



Certified Public Accountants, A.C.

**MUNICIPALITY OF HUNTINGTON  
WEST VIRGINIA**

- A Class II Municipality -

**Single Audit**

**For the Year Ended June 30, 2018**

RFP #18-044

Cabell County

313 Second St.  
Marietta, OH 45750  
740 373 0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304 422 2203

150 W. Main St., #A  
St. Clairsville, OH 43950  
740 695 1569

1310 Market St., #300  
Wheeling, WV 26003  
304 232 1358

749 Wheeling Ave., #300  
Cambridge, OH 43725  
740 435 3417

**CITY OF HUNTINGTON, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
JUNE 30, 2018**

<u>Office</u>	<u>Name</u>	<u>Term</u>
Mayor:	Steve Williams	01/01/17-12/31/20
Council Members:	Mark Bates	01/01/17-12/31/20
	Alex Vence	01/01/17-12/31/20
	Joyce Clark	01/01/17-12/31/20
	Charles McComas	01/01/17-12/31/20
	Jennifer Wheeler	01/01/17-12/31/20
	Tonia Kay Paige	01/01/17-12/31/20
	Mike Shockley	01/01/17-12/31/20
	Tom McGuffin	01/01/17-12/31/20
	Tina Brooks	01/01/17-12/31/20
	Rebecca Howe	01/01/17-12/31/20
	Carol Polan	01/01/17-12/31/20

**Appointive**

Finance Director:	Kathy Moore
City Attorney:	Scott Damron
City Clerk:	Barbara Nelson

**CITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FUNDS  
YEAR ENDED JUNE 30, 2018**

**GOVERNMENTAL FUND TYPES**

**Major Governmental Funds**

*General Fund  
Coal Severance Tax  
Community Development Block Grant  
Urban Renewal*

**Nonmajor Governmental Funds**

*Special Revenue Funds*

Capital Improvements  
Safety Town  
Federal Drug  
Westmoreland Fire Protection  
Jean Dean Public Safety

*Capital Projects Fund*

Landfill Reserve

*Debt Service Fund*

Tax Increment Financing

**PROPRIETARY FUND TYPES**

**Major Proprietary Funds**

Sanitation and Trash

Civic Arena

**CITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF FUNDS  
YEAR ENDED JUNE 30, 2018**

**FIDUCIARY FUND TYPES**

*Pension Funds*

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

*Agency Funds*

Police Retirees' Insurance  
Fire Retirees' Insurance  
Asset Seizure

**COMPONENT UNITS**

*Discretely Presented*

Municipal Development Authority  
Municipal Parking Board  
Huntington Water Quality Board

**CITY OF HUNTINGTON, WEST VIRGINIA  
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## INDEPENDENT AUDITOR'S REPORT

March 22, 2019

City of Huntington  
800 Fifth Avenue  
Huntington, WV 25717

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units and the aggregate remaining fund information of the **Municipality of Huntington**, West Virginia (the City), as of and for the year ended June 30, 2018, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We did not audit the financial statements of the Huntington Water Quality Board. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Huntington Water Quality Board, is based solely on the report of the other auditors. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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### ***Opinion***

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, each major fund, the discretely presented component units and the aggregate remaining fund information of the Municipality of Huntington, West Virginia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Coal Severance Tax Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include the Management's Discussion and Analysis, Schedule of Changes in the Other Post-Employment Liability and Related Ratios, Schedule of Contributions – Multiyear for Other Post-Employment Benefits, Schedules of Proportionate Share of the Net OPEB Liability, Schedules of OPEB Contributions, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedule of Investment Returns and the Schedules of Contributions Multiyear for the Police and Fire Pension Relief Funds, Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 86 - 93 listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

Also, the supplementary information of 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 introductory sections are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City.

This information is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Management's discussion and analysis of the City of Huntington's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. This 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. Please read this discussion and analysis in conjunction with the City's basic financial statements, which immediately follow this section.

**Financial Highlights**

The City of Huntington's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$(235,811,468) (net position deficit) at the close of fiscal 2018. For fiscal year 2018, net position decreased by \$(2,673,012) and increased by \$364,716 in the governmental activities and the business-type activities, respectively.

As of the close of the current fiscal year, governmental funds reported combined ending fund balance of \$17,969,369, an increase of \$2,794,861 over the prior year. As of the close of the current fiscal year, business-type activities reported combined net position deficit of \$(299,150), an increase of \$364,716 over the prior year.

**Overview of the Financial Statements**

This discussion and analysis introduces the City's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund level financial statements, and (3) notes to the financial statements. The City also includes additional information in this report to supplement the basic financial statements.

*Government-Wide 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. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements.

As noted previously, for fiscal year 2018, net position decreased by \$(2,673,012) and increased by \$364,716 in the governmental activities and the business-type activities, respectively. Total primary government revenues were \$58,141,296 with total expenses of \$60,449,592.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

During 2018, the City adopted GASB Statement 75, *Accounting and Financial Report for Postemployment Benefits Other than OPEBs* – which significantly revises accounting for other post-employment benefits (OBEP) other than OPEB costs and liabilities. For reason discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to OPEB and the net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for OPEB costs, GASB 45 focused on a funding approach. This approach limited OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net OPEB *asset/liability*. GASB 75 takes an earnings approach to OPEB accounting; however, the nature of West Virginia's statewide OPEB systems and state law governing that system requires additional explanation in order to properly understand the information presented in these statements.

Under GASB 75, the net OPEB asset/liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future OPEB benefits attributable to active and inactive employee's past service.
2. Minus plan assets available to pay these benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net OPEB liability. Changes in OPEB benefits, contribution rates, and return on investments affect the balance of the net OPEB liability but are outside the control of the local government. Due to the unique nature of how the net OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 75, the City's statements prepared on an accrual basis of accounting include an annual OPEB expense for their proportionate share of each plan's *change* in net OPEB asset/liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 75, the City is reporting net OPEB asset/liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. The implementation had the effect of restating net position at June 30, 2017 from \$(221,916,917) to \$(233,503,172).

#### *Fund Financial Statements*

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The City uses funds to demonstrate and ensure compliance and fiscal accountability. All of the funds of the Government can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. In governmental and proprietary fund financial statements, major funds are discretely reported while others are combined into a single aggregated presentation.

#### Governmental Funds

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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. 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.

Proprietary Funds

The City charges fees to customers to help cover the cost of certain services it provides. The City's Civic Arena and Sanitations and Trash funds are included here.

Fiduciary funds

Fiduciary funds such as employee pension plans and agency funds are reported as fiduciary in the fund financial statements, but are excluded from the government-wide reporting. Fiduciary fund financial statements report resources that are not available to City programs.

The pension trust funds account for the resources that are required to be held in trust for the members and beneficiaries of defined benefit plans. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

The Agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. These funds are used to account for assets that the City of Huntington holds for others in an agency capacity.

*Notes to the Financial Statements*

The accompanying notes to the financial statements provide information essential for a full understanding of the government-wide and fund level financial statements. The notes to the financial statements begin immediately following the basic financial statements.

*Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligations to provided pension benefits and other post-employment benefits (OPEB) to its employees.

Major funds and component units are reported in the basic financial statements as discussed. Combining and individual schedules for non-major and fiduciary funds are presented in a subsequent section of this report.

**Government-wide financial analysis**

The City's net position at June 30, 2018 is \$(235,811,468), a decrease of \$2,308,296 compared to June 30, 2017 net position. Net position decreased by \$(2,673,012) for governmental activities and increased \$364,716 for business-type activities.

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following summarizes the statement of net position at June 30, 2018, in comparison with June 30, 2017:

	Summary of Net Position						Amount of Change
	Governmental		Business Activities		Totals		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<b>Assets</b>							
Current Assets	\$ 24,784,313	\$ 24,177,480	\$ 2,356,957	\$ 2,884,508	\$ 27,141,270	\$ 27,061,988	\$ 79,282
Capital assets, net	8,530,714	9,569,600	806,563	696,049	9,337,277	10,265,649	(928,372)
Other non-current assets	750,274	428,650	-	-	750,274	428,650	321,624
<b>Total assets</b>	<u>34,065,301</u>	<u>34,175,730</u>	<u>3,163,520</u>	<u>3,580,557</u>	<u>37,228,821</u>	<u>37,756,287</u>	<u>(527,466)</u>
<b>Deferred outflows of resources</b>	<u>1,791,706</u>	<u>11,957,312</u>	<u>199,933</u>	<u>428,056</u>	<u>1,991,639</u>	<u>12,385,368</u>	<u>(10,393,729)</u>
<b>Liabilities</b>							
Current liabilities	6,408,055	8,582,476	1,113,102	2,001,875	7,521,157	10,584,351	(3,063,194)
Non-current liabilities	255,499,484	268,129,862	2,350,546	2,586,632	257,850,030	270,716,494	(12,866,464)
<b>Total liabilities</b>	<u>261,907,539</u>	<u>276,712,338</u>	<u>3,463,648</u>	<u>4,588,507</u>	<u>265,371,187</u>	<u>281,300,845</u>	<u>(15,929,658)</u>
<b>Deferred inflows of resources</b>	<u>9,461,786</u>	<u>2,260,010</u>	<u>198,955</u>	<u>83,972</u>	<u>9,660,741</u>	<u>2,343,982</u>	<u>7,316,759</u>
<b>Net position</b>							
Net investment in capital assets	6,431,280	6,378,930	794,697	603,683	7,225,977	6,982,613	243,364
Restricted	7,522,617	7,549,329	-	-	7,522,617	7,549,329	(26,712)
Unrestricted (deficit)	(249,466,215)	(246,767,565)	(1,093,847)	(1,267,549)	(250,560,062)	(248,035,114)	(2,524,948)
<b>Total net position</b>	<u>\$ (235,512,318)</u>	<u>\$ (232,839,306)</u>	<u>\$ (299,150)</u>	<u>\$ (663,866)</u>	<u>\$ (235,811,468)</u>	<u>\$ (233,503,172)</u>	<u>\$ (2,308,296)</u>

Note: 2017 amounts have been restated for the implementation of GASB Statement No. 75

Total assets decreased 1.4% or \$527,466 during the year. Current assets in governmental activities increased \$606,833 and decreased \$527,551 in business-type activities primarily related to changes in bank account balances.

