027,019</b>	<b>51,392,195</b>	<b>50,858,586</b>	<b>( 1,977,115)</b>	<b>48,881,471</b>	<b>( 2,510,724)</b>
<b>EXPENDITURES</b>						
Current:						
General government	19,887,208	20,315,474	18,042,798	--	18,042,798	2,272,676
Public safety	25,038,435	26,329,979	26,703,837	( 1,977,115)	24,726,722	1,603,257
Streets and transportation	3,184,599	4,678,348	2,268,766	--	2,268,766	2,409,582
Health and sanitation	179,000	382,489	121,052	201,060	322,112	60,377
Culture and recreation	2,011,241	2,186,241	1,798,852	440,495	2,239,347	( 53,106)
Capital projects	--	1,063,321	669,077	--	669,077	394,244
<b>Total expenditures</b>	<b>50,300,483</b>	<b>54,955,852</b>	<b>49,604,382</b>	<b>( 1,335,560)</b>	<b>48,268,822</b>	<b>6,687,030</b>
Excess (deficiency) of revenues over expenditures	( 4,273,464)	( 3,563,657)	1,254,204	( 641,555)	612,649	4,176,306

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, 2016**

	Budgeted Amounts		Actual	Adjustments	Actual	Variance with
	Original	Final	Modified	Budget	Amounts	Final Budget
			Accrual	Basis	Budget	Positive
			Basis		Basis	(Negative)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	\$ --	\$ --	\$ ( 641,555)	\$ 641,555	\$ --	\$ --
Proceeds from the sale of assets	20,000	20,000	800	--	800	( 19,200)
Miscellaneous	--	59,779	--	--	--	( 59,779)
Total other financing sources (uses)	20,000	79,779	( 640,755)	641,555	800	( 78,979)
Net change in fund balance	( 4,253,464)	( 3,483,878)	613,449	--	613,449	4,097,327
Fund balance - beginning	4,253,464	3,483,878	3,483,879	--	3,483,879	1
Fund balance - ending	\$ --	\$ --	\$ 4,097,328	\$ --	\$ 4,097,328	\$ 4,097,328

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) - COAL SEVERANCE TAX FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>		Actual	Adjustments	Actual	Variance with
	<u>Original</u>	<u>Final</u>	Modified Accrual Basis	Budget Basis	Amounts Budget Basis	Final Budget Positive (Negative)
<b>REVENUES</b>						
Taxes:						
Coal severance tax	\$ 180,000	\$ 180,000	\$ 113,838	\$ --	\$ 113,838	\$ ( 66,162)
Interest earnings	25	25	12	--	12	( 13)
Total revenues	<u>180,025</u>	<u>180,025</u>	<u>113,850</u>	<u>--</u>	<u>113,850</u>	<u>( 66,175)</u>
<b>EXPENDITURES</b>						
Current:						
Culture and recreation	<u>180,025</u>	<u>193,099</u>	<u>72,799</u>	<u>41,051</u>	<u>113,850</u>	<u>79,249</u>
Total expenditures	<u>180,025</u>	<u>193,099</u>	<u>72,799</u>	<u>41,051</u>	<u>113,850</u>	<u>79,249</u>
Excess (deficiency) of revenues over expenditures	--	( 13,074)	41,051	( 41,051)	--	13,074
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	--	--	( 41,051)	41,051	--	--
Total other financing sources (uses)	--	--	( 41,051)	41,051	--	--
Net change in fund balance	--	( 13,074)	--	--	--	13,074
Fund balance - beginning	--	13,074	37,487	--	37,487	24,413
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 37,487</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, 2016**

	Business-type Activities - Enterprise Funds		
	Sanitation & Trash	Civic Arena	Totals
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 554,333	\$ 673,479	\$ 1,227,812
Receivables:			
Accounts	609,017	54,659	663,676
Other	--	42,705	42,705
Due from:			
Other funds	4,493	104,251	108,744
Inventory, at cost	--	77,164	77,164
Prepaid expenses	18,366	9,992	28,358
	1,186,209	962,250	2,148,459
Noncurrent:			
Capital assets:			
Depreciable:			
Structures and improvements	75,140	--	75,140
Vehicles	2,134,819	--	2,134,819
Machinery and equipment	174,913	--	174,913
Less: accumulated depreciation	( 1,670,652)	--	( 1,670,652)
	714,220	--	714,220
	714,220	--	714,220
	714,220	--	714,220
Total capital assets (net of accumulated depreciation)	714,220	--	714,220
	714,220	--	714,220
Total assets	1,900,429	962,250	2,862,679
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in pension contribution	43,064	--	43,064
Contributions made after measurement date	157,887	--	157,887
Change in investment earnings	116,547	--	116,547
Difference between expected and actual experience	78,127	--	78,127
	395,625	--	395,625
Total deferred outflows of resources	395,625	--	395,625

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, 2016**

	Business-type Activities - Enterprise Funds		
	Sanitation & Trash	Civic Arena	Totals
<b>LIABILITIES</b>			
Current liabilities payable from current assets:			
Accounts payable	\$ 218,907	\$ 89,002	\$ 307,909
Payroll payable	13,433	32,032	45,465
Reserve for health claims	62,649	--	62,649
Due to:			
Other funds	132,932	402,761	535,693
Leases payable	104,092	--	104,092
Total current liabilities payable from current assets	<u>532,013</u>	<u>523,795</u>	<u>1,055,808</u>
Unearned revenues			
Sponsorship	--	12,000	12,000
Charges for services	--	7,665	7,665
Ticket sales	--	171,960	171,960
Customer advances	--	24,291	24,291
Other	--	4,074	4,074
Total unearned revenues	<u>--</u>	<u>219,990</u>	<u>219,990</u>
Noncurrent liabilities			
Leases payable	90,707	--	90,707
Net pension liability - PERS	382,085	--	382,085
Compensated absences	76,995	--	76,995
Other postemployment benefits payable	722,162	--	722,162
Total noncurrent liabilities	<u>1,271,949</u>	<u>--</u>	<u>1,271,949</u>
Total liabilities	<u>1,803,962</u>	<u>743,785</u>	<u>2,547,747</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Changes in contributions	26,255	--	26,255
Difference in investment experience	200,311	--	200,311
Difference in assumptions	45,948	--	45,948
Total deferred inflows of resources	<u>272,514</u>	<u>--</u>	<u>272,514</u>
<b>NET POSITION</b>			
Net investment in capital assets	519,421	--	519,421
Unrestricted	( 299,843)	218,465	( 81,378)
Total net position	<u>\$ 219,578</u>	<u>\$ 218,465</u>	<u>\$ 438,043</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, 2016**

	Business-type Activities - Enterprise Funds		Totals
	Sanitation & Trash	Civic Arena	
Operating revenues:			
Sales and services to customers	\$ 3,482,207	\$ 916,544	\$ 4,398,751
Contributions	--	63,042	63,042
Fines and forfeits	--	278,669	278,669
Rental fees	--	428,931	428,931
Miscellaneous	64,786	27,541	92,327
Total operating revenues	<u>3,546,993</u>	<u>1,714,727</u>	<u>5,261,720</u>
Operating expenses:			
Personal services	1,887,305	716,110	2,603,415
Contractual services	534,150	242,393	776,543
Administrative and general	223,445	753,843	977,288
Miscellaneous	--	54,771	54,771
Liability insurance	68,693	116,709	185,402
Materials and supplies	88,832	24,235	113,067
Utilities	19,196	186,145	205,341
Depreciation	141,262	--	141,262
Maintenance	193,599	48,872	242,471
Total operating expenses	<u>3,156,482</u>	<u>2,143,078</u>	<u>5,299,560</u>
Operating income (loss)	<u>390,511</u>	<u>( 428,351)</u>	<u>( 37,840)</u>
Nonoperating revenues (expenses):			
Interest revenue	81	107	188
Interest and fiscal charges	( 4,423)	--	( 4,423)
Total nonoperating revenues (expenses)	<u>( 4,342)</u>	<u>107</u>	<u>( 4,235)</u>
Income (loss) before operating transfers	<u>386,169</u>	<u>( 428,244)</u>	<u>( 42,075)</u>
Transfers in	<u>201,060</u>	<u>481,546</u>	<u>682,606</u>
Change in net position	587,229	53,302	640,531
Net position at beginning of year	<u>( 367,651)</u>	<u>165,163</u>	<u>( 202,488)</u>
Net position at end of year	<u>\$ 219,578</u>	<u>\$ 218,465</u>	<u>\$ 438,043</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, 2016**

	Business-type Activities - Enterprise Funds		
	Sanitation & Trash	Civic Arena	Totals
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 3,534,744	\$ 1,827,080	\$ 5,361,824
Cash paid for goods and services	( 1,128,760)	( 1,437,263)	( 2,566,023)
Other cash receipts (payments)	( 166,535)	120,912	( 45,623)
Cash paid to employees	( 1,628,188)	( 713,354)	( 2,341,542)
Net cash provided (used) by operating activities	<u>611,261</u>	<u>( 202,625)</u>	<u>408,636</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	<u>201,060</u>	<u>481,546</u>	<u>682,606</u>
Net cash provided (used) by noncapital financing activities	<u>201,060</u>	<u>481,546</u>	<u>682,606</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchases of capital assets	( 202,260)	--	( 202,260)
Principal paid on capital debt	( 102,305)	--	( 102,305)
Interest paid on capital debt	( 4,423)	--	( 4,423)
Net cash provided (used) by capital and related financing activities	<u>( 308,988)</u>	<u>--</u>	<u>( 308,988)</u>
<b>Cash flows from investing activities:</b>			
Interest received	<u>81</u>	<u>107</u>	<u>188</u>
Net cash provided (used) by investing activities	<u>81</u>	<u>107</u>	<u>188</u>
Net increase (decrease) in cash and cash equivalents	503,414	279,028	782,442
Cash and cash equivalents at beginning of year	<u>50,919</u>	<u>394,451</u>	<u>445,370</u>
Cash and cash equivalents at end of year	<u>\$ 554,333</u>	<u>\$ 673,479</u>	<u>\$ 1,227,812</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, 2016**

	Business-type Activities		
	- Enterprise Funds		
	<u>Sanitation &amp; Trash</u>	<u>Civic Arena</u>	<u>Totals</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 390,511	\$ ( 428,351)	\$ ( 37,840)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	141,262	--	141,262
Decrease (increase) in accounts receivable	( 12,249)	7,988	( 4,261)
Decrease (increase) in other receivable	--	( 42,705)	( 42,705)
Decrease (increase) in deferred inflows	( 172,275)	--	( 172,275)
Decrease (increase) in due from other funds	118,024	87,830	205,854
Decrease (increase) in inventory	--	( 19,506)	( 19,506)
Decrease (increase) in prepaid expenses	( 18,366)	( 527)	( 18,893)
Increase (decrease) in reserve for health claims	9,797	--	9,797
Increase (decrease) in accounts payable	192,562	9,739	202,301
Increase (decrease) in other postemployment benefits payable	132,837	--	132,837
Increase (decrease) in payroll payable	4,485	2,756	7,241
Increase (decrease) in compensated absences payable	9,221	--	9,221
Increase (decrease) in net pension liability	112,574	--	112,574
Increase (decrease) in deferred outflows	( 12,563)	--	( 12,563)
Increase (decrease) in due to other funds	( 284,559)	33,082	( 251,477)
Increase (decrease) in unearned revenues	--	147,070	147,070
	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided by operations	\$ <u>611,261</u>	\$ <u>( 202,624)</u>	\$ <u>408,637</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, 2016**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>ASSETS</b>		
Non-pooled cash	\$ 2,115,854	\$ 2,207,526
Total cash	<u>2,115,854</u>	<u>2,207,526</u>
Investments, at fair value:		
Money market funds	1,645,648	--
U.S. government agency notes	4,144,900	--
Municipal obligations	3,000,020	--
Mutual funds	13,357,656	--
Common stock	10,325,425	--
Preferred stock	541,330	--
Certificate of deposit	2,883,344	--
Corporate bonds	6,901,259	--
Total investments	<u>42,799,582</u>	<u>--</u>
Receivables:		
Accounts receivable	2,861	--
Due from other governments	1,084,607	--
Due from primary government	4,504,559	177,629
Total receivables	<u>5,592,027</u>	<u>177,629</u>
Total assets	<u>\$ 50,507,463</u>	<u>\$ 2,385,155</u>
<b>LIABILITIES</b>		
Accounts payable	4,111	--
Refunds payable and other	--	2,316,346
Due to other funds	10,297	--
Due to primary government	--	68,809
Total liabilities	<u>14,408</u>	<u>2,385,155</u>
<b>NET POSITION</b>		
Net position restricted for pension benefits	<u>\$ 50,493,055</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, 2016**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 9,009,117
Plan members	597,599
Insurance premium surtax	<u>2,169,213</u>
Total contributions	<u>11,775,929</u>
Investment income:	
Net increase (decrease) in fair value of investments	349,748
Interest and dividends	1,318,568
Miscellaneous	<u>675</u>
Net investment income	<u>1,668,991</u>
Total additions	<u>13,444,920</u>
<b>DEDUCTIONS</b>	
Benefits	9,786,183
Administrative expenses	240,102
Refunds of contributions	<u>78,927</u>
Total deductions	<u>10,105,212</u>
Change in net position	3,339,708
Net position restricted for pension benefits:	
Beginning of year	<u>47,153,347</u>
End of year	<u>\$ 50,493,055</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, 2016**

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**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 that includes 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, 2016**

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The *Municipal Parking Board* serves 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 authorizations 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, 2016**

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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.