Total liabilities decreased 5.6% or \$15,929,658 during the year. Current liabilities in governmental activities decreased \$2,174,421 and decreased \$888,773 in business-type activities primarily due to changes in accounts payable and accrued payrolls

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following summarizes the statement of activities for the year ended June 30, 2018, in comparison with the year ended June 30, 2017:

	Summary of Changes in Net Position						Amount of Change
	Governmental		Business Activities		Totals		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<b>Revenues</b>							
Program revenues							
Charges for services	\$ 16,306,842	\$ 16,314,881	\$ 4,864,508	\$ 5,000,974	\$ 21,171,350	\$ 21,315,855	\$ (144,505)
Operating grants and contributions	5,861,230	2,860,931	103,821	69,434	5,965,051	2,930,365	3,034,686
Capital grants and contributions	811,998	3,686,509	-	-	811,998	3,686,509	(2,874,511)
General revenues:							
Ad valorem property taxes	5,903,901	5,925,271	-	-	5,903,901	5,925,271	(21,370)
Business and Occupation tax	13,441,035	13,126,547	-	-	13,441,035	13,126,547	314,488
Alcoholic beverages tax	436,484	422,887	-	-	436,484	422,887	13,597
Utility services tax	2,059,699	2,197,516	-	-	2,059,699	2,197,516	(137,817)
Hotel occupancy tax	809,657	749,874	-	-	809,657	749,874	59,783
Animal tax	2,044	2,289	-	-	2,044	2,289	(245)
Gas and oil severance tax	64,478	68,233	-	-	64,478	68,233	(3,755)
Amusement tax	14,331	26,029	-	-	14,331	26,029	(11,698)
Sales and use tax	6,650,242	6,637,592	-	-	6,650,242	6,637,592	12,650
Coal severance tax	131,716	124,539	-	-	131,716	124,539	7,177
Unrestricted investment earnings	15,229	6,819	507	220	15,736	7,039	8,697
Gain on sale of capital assets	29,581	214,833	-	-	29,581	214,833	(185,252)
Miscellaneous	787,900	1,246,278	692,272	436,530	1,480,172	1,682,808	(202,636)
<b>Total revenues</b>	<u>53,326,367</u>	<u>53,611,028</u>	<u>5,661,108</u>	<u>5,507,158</u>	<u>58,987,475</u>	<u>59,118,186</u>	<u>(130,711)</u>
<b>Expenses</b>							
General government	14,214,156	14,777,760	-	-	14,214,156	14,777,760	(563,604)
Public safety	33,347,851	40,327,827	-	-	33,347,851	40,327,827	(6,979,976)
Streets and transportation	3,656,296	3,624,526	-	-	3,656,296	3,624,526	31,770
Health and sanitation	26,560	26,873	-	-	26,560	26,873	(313)
Culture and recreation	1,123,679	1,180,983	-	-	1,123,679	1,180,983	(57,304)
Social services	233,809	403,003	-	-	233,809	403,003	(169,194)
Community development	1,755,340	1,912,662	-	-	1,755,340	1,912,662	(157,322)
Interest on long-term debt	196,948	255,843	-	-	196,948	255,843	(58,895)
Sanitation and trash	-	-	3,465,862	3,377,862	3,465,862	3,377,862	88,000
Civic Arena	-	-	2,429,091	2,602,052	2,429,091	2,602,052	(172,961)
<b>Total expenses</b>	<u>54,554,639</u>	<u>62,509,477</u>	<u>5,894,953</u>	<u>5,979,914</u>	<u>60,449,592</u>	<u>68,489,391</u>	<u>(8,039,799)</u>
<b>Increase in net position before transfers</b>	(1,228,272)	(8,898,449)	(233,845)	(472,756)	(1,462,117)	(9,371,205)	7,909,088
<b>Transfers</b>	(1,444,740)	(1,157,855)	598,561	369,842	(846,179)	(788,013)	(58,166)
<b>Change in net position</b>	(2,673,012)	(10,056,304)	364,716	(102,914)	(2,308,296)	(10,159,218)	7,850,922
<b>Net position- beginning</b>	(232,839,306)	(222,783,002)	(663,866)	(560,952)	(233,503,172)	(223,343,954)	(10,159,218)
<b>Net position- ending</b>	<u>\$ (235,512,318)</u>	<u>\$ (232,839,306)</u>	<u>\$ (299,150)</u>	<u>\$ (663,866)</u>	<u>\$ (235,811,468)</u>	<u>\$ (233,503,172)</u>	<u>\$ (2,308,296)</u>

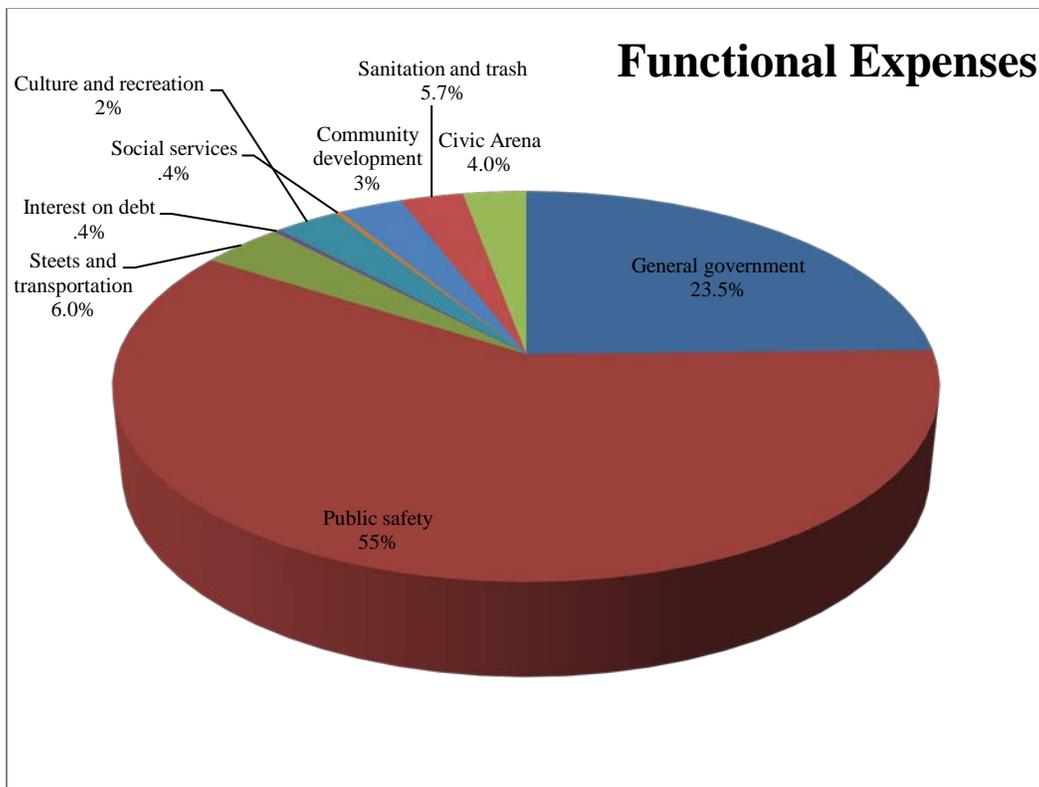
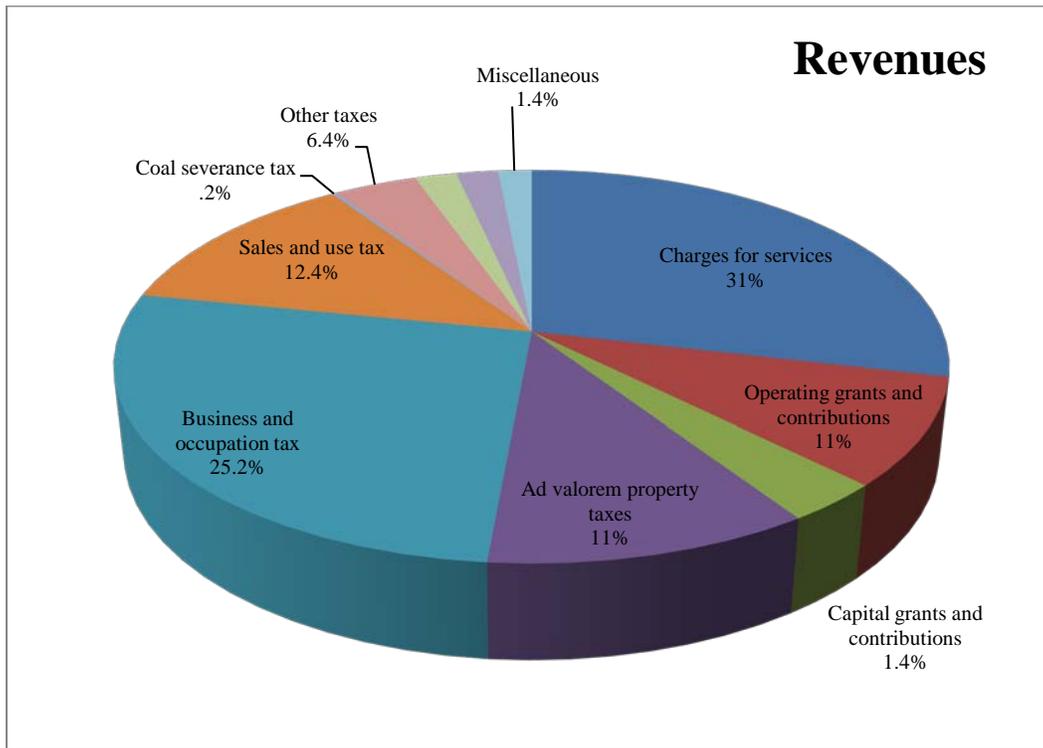
Note: Beginning balances have been restated due to the implementation of GASB Statement No. 75.

Total revenues decreased by \$130,711 in comparison to prior year.

Overall expenses and transfers out decreased by \$7,981,633 in comparison to prior year.

Graphic presentations of the Summary of Changes in Net Position for the primary government follow to assist in the analysis of the City's activities for fiscal year 2018.

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**



**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

The City reports the following major governmental funds:

*General Fund*-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. At the end of the current fiscal year, fund balance for the General fund was \$8,345,687, an increase of \$3,414,356 during the year. Key factors in the increase were the decrease in General fund expenditures as compared to the prior year. See General fund budgetary highlights for more information.

*Coal Severance 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. These revenues are dedicated to culture and recreation expenditures. The fund balance of the Coal Severance fund increased by \$17,971 to \$67,214 during fiscal year 2018.

*Community Development Block Grant (CDBG) Fund*-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 CDBG fund balance decreased \$330,456 during the year.

*The Huntington Urban Renewal Authority (HURA) Fund*, a special revenue fund, accounts for the activities of the HURA and the HURA Landbank. The HURA fund balance decreased by \$56,961 during the year.

The City's governmental funds reported a combined ending fund balance of \$17,969,369 this year. This compares to the prior year combined ending fund balance of \$15,174,508 for an increase of \$2,794,861. Total unassigned governmental fund balance is \$5,671,089 for fiscal year 2018.

Proprietary Funds

The government reports the following major proprietary funds:

**Sanitation and Trash Fund**

The Sanitation and Trash fund serves the City by providing garbage collection and disposal services to the public. Net position in the Sanitation and Trash fund balance increased \$238,862 during the year due to operating revenues in excess of expenses.

Civic Arena Fund

The Civic Arena fund accounts for operating activities of the Big Sandy Superstore Arena. Net position in the Civic Arena fund balance increased \$125,854 during the year. The increase is primarily due to an increase in events held at the Arena.

In addition to the primary government, the City reports three discretely presented components 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. The discretely presented component units are presented on the government-wide statements.

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 rates for user charges and bond issuance authorization are provided 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 the City. 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.

**General Fund Budgetary Highlights**

During the year, the City revised the General Fund budget. Differences in expenditures and other financing uses between the original and the final amended budget are primarily due to mid-year supplements for unanticipated expenditures and unspent amounts carried forward from prior years. The difference between the original budget and the final amended budget was an increase of approximately \$5.4 million or 11% of the total general fund expenditures.

**Capital asset and debt administration**

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.

	Governmental Activities		Business Activities		Total Primary Government		Amount of Change
	2018	2017	2018	2017	2018	2017	
<b>Non-Depreciable Assets</b>							
Land	\$ 941,939	\$ 941,939	\$ -	\$ -	\$ 941,939	\$ 941,939	\$ -
Construction in progress	-	-	-	-	-	-	-
<b>Total non-depreciable assets</b>	<u>941,939</u>	<u>941,939</u>	<u>-</u>	<u>-</u>	<u>941,939</u>	<u>941,939</u>	<u>-</u>
<b>Depreciable assets</b>							
Structures and improvements	9,761,702	9,728,055	75,140	75,140	9,836,842	9,803,195	33,647
Infrastructure	17,152,897	16,820,437	-	-	17,152,897	16,820,437	332,460
Vehicles	9,222,706	9,118,004	2,040,802	2,074,981	11,263,508	11,192,985	70,523
Machinery and equipment	4,175,317	4,140,310	277,430	174,913	4,452,747	4,315,223	137,524
Less: accumulated depreciation	(32,723,847)	(31,179,145)	(1,586,809)	(1,628,985)	(34,310,656)	(32,808,130)	(1,502,526)
<b>Total depreciable assets</b>	<u>7,588,775</u>	<u>8,627,661</u>	<u>806,563</u>	<u>696,049</u>	<u>8,395,338</u>	<u>9,323,710</u>	<u>(928,372)</u>
<b>Total</b>	<u>\$ 8,530,714</u>	<u>\$ 9,569,600</u>	<u>\$ 806,563</u>	<u>\$ 696,049</u>	<u>\$ 9,337,277</u>	<u>\$ 10,265,649</u>	<u>\$ (928,372)</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

	Governmental Activities		Business Activities		Total Primary Government		Amount of Change
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Tax increment financing	\$ 588,957	\$ 1,036,957	\$ -	\$ -	\$ 588,957	\$ 1,036,957	\$ (448,000)
Capital leases	1,510,477	1,990,641	11,866	92,366	1,522,343	2,083,007	(560,664)
Other post-employment benefits	79,370,898	78,940,633	1,845,758	1,835,360	81,216,656	80,775,993	440,663
Net pension liability- PERS	1,270,205	2,467,793	356,690	592,115	1,626,895	3,059,908	(1,433,013)
Net pension liability-DBP	149,433,026	160,399,315	-	-	149,433,026	160,399,315	(10,966,289)
Compensated absences	1,339,831	1,227,073	136,232	66,791	1,476,063	1,293,864	182,199
Accrued interest payable	32,090	39,986	-	-	32,090	39,986	(7,896)
Landfill closure and post-closure costs	22,017,000	22,017,000	-	-	22,017,000	22,017,000	-
<b>Total</b>	<b>\$ 255,562,484</b>	<b>\$ 268,119,398</b>	<b>\$ 2,350,546</b>	<b>\$ 2,586,632</b>	<b>\$ 257,913,030</b>	<b>\$ 270,706,030</b>	<b>\$ (12,793,000)</b>

Note: Prior year amounts have been restated due to the implementation of GASB Statement No. 75.

### **Economic Factors**

The Governing Council and Administration consider many factors each year while preparing the City's operating budget. The budget for the 2019 fiscal year reflects a balanced budget. Approved budgets for the 2019 fiscal year, as well as other documents, are available at [www.cityofhuntington.com](http://www.cityofhuntington.com).

### **Requests for information**

This financial report is designed to provide a general overview of finances for our citizens, taxpayers and those with an interest in the City's finances. Requests for additional information should be addressed to the Finance Director, City of Huntington, P.O. Box 1659, Huntington, West Virginia, 25717-1659.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board	Water Quality Board
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 6,854,256	\$ 2,040,351	\$ 8,894,607	\$ 2,786,209	\$ 478,199	\$ 1,507,323
Investments	1,716,733	-	1,716,733	-	-	-
Receivables:						
Accounts	2,057,101	200,572	2,257,673	7,500	2,493	1,490,126
Taxes	5,761,008	-	5,761,008	-	-	-
Loans	6,772,343	-	6,772,343	-	-	-
Other	-	-	-	-	-	449,664
Deposits	-	-	-	100,000	-	462,679
Assets held for resale	685,270	-	685,270	-	-	-
Internal balances	371,354	-	371,354	-	-	-
Due from:						
Primary government	-	-	-	-	-	61,600
Component units	-	-	-	-	-	-
Other governments	320,202	32,784	352,986	-	-	278,188
Fiduciary funds	53,246	-	53,246	-	-	-
Inventory, at cost	-	55,188	55,188	-	-	23,475
Prepaid expenses	192,800	28,062	220,862	-	-	44,035
<b>Total current assets</b>	<b>24,784,313</b>	<b>2,356,957</b>	<b>27,141,270</b>	<b>2,893,709</b>	<b>480,692</b>	<b>4,317,090</b>
Noncurrent assets:						
Regular account	-	-	-	464,340	-	2,174,449
Reserve account	-	-	-	-	-	1,053,943
Capital assets:						
Nondepreciable:						
Land	941,939	-	941,939	3,005,151	942,877	298,055
CIP	-	-	-	-	-	145,127
Depreciable:						
Buildings	-	-	-	13,143,808	4,775,401	82,362,434
Structures and improvements	9,761,702	75,140	9,836,842	1,997,189	490,173	13,436,829
System Infrastructure	17,152,897	-	17,152,897	-	-	-
Vehicles	9,222,706	2,040,802	11,263,508	-	-	2,437,921
Machinery and equipment	4,175,317	277,430	4,452,747	200,000	684,515	2,558,580
Furniture and fixtures	-	-	-	2,661,074	-	-
Less: accumulated depreciation	(32,723,847)	(1,586,809)	(34,310,656)	(15,014,060)	(5,379,449)	(64,739,904)
Other debits:						
Net pension asset (MPFRS)	750,274	-	750,274	-	-	-
<b>Total noncurrent assets</b>	<b>9,280,988</b>	<b>806,563</b>	<b>10,087,551</b>	<b>6,457,502</b>	<b>1,513,517</b>	<b>39,727,434</b>
<b>Total assets</b>	<b>34,065,301</b>	<b>3,163,520</b>	<b>37,228,821</b>	<b>9,351,211</b>	<b>1,994,209</b>	<b>44,044,524</b>
<b>DEFERRED OUTFLOWS</b>						
Public Employees Retirement System (PERS):						
Contributions made after measurement date	466,843	137,988	604,831	35,956	12,423	410,971
Changes in contributions	102,219	30,202	132,421	2,717	7,865	180,681
Difference between expected and actual experience	107,432	31,743	139,175	2,856	8,266	97,683
Municipal Police Officers and Firefighters Retirement System (MPFRS):						
Contributions made after measurement date	208,932	-	208,932	-	-	-
Changes in contributions	169,368	-	169,368	-	-	-
Difference between expected and actual experience	19,772	-	19,772	-	-	-
<b>Subtotal deferred outflows of resources</b>	<b>1,074,566</b>	<b>199,933</b>	<b>1,274,499</b>	<b>41,529</b>	<b>28,554</b>	<b>689,335</b>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2018**

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board	Water Quality Board
<b>DEFERRED OUTFLOWS CONTINUED</b>						
Defined Benefit Plans (DBP):						
Changes in noninvestment experience	\$ 406,300	\$ -	406,300	\$ -	\$ -	\$ -
Changes in assumptions	301,972	-	301,972	-	-	-
Other postemployment benefits	8,868	-	-	-	-	501,078
<b>Total deferred outflows of resources</b>	<b>1,791,706</b>	<b>199,933</b>	<b>1,991,639</b>	<b>41,529</b>	<b>28,554</b>	<b>1,190,413</b>
<b>LIABILITIES</b>						
Current liabilities payable						
from current assets:						
Accounts payable	\$ 980,302	\$ 83,837	\$ 1,064,139	\$ -	\$ 18,538	\$ 799,743
Payroll payable	499,351	82,250	581,601	2,657	7,911	72,983
Line of credit	782,349	-	782,349	-	-	-
Unclaimed property	82,076	-	82,076	-	-	-
Reserve for health claims	738,572	61,793	800,365	5,062	8,225	696,291
Customer deposits	-	-	-	-	-	466,049
Other accrued expenses	-	-	-	-	-	74,418
Due to:						
Primary government	-	332,287	332,287	3,793	67,444	-
Component units	337	-	337	-	-	-
Fiduciary funds	2,746,753	-	2,746,753	-	-	-
Other governments	184,332	-	184,332	-	-	281,934
Unearned revenues:						
Sponsorship	-	14,500	14,500	-	-	-
Charges for services	-	492,611	492,611	-	2,585	-
Customer advances	-	8,427	8,427	-	-	-
Ticket sales	-	4,035	4,035	-	-	-
Other unearned revenue	393,983	33,362	427,345	-	-	-
<b>Total current liabilities</b>	<b>6,408,055</b>	<b>1,113,102</b>	<b>7,521,157</b>	<b>11,512</b>	<b>104,703</b>	<b>2,391,418</b>
Noncurrent liabilities due within one year:						
Bonds and notes payable	-	-	-	393,173	-	1,216,505
Lease payable	306,145	11,866	318,011	-	-	-
Tax increment financing bonds payable	22,772	-	22,772	-	-	-
Noncurrent liabilities due						
in more than one year:						
Bonds and notes payable	-	-	-	6,389,046	-	12,983,728
Lease payable	1,204,332	-	1,204,332	-	-	-
Tax increment financing bonds payable	566,185	-	566,185	-	-	-
Accrued interest payable	32,090	-	32,090	76,909	-	-
Other postemployment benefits liability	79,370,898	1,845,758	81,216,656	73,180	146,360	26,285,235
Net pension liability - PERS	1,207,205	356,690	1,563,895	32,088	92,888	1,097,657
Net pension liability - DBP	149,433,026	-	149,433,026	-	-	-
Compensated absences payable	1,339,831	136,232	1,476,063	3,738	20,032	130,544
Estimated landfill closure and post-closure liability	22,017,000	-	22,017,000	-	-	-
<b>Total noncurrent liabilities</b>	<b>255,499,484</b>	<b>2,350,546</b>	<b>257,850,030</b>	<b>6,968,134</b>	<b>259,280</b>	<b>41,713,669</b>
<b>Total liabilities</b>	<b>\$ 261,907,539</b>	<b>\$ 3,463,648</b>	<b>\$ 265,371,187</b>	<b>\$ 6,979,646</b>	<b>\$ 363,983</b>	<b>\$ 44,105,087</b>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2018**