Additionally, the government reports the following fund types:

The *Pension (and other employee benefit) Trust funds* account for the 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.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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.

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.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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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, 2016**

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**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, 2016, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense
Class II	\$ 545,827,378	22.00 cents
Class IV	\$ 998,049,822	44.00 cents

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**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 unit (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 \$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**  
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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.

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**  
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**8. Net Position/Fund Balances**

Net position is classified into four categories according to external donor restrictions or availability of assets for satisfaction of obligations. The City's net position is classified as follows:

Net investment in capital assets	This represents the City's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
Restricted net position, expendable	This includes resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
Restricted net position, nonexpendable	This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The City does not have any restricted nonexpendable assets as of June 30, 2016.
Unrestricted net position	This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the City, and may be used at the discretion of the City to meet current expenses for any lawful purpose.

In the governmental fund financial statements, fund balances are 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.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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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 Council 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 Council has the authority to deviate from this policy if it is in the best interest of the City.

#### **9. Change in Accounting Principle**

The Governmental Accounting Standards Board has issued Statement No. 72, *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

#### **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.

Property tax collections and other receivables that are not received soon enough after year end to pay liabilities of the current period, are required to be presented as deferred inflows of resources in the governmental fund financial statements. For fiscal year ended June 30, 2016, the City reported deferred inflows of resources relating to such unavailable revenues totaling \$368,583.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**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 funds but are required to be reported at the government-wide level. The details of the \$218,384 difference for the Public Employees Retirement System, the \$15,460 difference for the Municipal Police Officers and Firefighters Retirement System, and the \$17,613,089 difference for the Defined Benefit Plans are as follows:

	Public Employees Retirement System	Cost-Sharing Municipal Police Officers and Firefighter Retirement System	Single- Employer Policemen's and Firemen's Defined Benefit Plans
Increase/(Decrease) in net pension liability/asset	\$ 514,846	\$ (89,091)	\$ 28,308,181
Contributions made during the measurement period	503,642	169,908	11,178,330
Deferred outflows:			
Decrease/(Increase) in change in pension contributions	80,623	( 26,232)	--
Decrease/(Increase) in change in noninvestment experience	( 332,031)	( 17,917)	( 3,886,639)
Decrease/(Increase) in change in actual investment experience	( 495,306)	( 19,545)	( 452,658)
Deferred inflows:			
Increase/(decrease) in change in assumptions	195,273	--	( 17,534,125)
Increase/(decrease) in change in pension contributions	111,578	5,577	--
Increase/(decrease) in change in investment earnings	( 360,242)	( 7,240)	--
Net adjustment for the amount of pension expense recognized at the government-wide level	<u>\$ 218,383</u>	<u>\$ 15,460</u>	<u>\$ 17,613,089</u>

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

The City of Huntington, West Virginia prepares its budgets on the modified accrual basis of accounting, with the exception of transfers and contributions for insurance surtax. Therefore, reconciliations have been performed for the General Fund and Coal Severance Tax Special Revenue 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.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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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>	General Fund <u>Amount</u>	Coal Severance <u>Amount</u>
General government expenditure increase	\$ 428,266	\$ --
Public safety expenditure increase	1,291,544	--
Streets and transportation increase	1,493,749	--
Health and sanitation expenditure increase	203,489	--
Culture and recreation expenditure increase	175,000	13,074
Capital projects expenditure increase	1,063,321	--

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2016, expenditures exceeded appropriations in the General Fund for the following function:

<u>Description</u>	General Fund <u>Amount</u>
Culture and Recreation	\$ 53,106

This over expenditure was funded by other sources within the fund and had no impact on the financial results of the fund.

**C. Deficiencies in Net Changes in Fund Balances**

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2016:

<u>Fund</u>	<u>Amount</u>
Community Development Block Grant	\$ 293,068
Urban Renewal	62,298
Westmoreland Fire Protection	24,861
Safety Town	712
Capital Improvements	399
Federal Drug	3,584
Tax Increment Financing	1,753

Funds sufficient to provide for the excess expenditure were made available from other sources within each fund and the deficiencies had no impact of the financial results of the funds.

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**D. Deficit Net Position**

The governmental activities had a deficit net position of (\$212,083,241) as of June 30, 2016. The City has incurred significant debt in excess of anticipated revenues in this and prior years for the net pension liability and other postemployment benefits obligation as estimated within the actuarial evaluations. The City is in the process of developing funding strategies to reduce these debts in the future.

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year end, the government had the following investments:

	Fair Value	Credit Risk Rating	
		Standard & Poor's and Fitch	Moody's Investment Services
<b>Primary Government</b>			
Money Market Funds	\$ 1,034,695	Not Rated	Not Rated
Other	1,102,037	Not Rated	Not Rated
Total	<u>\$ 2,136,732</u>		

*Interest Rate Risk*

	0-3 years
Money Market Funds	\$ 1,034,695
Other	1,102,037
Total	<u>\$ 2,136,732</u>

**Component Units**

The Municipal Parking Board and the Municipal Development Authority, discretely presented component units, had the following investments held with the Municipal Bond Commission:

	Fair Value	Credit Risk Rating
Municipal Bond Commission	<u>\$ 114</u>	
<b>Fiduciary Funds</b>		
<b>Policemen's Pension and Relief</b>		
Money market funds	\$ 1,016,457	Not Rated
U.S. Government agency notes	3,624,590	AA+
Municipal obligations	2,897,008	AAA-AA-
Mutual funds	10,157,520	Not Rated
Corporate Bonds	2,793,995	AAA-BBB+
Common Stock	3,210,673	Not Rated
Certificate of deposit	2,833,330	Not Rated
Total	<u>\$ 26,533,573</u>	

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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*Interest Rate Risk*

	0-1 years	1-5 years	5-10 years	Over 10 years
Money market funds	\$ 1,016,457	\$ --	\$ --	\$ --
U.S. Government agency notes	--	2,253,765	1,054,892	315,933
Municipal obligations	--	346,026	1,481,826	1,069,156
Mutual funds	--	10,157,520		--
Corporate Bonds	101,531	505,579	2,082,394	104,491
Common Stock	--	3,210,673	--	--
Certificate of deposit	650,334	1,760,553	422,443	--
Total	<u>\$ 1,768,322</u>	<u>\$ 18,234,116</u>	<u>\$ 5,041,555</u>	<u>\$ 1,489,580</u>

**Firemen's Pension and Relief**

	Fair Value	Credit Risk Rating
Money market funds	\$ 629,191	Moody's Investment Services Not Rated
U.S. Government agency notes	520,311	Aaa
Municipal obligations	103,012	A2-Baa2
Mutual funds	3,200,134	Not Rated
Corporate Bonds	4,107,264	Aaa-B1
Common Stock	7,114,753	Not Rated
Preferred stock	541,330	Not Rated
Certificate of deposit	50,014	Aa3
Total	<u>\$ 16,266,009</u>	

*Interest Rate Risk*

	0-1 years	1-5 years	5-10 years	Over 10 years
Money market funds	\$ 629,191	\$ --	\$ --	\$ --
U.S. Government agency notes	--	225,632	51,864	242,815
Municipal obligations	--	77,340	25,672	--
Mutual funds	--	3,200,134	--	--
Corporate Bonds	851,682	1,912,393	1,293,999	49,190
Common Stock	--	7,114,753	--	--
Preferred stock	--	541,330	--	--
Certificate of deposit	50,014	--	--	--
Total	<u>\$ 1,530,887</u>	<u>\$ 13,071,582</u>	<u>\$ 1,371,535</u>	<u>\$ 292,005</u>

*Investments Measured at Fair Value*

Investments are reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2016 are as follows:

<b>Fiduciary Funds</b>	<b>Fair Value</b>	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Policemen's Pension and Relief</b>				
U.S. Government agency notes	\$ 3,624,591	\$ 3,624,591	\$ --	\$ --
Municipal obligations	2,897,008	2,897,008	--	--
Mutual funds	10,157,520	10,157,520	--	--
Corporate bonds	2,793,995	2,793,995	--	--
Common stock	3,210,673	3,210,673	--	--
<b>Total</b>	<b>\$ 22,683,787</b>	<b>\$ 22,683,787</b>	<b>\$ --</b>	<b>\$ --</b>

<b>Fiduciary Funds</b>	<b>Fair Value</b>	Quoted Prices in		
		Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Firemen's Pension and Relief</b>				
U.S. Government agency notes	\$ 520,311	\$ 520,311	\$ --	\$ --
Municipal obligations	103,012	103,012	--	--
Mutual funds	3,200,134	3,200,134	--	--
Corporate bonds	4,107,264	4,107,264	--	--
Common stock	7,114,753	7,114,753	--	--
Preferred stock	541,330	541,330	--	--
<b>Total</b>	<b>\$ 15,586,804</b>	<b>\$ 15,586,804</b>	<b>\$ --</b>	<b>\$ --</b>

The funds recognize transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the year ended June 30, 2016.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted on active markets for those securities.

*Interest Rate Risk*

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

*Credit Risk*

State law limits investments as described in Note I.D.1. It's the government's policy to limit its investments. The government does not have a policy for credit risk in addition to state regulations. As of June 30, 2016, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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*Concentration of Credit Risk*

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:

Issuer	Fair Value	Percent
Vanguard Growth Index Fund	\$1,501,633	5.66%
Vanguard High Yield Dividend Inde	\$2,578,507	9.72%

*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' reconciled bank balances were \$10,458,575, 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 \$44,936,314, which was covered by securities held by the government's brokerage firm or the Municipal Bond Commission.

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:

	Primary Government	
Cash and cash equivalents	\$	6,135,195
Investments		2,136,732
Total	\$	8,271,927
	Fiduciary Funds	
Cash and cash equivalents	\$	4,323,380
Investments		42,799,582
Total	\$	47,122,962

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 reconciled bank balances of \$1,388,216 were collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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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 reconciled bank balances of \$316,999 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 a 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 any outside party. The government does not have a deposit policy for custodial credit risk. At year end, the Board's investment balances of \$114 were invested in the Municipal Bond Commission and collateralized by the full faith and credit of the United States of America.

The reconciliation of cash and investments as shown on the Statement of Net Position of the discretely presented component units are as follows:

	Municipal Development Authority	Municipal Parking Board
Cash and cash equivalents	\$ 1,388,216	\$ 316,999
Investments - collateralized and secured	--	114
Total	\$ 1,388,216	\$ 317,113

	Municipal Development Authority	Municipal Parking Board
Cash and cash equivalents	\$ 881,422	\$ 316,999
Cash and cash equivalents - restricted	506,794	--
Investments - restricted	--	114
Total	\$ 1,388,216	\$ 317,113

**B. Receivables**

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

	General	Community Development Block Grant	Sanitation & Trash	Civic Arena	Nonmajor & Fiduciary Funds	Total
Receivables:						
Accounts	\$ 7,632,183	\$ 1,219,546	\$ 8,183,048	\$ 54,659	\$ 2,861	\$ 17,092,297
Taxes	5,807,554	--	--	--	--	5,807,554
Other	--	--	--	42,705	--	42,705
Loans	--	9,177,677	--	--	--	9,177,677
Gross Receivables	13,439,737	10,397,223	8,183,048	97,364	2,861	32,120,233
Less: Allowance for Uncollectible	( 6,805,648)	( 1,784,008)	( 7,574,031)	--	--	( 16,163,687)
Net Total Receivables	\$ 6,634,089	\$ 8,613,215	\$ 609,017	\$ 97,364	\$ 2,861	\$ 15,956,546

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Governmental funds report unavailable revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, unavailable revenues reported in the governmental funds were as follows:

	Unavailable
Property taxes receivable (General Fund)	\$ 368,583
Total unavailable revenue for governmental funds	\$ 368,583

Receivables at year end for the Huntington Municipal Development Authority (HMDA) and the Huntington Municipal Parking Board (HMPB), component units, are as follows:

	HMDA	HMPB	Total
Receivables:			
Accounts	\$ --	\$ 700	\$ 700
Loans	3,198,875	--	3,198,875
Gross receivable	3,198,875	700	3,199,575
Less: Allowance for uncollectible	(3,198,875)	--	(3,198,875)
Net total receivables	\$ --	\$ 700	\$ 700

The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2016 was determined based upon the City's lien position on certain assets associated with the Ebenezer Medical Outreach, Inc./Douglass Centre Limited Partnership and the Huntington High L.P. loans. It was determined that the assets of the borrowers 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, 2016, was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 941,939	\$ --	\$ --	\$ 941,939
Construction in progress	561,028	636,239	( 748,105)	449,162
Total capital assets not being depreciated	1,502,967	636,239	( 748,105)	1,391,101
Capital assets being depreciated:				
Building and improvements	8,196,823	--	--	8,196,823
Infrastructure	16,820,437	--	--	16,820,437
Vehicles	8,649,787	478,785	( 17,396)	9,111,176
Machinery and equipment	3,591,987	550,631	--	4,142,618
Less: accumulated depreciation	( 28,297,192)	( 1,463,849)	17,396	( 29,743,645)
Total capital assets being depreciated, net	8,961,842	( 434,433)	--	8,527,409
Governmental activities capital assets, net	\$ 10,464,809	\$ 201,806	\$ ( 748,105)	\$ 9,918,510

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities:</b>				
Capital assets being depreciated:				
Structures and improvements	\$ 75,140	\$ --	\$ --	\$ 75,140
Vehicles	1,932,559	202,260	--	2,134,819
Machinery and equipment	174,913	--	--	174,913
Less: accumulated depreciation	<u>( 1,529,390)</u>	<u>( 141,262)</u>	<u>--</u>	<u>( 1,670,652)</u>
Business-type activities capital assets, net	<u>\$ 653,222</u>	<u>\$ 60,998</u>	<u>\$ --</u>	<u>\$ 714,220</u>

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

<b>Governmental activities:</b>	
General government	\$ 241,689
Public safety	592,014
Highways and streets, (including infrastructure assets)	471,328
Health and sanitation	26,160
Culture and recreation	127,677
Community development	4,981
Total depreciation expense-governmental activities	<u>\$ 1,463,849</u>
<b>Business-type activities:</b>	
Sanitation & Trash	<u>\$ 141,262</u>

*Construction in Progress*

The primary government has active construction projects as of June 30, 2016. The projects include the construction of a public safety fire and police boathouse.