	Primary Government			Component Units		
	Governmental Activities	Business- type Activities	Total	Municipal Development Authority	Municipal Parking Board	Water Quality Board
<b>DEFERRED INFLOWS</b>						
Public Employees Retirement System (PERS):						
Changes in contributions	\$ 107,185	\$ 31,670	\$ 138,855	\$ 2,849	\$ 8,247	\$ 35,146
Difference in assumptions	62,616	18,501	81,117	1,664	4,818	56,935
Difference between expected and actual experience	2,671	789	3,460	71	206	2,429
Difference between expected and actual investment earnings	293,491	86,717	380,208	7,801	22,583	266,858
Municipal Police and Firefighters Retirement System (MPFRS):						
Changes in contributions	4,337	-	4,337	-	-	-
Changes in investment experience	27,788	-	27,788	-	-	-
Changes in assumptions	71,875	-	71,875	-	-	-
Defined Benefit Plans (DBP):						
Difference between expected and actual experience	894,739	-	894,739	-	-	-
Difference between expected and actual investment earnings	495,602	-	495,602	-	-	-
Difference in assumptions	4,848,152	-	4,848,152	-	-	-
Other postemployment benefits	2,653,330	61,278	2,714,608	2,430	4,859	1,682,915
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>9,461,786</u>	<u>198,955</u>	<u>9,660,741</u>	<u>14,815</u>	<u>40,713</u>	<u>2,044,283</u>
<b>NET POSITION</b>						
Net investment in capital assets	\$ 6,431,280	\$ 794,697	\$ 7,225,977	\$ (789,057)	\$ 1,513,517	\$ 22,298,809
Restricted for:						
Debt service	-	-	-	464,340	-	2,261,299
Community development	6,772,343	-	6,772,343	-	-	-
Net pension asset	750,274	-	750,274	-	-	-
Construction	-	-	-	-	-	188,777
Insurance claims	-	-	-	-	-	82,025
Customer deposits	-	-	-	-	-	2,542
Unrestricted	<u>(249,466,215)</u>	<u>(1,093,847)</u>	<u>(250,560,062)</u>	<u>2,722,996</u>	<u>104,550</u>	<u>(25,747,885)</u>
Total net position	<u>\$ (235,512,318)</u>	<u>\$ (299,150)</u>	<u>\$ (235,811,468)</u>	<u>\$ 2,398,279</u>	<u>\$ 1,618,067</u>	<u>\$ (914,433)</u>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	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 Development Authority	Municipal Parking Board	Water Quality Board
<b>Functions/Programs</b>										
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 14,214,156	\$ 2,103,165	\$ -	\$ 42,135	\$ (12,068,856)	\$ -	\$ (12,068,856)	\$ -	\$ -	\$ -
Public safety	33,347,851	12,118,356	4,426,961	376,723	(16,425,811)	-	(16,425,811)	-	-	-
Streets and transportation	3,656,296	2,018,272	-	-	(1,638,024)	-	(1,638,024)	-	-	-
Health and sanitation	26,560	66,299	-	-	39,739	-	39,739	-	-	-
Culture and recreation	1,123,679	-	-	11,228	(1,112,451)	-	(1,112,451)	-	-	-
Social services	233,809	-	163,288	-	(70,521)	-	(70,521)	-	-	-
Community development	1,755,340	750	1,270,981	381,912	(101,697)	-	(101,697)	-	-	-
Interest on long-term debt	196,948	-	-	-	(196,948)	-	(196,948)	-	-	-
<b>Total governmental activities</b>	<b>54,554,639</b>	<b>16,306,842</b>	<b>5,861,230</b>	<b>811,998</b>	<b>(31,574,569)</b>	<b>-</b>	<b>(31,574,569)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Business-type activities:										
Sanitation and trash	3,465,862	3,321,054	-	-	-	(144,808)	(144,808)	-	-	-
Civic arena	2,429,091	1,543,454	103,821	-	-	(781,816)	(781,816)	-	-	-
<b>Total business-type activities</b>	<b>5,894,953</b>	<b>4,864,508</b>	<b>103,821</b>	<b>-</b>	<b>-</b>	<b>(926,624)</b>	<b>(926,624)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 60,449,592</b>	<b>\$ 21,171,350</b>	<b>\$ 5,965,051</b>	<b>\$ 811,998</b>	<b>(31,574,569)</b>	<b>(926,624)</b>	<b>(32,501,193)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Component units:</b>										
Municipal Development Authority	\$ 2,019,829	\$ 130,924	\$ 100,000	\$ -	-	-	-	(1,788,905)	-	-
Municipal Parking Board	787,260	810,921	-	-	-	-	-	-	23,661	-
Water Quality Board	16,417,148	15,711,657	-	-	-	-	-	-	-	(705,491)
<b>Total component units</b>	<b>\$ 19,224,237</b>	<b>\$ 16,653,502</b>	<b>\$ 100,000</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,788,905)</b>	<b>23,661</b>	<b>(705,491)</b>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF ACTIVITIES (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Net (Expense) Revenues and Changes in Net Position					
	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board	Water Quality Board
General revenues:						
Ad valorem property taxes	\$ 5,903,901	\$ -	\$ 5,903,901	\$ 344,917	\$ -	\$ -
Business & occupation tax	13,441,035	-	13,441,035	-	-	-
Alcoholic beverages tax	436,484	-	436,484	-	-	-
Utility services tax	2,059,699	-	2,059,699	-	-	-
Hotel occupancy tax	809,657	-	809,657	-	-	-
Animal tax	2,044	-	2,044	-	-	-
Gas & oil severance tax	64,478	-	64,478	-	-	-
Amusement tax	14,331	-	14,331	-	-	-
Sales and use tax	6,650,242	-	6,650,242	-	-	-
Coal severance tax	131,716	-	131,716	-	-	-
Unrestricted investment earnings	15,229	507	15,736	9,803	226	-
Interest revenue	-	-	-	-	-	28,648
Gains (loss) on disposal of capital assets	29,581	-	29,581	-	-	-
Miscellaneous	787,900	692,272	1,480,172	1,000	10,060	326,270
Transfers	(1,444,740)	598,561	(846,179)	846,179	-	-
Total general revenues and transfers	<u>28,901,557</u>	<u>1,291,340</u>	<u>30,192,897</u>	<u>1,201,899</u>	<u>10,286</u>	<u>354,918</u>
Change in net position	(2,673,012)	364,716	(2,308,296)	(587,006)	33,947	(350,573)
Net position - beginning as restated	<u>(232,839,306)</u>	<u>(663,866)</u>	<u>(233,503,172)</u>	<u>2,985,285</u>	<u>1,584,120</u>	<u>(563,860)</u>
Net position - ending	\$ <u>(235,512,318)</u>	\$ <u>(299,150)</u>	\$ <u>(235,811,468)</u>	\$ <u>2,398,279</u>	\$ <u>1,618,067</u>	\$ <u>(914,433)</u>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General	Coal Severance Tax	Community Development Block Grant	Huntington Urban Renewal Authority	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>Assets:</b>						
<b>Current:</b>						
Cash and cash equivalents	\$ 6,432,447	\$ 26,888	\$ 236,986	\$ 12,595	\$ 145,340	\$ 6,854,256
Investments	323,852	-	-	-	1,392,881	1,716,733
Receivables:						
Taxes	5,761,008	-	-	-	-	5,761,008
Accounts	627,515	-	1,425,485	4,101	-	2,057,101
Loans	-	-	6,772,343	-	-	6,772,343
Assets held for resale	-	-	-	685,270	-	685,270
Due from:						
Other funds	503,101	-	-	-	12,923	516,024
Other governments	279,876	40,326	-	-	-	320,202
Fiduciary funds	3,350	-	-	-	49,896	53,246
Prepaid expenses	192,800	-	-	-	-	192,800
<b>Total assets</b>	<b>14,123,949</b>	<b>67,214</b>	<b>8,434,814</b>	<b>701,966</b>	<b>1,601,040</b>	<b>24,928,983</b>
<b>Deferred Outflows:</b>						
Total deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	\$ <u>14,123,949</u>	\$ <u>67,214</u>	\$ <u>8,434,814</u>	\$ <u>701,966</u>	\$ <u>1,601,040</u>	\$ <u>24,928,983</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 896,570	\$ -	\$ 81,300	\$ -	\$ 2,432	\$ 980,302
Payroll payable	489,065	-	10,286	-	-	499,351
Line of credit	-	-	-	782,349	-	782,349
Reserve for health claims	722,332	-	16,240	-	-	738,572
Due to:						
Component units	337	-	-	-	-	337
Other funds	40,122	-	101,456	2,292	800	144,670
Other governments	135	-	-	-	184,197	184,332
Fiduciary funds	2,746,753	-	-	-	-	2,746,753
Unearned revenue:						
Other	393,983	-	-	-	-	393,983
Unclaimed property	82,076	-	-	-	-	82,076
<b>Total liabilities</b>	<b>5,371,373</b>	<b>-</b>	<b>209,282</b>	<b>784,641</b>	<b>187,429</b>	<b>6,552,725</b>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)**  
**JUNE 30, 2018**

	General	Coal Severance Tax	Community Development Block Grant	Huntington Urban Renewal Authority	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Deferred Inflows:</b>						
Unavailable revenue - property taxes	406,889	-	-	-		406,889
Total deferred inflows of resources	406,889	-	-	-	-	406,889
Total liabilities and deferred inflows of resources	5,778,262	-	209,282	784,641	187,429	6,959,614
<b>Fund balances:</b>						
Nonspendable	192,800	-	-	685,270	-	878,070
Restricted	-	-	6,772,343	-	-	6,772,343
Committed	578,885	-	-	-	-	578,885
Assigned	980,551	67,214	1,453,189	-	1,568,028	4,068,982
Unassigned	6,593,451	-	-	(767,945)	(154,417)	5,671,089
Total fund balances	8,345,687	67,214	8,225,532	(82,675)	1,413,611	17,969,369
Total liabilities, deferred inflows and fund balances	\$ 14,123,949	\$ 67,214	\$ 8,434,814	\$ 701,966	\$ 1,601,040	\$ 24,928,983

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

**JUNE 30, 2018**

Total fund balances on the governmental fund's balance sheet	\$ 17,969,369
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.	8,530,714
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).	750,274
Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds.	406,889
Deferred inflows and outflows related to pension activities are not required to be reported in the funds, but are required to be reported at the government-wide level.	
<i>Other Postemployment Benefits:</i>	
Deferred outflows	8,868
Deferred inflows	(2,653,330)
<i>Public Employees Retirement System (PERS):</i>	
Deferred outflows:	
Contributions made after measurement date	466,843
Difference between expected and actual experience	107,432
Changes in contributions	102,219
Deferred inflows:	
Changes in contributions	(107,185)
Difference in assumptions	(62,616)
Difference between expected and actual investment earnings	(293,491)
Difference between expected and actual experience	(2,671)
<i>Municipal Police Officers and Firefighters retirement System (MPFRS):</i>	
Deferred outflows:	
Contributions made after measurement date	208,932
Changes in contributions	169,368
Difference between expected and actual experience	19,772
Deferred inflows:	
Changes in contributions	(4,337)
Changes in investment experience	(27,788)
Change in assumptions	(71,875)
<i>Defined Benefits Plans (DBP):</i>	
Deferred outflows:	
Changes in noninvestment experience	406,300
Changes in assumptions	301,972
Deferred inflows:	
Difference between expected and actual experience	(894,739)
Difference in assumptions	(4,848,152)
Difference between expected and actual investment earnings	(495,602)

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION (Continued)**  
**JUNE 30, 2018**

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

Tax increment financing revenue bonds	\$	(588,957)
Capital leases		(1,510,477)
Accrued interest payable on long-term liabilities		(32,090)
Compensated absences		(1,339,831)
Net pension liability - PERS		(1,207,205)
Net Pension Liability - DBP		(149,433,026)
Other postemployment benefits payable		(79,370,898)
Estimated landfill closure and post-closure liability		<u>(22,017,000)</u>
Net position of governmental activities (deficit)	\$	<u><u>(235,512,318)</u></u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES—**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	General	Coal Severance Tax	Community Development Block Grant	Huntington Urban Renewal Authority	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 5,580,263	\$ -	\$ -	\$ -	337,245	\$ 5,917,508
Business & occupation tax	13,441,035	-	-	-	-	13,441,035
Alcoholic beverages tax	436,484	-	-	-	-	436,484
Utility services tax	2,059,699	-	-	-	-	2,059,699
Hotel occupancy tax	809,657	-	-	-	-	809,657
Animal tax	2,044	-	-	-	-	2,044
Gas and oil severance tax	64,478	-	-	-	-	64,478
Amusement tax	14,331	-	-	-	-	14,331
Sales and use tax	6,650,242	-	-	-	-	6,650,242
Coal severance tax	-	131,716	-	-	-	131,716
Licenses and permits, and fees	1,014,879	-	-	-	-	1,014,879
Intergovernmental:						
Federal	1,914,322	-	1,672,755	-	-	3,587,077
State	2,780,333	-	-	-	-	2,780,333
Charges for services	13,362,998	-	-	750	66,299	13,430,047
Fines and forfeits	265,110	-	-	-	25,328	290,438
Interest and investment earnings	10,422	38	178	1	4,590	15,229
Franchise fees	699,703	-	-	-	-	699,703
Employee/retirees health insurance	1,571,478	-	-	-	-	1,571,478
Contributions and donations	248,816	-	-	-	57,002	305,818
Miscellaneous	88,197	-	-	-	-	88,197
<b>Total revenues</b>	<b>51,014,491</b>	<b>131,754</b>	<b>1,672,933</b>	<b>751</b>	<b>490,464</b>	<b>53,310,393</b>
<b>EXPENDITURES</b>						
Current:						
General government	14,488,969	-	-	35,514	2,900	14,527,383
Public safety	27,574,825	-	-	-	55,522	27,630,347
Streets and transportation	3,296,273	-	-	-	-	3,296,273
Health and sanitation	-	-	-	-	400	400
Culture and recreation	1,023,332	-	-	-	-	1,023,332
Social services	-	-	233,809	-	-	233,809
Capital outlay	34,528	6,748	-	-	26,558	67,834
Community development	-	-	1,769,580	-	-	1,769,580
Debt service:						
Principal	-	-	-	-	448,000	448,000
Interest	-	-	-	41,198	62,217	103,415
<b>Total expenditures</b>	<b>46,417,927</b>	<b>6,748</b>	<b>2,003,389</b>	<b>76,712</b>	<b>595,597</b>	<b>49,100,373</b>
Excess (deficiency) of revenues over expenditures	\$ 4,596,564	\$ 125,006	\$ (330,456)	\$ (75,961)	\$ (105,133)	\$ 4,210,020

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Development Block Grant</u>	<u>Huntington Urban Development Authority</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	\$ 34,528	\$ -	\$ -	\$ -	\$ -	\$ 34,528
Transfers (out)	(1,227,317)	(107,035)	-	-	(144,916)	(1,479,268)
Proceeds from the sales of assets	10,581	-	-	19,000	-	29,581
Capital leases	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,182,208)</u>	<u>(107,035)</u>	<u>-</u>	<u>19,000</u>	<u>(144,916)</u>	<u>(1,415,159)</u>
Net change in fund balances	3,414,356	17,971	(330,456)	(56,961)	(250,049)	2,794,861
Fund balances - beginning	<u>4,931,331</u>	<u>49,243</u>	<u>8,555,988</u>	<u>(25,714)</u>	<u>1,663,660</u>	<u>15,174,508</u>
Fund balances - ending	<u>\$ 8,345,687</u>	<u>\$ 67,214</u>	<u>\$ 8,225,532</u>	<u>\$ (82,675)</u>	<u>\$ 1,413,611</u>	<u>\$ 17,969,369</u>

SEE ACCOMPANYING NOTES

**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, 2018**

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

Net change in fund balances - total governmental funds	\$	2,794,861
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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 increased during the fiscal year.		505,815
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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.		(1,544,703)
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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.		
Prior year deferred taxes		(420,490)
Current year deferred taxes		406,889

Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68.

<i>Public Employees Retirement System (PERS):</i>		
Contributions made after measurement date		466,843
Amount of pension expenses recognized at government-wide level		(232,893)

<i>Municipal Police Officers and Firefighters retirement System (MPFRS):</i>		
Contributions made after measurement date		208,932
Amount of pension expenses recognized at government-wide level		29,740

<i>Defined Benefits Plans (DBP):</i>		
Amount of employer contributions to pensions		13,167,454
Amount of pension expenses recognized at government-wide level		(15,804,031)

**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 (Continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

Tax increment financing revenue bonds	\$	448,000
Capital leases		480,160

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 change in accrued interest payable for the year.		7,896
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the Statement of Activities		(3,074,727)
Change in compensated absences payable		<u>(112,758)</u>
Change in net position of governmental activities	\$	<u>(2,673,012)</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Ad valorem property taxes	\$ 5,802,521	\$ 5,802,521	\$ 5,580,263	\$ (222,258)
Business & occupation tax	13,961,759	13,961,759	13,441,035	(520,724)
Alcoholic beverages tax	379,096	379,096	436,484	57,388
Utility services tax	2,076,165	2,076,165	2,059,699	(16,466)
Hotel occupancy tax	659,647	739,647	809,657	70,010
Animal tax	2,206	2,206	2,044	(162)
Gas and oil severance tax	68,233	68,233	64,478	(3,755)
Amusement tax	10,954	10,954	14,331	3,377
Sales and use tax	5,951,261	5,951,261	6,650,242	698,981
Licenses and permits	761,633	761,633	1,014,879	253,246
Intergovernmental:				
Federal	1,230,000	2,681,775	1,914,322	(767,453)
State	3,307,235	2,380,734	2,780,333	399,599
Charges for services	13,662,143	13,662,143	13,362,998	(299,145)
Fines and forfeits	395,937	395,937	265,110	(130,827)
Interest earnings	2,970	2,970	10,422	7,452
Franchise fees	575,000	575,000	699,703	124,703
Employees & retiree health insurance	1,457,202	1,457,202	1,571,478	114,276
Contributions and donations	167,954	267,954	248,816	(19,138)
Miscellaneous	299,685	299,685	88,197	(211,488)
<b>Total revenues</b>	<b>50,771,601</b>	<b>51,476,875</b>	<b>51,014,491</b>	<b>(462,384)</b>
<b>EXPENDITURES</b>				
Current:				
General government	16,604,682	21,580,055	14,488,969	7,091,086
Public safety	27,788,969	27,985,218	27,574,825	410,393
Streets and transportation	4,213,498	4,353,498	3,296,273	1,057,225
Culture and recreation	2,179,317	2,292,317	1,023,332	1,268,985
Capital outlay	-	-	34,528	(34,528)
<b>Total expenditures</b>	<b>50,786,466</b>	<b>56,211,088</b>	<b>46,417,927</b>	<b>9,793,161</b>
Excess (deficiency) of revenues over expenditures	(14,865)	(4,734,213)	4,596,564	9,330,777

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	\$ -	\$ -	\$ 34,528	\$ 34,528
Transfers (out)	-	-	(1,227,317)	(1,227,317)
Proceeds from the sale of assets	<u>14,865</u>	<u>14,865</u>	<u>10,581</u>	<u>(4,284)</u>
Total other financing sources (uses)	<u>14,865</u>	<u>14,865</u>	<u>(1,182,208)</u>	<u>(1,197,073)</u>
Net change in fund balance	-	(4,719,348)	3,414,356	8,133,704
Fund balance - beginning	<u>-</u>	<u>4,719,348</u>	<u>4,931,331</u>	<u>211,983</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,345,687</u>	<u>\$ 8,345,687</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE – BUDGET AND ACTUAL – COAL SEVERANCE TAX FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 102,017	\$ 102,017	\$ 131,716	\$ 29,699
Interest earnings	<u>12</u>	<u>12</u>	<u>38</u>	<u>26</u>
Total revenues	<u>102,029</u>	<u>102,029</u>	<u>131,754</u>	<u>29,725</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>102,029</u>	<u>113,785</u>	<u>6,748</u>	<u>107,037</u>
Total expenditures	<u>102,029</u>	<u>113,785</u>	<u>6,748</u>	<u>107,037</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(11,756)</u>	<u>125,006</u>	<u>136,762</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	<u>-</u>	<u>-</u>	<u>(107,035)</u>	<u>(107,035)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(107,035)</u>	<u>(107,035)</u>
Net change in fund balance	-	(11,756)	17,971	29,727
Fund balance - beginning	<u>-</u>	<u>11,756</u>	<u>49,243</u>	<u>37,487</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,214</u>	<u>\$ 67,214</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**JUNE 30, 2018**

	Business-type Activities - Enterprise Funds		Total
	Sanitation and Trash	Civic Arena	
<b>ASSETS</b>			
Current:			
Cash and cash equivalents	\$ 993,236	\$ 1,047,115	\$ 2,040,351
Receivables:			
Accounts	68,677	131,895	200,572
Due from:			
Other funds	7,367	25,417	32,784
Inventory, at cost	-	55,188	55,188
Prepaid expenses	17,676	10,386	28,062
Total current assets	<u>1,086,956</u>	<u>1,270,001</u>	<u>2,356,957</u>
Capital assets:			
Depreciable:			
Structures and improvements	75,140	-	75,140
Vehicles	2,040,802	-	2,040,802
Machinery and equipment	277,430	-	277,430
Less: accumulated depreciation	<u>(1,586,809)</u>	<u>-</u>	<u>(1,586,809)</u>
Total capital assets (net of accumulated depreciation)	<u>806,563</u>	<u>-</u>	<u>806,563</u>
Total noncurrent assets	<u>806,563</u>	<u>-</u>	<u>806,563</u>
Total assets	<u>1,893,519</u>	<u>1,270,001</u>	<u>3,163,520</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Changes in pension contribution	30,202	-	30,202
Contributions made after measurement date	137,988	-	137,988
Difference between expected and actual experience	<u>31,743</u>	<u>-</u>	<u>31,743</u>
Total deferred outflows of resources	<u>199,933</u>	<u>-</u>	<u>199,933</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (Continued)**  
**JUNE 30, 2018**