Project	Spent-to-Date	Funded
Public Safety Fire and Police Boathouse	\$ 449,162	Federal Grants

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**Discretely Presented Component Units**

Activity related to capital assets for the Municipal Development Authority (HMDA) for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,141,571	\$ --	\$ --	\$ 5,141,571
Construction in progress	--	110,000	--	110,000
Total capital assets not being depreciated	5,141,571	110,000	--	5,251,571
Capital assets, being depreciated:				
Buildings and Improvements	12,843,003	10,201	--	12,853,204
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	( 11,724,500)	( 1,078,064)	--	( 12,802,564)
Total capital assets being depreciated	5,568,389	( 1,067,863)	--	4,500,526
Total capital assets, net	\$ 10,709,960	\$ (957,863)	\$ --	\$ 9,752,097

*Construction in Progress*

HMDA has active construction projects as of June 30, 2016. The projects include landscaping at Kinetic Park.

Project	Spent-to-Date	Funded
Municipal Development - Landscaping	\$ 110,000	General Operating Funds

Activity related to capital assets for the Municipal Parking Board for the fiscal year ended June 30, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 942,877	\$ --	\$ --	\$ 942,877
Total capital assets not being depreciated	942,877	--	--	942,877
Capital assets, being depreciated:				
Buildings	4,775,401	--	--	4,775,401
Structures and improvements	490,173	--	--	490,173
Machinery and equipment	678,076	6,439	--	684,515
Less: accumulated depreciation	( 5,000,442)	( 149,254)	--	( 5,149,696)
Total capital assets being depreciated	943,208	( 142,815)	--	800,393
Total capital assets, net	\$ 1,886,085	\$ (142,815)	\$ --	\$ 1,743,270

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2016, is as follows:

*Interfund receivables/payables:*

Receivable Fund	Payable Fund	Purpose	Amount
General	Sanitation and Trash	Reimbursement	\$ 121,560
Landfill Reserve	Sanitation and Trash	Reimbursement	11,372
General	Community Development Block Grant	Reimbursement	50,542
General	Civic Arena	Reimbursement	402,761
Jean Dean Public Safety	General	Reimbursement	1,925
General	Urban Renewal	Reimbursement	737
Civic Arena	General	Reimbursement	63,200
Civic Arena	Coal Severance	Reimbursement	41,051
Sanitation and Trash	General	Reimbursement	4,493
	Total		<u>\$ 697,641</u>

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

Receivable Fund	Payable Fund	Purpose	Amount
General	Municipal Development Authority	Reimbursement	\$ 10,340
General	Municipal Parking Board	Reimbursement	53,399
Municipal Development Authority	General	Reimbursement	200,000
Water Quality Board	General	Reimbursement	13,610
General	Water Quality Board	Reimbursement	10,483
Total:			<u>\$ 287,832</u>

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

Receivable Fund	Payable Fund	Purpose	Amount
Federal Drug	Asset Seizure	Reimbursement	\$ 68,809
Policemen's Pension and Relief	General	Contributions	1,887,791
Firemen's Pension and Relief	General	Contributions	2,616,768
Police Retirees Insurance	General	Contributions	109,237
Fire Retirees Insurance	General	Contributions	68,393
			<u>\$ 4,750,998</u>

*Interfund transfers:*

Transferred out:	Transferred in:	Purpose	Amount
General Fund	Sanitation and Trash	Reimbursement	\$ 201,060
General Fund	Civic Arena	Subsidizing	440,495
Coal Severance	Civic Arena	Subsidizing	41,051
			<u>\$ 682,606</u>

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**E. Fund Balance Detail**

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

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total
Nonspendable:					
Prepays	\$ 209,505	\$ --	\$ --	\$ --	\$ 209,505
Assets held for resale	--	--	--	614,062	614,062
Restricted:					
Debt Service	--	--	--	3,412	3,412
Community development	--	--	7,393,669	--	7,393,669
Committed:					
Landfill closures	578,885	--	--	--	578,885
Assigned:					
General government	1,394,071	--	--	--	1,394,071
Public safety	--	--	--	140,740	140,740
Culture and recreation	--	37,487	--	--	37,487
Capital projects	--	--	--	4,580	4,580
Public safety building	--	--	--	21,259	21,259
Landfill closures	--	--	--	1,409,956	1,409,956
Community development	--	--	1,444,581	--	1,444,581
Unassigned	1,914,867	--	--	( 667,567)	1,247,300
Total fund balances	<u>\$ 4,097,328</u>	<u>\$ 37,487</u>	<u>\$ 8,838,250</u>	<u>\$ 1,526,442</u>	<u>\$ 14,499,507</u>

**F. Leases**

*Capital Leases*

The general 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 fund. These lease agreements qualify as capital leases 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.

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Following is a summary of property held under capital leases:

Asset	Governmental Activities	Sanitation and Trash
Machinery, equipment and vehicles	\$ 6,735,352	\$ 510,914
Less: accumulated depreciation	( 3,075,329)	( 164,486)
Total	<u>\$ 3,660,023</u>	<u>\$ 346,428</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

Year Ending June 30	Governmental Activities	Business- type Activities
2017	\$ 925,015	\$ 106,709
2018	549,313	78,866
2019	362,882	12,756
2020	350,490	--
2021	147,900	--
2022 - 2026	739,500	--
2027 - 2031	147,901	--
Total minimum lease payments	\$ 3,223,001	\$ 198,331
Less: amount representing interest	( 395,612)	( 3,532)
Present value of minimum lease payments	<u>\$ 2,827,389</u>	<u>\$ 194,799</u>

**G. Long-term Debt**

*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 6 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 Date	Interest Rates	Issued	Retired	Balance June 30, 2016
<b>Primary Government</b>					
Series 2006	6/30/2034	6.00%	\$ 2,450,000	\$ 1,300,000	\$ 1,150,000
Total			<u>\$ 2,450,000</u>	<u>\$ 1,300,000</u>	<u>\$ 1,150,000</u>

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Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 36,894	\$ 68,455
2018	39,141	66,208
2019	41,524	63,824
2020	44,053	61,295
2021	46,314	59,819
2022 - 2026	276,609	258,517
2027 - 2031	375,204	165,009
2032 - 2036	290,261	35,235
Total	<u>\$ 1,150,000</u>	<u>\$ 778,362</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 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,928,362. Principal and interest paid for the current year and total customer net revenues were \$184,565 and \$184,676, respectively.

*Revenue Bonds*

The Municipal Development Authority, a discretely presented component unit of the City, issued 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. The bonds are secured by the revenues of the Municipal Development Authority, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue bonds outstanding of \$7,438,566 at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2016
<b>Component Units:</b>					
Municipal Development Authority					
Series 2010-A	12/29/2023	4%	\$ 3,560,000	\$ 825,000	\$ 2,735,000
Municipal Development Authority					
Series 2010-B	12/29/2031	4%	5,255,000	430,000	4,825,000
Less: Bond discount			( 145,087)	( 23,653)	( 121,434)
Total revenue bonds			<u>\$ 8,669,913</u>	<u>\$ 1,231,347</u>	<u>\$ 7,438,566</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
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Revenue bond debt service requirements to maturity are as follows:

Year Ended	Business-type Activities	
	Principal	Interest
2017	\$ 305,000	\$ 483,026
2018	375,000	469,192
2019	405,000	452,882
2020	425,000	434,648
2021	440,000	415,752
2022 - 2026	2,515,000	1,119,742
2027 - 2031	3,095,000	367,400
Less: Bond discount	( 121,434)	--
Totals	<u>\$ 7,438,566</u>	<u>\$ 3,742,642</u>

*Utility Pledged Revenues*

The Municipal Development Authority has pledged future lease revenues net of specified operating expenses, to repay \$3,560,000 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 revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of the net lease revenues. The total principal and interest remaining to be paid, before any bond discount, on the bonds is \$3,169,933. Principal and interest paid for the current year and total customer net revenues were \$414,400 and (\$142,564) 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 the 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 the net lease revenues. The total principal and interest remaining to be paid, before any bond discount, on the bonds is \$8,132,709. Principal and interest paid for the current year and total customer net revenues were \$370,524 and (\$142,564) respectively.

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**Changes in Long-term Liabilities**

	<b>Governmental Activities</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax increment financing	\$ 1,262,000	\$ --	\$ (112,000)	\$ 1,150,000	\$ 36,894
Capital leases	3,647,168	187,077	( 1,006,856)	2,827,389	836,748
Other postemployment benefits	52,931,174	8,341,755	--	61,272,929	--
Net pension liability - PERS	1,145,266	478,073	--	1,623,339	--
Net pension liability - DBP	136,605,645	28,308,181	--	164,913,826	--
Compensated absences	1,253,892	1,351,104	( 1,253,892)	1,351,104	--
Accrued interest payable	--	47,160	--	47,160	--
Liability for closure and postclosure costs for landfills	22,017,000	--	--	22,017,000	--
<b>Governmental activities</b>					
Long-term liabilities	<u>\$ 218,862,145</u>	<u>\$ 38,713,350</u>	<u>\$ (2,372,748)</u>	<u>\$ 255,202,747</u>	<u>\$ 873,642</u>
	<b>Business-type Activities</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 297,104	\$ --	\$ (102,305)	\$ 194,799	\$ 104,092
Net pension liability - PERS	269,511	112,574	--	382,085	--
Other postemployment benefits	589,325	132,837	--	722,162	--
Compensated absences	67,774	76,995	( 67,774)	76,995	--
<b>Business-type activities</b>					
Long-term liabilities	<u>\$ 1,223,714</u>	<u>\$ 322,406</u>	<u>\$ (170,079)</u>	<u>\$ 1,376,041</u>	<u>\$ 104,092</u>
	<b>Municipal Development Authority</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bonds payable	\$ 7,850,000	\$ --	\$ (290,000)	\$ 7,560,000	\$ 293,173
Less: deferred amounts: discount or premium	( 133,261)	--	11,827	( 121,434)	( 11,827)
<b>Total bonds and notes payable</b>	<u>7,716,739</u>	<u>--</u>	<u>( 278,173)</u>	<u>7,438,566</u>	<u>281,346</u>
Other postemployment benefits	10,661	2,123	--	12,784	--
Compensated absences	4,765	6,084	( 4,765)	6,084	--
<b>Business-type activities</b>					
Long-term liabilities	<u>\$ 7,732,165</u>	<u>\$ 8,207</u>	<u>\$ (282,938)</u>	<u>\$ 7,457,434</u>	<u>\$ 281,346</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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	<b>Municipal Parking Board</b>				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability - PERS	\$ 147,446	\$ 61,605	\$ --	\$ 209,051	\$ --
Other postemployment benefits	100,771	19,228	--	119,999	--
Compensated absences	18,586	22,214	( 18,586)	22,214	--
Business-type activities					
Long-term liabilities	<u>\$ 266,803</u>	<u>\$ 103,047</u>	<u>\$ (18,586)</u>	<u>\$ 351,264</u>	<u>\$ --</u>

***Short-term Debt - Revolving Line of Credit***

The City uses a revolving line of credit to finance public projects related to housing projects. The Urban Renewal Fund participated in the borrowing. Short-term debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit				
Total	<u>\$ 655,852</u>	<u>\$ 103,333</u>	<u>\$ (48,142)</u>	<u>\$ 711,043</u>

**H. Restricted Assets**

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

	Municipal Development Authority	Municipal Parking Board
Revenue bond operations and maintenance account	\$ 506,794	\$ 114
Total restricted assets	<u>\$ 506,794</u>	<u>\$ 114</u>

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

For the year ended June 30, 2016, 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	\$ 1,047,042
Firemen's Pension and Relief Fund	1,122,171
Total	<u>\$ 2,169,213</u>

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**J. Prior Period Adjustment**

The following fund balance required restatement at the beginning of the year as follows:

	<u>Federal Drug</u>
Fund balance as previously stated	\$ 71,587
Add:	
Federal drug account	2,303
Fund balance, restated	<u>\$ 73,890</u>

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

	<u>Governmental Activities</u>
Net position, as previously stated	\$ (176,267,752)
Add:	
Federal drug account	2,303
Deferred outflow/ NPL - PERS adjustment	50,035
NPL - DBP adjustment	5,471
Subtract:	
Landfill closure - estimated costs	( 22,017,000)
TIF revenue bonds payable	( 17,000)
Net position, restated	<u>\$ (198,243,943)</u>

**K. Landfill Closure and Postclosure Care Costs**

Governmental Accounting Standards Board Statement No.18 requires the operators of solid waste landfills to accrue the estimated closure and postclosure costs over the life of the landfill beginning when the landfill starts accepting waste and ending when the landfill stops accepting waste. Closure and postclosure costs can include, but are not limited to, capping filled cells, and environmental monitoring.