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>			
Current liabilities payable from current assets:			
Accounts payable	\$ 18,480	\$ 65,357	\$ 83,837
Reserve for health claims	61,793	-	61,793
Payroll payable	24,953	57,297	82,250
Due to:			
Other funds	122,733	209,554	332,287
Leases payable	<u>11,866</u>	<u>-</u>	<u>11,866</u>
Total current liabilities payable from current assets	<u>239,825</u>	<u>332,208</u>	<u>572,033</u>
Unearned revenues:			
Sponsorship	-	14,500	14,500
Charges for services	6,598	486,013	492,611
Ticket sales	-	4,035	4,035
Customer advances	-	8,427	8,427
Other unearned revenue	<u>-</u>	<u>33,362</u>	<u>33,362</u>
Total unearned revenues	<u>6,598</u>	<u>546,337</u>	<u>552,935</u>
Noncurrent liabilities:			
Other postemployment benefits liability	1,845,758	-	1,845,758
Net pension liability - PERS	356,690	-	356,690
Compensated absences payable	<u>110,220</u>	<u>26,012</u>	<u>136,232</u>
Total noncurrent liabilities	<u>2,312,668</u>	<u>26,012</u>	<u>2,338,680</u>
Total liabilities	<u>2,559,091</u>	<u>904,557</u>	<u>3,463,648</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Other postemployment benefits deferred inflows	61,278		
Changes in contributions	31,670	-	31,670
Difference in assumptions	18,501	-	18,501
Difference between expected and actual experience	789	-	789
Difference between expected and actual investment earnings	<u>86,717</u>	<u>-</u>	<u>86,717</u>
Total deferred inflows of resources	<u>198,955</u>	<u>-</u>	<u>137,677</u>
<b>NET POSITION</b>			
Net investment in capital assets	794,697	-	794,697
Unrestricted	<u>(1,459,291)</u>	<u>365,444</u>	<u>(1,093,847)</u>
Total net position	\$ <u>(664,594)</u>	\$ <u>365,444</u>	\$ <u>(299,150)</u>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities -		
	Enterprise Funds		
	Sanitation and Trash	Civic Arena	Total
<b>Operating revenues:</b>			
Sales and services to customers	\$ 3,321,054	\$ 1,134,527	\$ 4,455,581
Contributions	-	103,821	103,821
Rebates and reimbursements	-	423,138	423,138
Rental fees	-	408,927	408,927
Miscellaneous	238,466	30,668	269,134
	<u>3,559,520</u>	<u>2,101,081</u>	<u>5,660,601</u>
<b>Operating expenses:</b>			
Personal services	2,024,673	867,834	2,892,507
Contractual services	556,500	252,149	808,649
Administrative and general	149,114	842,151	991,265
Miscellaneous	-	71,009	71,009
Liability insurance	82,993	67,819	150,812
Materials and supplies	122,579	6,263	128,842
Utilities	124,128	219,008	343,136
Depreciation	136,918	-	136,918
Maintenance	265,185	102,858	368,043
	<u>3,462,090</u>	<u>2,429,091</u>	<u>5,891,181</u>
Operating income (loss)	<u>97,430</u>	<u>(328,010)</u>	<u>(230,580)</u>
<b>Nonoperating revenues (expenses):</b>			
Interest revenue	288	219	507
Interest and fiscal charges	(3,772)	-	(3,772)
	<u>(3,484)</u>	<u>219</u>	<u>(3,265)</u>
Income (loss) before transfers	<u>93,946</u>	<u>(327,791)</u>	<u>(233,845)</u>
Transfers in	144,916	488,173	633,089
Transfers (out)	-	(34,528)	(34,528)
Change in net position	238,862	125,854	364,716
Net position at beginning of year - Restated	<u>(903,456)</u>	<u>239,590</u>	<u>(663,866)</u>
Net position at end of year	\$ <u>(664,594)</u>	\$ <u>365,444</u>	\$ <u>(299,150)</u>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Non-Major Civic Arena	Total
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 3,569,035	\$ 2,314,779	\$ 5,883,814
Cash paid for goods and services	(1,324,909)	(2,359,343)	(3,684,252)
Other cash payments	(517,695)	-	(517,695)
Cash paid to employees	(1,840,658)	(855,312)	(2,695,970)
Other cash receipts	239,652	187,713	427,365
Net cash provided (used) by operating activities	<u>125,425</u>	<u>(712,163)</u>	<u>(586,738)</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in (out)	<u>144,916</u>	<u>453,645</u>	<u>598,561</u>
Net cash provided by noncapital financing activities	<u>144,916</u>	<u>453,645</u>	<u>598,561</u>
<b>Cash flows from capital and related financing activities</b>			
Purchases of capital assets	(247,432)	-	(247,432)
Principal paid on capital debt	(80,500)	-	(80,500)
Interest paid on capital debt	<u>(3,772)</u>	<u>-</u>	<u>(3,772)</u>
Net cash (used) by capital and related financing activities	<u>(331,704)</u>	<u>-</u>	<u>(331,704)</u>
<b>Cash flows from investing activities:</b>			
Interest and investment earnings	<u>288</u>	<u>219</u>	<u>507</u>
Net cash provided by investing activities	<u>288</u>	<u>219</u>	<u>507</u>
Net (decrease) in cash and cash equivalents	(61,075)	(258,299)	(319,374)
Cash and cash equivalents at beginning year	<u>1,054,311</u>	<u>1,305,414</u>	<u>2,359,725</u>
Cash and cash equivalents at end of year	\$ <u><u>993,236</u></u>	\$ <u><u>1,047,115</u></u>	\$ <u><u>2,040,351</u></u>

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities -		
	Enterprise Funds		
	Sanitation and Trash	Non-Major Civic Arena	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 97,430	\$ (328,010)	\$ (230,580)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	136,918	-	136,918
Decrease (increase) in accounts receivable	241,383	(13,636)	227,747
Decrease (increase) in unearned revenues	6,598	367,793	374,391
Decrease (increase) in customer advances	-	(5,970)	(5,970)
Decrease (increase) in deferred outflows	228,123	-	228,123
Decrease (increase) in due from other funds	1,186	(17,448)	(16,262)
Decrease (increase) in inventory	-	(3,185)	(3,185)
Decrease (increase) in prepaid expenses	(797)	674	(123)
Increase (decrease) in accounts payable	(23,613)	(795,575)	(819,188)
Increase (decrease) in other postemployment benefits liability	10,398	-	10,398
Increase (decrease) in payroll payable	(184)	(13,490)	(13,674)
Increase (decrease) in compensated absences payable	43,429	26,012	69,441
Increase (decrease) in net pension liability	(235,425)	-	(235,425)
Increase (decrease) in deferred inflows	114,983	-	114,983
Increase (decrease) in due to other funds	(517,695)	70,672	(447,023)
Increase (decrease) in health care claims payable	22,691	-	22,691
Net cash provided (used) by operations	\$ 125,425	\$ (712,163)	\$ (586,738)

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	Pension Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Non-pooled cash	\$ 1,178,708	\$ 2,709,356
	<u>                    </u>	<u>                    </u>
Total cash	1,178,708	2,709,356
Investments, at fair value:		
Money market funds	370,003	-
Government securities	8,904,302	
Mutual funds	18,618,486	
Corporate bonds	12,487,377	
Corporate stocks	17,608,006	-
Certificates of deposit	1,814,092	-
	<u>                    </u>	<u>                    </u>
Total investments	59,802,266	-
Receivables:		
Accounts receivables	2,861	-
Due from plan members	-	
Due from other governments	551,724	-
Due from primary government	2,740,361	6,392
	<u>                    </u>	<u>                    </u>
Total receivables	3,294,946	6,392
	<u>                    </u>	<u>                    </u>
Total assets	64,275,920	2,715,748
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows	-	-
	<u>                    </u>	<u>                    </u>
Total assets and deferred outflows of resources	64,275,920	2,715,748
	<u>                    </u>	<u>                    </u>

(1) A schedule of changes in net pension liability and related ratios for each plan is presented in the Required Supplementary Information section of this report.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS (Continued)**  
**JUNE 30, 2018**

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 12,388	\$ -
Refunds payable and other	-	2,665,852
Due to other governments	-	-
Due to primary government	<u>3,350</u>	<u>49,896</u>
Total liabilities	<u>15,738</u>	<u>2,715,748</u>
<b>DEFERRED INFLOWS</b>		
Deferred inflows	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>15,738</u>	<u>2,715,748</u>
<b>NET POSITION</b>		
Net position restricted for pension benefits	\$ <u>64,260,182</u>	\$ <u>-</u>

(1) A schedule of changes in net pension liability and related ratios for each plan is presented in the Required Supplementary Information section of this report.

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Pension Trust Funds</u>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 10,961,445
Plan members	543,806
Insurance premium surtax	<u>2,206,009</u>
Total contributions	<u>13,711,260</u>
Investment income:	
Net increase (decrease) in fair value of investments	2,485,274
Interest and dividends	<u>1,239,909</u>
Net investment income	<u>3,725,183</u>
Total additions	<u>17,436,443</u>
<b>DEDUCTIONS</b>	
Benefits	10,216,464
Administrative expenses	159,222
Refunds of contributions	<u>50,573</u>
Total deductions	<u>10,426,259</u>
Change in net assets	7,010,184
Net position restricted for pension benefits:	
Beginning of year	<u>57,249,998</u>
End of year	<u><u>\$ 64,260,182</u></u>

(1) A schedule of changes in net pension liability and related ratios for each plan is presented in the Required Supplementary Information section of this report.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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, fire protection, 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 for the by the Governmental Account 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 based on (1) the appointment of the government 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 legally separate from the City, but are financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. Because of the nature of services they provide and the City's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 61. The discretely presented component units are presented on the government-wide statements.

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

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 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 and is governed by a three-member board comprised of the Mayor and two members appointed by the City. The rates for user charges and bond issuance authorizations are approved by the City's elected council. Complete financial statements for the Water Quality Board can be obtained at the entity's administrative offices.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial 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 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 grants and contributions that are restricted to meeting a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Combining financial statements for the nonmajor governmental funds and for the discretely presented component units 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.

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. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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 the Civic Arena Fund (enterprise funds), 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.

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

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.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial services 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*, 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 *Huntington Urban Renewal Fund*, a special revenue fund, accounts for the activities of the Huntington Urban Renewal Authority and the HURA Landbank.

The government reports the following major proprietary funds:

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

The *Civic Arena Fund* accounts for operating activities of the City's civic arena.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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.

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

**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 Statements 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.

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 system not listed on an established market are reported as estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash investments and fair values are presented in Note III.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 five 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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Municipal pension funds are governed as to type of investment by *West Virginia Code §8-22-22*. Pension funds are permitted to invest in all of the above-mentioned types of investments with the exception 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.

## **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.

## **3. Inventories and Prepaid Items**

The Civic Center 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.

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**4. Restricted Assets**

Certain proceeds of the discretely presented component units revenue bonds, as well as certain proceeds set aside for the 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.

The “reserve” account is used to report resources set aside to make up potential future deficiencies in the regular account.

The “renewal and replacement” account is used to report resources set aside to meet unexpected contingencies or fund asset renewals and replacements.

“The “reserve for construction” account is used to report those proceeds of revenue bond that are restricted for use in construction.

**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 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.

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	5-10
Vehicles	5-10
Furniture and fixtures	5-10

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**6. Compensated Absences**

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

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

**7. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

**8. Deferred Outflow/Inflows of Resources/ Unearned Revenue**

Under both accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete those assets must be offset by a corresponding liability for unearned revenue. 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 unearned revenue. For fiscal year ended June 30, 2018, the City reported unavailable revenues totaling \$406,889.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources which 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. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other post-employment benefits (OPEB). In addition to liabilities, the statement of financial 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. For the City, deferred inflows of resources include pension and other post-employment benefits inflows.

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**9. 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, 2018.
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.

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

Nonspendable	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 that have been approved by an ordinance (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.
Assigned	The assigned category is the portion of the fund balance that has been approved by formal action of the City Council, or other official authorized to assign amounts, for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

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

**E. Property Taxes**

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.

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The rate levied by the Municipality per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2018, were as follows:

Class of Property	Assessed Valuation for Tax Purposes	Current Expense
Class II	\$ 550,384,528	22.00 cents
Class IV	\$ 996,799,929	44.00 cents

*Tax Incentive Programs*

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, the City is required to disclose certain information about tax abatement as defined in the statement. For purposes of GASB No.77, a tax abatement is a reduction in tax revenues that result from an agreement between one or more governments and an individual or entity in which one or more governments promise to forgo tax revenues to which they are otherwise entitled and the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City.

The purpose of the tax incentive program is to attract new and existing firms and to promote expansion of existing businesses and industry. It is the intent of the City to provide and create jobs for local and area residents; to create long-term tax base growth through the replacement reconstruction and expansion of existing business and technological facilities, where appropriate, and environmentally sound; to encourage the construction of new facilities, when necessary; and to create the potential for generating new demands for existing local businesses. It is further the intent of the City to encourage substantial investment in new equipment and other personal and real property subject to taxation.

**F. Pension and Other Postemployment Benefit Liabilities**

For purposes of measuring the pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the pension/OPEB plan’s fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost.

**G. Newly Adopted Statement Issued by Governmental Accounting Standards Board**

The Governmental Accounting Standards Board has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for fiscal years beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The adoption of GASB Statement No. 75 has required a restatement of beginning net position for its financial statements.

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The Governmental Accounting Standards Board has also issued Statement No. 85, *Omnibus 2017*, effective for fiscal years beginning after June 15, 2017. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits. The adoption of GASB Statement No. 85 had no impact on the June 30, 2018 financial statements.

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

City of Huntington, West Virginia prepares its budget on the modified accrual basis of accounting. The governing body of the City is required to hold a meeting or meetings between the seventh and twenty-eighth days of March to ascertain the financial condition of the city and to prepare the levy estimate (budget) for the fiscal year commencing July 1. The budget is then forthwith submitted to the State Auditor for approval. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then are submitted 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 supplementary budgetary appropriations throughout the year:

General Fund:

Amount	Description
\$ 4,975,373	General Government Expenditure Increase
196,249	Public Safety Expenditure Increase
140,000	Streets and Transportation Expenditure Increase
113,000	Culture and Recreation Expenditure Increase

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2018, expenditures exceeded appropriations in the funds listed at the function level:

Function	Amount
Capital Outlay	\$ 34,528
Transfers Out - General Fund	1,227,317
Transfers Out - Coal Severance Tax Fund	107,035

The over expenditures in these functions were funded by other sources within each fund and had no impact on the financial results of the funds.

**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, 2018:

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Fund	Amount
Community Development Block Grant Fund	\$ 330,456
Huntington Urban Renewal Authority	56,961
Nonmajor Governmental Fund - Capital Improvements	398
Nonmajor Governmental Fund - Westmoreland Fire Protection	343
Nonmajor Governmental Fund - Federal Drug	20,197
Nonmajor Governmental Fund - Landfill Reserve	77,728

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

**D. Deficit Net Position**

The Governmental and Business-Type Activities had deficit net position of \$(235,512,318) and \$(299,150) as of June 30, 2018. The City has incurred significant debt in excess of anticipated revenues in this and prior years for the Net Pension Liability and Other Post-employment Benefits obligation as estimated within the actuarial evaluations. The City has affected funding strategies to reduce these debts in the future.

**III. 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	\$ 323,852	Not Rated	Not Rated
Other	1,392,881	Not Rated	Not Rated
	<u>\$ 1,716,733</u>		
<i>Interest Rate Risk</i>			
	<u><b>0-3 Years</b></u>		
Money Market	\$ 323,852		
Other	1,392,881		
	<u>\$ 1,716,733</u>		
<b>Fiduciary Funds</b>			
<b>Policemen's Pension and Relief</b>			
	<u><b>Fair Value</b></u>	<u><b>Credit Risk Rating</b></u>	
		<u><b>Standard &amp; Poor's and Fitch</b></u>	
Money market funds	\$ 349,534	Not Rated	
U.S. Government agency notes	2,643,812	Aaa-AA+	
Municipal obligations	3,510,498	AAA-AA-	
Mutual funds	14,280,805	Not Rated	
Corporate bonds	5,835,930	AAA-BBB+	
Common stock	7,121,788	Not Rated	
Preferred stock	25,170	BBB	
Certificate of deposit	1,442,837	Aaa	
Total	<u>\$ 35,210,374</u>		

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*Interest Rate Risk*

	<u>0-1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
Money market funds	\$ 349,534	\$ -	\$ -	\$ -
U.S. Government agency notes	99,897	2,325,705	218,210	-
Municipal obligations	149,799	162,714	1,519,922	1,678,063
Mutual funds	14,280,805	-	-	-
Corporate bonds	391,373	4,285,237	1,159,320	-
Common stock	7,121,788	-	-	-
Preferred stock	25,170	-	-	-
Certificate of deposit	249,160	1,193,677	-	-
<b>Total</b>	<b>\$ <u>22,667,526</u></b>	<b>\$ <u>7,967,333</u></b>	<b>\$ <u>2,897,452</u></b>	<b>\$ <u>1,678,063</u></b>

**Credit Risk Rating**

<b>Firemen's Pension and Relief</b>	<u>Moody's Investment</u>	
	<u>Fair Value</u>	<u>Services</u>
Money market funds	\$ 20,469	Not Rated
U.S. Government agency notes	2,440,901	Aaa-BBB
Municipal obligations	309,091	Aaa-BBB
Mutual funds	4,337,681	Not Rated
Corporate bonds	6,651,447	Aaa-BBB
Common stock	10,061,574	Not Rated
Preferred stock	399,474	A-BBB
Certificate of deposit	371,255	AAA
<b>Total</b>	<b>\$ <u>24,591,892</u></b>	

*Interest Rate Risk*

	<u>0-1 Year</u>	<u>1-5 Years</u>	<u>5-10 Years</u>	<u>Over 10 Years</u>
Money market funds	\$ 20,469	\$ -	\$ -	\$ -
U.S. Government agency notes	198,962	1,505,344	383,956	352,639
Municipal obligations	259,916	24,782	24,393	-
Mutual funds	4,337,681	-	-	-
Corporate bonds	870,877	4,914,017	856,688	9,865
Common stock	10,061,574	-	-	-
Preferred stock	399,474	-	-	-
Certificate of deposit	124,563	246,692	-	-
<b>Total</b>	<b>\$ <u>16,273,516</u></b>	<b>\$ <u>6,690,835</u></b>	<b>\$ <u>1,265,037</u></b>	<b>\$ <u>362,504</u></b>

*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.

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, 2018 are as follows:

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<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	\$ 2,643,812	\$ 2,643,812	\$ 0	\$ 0
Municipal obligations	3,510,498	3,510,498	0	0
Mutual funds	14,280,805	14,280,805	0	0
Corporate bonds	5,835,930	5,835,930	0	0
Common stock	7,121,788	7,121,788	0	0
Preferred stock	25,170	25,170	0	0
<b>Total</b>	<b>\$ 33,418,003</b>	<b>\$ 33,418,003</b>	<b>\$ 0</b>	<b>\$ 0</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	\$ 2,440,901	\$ 2,440,901	\$ 0	\$ 0
Municipal obligations	309,091	309,091	0	0
Mutual funds	4,337,681	4,337,681	0	0
Corporate bonds	6,651,447	6,651,447	0	0
Common stock	10,061,574	10,061,574	0	0
Preferred stock	399,474	399,474	0	0
<b>Total</b>	<b>\$ 24,200,168</b>	<b>\$ 24,200,168</b>	<b>\$ 0</b>	<b>\$ 0</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 years ended June 30, 2018.

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, 2018, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

*Concentration of Credit Risks*

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

<b>Issuer</b>	<b>Fair Value</b>	<b>Percent</b>
Vanguard Growth Index Fund	\$ 2,098,694	5.96%
Vanguard High Yield Dividend Index Inv.	2,996,718	8.51%

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*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 \$8,894,607 and \$3,888,064, respectively, 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 \$1,716,733 and \$59,802,266, respectively, which were collateralized with securities held by the pledging financial institution’s trust department in the government’s name or 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	\$ 8,894,607
Investments	1,716,733
Total	\$ 10,611,340
	Fiduciary Funds
Cash and cash equivalents	\$ 3,888,064
Investments	59,802,266
Total	\$ 63,690,330

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 \$3,250,549 were collateralized with securities held by the pledging financial institution’s trust department in the authority’s name.

For deposits, the Municipal Parking Board could be exposed to risk in the event of a bank failure where the Board’s deposits may not be returned. The Board does not have a deposit policy for custodial credit risk. At year end, the Board’s reconciled bank balances of \$478,199 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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The reconciliation of cash and investments as shown on the Statement of Net Position of the discretely presented component units are as follows:

	<b>Municipal Development Authority</b>	<b>Municipal Parking Board</b>
Cash and cash equivalents	\$ 3,250,549	\$ 478,199
Total	\$ 3,250,549	\$ 478,199
	<b>Municipal Development Authority</b>	<b>Municipal Parking Board</b>
Cash and cash equivalents	\$ 2,786,209	\$ 478,199
Cash and cash equivalents - restricted	464,340	-
Total	\$ 3,250,549	\$ 478,199

**B. Receivables**

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

	General	CDBG	HURA	Sanitation & Trash	Civic Arena	Total
Receivables:						
Accounts	\$ 9,499,829	\$ 1,425,485	\$ 4,101	\$ 12,641,172	\$ 131,895	\$ 23,702,482
Taxes	6,040,847	-	-	-	-	6,040,847
Loans	-	8,556,351	-	-	-	8,556,351
Gross receivables	15,540,676	9,981,836	4,101	12,641,172	131,895	38,299,680
Less: allowance for uncollectible	(9,152,153)	(1,784,008)	-	(12,572,495)	-	(23,508,656)
Net total receivables	\$ 6,388,523	\$ 8,197,828	\$ 4,101	\$ 68,677	\$ 131,895	\$ 14,791,024

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 revenue reported in the governmental funds were as follows:

	<b>Unavailable</b>
Property taxes receivable (general fund)	\$ 406,889
Total	\$ 406,889

Receivables at year end for the component units (HMDA and HMPB) are as follows:

	HMDA	HMPB	Total
Receivables:			
Accounts	\$ 7,500	\$ 2,493	\$ 9,993
Loans	3,198,875	-	3,198,875
Gross receivables	3,206,375	2,493	3,208,868
Less: Allowance for uncollectible	(3,198,875)	-	(3,198,875)
Net total receivables	\$ 7,500	\$ 2,493	\$ 9,993

**CITY OF HUNTINGTON, WEST VIRGINIA  
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The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2018, 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, 2018, was as follows:

	<b>Primary Government</b>			<b>Ending Balance</b>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 941,939	\$ -	\$ -	941,939
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>941,939</u>	<u>-</u>	<u>-</u>	<u>941,939</u>
Capital assets being depreciated:				
Buildings and improvements	9,728,055	33,647	-	9,761,702
Machinery and equipment	4,140,310	35,007	-	4,175,317
Vehicles	9,118,004	104,702	-	9,222,706
Infrastructure	16,820,437	332,460	-	17,152,897
Total accumulated depreciation	<u>(31,179,145)</u>	<u>(1,544,702)</u>	<u>-</u>	<u>(32,723,847)</u>
Total capital assets being depreciated, net	<u>8,627,661</u>	<u>(1,038,886)</u>	<u>-</u>	<u>7,588,775</u>
Governmental activities capital assets, net	<u>\$ 9,569,600</u>	<u>\$ (1,038,886)</u>	<u>\$ -</u>	<u>8,530,714</u>
	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
<b>Business-type activities:</b>				
Capital assets beginning depreciated:				
Structures and improvements	\$ 75,140	\$ -	\$ -	75,140
Machinery and equipment	174,913	102,517	-	277,430
Vehicles	2,074,982	144,916	(179,096)	2,040,802
Less: accumulated depreciation	<u>(1,628,987)</u>	<u>(136,918)</u>	<u>179,096</u>	<u>(1,586,809)</u>
Business-type activities capital assets, net	<u>\$ 696,048</u>	<u>\$ 110,515</u>	<u>\$ -</u>	<u>806,563</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 251,752
Public safety	687,192
Highways and streets, (including infrastructure assets)	439,742
Health and sanitation	26,160
Culture and recreation	134,875
Community development	4,981
Total depreciation expense-governmental activities	\$ <u>1,544,702</u>
Business-type activities:	
Sanitation and Trash	\$ <u>136,918</u>