State and Federal laws and EPA Regulations require the government to place a final cover over its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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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, 2016, the Landfill Reserve fund balance was \$1,409,956 and the General fund maintains \$578,885 in committed funds for landfill closure. The estimated landfill closure and postclosure costs as of June 30, 2016 are \$22,017,000.

**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 employees 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.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those 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's management 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.

The Department of Environmental Protection forced the City to close its landfill in 1994 because it did not have an underlying liner. Some procedures required for closure have been completed, however, additional procedures are still required to complete the closure. Costs to complete the closure and subsequent postclosure costs have been estimated at approximately \$22,017,000. As of June 30, 2016, the Landfill Reserve fund balance was \$1,409,956 and the General Fund contains \$578,885 in committed funds for the landfill closure.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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**C. Deferred Compensation Plan**

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

**D. Postemployment Health Care Plan**

In addition to the pension benefits described in Note VI., 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.

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 activities, business-type activities, Municipal Development Authority, and Municipal Parking Board of \$61,272,929, \$722,162, \$119,999, and \$12,784, respectively, resulting from the adoption. Since 2008 was the year of transaction 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:D.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 Authority.

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.

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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.

There is prescription drug coverage offered for post-medicare retirees.

Membership of the plan is as follows:

<u>Group</u>	<u>Health Care Plan</u>
Active Employees	311
Retirees and Beneficiaries Currently Receiving Benefits	<u>369</u>
Total	<u><u>680</u></u>

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:D.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 most recent valuation date:

Valuation Date	7/1/2015
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% decrease in fiscal year 2015, reduced by decrements of 0.25% until fiscal year 2023 in medical and continue Rx, and later

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**V.D.3. Annual Other Postemployment 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.

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	\$ 11,191,820	\$ 131,907	\$ 21,918	\$ 2,335	\$ 11,347,980
Interest on net OPEB obligation	2,380,226	28,053	4,662	496	2,413,437
Adjustment to annual required contribution	( 2,254,509)	( 26,572)	( 4,415)	( 470)	( 2,285,966)
Annual OPEB cost	11,317,537	133,388	22,165	2,361	11,475,451
Contributions made	( 2,938,506)	( 34,633)	( 5,755)	( 613)	( 2,979,507)
Increase in net OPEB obligation	8,379,031	98,755	16,410	1,748	8,495,944
Net OPEB obligation at beginning of the year	52,893,898	623,407	103,589	11,036	53,631,930
Net OPEB obligation at the end of the year	<u>\$ 61,272,929</u>	<u>\$ 722,162</u>	<u>\$ 119,999</u>	<u>\$ 12,784</u>	<u>\$ 62,127,874</u>

**V.D.4. Trend Information**

**Other Postemployment Benefits (OPEB)**

Fiscal Year	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2016	\$ 11,475,451	26%	\$ 62,127,874
2015	\$ 11,009,061	24%	\$ 53,631,930
2014	\$ 11,292,920	26%	\$ 45,235,847

**V.D.5. Funding Progress**

**SCHEDULE OF FUNDING PROGRESS**

**Other Postemployment Benefits (OPEB)**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/2014	\$ --	\$ 125,188,530	\$ 125,188,530	0.0%	\$ 15,959,638	784%
7/1/2015	\$ --	\$ 143,851,745	\$ 143,851,745	0.0%	\$ 11,360,991	1,266%

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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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 the Plan assets required disclosures are not applicable.

**VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

**A. Policemen's and Firemen's Pension and Relief Funds (PPRF and FPRF)**

*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. 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, 2016.

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, 2016.

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 the basis of accounting and reported investment values, see Notes I.C., I.D.1., and IV.I.

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Memberships of the plans are as follows:

<u>Group</u>	<u>PPRF</u>	<u>FPRF</u>	<u>Totals</u>
Active Employees	74	83	157
Inactive employees entitled to but not year receiving benefits	2	1	3
Inactive employees or beneficiaries currently receiving benefits	133	177	310
Total	<u>209</u>	<u>261</u>	<u>470</u>

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, 2016 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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*Actuarial Assumptions and Rate of Return*

The total pension liability was determined by an actuarial valuation as of June 30, 2016 for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the values were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2016. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

Actuarial assumptions	Policemen's	Firemen's
	Pension & Relief Fund	Pension & Relief Fund
Inflation rate	2.75%	2.75%
Salary increases	1 yr. 20%, 2 yrs. 6.5%, 3 yrs. 3.5%, 4 yrs. 2.75%, 5-9 yrs. 2.5%, 10-29 yrs. 2%, 30-34 yrs. 1.25%, 34+ yrs. 0%	1 yr. 20%, 2 yrs. 6.5%, 3 yrs. 3.5%, 4 yrs. 2.75%, 5-9 yrs. 2.5%, 10-29 yrs. 2%, 30-34 yrs. 1.25%, 34+ yrs. 0%
Investment Rate of Return	5.50%	4.50%

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, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 2.91 percent for the PPRF and 5.29 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, 2016 are summarized in the following chart:

Investment	PPFR's		FPRF's	
	Long-term Expected Real Rate of Return	Target Asset Allocation	Long-term Expected Real Rate of Return	Target Asset Allocation
Money Market	1.0%	2.0%	0.0%	0.0%
Equities	7.5%	50.0%	7.0%	55.0%
Fixed income	4.0%	48.0%	2.9%	44.0%
Cash	0.0%	0.0%	0.5%	1.0%

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*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 the PPRF or the FPRF.

*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:

	<u>PPRF</u>	<u>FPRF</u>
Total pension liability	\$ 96,869,096	\$ 118,543,256
Plan fiduciary net position	29,989,819	20,503,236
Net pension liability	<u>\$ 66,879,277</u>	<u>\$ 98,040,020</u>
Plan fiduciary net position as a percentage of the total pension liability	30.96%	17.30%

*Discount rate*

The discount rate used to measure the total pension liability was 5.5% for the PPRF and 4.5% for the FPRF, and the municipal bond rate was 2.85% 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 positions 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:

	<u>1%</u>	<u>Current</u>	<u>1%</u>
	Decrease	Discount Rate	Increase
PPRF's net pension liability	\$ 80,955,374	\$ 66,879,277	\$ 55,481,806
FPRF's net pension liability	\$ 116,325,585	\$ 98,040,020	\$ 83,406,053

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**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 June 30, 2015	\$ 82,728,217	\$ 28,546,572	\$ 54,181,645
Changes for the year:			
Service cost	1,327,865	--	1,327,865
Interest	4,995,831	--	4,995,831
Differences between expected & actual experience	2,053,752	--	2,053,752
Changes of assumptions or other inputs	10,127,518	--	10,127,518
Contributions - employer	--	4,822,623	( 4,822,623)
Contributions - employee	--	313,939	( 313,939)
Net investment income	--	852,569	( 852,569)
Benefit payments, including refunds of employee contributions	( 4,364,087)	( 4,364,087)	--
Administrative expense	--	( 176,416)	176,416
Other changes	--	90	( 90)
Net changes	<u>14,140,879</u>	<u>1,448,718</u>	<u>12,692,161</u>
Balances at June 30, 2016	<u>\$ 96,869,096</u>	<u>\$ 29,995,290</u>	<u>\$ 66,873,806</u>

**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 June 30, 2015	\$ 101,036,247	\$ 18,612,247	\$ 82,424,000
Changes for the year:			
Service cost	1,570,937	--	1,570,937
Interest	5,082,040	--	5,082,040
Changes of benefit terms	--	--	--
Differences between expected & actual experience	2,571,967	--	2,571,967
Changes of assumptions or other inputs	13,787,848	--	13,787,848
Contributions - employer	--	6,355,707	( 6,355,707)
Contributions - employee	--	283,660	( 283,660)
Net investment income	--	815,748	( 815,748)
Benefit payments, including refunds of employee contributions	( 5,505,783)	( 5,505,783)	--
Administrative expense	--	( 58,928)	58,928
Other changes	--	585	( 585)
Net changes	<u>17,507,009</u>	<u>1,890,989</u>	<u>15,616,020</u>
Balances at June 30, 2016	<u>\$ 118,543,256</u>	<u>\$ 20,503,236</u>	<u>\$ 98,040,020</u>

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

For the year ended June 30, 2016, the government recognized the following pension expenses.

	PPRF	FPRF
Pension expense	\$ 6,832,206	\$ 10,780,883

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**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in noninvestment experience	\$ 1,389,580	\$ 481,680
Changes of assumptions	6,852,336	2,068,378
Changes in actual investment experience	1,095,722	--
Total	<u>\$ 9,337,638</u>	<u>\$ 2,550,058</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:

2017	\$ 2,310,644
2018	3,640,226
2019	674,319
2020	162,390
Total	<u>\$ 6,787,579</u>

**Firemen's Pension and Relief Fund**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in noninvestment experience	\$ 1,699,065	\$ 419,373
Changes of assumptions	9,108,381	--
Changes in actual investment experience	133,595	3,650
Total	<u>\$ 10,941,041</u>	<u>\$ 423,023</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	\$ 5,176,614
2017	5,298,697
2018	43,619
2019	( 912)
Total	<u>\$ 10,518,018</u>

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*Payables to the pension plan .*

The primary government has booked payables to both pension plans totaling \$4,504,559. This figure represents the amount of funding due to the pension plans in the prior and current plan fiscal year. The City is evaluating methods to 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>
<b>ASSETS</b>		
Non-pooled cash	\$ 1,047,544	\$ 1,068,310
Total cash	<u>1,047,544</u>	<u>1,068,310</u>
Investments, at fair value:		
Money market	1,016,457	629,191
U.S Government agency notes	3,624,590	520,310
Municipal obligations	2,897,008	103,012
Mutual funds	10,157,520	3,200,136
Common stock	3,210,673	7,114,752
Preferred stock	--	541,330
Certificate of deposit	2,833,330	50,014
Corporate bonds	<u>2,793,995</u>	<u>4,107,264</u>
Total investments	<u>26,533,573</u>	<u>16,266,009</u>
Receivables:		
Accounts receivable	2,861	--
Due from other governments	523,521	561,086
Due from primary government	<u>1,887,791</u>	<u>2,616,768</u>
Total receivables	<u>2,414,173</u>	<u>3,177,854</u>
Total assets	<u>29,995,290</u>	<u>20,512,173</u>
<b>LIABILITIES</b>		
Accounts payable	4,111	--
Due to: other funds	<u>1,360</u>	<u>8,937</u>
Total liabilities	<u>5,471</u>	<u>8,937</u>
<b>NET POSITION</b>		
Net position held in trust for pension benefits	<u>\$ 29,989,819</u>	<u>\$ 20,503,236</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
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	Policemen's Pension and Relief	Firemen's Pension and Relief
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 3,775,581	\$ 5,233,536
Plan members	313,939	283,660
Insurance premium surtax	1,047,042	1,122,171
Total contributions	5,136,562	6,639,367
Investment income:		
Net increase (decrease) in fair value of investments	( 54,267)	404,015
Interest and dividends	906,836	411,732
Miscellaneous	91	584
Net investment income	852,660	816,331
Total additions	5,989,222	7,455,698
<b>DEDUCTIONS</b>		
Benefits	4,311,767	5,474,416
Administrative expenses	181,176	58,926
Refunds of contributions	47,560	31,367
Total deductions	4,540,503	5,564,709
Change in net position	1,448,719	1,890,989
Net position held in trust for pension benefits:		
Beginning of year	28,541,100	18,612,247
End of year	\$ 29,989,819	\$ 20,503,236

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**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 civilian city employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

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

**Public Employees Retirement System (PERS)**

Eligibility to participate	All 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 hired before 7/1/2015	4.50%
City's contribution rate hired before 7/1/2015	13.50%
Plan member's contribution rate hired on or after 7/1/2015	6.00%
City's contribution rate hired on or after 7/1/2015	13.50%
Period required to vest	Five years for plan members hired before 7/1/2015. Ten years for plan members hired on or after 7/1/2015.
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

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*Trend Information*

**Public Employees Retirement System (PERS)**

<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2016	\$ 979,728	100%
2015	\$ 994,972	100%
2014	\$ 1,077,487	100%
2013	\$ 696,644	100%
2012	\$ 711,400	100%
2011	\$ 670,380	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 City reported a liability of \$2,214,475 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the government's proportion was 0.396572%, which was a decrease of 0.026720% from its proportion measured as of the prior period.

For the year ended June 30, 2016, the government recognized the following pension expense.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Parking Board</u>	<u>Total</u>
Pension expense	\$ 218,384	\$ 54,187	\$ 29,654	\$ 302,225

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The primary government and the Parking Board 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
	<u>                    </u>	<u>                    </u>
Difference between expected and actual experience	\$ 452,913	\$ 1,161,222
Changes of assumptions	--	266,366
Net difference between projected and actual earnings on pension plan investments	675,633	--
Changes in proportion and differences between government contributions and proportionate share of contributions	249,644	152,200
Government contributions subsequent to the measurement date	733,057	--
	<u>\$ 2,111,247</u>	<u>\$ 1,579,788</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, 2017. 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:

2017	\$ (96,735)
2018	(96,735)
2019	(177,026)
2020	168,898
Total	<u>\$ (201,598)</u>

*Actuarial assumptions*. The total pension liability was determined by an actuarial valuation as of June 30, 2015 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.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2014. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2015, actuarial valuation to more closely reflect actual experience.

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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	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 7.50 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>\$ 6,257,352</u>	<u>\$ 2,214,475</u>	<u>\$ (1,230,425)</u>

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

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**C. 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	City 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
2016	\$ 390,554	100%
2015	\$ 339,816	100%
2014	\$ 249,072	100%
2013	\$ 77,834	100%
2012	\$ 40,754	100%

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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

At fiscal year-end, the government reported an asset of \$392,648 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date. The government's proportion of the net pension asset was based on a projection of the government's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the government's proportion was 40.720109%, which was a decrease of 3.986314% 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
	Activities
Pension expense	<u>\$ 15,460</u>

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 17,917	\$ 14,577
Net difference between projected and actual earnings on pension plan investments	19,545	--
Changes in proportion and differences between government contributions and proportionate share of contributions	44,370	5,577
Government contributions subsequent to the measurement date	<u>195,277</u>	<u>--</u>
	<u>\$ 277,109</u>	<u>\$ 20,154</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2016**

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 30, 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:

<u>Year Ended June 30:</u>	
2017	\$ 6,500
2018	6,500
2019	8,129
2020	10,165
2021	6,500
2022	6,500
2023	6,500
2024	6,500
2025	4,384
Total	<u>\$ 61,678</u>

*Actuarial assumptions* . The total pension liability was determined by an actuarial valuation as of June 30, 2015 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial assumptions:

Inflation rate	3.00%
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, 2015, valuation were based on the results of an actuarial experience study for the period July 1, 2014. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the June 30, 2015, actuarial valuation to more closely reflect actual experience.

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:

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2016**

<u>Investment</u>	Long-term Expected Real Rate of Return	Target Asset Allocation
Us Equity (Russell 3000)	7.0%	27.5%
International Equity	7.7%	27.5%
Core Fixed Income	2.7%	7.5%
High Yield	5.5%	7.5%
Real Estate	5.6%	10.0%
Private Equity	9.4%	10.0%
Hedge Funds	4.7%	10.0%
Inflation (CPI)	1.5%	0.0%
		<u>100.0%</u>

*Discount rate*. The discount rate used to measure the total pension asset was 7.50 percent for MPFRS. 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 was 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 asset.

The following chart presents the sensitivity of the net pension asset 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 MPFRS's net pension asset	<u>\$ 285,229</u>	<u>\$ 392,648</u>	<u>\$ 474,026</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***

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

**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
7/1/10	\$ --	\$ 108,692,330	\$ 108,692,330	0.00%	\$ 17,335,332	627%
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%
7/1/15	--	143,851,745	143,851,745	0.00%	11,360,991	1266%

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

Fiscal Year	Municipal Contributions	Percent Contributed
2016	\$ 2,979,507	26%
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%

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 1,327,865	\$ 1,570,562	\$ 1,639,476
Interest	4,995,831	4,650,084	4,638,808
Differences between expected and actual experience	10,127,518	(1,214,505)	--
Changes in assumptions	--	(5,215,194)	(3,920,804)
Benefits payments, including refunds of member contributions	(4,364,087)	(4,077,860)	(10,482)
Net change in total pension liability	12,087,127	(4,286,913)	2,346,998
Total pension liability-beginning	82,728,217	87,015,130	84,668,132
Total pension liability-ending (a)	<u>\$ 94,815,344</u>	<u>\$ 82,728,217</u>	<u>\$ 87,015,130</u>
<b>Plan fiduciary net position</b>			
Contributions-employer	\$ 4,822,623	\$ 5,271,650	\$ 5,359,218
Contributions-members	313,939	365,787	359,819
Net investment income	852,569	654,764	2,438,222
Benefit payments, including refunds of member contributions	(4,364,087)	(4,077,860)	(3,920,804)
Administrative expenses	(176,416)	(190,402)	(122,396)
Other	90	--	(10,482)
Net change in plan fiduciary net position	1,448,718	2,023,939	4,103,577
Plan fiduciary net position - beginning	28,546,572	26,517,192	22,413,615
Plan fiduciary net position-ending (b)	<u>\$ 29,995,290</u>	<u>\$ 28,541,131</u>	<u>\$ 26,517,192</u>
 Net pension liability - ending (a) - (b)	 <u>\$ 64,820,054</u>	 <u>\$ 54,187,086</u>	 <u>\$ 60,497,938</u>
 Plan fiduciary net position as a percentage of the total pension liability	 31.64%	 34.50%	 30.47%
 Covered employee payroll	 \$ 4,573,783	 \$ 4,771,286	 \$ 4,955,880
Net pension liability as a percentage of covered employee payroll	1417.21%	1135.69%	1220.73%

Notes to PPRF'S Schedule:

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

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Fiscal Year Ended June 30, 2016**

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

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total pension liability</b>			
Service cost	\$ 1,570,937	\$ 1,569,989	\$ 1,598,605
Interest	5,082,040	4,899,228	4,937,861
Differences between expected and actual experience	2,571,967	(1,282,535)	--
Changes in assumptions	13,787,848	--	--
Benefits payments, including refunds of member contributions	(5,505,783)	(5,265,052)	(5,160,941)
Net change in total pension liability	17,507,009	(78,370)	1,375,525
Total pension liability-beginning	101,036,247	101,114,617	99,739,092
Total pension liability-ending (a)	<u>\$ 118,543,256</u>	<u>\$ 101,036,247</u>	<u>\$ 101,114,617</u>
<b>Plan fiduciary net position</b>			
Contributions-employer	\$ 6,355,707	\$ 6,428,342	\$ 6,491,137
Contributions-members	283,660	306,473	290,819
Net investment income	815,748	538,263	1,573,446
Benefit payments, including refunds of member contributions	(5,505,783)	(5,265,052)	(5,160,941)
Administrative expenses	(58,928)	(58,286)	(54,823)
Other	585	14	--
Net change in plan fiduciary net position	1,890,989	1,949,754	3,139,638
Plan fiduciary net position - beginning	18,612,247	16,662,493	13,522,855
Plan fiduciary net position-ending (b)	<u>\$ 20,503,236</u>	<u>\$ 18,612,247</u>	<u>\$ 16,662,493</u>
Net pension liability - ending (a) - (b)	<u>\$ 98,040,020</u>	<u>\$ 82,424,000</u>	<u>\$ 84,452,124</u>
Plan fiduciary net position as a percentage of the total pension liability	17.30%	18.42%	16.48%
Covered employee payroll	\$ 4,135,510	\$ 4,037,697	\$ 4,063,878
Net pension liability as a percentage of covered employee payroll	2370.69%	2041.36%	2078.12%

Notes to FPRF'S Schedule:

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

**IV. SCHEDULES OF INVESTMENT RETURNS**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	2.91%	10.00%	10.00%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Annual money-weighted rate of return, net of investment expense	5.29%	3.75%	9.60%

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

**V. SCHEDULES OF CONTRIBUTIONS MULTIYEAR**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (a)	\$ 4,666,572	\$ 3,717,462	\$ 4,098,151
Employer contribution (b)	3,775,581	4,237,318	4,398,765
State contribution (c)	1,047,042	1,034,332	960,453
Contribution deficiency (excess)	\$ (156,051)	\$ (1,554,188)	\$ (1,261,067)
Covered payroll (f)	4,576,783	4,771,286	4,955,880
Actual contribution as a percent of covered payroll [(b)+(c)]/f	105%	110%	108%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution (a)	\$ 6,111,224	\$ 4,908,882	\$ 4,945,075
Employer contribution (b)	5,233,536	5,326,897	5,454,415
State contribution (c)	1,122,171	1,101,445	1,036,722
Contribution deficiency (excess)	\$ (244,483)	\$ (1,519,460)	\$ (1,546,062)
Covered payroll (f)	4,135,510	4,037,697	4,063,878
Actual contribution as a percent of covered payroll [(b)+(c)]/f	154%	159%	160%

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

**CITY 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, 2016**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (percentage)	0.39%	0.42%	0.37%
Government's proportionate share of the net pension liability	\$ 2,214,475	\$ 1,562,223	\$ 3,389,265
Government's covered-employee payroll	\$ 5,380,616	\$ 5,670,986	\$ 4,976,029
Government's proportionate share of the net pension liability as a percentage of its covered-employee payroll	41.16%	27.55%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	91.29%	93.98%	79.70%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension asset (percentage)	40.72%	44.71%	52.29%
Government's proportionate share of the net pension asset	\$ 392,648	\$ 303,557	\$ 138,564
Government's covered-employee payroll	\$ 1,998,916	\$ 1,465,130	\$ 915,691
Government's proportionate share of the net pension asset as a percentage of its covered-employee payroll	19.64%	20.72%	15.13%
Plan fiduciary net position as a percentage of the total pension asset	189.27%	200.40%	224.40%

The amounts presented for each fiscal year were determined as of June 30, 2015

\* 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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF GOVERNMENT CONTRIBUTIONS  
For the Fiscal Year Ended June 30, 2016**

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 733,057	\$ 753,286	\$ 822,293
Contributions in relation to the contractually required contribution	<u>(733,057)</u>	<u>(752,950)</u>	<u>(822,293)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ 336</u>	<u>\$ --</u>
Government's covered-employee payroll	\$ 5,430,050	\$ 5,380,616	\$ 5,670,986
Contributions as a percentage of covered-employee payroll	13.50%	14.00%	14.50%

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 195,277	\$ 169,908	\$ 124,536
Contributions in relation to the contractually required contribution	<u>(195,277)</u>	<u>(169,908)</u>	<u>(124,536)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Government's covered-employee payroll	\$ 2,297,375	\$ 1,998,916	\$ 1,465,130
Contributions as a percentage of covered-employee payroll	8.50%	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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2016**

**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>6/30/2016</u>	<u>6/30/2016</u>
Valuation Date	6/30/2016	6/30/2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Period	25 Years (Level Percentage)	25 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.50%	4.50%
Projected Salary Increases	20% per year (0-1), 6.5% (1-2), 3.5- 2.75% (3-4), 2.5% (5-9), 2.0%(10-29), 1.25% thereafter	20% per year (0-1), 6.5% (1-2), 3.5- 2.75% (3-4), 2.5% (5-9), 2.0%(10-29), 1.25% thereafter
Post Retirement Benefit Increases	None	None
Inflation	2.75%	2.75%
Cost of Living Adjustments	2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years	2.75% on first \$15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years
Mortality	Active: RP-2014 Blue Collar Healthy Employee, Post Retirement: RP-2014 Blue Collar Healthy Annuitant, Disabled: RP-2014 Blue Collar Healthy Annuitant set forward for years	

**Changes of assumptions for public safety pension plans**. The actuarial assumptions and methods were recommended by the Actuary, in the report 2016 Experience Review for the Years July 1, 2009, to July 1, 2014, and approved by the West Virginia Municipal Pensions Oversight Board. The actuarial assumption update is summarized below:

- 1) For purposes of the funding actuarial valuation, the interest rate used to discount liabilities and project assets was changed from 6.00% to 5.50% for the PPRF and 5.00 to 4.50 for the FRPF. For purposes of the accounting actuarial valuation, the blended interest rate used to discount liabilities was changed from 5.00% to 3.9795% for the PPRF and 5.50% to 5.00% for the FRPF.
- 2) The post-retirement mortality assumption was updated for both plans from the 1994 Group Annuity Mortality table to the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption was updated to the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The pre-retirement mortality assumption was updated to the RP-2014 Blue Collar Total Employee Mortality table, with generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales.
- 3) The wage inflation assumption used to project compensation was decreased from 4.00% to 3.75% for both plans.
- 4) The service based compensation increase assumption was updated based on observed experience for both plans.
- 5) General inflation, post-retirement COLA and the increase in State Insurance Premium Tax Allocation changed from 3.00% to 2.75% for both plans.
- 6) Turnover, retirement rates and disability assumptions were updated based on observed experience for both plans.

*SUPPLEMENTARY INFORMATION*

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS</b>				
<b>Current:</b>				
Cash and cash equivalents	\$ 149,630	\$ 923	\$ 3,412	\$ 153,965
Investments	--	1,397,661	--	1,397,661
Assets held for resale	614,062	--	--	614,062
Due from:				
Other funds	1,925	11,372	--	13,297
Fiduciary funds	68,809	--	--	68,809
	<u>834,426</u>	<u>1,409,956</u>	<u>3,412</u>	<u>2,247,794</u>
Total assets	\$ <u>834,426</u>	\$ <u>1,409,956</u>	\$ <u>3,412</u>	\$ <u>2,247,794</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	9,572	--	--	9,572
Line of credit	711,043	--	--	711,043
Due to:				
Other funds	737	--	--	737
	<u>721,352</u>	<u>--</u>	<u>--</u>	<u>721,352</u>
Total liabilities	721,352	--	--	721,352
<b>Fund balances:</b>				
Nonspendable	614,062	--	--	614,062
Restricted	--	--	3,412	3,412
Assigned	166,579	1,409,956	--	1,576,535
Unassigned	( 667,567)	--	--	( 667,567)
	<u>113,074</u>	<u>1,409,956</u>	<u>3,412</u>	<u>1,526,442</u>
Total fund balances	113,074	1,409,956	3,412	1,526,442
Total liabilities and fund balances	\$ <u>834,426</u>	\$ <u>1,409,956</u>	\$ <u>3,412</u>	\$ <u>2,247,794</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Nonmajor Governmental Funds</u>
<b>REVENUES</b>				
Taxes:				
Ad valorem property taxes	\$ --	\$ --	\$ 184,676	\$ 184,676
Charges for services	--	66,974	--	66,974
Fines and forfeits	20,618	--	--	20,618
Interest earnings	139	607	136	882
Refunds	28,105	--	--	28,105
Grants and contributions	196,068	--	--	196,068
	<u>244,930</u>	<u>67,581</u>	<u>184,812</u>	<u>497,323</u>
Total revenues				
<b>EXPENDITURES</b>				
Current:				
General government	120,158	--	2,000	122,158
Public safety	110,646	--	--	110,646
Health and sanitation	--	46,234	--	46,234
Capital projects	315,034	--	--	315,034
Debt service:				
Principal	--	--	112,000	112,000
Interest	30,998	--	72,565	103,563
	<u>576,836</u>	<u>46,234</u>	<u>186,565</u>	<u>809,635</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	( 331,906)	21,347	( 1,753)	( 312,312)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the sale of assets	57,827	--	--	57,827
Capital leases	187,077	--	--	187,077
	<u>244,904</u>	<u>--</u>	<u>--</u>	<u>244,904</u>
Total other financing sources (uses)				
Net change in fund balance	( 87,002)	21,347	( 1,753)	( 67,408)
Fund balances - beginning (Restated Note IV. J.)	<u>200,076</u>	<u>1,388,609</u>	<u>5,165</u>	<u>1,593,850</u>
Fund balances - ending	<u>\$ 113,074</u>	<u>\$ 1,409,956</u>	<u>\$ 3,412</u>	<u>\$ 1,526,442</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS**  
**June 30, 2016**

			Westmoreland Jean Dean						Total Nonmajor Special Revenue Funds
	Capital Improvements	Federal Drug	Fire Protection	Public Safety	Urban Renewal	Safety Town			
<b>ASSETS</b>									
<b>Current:</b>									
Cash and cash equivalents	\$ 4,580	\$ 3,439	\$ 69,961	\$ 20,602	\$ 50,575	\$ 473	\$	149,630	
Assets held for resale	--	--	--	--	614,062	--		614,062	
Due from:								--	
Other funds	--	--	--	1,925	--	--		1,925	
Fiduciary funds	--	68,809	--	--	--	--		68,809	
 Total assets	 \$ 4,580	 \$ 72,248	 \$ 69,961	 \$ 22,527	 \$ 664,637	 \$ 473	 \$	 834,426	
 <b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	--	1,942	--	1,268	6,362	--		9,572	
Line of credit	--	--	--	--	711,043	--		711,043	
Due to:									
Other funds	--	--	--	--	737	--		737	
Total liabilities	--	1,942	--	1,268	718,142	--		721,352	
<b>Fund balances:</b>									
Nonspendable	--	--	--	--	614,062	--		614,062	
Assigned	4,580	70,306	69,961	21,259	--	473		166,579	
Unassigned	--	--	--	--	( 667,567)	--		( 667,567)	
Total fund balances	4,580	70,306	69,961	21,259	( 53,505)	473		113,074	
 Total liabilities and fund balances	 \$ 4,580	 \$ 72,248	 \$ 69,961	 \$ 22,527	 \$ 664,637	 \$ 473	 \$	 834,426	

**CITY 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, 2016**

	Capital Improvements	Federal Drug	Westmoreland Fire Protection	Jean Dean Public Safety	Urban Renewal	Safety Town	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>							
Fines and forfeits	\$ --	\$ --	\$ --	\$ 20,618	\$ --	\$ --	\$ 20,618
Interest and investment earnings	1	63	41	5	26	3	139
Refunds	--	--	--	--	28,105	--	28,105
Grants and contributions	--	171,829	--	--	2,500	21,739	196,068
<b>Total revenues</b>	<b>1</b>	<b>171,892</b>	<b>41</b>	<b>20,623</b>	<b>30,631</b>	<b>21,742</b>	<b>244,930</b>
<b>EXPENDITURES</b>							
Current:							
General government	400	--	--	--	119,758	--	120,158
Public safety	--	72,021	400	15,771	--	22,454	110,646
Capital projects	--	290,532	24,502	--	--	--	315,034
Debt service:							
Interest	--	--	--	--	30,998	--	30,998
<b>Total expenditures</b>	<b>400</b>	<b>362,553</b>	<b>24,902</b>	<b>15,771</b>	<b>150,756</b>	<b>22,454</b>	<b>576,836</b>
Excess (deficiency) of revenues over expenditures	( 399)	( 190,661)	( 24,861)	4,852	( 120,125)	( 712)	( 331,906)
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from the sale of assets	--	--	--	--	57,827	--	57,827
Capital leases	--	187,077	--	--	--	--	187,077
<b>Total other financing sources (uses)</b>	<b>--</b>	<b>187,077</b>	<b>--</b>	<b>--</b>	<b>57,827</b>	<b>--</b>	<b>244,904</b>
<b>Net change in fund balance</b>	<b>( 399)</b>	<b>( 3,584)</b>	<b>( 24,861)</b>	<b>4,852</b>	<b>( 62,298)</b>	<b>( 712)</b>	<b>( 87,002)</b>
Fund balances - beginning (Restated Note IV. J.)	4,979	73,890	94,822	16,407	8,793	1,185	200,076
<b>Fund balances - ending</b>	<b>\$ 4,580</b>	<b>\$ 70,306</b>	<b>\$ 69,961</b>	<b>\$ 21,259</b>	<b>\$ ( 53,505)</b>	<b>\$ 473</b>	<b>\$ 113,074</b>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUND**  
**June 30, 2016**

	<u>Landfill Reserve</u>
<b>ASSETS</b>	
Current:	
Cash and cash equivalents	\$       923
Investments	1,397,661
Due from:	
Other funds	<u>11,372</u>
 Total assets	 \$ <u><u>1,409,956</u></u>
 <b>FUND BALANCE</b>	
Assigned	<u>1,409,956</u>
 Total fund balance	 \$ <u><u>1,409,956</u></u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - NONMAJOR CAPITAL PROJECTS FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Landfill Reserve</u>
<b>REVENUES</b>	
Charges for services	\$ 66,974
Interest and investment earnings	<u>607</u>
Total revenues	<u>67,581</u>
<b>EXPENDITURES</b>	
Current:	
Health and sanitation	<u>46,234</u>
Total expenditures	<u>46,234</u>
Net change in fund balance	21,347
Fund balance - beginning	<u>1,388,609</u>
Fund balance - ending	<u><u>\$ 1,409,956</u></u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING BALANCE SHEET - NONMAJOR DEBT SERVICE FUND**  
**June 30, 2016**

	<u>Tax Increment Financing</u>
<b>ASSETS</b>	
Current:	
Cash and cash equivalents	\$ <u>3,412</u>
Total assets	\$ <u><u>3,412</u></u>
<b>FUND BALANCE</b>	
Restricted	<u>3,412</u>
Total fund balance	\$ <u><u>3,412</u></u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCE -  
 NONMAJOR DEBT SERVICE FUND  
 For the Fiscal Year Ended June 30, 2016**

	<u>Tax Increment Financing</u>
<b>REVENUES</b>	
Taxes:	
Ad valorem property taxes	\$ 184,676
Interest and investment earnings	<u>136</u>
Total revenues	<u>184,812</u>
<b>EXPENDITURES</b>	
Current:	
General government	2,000
Debt service:	
Principal	112,000
Interest	<u>72,565</u>
Total expenditures	<u>186,565</u>
Net change in fund balance	( 1,753)
Fund balance - beginning	<u>5,165</u>
Fund balance - ending	<u><u>\$ 3,412</u></u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**AGENCY FUNDS**  
**June 30, 2016**

	<u>Police Retiree's Insurance</u>	<u>Fire Retiree's Insurance</u>	<u>Asset Seizure</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,105,101	\$ 435,276	\$ 667,149	\$ 2,207,526
Due from primary government	<u>109,237</u>	<u>68,392</u>	<u>--</u>	<u>177,629</u>
Total assets	<u>\$ 1,214,338</u>	<u>\$ 503,668</u>	<u>\$ 667,149</u>	<u>\$ 2,385,155</u>
<b>LIABILITIES</b>				
Due to other funds	--	--	68,809	68,809
Refunds payable and others	<u>1,214,338</u>	<u>503,668</u>	<u>598,340</u>	<u>2,316,346</u>
Total liabilities	<u>\$ 1,214,338</u>	<u>\$ 503,668</u>	<u>\$ 667,149</u>	<u>\$ 2,385,155</u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - COMPONENT UNITS**  
**June 30, 2016**

	Business-type Activities	
	Parking Board	Development Authority
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 316,999	\$ 881,422
Receivables:		
Accounts	700	--
Due from:		
Primary government	--	200,000
Prepaid expenses	1,221	--
Total current assets	318,920	1,081,422
Noncurrent assets:		
Restricted assets		
Regular account	114	506,794
Total restricted assets	114	506,794
Capital assets:		
Nondepreciable:		
Land	942,877	5,141,571
Construction in progress	--	110,000
Depreciable:		
Buildings	4,775,401	12,853,204
Structures and improvements	490,173	1,588,812
Machinery and equipment	684,515	200,000
Furniture and Fixtures	--	2,661,074
Less: accumulated depreciation	( 5,149,696)	( 12,802,564)
Total capital assets (net of accumulated depreciation)	1,743,270	9,752,097
Total noncurrent assets	1,743,384	10,258,891
Total assets	2,062,304	11,340,313
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Changes in contributions	23,566	--
Contributions made subsequent to measurement date	49,671	--
Change in investment earnings	63,780	--
Difference between expected and actual experience	42,755	--
Total deferred outflows of resources	179,772	--

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - COMPONENT UNITS**  
**June 30, 2016**

	Business-type Activities	
	Parking Board	Development Authority
<b>LIABILITIES</b>		
Current liabilities payable from current assets:		
Accounts payable	\$ 2,846	\$ 3,081
Payroll payable	12,741	--
Reserve for health claims	11,712	4,462
Accrued revenue bond interest payable	--	81,521
Due to:		
Primary government	53,399	10,340
Bonds payable	--	293,173
Total current liabilities payable from current assets	80,698	392,577
Unearned revenues:		
Charges for services	910	--
Total unearned revenues	910	--
Noncurrent liabilities		
Bonds payable	--	7,145,393
Other postemployment benefits payable	119,999	12,784
Net pension liability - PERS	209,051	--
Compensated absences payable	22,214	6,084
Total noncurrent liabilities	351,264	7,164,261
Total liabilities	432,872	7,556,838
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Changes in contributions	14,368	--
Changes in investment experience	109,619	--
Difference in assumptions	25,145	--
Total deferred inflows of resources	149,132	--
<b>NET POSITION</b>		
Net investment in capital assets	1,743,270	2,313,531
Restricted expendable:		
Restricted for debt service	114	506,794
Unrestricted	( 83,312)	963,150
Total net position	\$ 1,660,072	\$ 3,783,475

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET POSITION - COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Business-type Activities</u>	
	<u>Parking Board</u>	<u>Development Authority</u>
Operating revenues:		
Sales and services to customers	\$ 749,873	\$ 120,000
Rental fees	72,795	3,716
Miscellaneous	17,404	8,043
Total operating revenues	<u>840,072</u>	<u>131,759</u>
Operating expenses:		
Personal services	519,553	169,890
Contractual services	3,495	--
Administrative and general	141,435	84,752
Miscellaneous	--	167
Liability insurance	27,372	4,545
Materials and supplies	18,085	426
Utilities	31,955	4,028
Depreciation	149,254	1,078,064
Maintenance	16,366	10,515
Total operating expenses	<u>907,515</u>	<u>1,352,387</u>
Operating income (loss)	<u>( 67,443)</u>	<u>( 1,220,628)</u>
Nonoperating revenues (expenses):		
Investment earnings	76	673
Interest and fiscal charges	--	( 504,818)
Operating grants	--	724,305
Tax increment revenue	--	297,331
Total nonoperating revenues (expenses)	<u>76</u>	<u>517,491</u>
Change in net position	( 67,367)	( 703,137)
Net position at beginning of year	<u>1,727,439</u>	<u>4,486,612</u>
Net position at end of year	<u>\$ 1,660,072</u>	<u>\$ 3,783,475</u>

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**

	Business-type Activities	
	Parking Board	Development Authority
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 745,735	\$ 131,759
Cash paid for goods and services	( 247,765)	( 103,744)
Other cash received (paid) for intergovernmental activity	4,034	101,501
Cash paid to employees	( 422,351)	( 166,448)
	79,653	( 36,932)
<b>Net cash provided (used) by operating activities</b>		
<b>Cash flows from noncapital financing activities:</b>		
Tax increment financing revenues	--	297,331
Contributions from other entities	--	724,305
	--	1,021,636
<b>Net cash provided (used) by noncapital financing activities</b>		
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	( 6,439)	( 10,200)
Acquisition and construction of capital assets	--	( 110,000)
Principal paid on capital debt	--	( 278,173)
Interest paid on capital debt	--	( 506,751)
	( 6,439)	( 905,124)
<b>Net cash provided (used) by capital and related financing activities</b>		
<b>Cash flows from investing activities:</b>		
Interest received	76	673
	76	673
<b>Net cash provided (used) by investing activities</b>		
<b>Net increase (decrease) in cash and cash equivalents</b>	73,290	80,253
Cash and cash equivalents at beginning of year (including \$114 in restricted accounts for the Parking Board and \$618,553 in restricted accounts for the Development Authority)	243,823	1,307,963
<b>Cash and cash equivalents at end of year (including \$114 in restricted accounts for the Parking Board and \$506,794 in restricted accounts for the Development Authority)</b>	\$ 317,113	\$ 1,388,216

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS - COMPONENT UNITS**  
**For the Fiscal Year Ended June 30, 2016**

	Business-type Activities	
	Parking Board	Development Authority
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ ( 67,443)	\$ ( 1,220,628)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	149,254	1,078,064
Decrease (increase) in accounts receivable	( 60)	--
Decrease (increase) in deferred inflows	( 94,277)	--
Decrease (increase) in due from primary government	--	100,000
Decrease (increase) in prepaid expenses	1,844	--
Increase (decrease) in customer deposits	( 1,895)	724
Increase (decrease) in accounts payable	1,777	( 35)
Increase (decrease) in other postemployment benefits payable	19,228	2,123
Increase (decrease) in payroll payable	12,741	--
Increase (decrease) in other accrued expenses	( 3,907)	--
Increase (decrease) in compensated absences payable	3,628	1,319
Increase (decrease) in net pension liability	61,605	--
Increase (decrease) in deferred outflows	( 6,875)	--
Increase (decrease) in due to primary government	4,033	1,501
Net cash provided by operations	\$ 79,653	\$ ( 36,932)

*ACCOMPANYING INFORMATION*



# State of West Virginia

**John B. McCuskey**

**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 25701

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, 2016, 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, 2017.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

### **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 2016-002 through 2016-004.

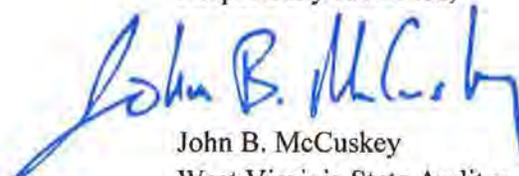
### **Entity's Response to Findings**

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,



John B. McCuskey  
West Virginia State Auditor  
Charleston, West Virginia

March 21, 2017



**State of West Virginia**  
**John B. McCuskey**

**State Auditor and  
Chief Inspector**

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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Independent Auditor's Report**

Honorable Mayor and Council  
City of Huntington  
Huntington, West Virginia 25701

**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 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

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

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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, 2016.

### **Report on Internal Control Over Compliance**

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

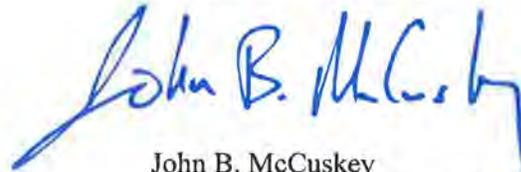
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Honorable Mayor and Council  
City of Huntington  
Page 3

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.

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

Respectfully submitted,



John B. McCuskey  
West Virginia State Auditor  
Charleston, West Virginia

March 21, 2017

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2016**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>	<u>Passed through to Subrecipients</u>
<b>U. S. Department of Agriculture</b>				
<i>Pass-through Programs from:</i>				
University of Michigan, WV State University and United Way of River Cities				
<u>Program Title</u>				
Cooperative Extension Service	10.500	Not available	\$ 11,203	\$ --
<i>Pass-through Programs from:</i>				
WV Department of Education				
<u>Program Title</u>				
Child and Adult Care Food Program	10.558	51105	32,556	--
<b>Total U. S. Department of Agriculture</b>			<u>43,759</u>	<u>--</u>
<b>U. S. Department of Housing and Urban Development</b>				
<i>Direct Programs:</i>				
<u>Program Title:</u>				
Community Development Block Grants / Entitlement Grants (see Note 2)	14.218	N/A	5,836,692	159,343
Emergency Solutions Grant Program	14.231	N/A	121,625	29,470
Home Investment Partnerships Program (see Note 2)	14.239	N/A	4,677,034	--
<i>Pass-through Programs from:</i>				
WV State Office of Economic Opportunity				
<u>Program Title</u>				
Emergency Solutions Grant Program	14.231	S-11-DC-54-0001	109,911	--
<b>Total U. S. Department of Commerce</b>			<u>10,745,262</u>	<u>188,813</u>
<b>U.S. Department of Justice - Bureau of Justice Assistance</b>				
<i>Direct Programs:</i>				
<u>Program Title</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	10,233	--
Public Safety Partnership and Community Policing Grants	16.710	N/A	149,761	--
Byrne Criminal Justice Innovation Program	16.817	N/A	27,971	--
Drug Court Discretionary Grant Program	16.585	N/A	11,974	--
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	N/A	12,977	--
<i>Pass-through Programs from:</i>				
WV Division of Justice and Community Service				
<u>Program Title</u>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	14-JAG-03	12,677	--
<b>Total U. S. Department of Justice - Bureau of Justice Assistance</b>			<u>225,593</u>	<u>--</u>

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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Number</u>	<u>Total Expenditures</u>	<u>Passed through to Subrecipients</u>
<b>U. S. Department of Transportation</b>				
<i>Pass-through Programs from:</i>				
WV Department of Transportation - Highway Safety				
<u>Program Title</u>				
Highway Planning and Construction	20.205	F15-HS-02- DOHDD	\$ 15,094	\$ 11,268
		F16-HS-02- DOHDD	45,360	33,540
Alcohol Open Container Requirements	20.607	F15-HS-02-154	37,751	18,155
		F15-HS-02-155	76,514	30,574
<b>Highway Safety Cluster</b>				
<u>Program Title</u>				
State and Community Highway Safety	20.600	F15-HS-02-402	104,602	12,987
		F16-HS-02-402	161,594	20,513
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	F15-HS-02-410	109,241	17,141
		F16-HS-02-410	172,172	32,973
Safety Belt Performance Grants	20.609	F15-HS-02-406	501	--
		F16-HS-02-406	10,539	--
State Traffic Safety Information System Improvement Grants	20.610	F15-HS-02-408	8,701	--
		F16-HS-02-408	93,599	--
Incentive Grant Program to Increase Motorcyclist Safety	20.612	F14-HS-02-2010	1,795	--
National Priority Safety Programs	20.616	F15-HS-02-405b	13,400	10,708
		F16-HS-02-405b	38,500	30,239
		F16-HS-02-405d	3,675	--
<b>Total Highway Safety Cluster</b>			<u>718,319</u>	<u>124,561</u>
<b>Total U. S. Department of Transportation</b>			<u>893,038</u>	<u>218,098</u>
<b>U.S. Environmental Protection Agency</b>				
<i>Direct Programs:</i>				
<u>Program Title</u>				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	N/A	37,792	--
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	N/A	20,088	--
<b>Total U. S. Environmental Protection Agency</b>			<u>57,880</u>	<u>--</u>

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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2016**

	Federal CFDA <u>Number</u>	Pass-Through Entity <u>Number</u>	Total <u>Expenditures</u>	Passed through <u>to Subrecipients</u>
<b>U.S. Department of Health and Human Resources</b>				
<i>Direct Programs:</i>				
<u>Program Title</u>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	\$ 45,130	\$ --
<b>Total U. S. Department of Health and Human Resources</b>			<u>45,130</u>	<u>--</u>
<b>U.S. Department of Homeland Security</b>				
<i>Direct Programs:</i>				
<u>Program Title</u>				
Assistance to Firefighters Grant	97.044	N/A	240,000	--
Port Security Grant Program	97.056	N/A	449,162	--
<i>Pass-through Programs from:</i>				
State of WV Department of Military Affairs and Public Safety				
<u>Program Title</u>				
Homeland Security Grant Program	97.067	14-LE-CIP	9,207	--
		13-LE-32	2,600	--
		14-SHS-42	24,981	--
		13-SHS-41	23,764	--
		14-LE-106	42,200	--
		14-LE-18	21,108	--
		15-SHS-03	<u>64,530</u>	<u>--</u>
<b>Total U. S. Department of Homeland Security</b>			<u>877,552</u>	<u>--</u>
<b>TOTAL FEDERAL AWARDS EXPENDITURES</b>			<u>\$ 12,888,214</u>	<u>\$ 406,911</u>

N/A = Not applicable

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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Municipality and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. 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 loan programs listed below are administered directly by the City of Huntington and balances and transactions relating to these programs are included in the City of Huntington's Community Development Block Grant (CDBG) Fund financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule of Expenditures of Federal Awards. The balances of loans outstanding net of estimated allowances for uncollectible amounts at June 30, 2016 consist of:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grants/Entitlement Grants	14.218	4,275,067
Home Investment Partnership Program	14.239	3,118,602

**NOTE 3 - FEDERAL SUBSIDIES**

Federal interest rate subsidies related to the Municipality's Build America Bonds totaling \$155,398 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 Schedule of Expenditure of Federal Awards.

**NOTE 4 - INDIRECT COST RATE**

The City has not elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued:	Unmodified
Internal Control over Financial Reporting:	
Material weaknesses identified?	No
Significant deficiency identified that is not considered to be a material weakness? <i>2016-001 Segregation of Duties</i>	Yes
Noncompliance material to the financial statements noted? <i>2016-002 Required Contributions - Firemen's Pension and Relief Fund</i> <i>2016-003 Required Contributions - Policemen's Pension and Relief Fund</i> <i>2016-004 Fire Pension - Retiree Benefit Calculation</i>	Yes

**Federal Awards**

<u>Internal Control over Major Programs:</u>	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Programs</u>
14.218	Community Development Block Grants / Entitlement Grants
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between Type A and Type B Program:	\$750,000
Auditee qualify as a low-risk auditee?	No

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Segregation of Duties  
2016-001**

**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 within the Revenue Department. Specifically, individuals charged with supervisory authority had the ability to make adjustments without approval.

**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.

**REPEAT FINDING:**

Yes. Prior year audit finding: 2015-001

**RECOMMENDATION:**

The City should distribute among the Revenue Department staff the duties of approving, executing and recording transactions to the extent as being economically practicable. In addition, controls should be in place to ensure that all adjustments are approved.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS**

See Corrective Action Plan

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Required Contribution - Firemen's Pension and Relief Fund  
2016-002**

**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 in a timely fashion. Specifically, the City failed to make monthly payments totaling \$2,616,768 during the fiscal year. This was owed to the Firemen's Pension and Relief Fund by the City as of June 30, 2016 and the balance was paid in full as of November 9, 2016.

**CRITERIA:**

West Virginia Code §8-22-19(a) states in part:

(1) In order for a municipal policemen's or firemen's pension and relief fund to receive the allocable portion of moneys from the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, the governing body of the municipality shall levy annually and in the manner provided by law for other municipal levies and include within the maximum levy or levies permitted by law and, if necessary, in excess of any charter provision, a tax at such rate as will, after crediting: (A) The amount of the contributions received during the year from the members of the respective paid police department or paid fire department; and (B) the allocable portion of the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, provide funds equal to the amount necessary to meet the minimum standards for actuarial soundness as provided in section twenty of this article. The amount shall be irrevocably contributed, accumulated and invested as fund assets as described in sections twenty-one and twenty-two of this article. **One twelfth of each municipality's annual contributions shall be deposited with the municipality's pension trust funds as fund assets on at least a monthly basis** and any revenues received from any source by a municipality which are specifically collected for the purpose of allocation for deposit into the policemen's pension and relief fund or firemen's pension and relief fund shall be so deposited within five days of receipt by the municipality. **[Emphasis added]**

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Required Contribution - Firemen's Pension and Relief Fund  
2016-002 (continued)**

West Virginia Code §8-22-19(e) also states in part:

If the allocable portion of the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund is not paid to the pension and relief fund within eighteen months, the portion is forfeited by the pension and relief fund and is allocable to other eligible municipal policemen's and firemen's pension and relief funds in accordance with section fourteen-d, article three, chapter thirty-three of this code.

**CAUSE:**

The City did not provide contribution payments to the Firemen's Pension and Relief Fund in a timely fashion.

**EFFECT:**

The Firemen's Pension and Relief Fund was not funded in accordance with statutory requirements. While the City did pay the allocable portion by the eighteen month time frame necessary to receive the allocated insurance premium surtax, they failed to remit payments necessary to meet statutory requirements and the assumptions of the July 1, 2014 actuarial study. The failure to fund the plan in a timely manner could potentially increase the required funding in future periods.

**REPEAT FINDING:**

Yes. Prior year audit finding: 2015-004.

**RECOMMENDATION:**

The City should rectify the shortfall in the current fiscal year and endeavor to make the required contributions in a timely fashion.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

See Corrective Action Plan

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Required Contribution - Policemen's Pension and Relief Fund  
2016-003**

**CONDITION:**

It was determined during this examination that the City failed to make the minimum required contribution to the Policemen's Pension and Relief Fund in a timely fashion. Specifically, the City failed to make monthly payments totaling \$1,887,791 during the fiscal year. This was owed to the Policemen's Pension and Relief Fund by the City as of June 30, 2016 and the balance was paid in full as of November 9, 2016.

**CRITERIA:**

West Virginia Code §8-22-19(a) states in part:

(1) In order for a municipal policemen's or firemen's pension and relief fund to receive the allocable portion of moneys from the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, the governing body of the municipality shall levy annually and in the manner provided by law for other municipal levies and include within the maximum levy or levies permitted by law and, if necessary, in excess of any charter provision, a tax at such rate as will, after crediting: (A) The amount of the contributions received during the year from the members of the respective paid police department or paid fire department; and (B) the allocable portion of the Municipal Pensions and Protection Fund established in section fourteen-d, article three, chapter thirty-three of this code and funds from the Municipal Pensions Security Fund created in section eighteen-b of this article, provide funds equal to the amount necessary to meet the minimum standards for actuarial soundness as provided in section twenty of this article. The amount shall be irrevocably contributed, accumulated and invested as fund assets as described in sections twenty-one and twenty-two of this article. **One twelfth of each municipality's annual contributions shall be deposited with the municipality's pension trust funds as fund assets on at least a monthly basis** and any revenues received from any source by a municipality which are specifically collected for the purpose of allocation for deposit into the policemen's pension and relief fund or firemen's pension and relief fund shall be so deposited within five days of receipt by the municipality. **[Emphasis added]**

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

---

**Required Contribution - Policemen's Pension and Relief Fund  
2016-003 (continued)**

West Virginia Code §8-22-19(e) also states in part:

If the allocable portion of the Municipal Pensions and Protection Fund or the Municipal Pensions Security Fund is not paid to the pension and relief fund within eighteen months, the portion is forfeited by the pension and relief fund and is allocable to other eligible municipal policemen's and firemen's pension and relief funds in accordance with section fourteen-d, article three, chapter thirty-three of this code.

**CAUSE:**

The City did not provide contribution payments to the Policemen's Pension and Relief Fund in a timely fashion.

**EFFECT:**

The Policemen's Pension and Relief Fund was not funded in accordance with statutory requirements. While the City did pay the allocable portion by the eighteen month time frame necessary to receive the allocated insurance premium surtax, they failed to remit payments necessary to meet statutory requirements and the assumptions of the July 1, 2014 actuarial study. The failure to fund the plan in a timely manner could potentially increase the required funding in future periods.

**REPEAT FINDING:**

Yes. Prior year audit finding: 2015-005.

**RECOMMENDATION:**

The City should rectify the shortfall in the current fiscal year and endeavor to make the required contributions in the current year.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:**

See Corrective Action Plan

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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**Fire Pension- Retiree Benefit Calculation**

**2016 - 004**

**CONDITION:**

It was determined during this examination that Fire Pension Board officials potentially failed to calculate pension benefits for retirees in accordance with statutory requirements. Specifically, it appears that benefits were calculated in excess of amounts authorized by statute.

**CRITERIA:**

West Virginia Code §8-22-16(d) states in part:

"...the remuneration received by the member during any twelve-consecutive-month period used in determining benefits which is in excess of an amount which is twenty percent greater than the "average adjusted salary" received by the member in the two consecutive twelve-consecutive-month periods immediately preceding the twelve-consecutive-month period used in determining benefits shall be disregarded: Provided, however, That the "average adjusted salary" means the arithmetic average of each year's adjusted salary, the adjustment made to reflect current salary rate and such average adjusted salary shall be determined as follows: Assuming "year-one" means the second twelve-consecutive-month period preceding such twelve-consecutive-month period used in determining benefits, "year-two" means the twelve-consecutive-month period immediately preceding the twelve-consecutive-month period used in determining benefits and "year-three" means the twelve-consecutive- month period used in determining benefits, year-one total remuneration shall be multiplied by the ratio of year-three base salary, exclusive of all overtime and other remuneration, to year-one base salary, exclusive of all overtime and other remuneration, such product shall equal "year-one adjusted salary"; year-two total remuneration shall be multiplied by the ratio of year-three base salary, exclusive of all overtime and other remuneration, to year- two base salary, exclusive of all overtime and other remuneration, such product shall equal "year-two adjusted salary"; and the arithmetic average of year-one adjusted salary and year-two adjusted salary shall equal the average adjusted salary."

**CAUSE:**

Fire Pension Board officials failed to properly calculate retiree pension amounts.

**EFFECT:**

The Fire Pension Board is potentially violating the provisions of West Virginia State Code §8-22-16(d). Retirees may receive benefits in excess of amounts authorized by statute. Incorrect benefit calculations could significantly increase unfunded actuarial accrued liability for the plan which, in turn, could increase Employer and State funding requirements.

**REPEAT FINDING:** No

**RECOMMENDATION:**

The Fire Pension Board should utilize the WV Benefit Calculator and other tools provided by the West Virginia Municipal Pension Oversight Board to administer benefits for retirees. Calculations should be independently reviewed by City payroll officials to ensure accuracy and compliance with statutory requirements.

**VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS**

See Corrective Action Plan

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2016**

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Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2015-001	Segregation of Duties	Not Resolved
2015-002	Controls over Financial Statement Preparation	Resolved
2015-003	Landfill Closure and Postclosure Care Costs Liability	Resolved
2015-004	Required Contribution - Firemen's Pension Fund	Not Resolved
2015-005	Required Contribution - Policemen's Pension Fund	Not Resolved
2015-006	Expenditure in Excess of Amounts Allocated in Levy Estimate - General Fund	Resolved

OFFICE OF DIRECTOR OF FINANCE  
 City Hall, P. O. Box 1659  
 Huntington, WV 25717-1659  
 Phone: (304) 696-5520



APPENDIX A  
 CORRECTIVE ACTION PLAN

Financial Statement Findings:

<u>Finding #</u>	<u>Title of Finding</u>	<u>Contact Person</u>	<u>Anticipated Completion Date</u>
2016-001	Segregation of Duties	Pam Chandler	06/01/2016
<b>Corrective Action planned to be taken:</b> As of June 2016, upon clarification of the finding, all adjustments to customers accounts must be approved and posted by the Finance Director.			
2016-002	Required Contribution - Firemen's Pension	Pam Chandler	FY2017

**Corrective Action planned to be taken:** The City's revenue is cyclical and therefore pension payments are made accordingly. According to a recent Herald Dispatch article, Blair Taylor, executive director of the WV Pension Oversight Board stated that the State code already has a built-in buffer that allows municipalities to take until February of the following fiscal year to pay their yearly contributions and still receive matching funds from the State in their entirety. We are simply using this "buffer" as needed due to cash flow. All contributions of the City have always been made within the allotted time that is given by the State Pension Oversight Board to receive the State match. The City has always received the match from the State. FY2016 contributions were all made by November 2016, - three months before the stated State deadline of February 28, 2017. By March 17, 2017, four full payments for FY2017, had already been contributed - well ahead of the payment schedule of previous years, which were all made within the due date given by the State Pension Board.

2016-003	Required Contribution - Policemen's Pension	Pam Chandler	FY2017
----------	---	--------------	--------

**Corrective Action planned to be taken:** The City's revenue is cyclical and therefore pension payments are made accordingly. According to a recent Herald Dispatch article, Blair Taylor, executive director of the WV Pension Oversight Board stated that the State code already has a built-in buffer that allows municipalities to take until February of the following fiscal year to pay their yearly contributions and still receive matching funds from the State in their entirety. We are simply using this "buffer" as needed due to cash flow. All contributions of the City have always been made within the allotted time that is given by the State Pension Oversight Board to receive the State match. The City has always received the match from the State. FY2016 contributions were all made by November 2016, - three months before the stated State deadline of February 28, 2017. By March 17, 2017, four full payments for FY2017, had already been contributed - well ahead of the payment schedule of previous years, which were all made within the due date given by the State Pension Board.

2016-04	Fire Pension-Retiree Benefit Calc	Scott Mellert, Pension Secretary	FY2017
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This finding is directed to the actions of the Fire Pension Board, which is an independent entity with its own tax ID number. The Finding was forwarded to Scott Mellert, the paid Pension Secretary. (Attached is his response to the finding).

FEDERAL AWARDS FINDINGS:

NONE

March 2, 2017

Pam Chandler, Director  
Finance Division  
City of Huntington  
800 Fifth Avenue  
Huntington, WV 25701

Re: Huntington Firemen's Pension and Relief Fund

Dear Ms. Chandler:

The following is a description of the corrective action plan implemented by the City of Huntington Firemen's Pension and Relief Fund to assure proper calculation of retirement and other benefits payable by the Fund:

In the spring of 2016, the City administration brought to the attention of the Secretary of the Firemen's Pension and Relief Fund an issue concerning the manner in which retirement pensions had been calculated subsequent to certain amendments to the West Virginia Code which modified the manner in which such benefits were to be calculated. A review by the Mayor and City Attorney had suggested that the methodology employed by Board of the Pension and Relief Fund appeared to be inconsistent with the statutory amendments. After consulting with legal counsel and Mr. Blair Taylor, the Executive Director of the Municipal Pensions Oversight Board ("MPOB"), the Board of Trustees of the Huntington Firemen's Pension and Relief Fund adopted a resolution on July 8, 2016 confirming its intention to compute all benefits for persons retiring after July 1 utilizing a calculator provided by the MPOB. The Board also adopted, subject to the approval of the MPOB, a comprehensive set of Rules, Regulations and Operating Procedures based on an example provided by the MPOB to assure that benefits are calculated correctly and that active firemen, retirees, spouses and dependants fully understand the benefits to which they are entitled. In addition, all members of the Board of Trustees of the Huntington Firemen's Pension and Relief Fund have committed to participate regularly in training sessions conducted by the MPOB. The Rules, Regulations and Operating Procedures adopted by the Huntington Board require attendance of the Trustees at such sessions. The Rules, Regulations and Operating Procedures also set forth in detail the manner in which overpayments and under payments, should they occur, will be dealt with prospectively.

The Board also carefully considered whether it would be appropriate to attempt to recover any prior overpayments which were mistakenly made to retirees or to adjust future payments to retirees whose benefits may have been mistakenly calculated. The Board concluded

that it would be both impractical and inequitable either to seek recovery of overpayments made prior to July 1, 2016 or to adjust future payments to retirees who retired prior to that date.

Among the factors considered by the Board in reaching these determinations were the hardship which such action would impose on retirees, the legal uncertainty surrounding the likely success of such efforts and the fact that the City of Huntington has contributed to the fund each year since January of 2010 the amount actuarially determined to be necessary to assure the fund's solvency and fiscal integrity over a 40 year period, taking into account benefits actually being paid to existing retirees and other pension recipients.

It is the position of the Board that the corrective action plan which has been implemented adequately and appropriately addresses the calculation of retirement benefits.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Scot Mellert', written in a cursive style.

Scot Mellert, Secretary  
Huntington Firemen's Pension and Relief Fund

OFFICE OF DIRECTOR OF FINANCE  
 City Hall, P. O. Box 1659  
 Huntington, WV 25717-1659  
 Phone: (304) 696-5520



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Prior Year Financial Statement Findings:**

<u>Finding #</u>	<u>First Fiscal Year Finding Was Cited</u>	<u>Title of Finding</u>	<u>Status of Finding</u>
2015-001	2013	Segregation of Duties <b>Corrective Action planned to be taken: As of June 2016, upon clarification of the finding, all adjustments to customers accounts must be approved and posted by the Finance Director.</b>	Not Corrected
2015-002	2013	Controls Over Financial Statement Preparation If necessary, corrective action to be taken: N/A	Corrected
2015-003	2015	Landfill Closure and Postclosure Care Costs Liability If necessary, corrective action to be taken: N/A	Corrected
2015-004	2015	Required Contribution-Firemen's Pension Fund <b>Corrective Action planned to be taken: All contributions of the City have always been made within the allotted time that is given by the State Pension Oversight Board to receive the State Match. The City has always received the matching funds from the state. The final contribution for FY2015, was made in February 2016, which is deadline for contributions to be made and the City received 100% of the State Match.</b>	Not Corrected
2015-005	2015	Required Contribution-Policemen's Pension Fund <b>Corrective Action planned to be taken: All contributions of the City have always been made within the allotted time that is given by the State Pension Oversight Board to receive the State Match. The City has always received the matching funds from the state. The final contribution for FY2015, was made in February 2016, which is deadline for contributions to be made and the City received 100% of the State Match.</b>	Not Corrected
2015-006	2013	Expenditures in Excess of Amounts Allocated in the Levy Estimate-General Fund If necessary, corrective action to be taken: N/A	Corrected

**Prior Year Federal Award Findings:**

<u>Finding #</u>	<u>First Fiscal Year Finding Was Cited</u>	<u>Title of Finding</u>	<u>Status of Finding</u>
NONE			