**Discretely Presented Component Units**

Activity related to capital assets for the Municipal Development Authority for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,504,507	\$ -	\$ (1,499,356)	\$ 3,005,151
Total capital assets not being depreciated	<u>4,504,507</u>	<u>-</u>	<u>(1,499,356)</u>	<u>3,005,151</u>
Capital assets, being depreciated:				
Buildings and improvements	13,143,808	-	-	13,143,808
Structures and improvements	1,997,189	-	-	1,997,189
Furniture and fixtures	2,661,074	-	-	2,661,074
Machinery and equipment	200,000	-	-	200,000
Less: accumulated depreciation	<u>(13,900,955)</u>	<u>(1,113,105)</u>	<u>-</u>	<u>(15,014,060)</u>
Total capital assets being depreciated	4,101,116	(1,113,105)	-	2,988,011
Total capital assets, net	\$ <u>8,605,623</u>	\$ <u>(1,113,105)</u>	\$ <u>(1,499,356)</u>	\$ <u>5,993,162</u>

Activity related to capital assets for the Municipal Parking Board for the fiscal year ended June 30, 2018, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 942,877	\$ -	\$ -	\$ 942,877
Total capital assets not being depreciated	<u>942,877</u>	<u>-</u>	<u>-</u>	<u>942,877</u>
Capital assets, being depreciated:				
Buildings	4,775,401	-	-	4,775,401
Structures and improvements	490,173	-	-	490,173
Machinery and equipment	684,515	-	-	684,515
Less: accumulated depreciation	<u>(5,293,566)</u>	<u>(85,883)</u>	<u>-</u>	<u>(5,379,449)</u>
Total capital assets being depreciated	656,523	(85,883)	-	570,640
Total capital assets, net	\$ <u>1,599,400</u>	\$ <u>(85,883)</u>	\$ <u>-</u>	\$ <u>1,513,517</u>

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

The composition of interfund balances as of June 30, 2018, is as follows:

*Interfund receivables/payables:*

Receivable Fund	Payable Fund	Purpose	Amount
General	Safety Town	Reimbursement	\$ 400
General Fund	Sanitation and Trash	Reimbursement	116,879
Landfill Reserve	Sanitation and Trash	Reimbursement	5,855
General Fund	Community Development Block Grant	Reimbursement	101,456
General Fund	Civic Arena	Reimbursement	209,554
Jean Dean Public Safety	General Fund	Reimbursement	7,068
General Fund	HURA	Reimbursement	2,292
Civic Arena	General Fund	Reimbursement	25,417
Sanitation and Trash	General Fund	Reimbursement	7,637
		Total \$	<u><u>476,558</u></u>

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

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	Municipal Development Authority	Reimbursement	\$ 3,793
General Fund	Municipal Parking Board	Reimbursement	67,444
General Fund	Water Quality Board	Reimbursement	883
Water Quality Board	General Fund	Reimbursement	337
		Total \$	<u><u>72,457</u></u>

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

Receivable Fund	Payable Fund	Purpose	Amount
Federal Drug	Asset Seizure	Reimbursement	\$ 49,896
General	Police Pension and Relief	Reimbursement	3,350
General	Federal Drug	Reimbursement	400
Policemen's Pension and Relief	General Fund	Contributions	1,169,790
Firemen's Pension and Relief	General Fund	Contributions	1,570,571
Police Retirees Insurance	General Fund	Contributions	6,392
		Total \$	<u><u>2,800,399</u></u>

*Interfund transfers:*

	Transfers In					Total Transfer Out
	General Fund	Civic Arena	HMDA	Sanitation and Trash Fund		
Transfers Out:						
General Fund	\$ -	\$ 381,138	\$ 846,179	-		1,227,317
Coal Severance	-	107,035	-	-		107,035
Civic Arena (Surcharge)	34,528	-	-	-		34,528
Landfill Reserve	-	-	-	144,916		144,916
Total Transfers	<u><u>\$ 34,528</u></u>	<u><u>\$ 488,173</u></u>	<u><u>\$ 846,179</u></u>	<u><u>\$ 144,916</u></u>	<u><u>\$</u></u>	<u><u>1,513,796</u></u>

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

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**E. Fund Balance Detail**

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

	General Fund	Coal Severance	Community Development Block Grant	HURA Fund	Nonmajor Funds	Total
Nonspendable:						
Prepays	\$ 192,800	\$ -	\$ -	\$ -	\$ -	192,800
Assets held for resale	-	-	-	685,270	-	685,270
Restricted:						
Community development	-	-	6,772,343	-	-	6,772,343
Committed:						
Landfill closures	578,885	-	-	-	-	578,885
Assigned:						
General Government	980,551	-	-	-	-	980,551
Public safety	-	-	-	-	149,182	149,182
Culture and recreation	-	67,214	-	-	-	67,214
Community development	-	-	1,453,189	-	-	1,453,189
Capital projects	-	-	-	-	3,784	3,784
Public safety building	-	-	-	-	15,802	15,802
Landfill closures	-	-	-	-	1,399,260	1,399,260
Unassigned	6,593,451	-	-	(767,945)	(154,417)	5,671,089
Total fund balances	\$ 8,345,687	\$ 67,214	\$ 8,225,532	\$ (82,675)	\$ 1,413,611	\$ 17,969,369

**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.

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	(4,346,095)	(278,022)
Total	\$ 2,389,257	\$ 232,892

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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2019	\$ 362,882	\$ 12,755
2020	350,490	-
2021	147,900	-
2022	147,900	-
2023	147,900	-
2024 - 2027	591,600	-
Total minimum lease payments	1,748,672	12,755
Less: amount representing interest	(238,195)	(48)
Present value of minimum lease payments	\$ 1,510,477	\$ 12,707

**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 interest rates of 5.50% to 6.75% percent. These bonds are payable solely from the ad valorem property tax collected from the specified tax district. These bonds do not constitute a general obligation of the City and are payable only if the tax revenue is collected from the specified tax district. If the tax revenues are not collected, the City is not required to pay off the debt. The total principal remaining to be paid on the bonds is \$588,957. Principal and interest paid for the current year was \$448,000 and \$62,217, respectively.

Tax increment financing bonds outstanding at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2018
Primary Government:					
Series 2006	6/30/2034	6%	\$ 2,450,000	\$ 1,861,043	\$ 588,957

Debt service requirements to maturity for Tax Increment Financing Revenue Bonds are as follows:

Year Ending June 30	Principal	Interest
2019	\$ 22,941	\$ 35,337
2020	24,318	33,961
2021	25,777	32,502
2022	27,323	30,955
2023	28,963	29,316
2024 - 2028	173,061	118,332
2029 - 2033	231,595	59,798
2034	54,979	3,299
Present value of minimum bond payments	\$ 588,957	\$ 343,500

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*Revenue Bonds – component Units*

The Municipal Development Authority, a discretely presented component unit of the City, has 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 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 \$6,782,219 at year end are as follows:

Revenue Bonds outstanding at year end are as follows:

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2018
Component Units:					
Municipal Development Authority Series 2010-A	12/29/2023	4%	\$ 3,650,000	\$ 1,595,000	\$ 2,055,000
Municipal Development Authority Series 2010-B	12/29/2031	Varies	5,255,000	430,000	4,825,000
Less Bond Discount			(145,087)	47,306	(97,781)
Total component unit			<u>\$ 8,759,913</u>	<u>\$ 2,072,306</u>	<u>\$ 6,782,219</u>

The discretely presented component unit's revenue bond debt service requirements to maturity are as follows:

Year Ended	<b>Municipal Development Authority</b>	
	Principal	Interest
2019	\$ 405,000	\$ 452,850
2020	425,000	434,947
2021	440,000	415,749
2022	465,000	395,388
2023	485,000	372,363
2024 - 2028	2,720,000	1,325,000
2029 - 2031	1,940,000	237,200
Less Bond Discount	(97,781)	-
Totals	<u>\$ 6,782,219</u>	<u>\$ 3,633,497</u>

*Pledged Revenues*

The Municipal Development Authority has pledged future lease revenues, net of specified operating expenses, to repay \$3,650,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for renovations to the Jean Dean Public Safety Building and the Civic Arena. The bonds are payable solely from lease net revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 22 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$2,279,034. Principal and interest paid for the current year and total net revenues were \$473,666 and \$(287,192), respectively.

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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 maintenance and upgrades to the Civic Arena. The bonds are payable solely from lease net revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require less than 53 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,234,463. Total interest paid for the current year and total net revenues were \$370,525 and \$(287,192), respectively.

**Changes to Long-term Liabilities**

	Governmental Activities				
	Beginning Balance	Additions	Reductions	End Balance	Due Within One Year
Capital leases	\$ 1,990,641	\$ -	\$ (480,164)	\$ 1,510,477	\$ 306,145
Tax increment financing	1,036,957	-	(448,000)	588,957	22,772
Net pension liability - PERS	2,467,793	-	(1,260,588)	1,207,205	-
Net pension liability - DBP	160,399,315	-	(10,966,289)	149,433,026	-
Other post-employment benefits (restated)	78,940,633	430,265	-	79,370,898	-
Compensated absences	1,227,073	1,339,831	(1,227,073)	1,339,831	1,339,831
Accrued interest payable	39,986	32,090	(39,986)	32,090	32,090
Liability for landfill closure and post-closure costs	22,017,000	-	-	22,017,000	-
Governmental activities long-term liabilities	<u>\$ 268,119,398</u>	<u>\$ 1,802,186</u>	<u>\$ (14,422,100)</u>	<u>\$ 255,499,484</u>	<u>\$ 1,700,838</u>

	Business-Type Activities				
	Beginning Balance	Additions	Reductions	End Balance	Due Within One Year
Capital leases	\$ 92,366	\$ -	\$ (80,500)	\$ 11,866	\$ 11,866
Other post-employment benefits (restated)	1,835,360	10,398	-	1,845,758	-
Compensated absences	66,791	136,232	(66,791)	136,232	136,232
Net pension liability - PERS	592,115	-	(235,425)	356,690	-
Governmental activities long-term liabilities	<u>\$ 2,586,632</u>	<u>\$ 146,630</u>	<u>\$ (382,716)</u>	<u>\$ 2,350,546</u>	<u>\$ 148,098</u>

	Component Units				
	Beginning Balance	Additions	Reductions	End Balance	Due Within One Year
Revenue bonds payable	\$ 7,255,000	\$ -	\$ (375,000)	\$ 6,880,000	\$ 405,000
Less: bond discounts	(109,607)	-	11,826	(97,781)	(11,827)
Total bonds payable	<u>7,145,393</u>	<u>-</u>	<u>(363,174)</u>	<u>6,782,219</u>	<u>393,173</u>
Other post-employment benefits (restated)	218,303	1,237	-	219,540	-
Compensated absences	23,264	23,770	(23,264)	23,770	23,770
Net pension liability	304,797	-	(179,821)	124,976	-
Component unit long-term liabilities	<u>\$ 7,691,757</u>	<u>\$ 25,007</u>	<u>\$ (566,259)</u>	<u>\$ 7,150,505</u>	<u>\$ 416,943</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*Short-term Debt – Revolving Line of Credit*

The City uses a revolving line of credit to finance public projects related to housing projects. The HURA Fund participated in the borrowing. Short-term debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit	\$ 717,944	\$ 68,000	\$ 3,600	\$ 782,344

**H. Restricted Assets**

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

		Municipal Development Authority
Revenue bond regular accounts	\$	464,340
Total restricted assets	\$	464,340

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

For the year ended June 30, 2018, the State of West Virginia contributed estimated payments on behalf of the government's public safety employees as follows:

Plan		Amount
Policemen's Pension and Relief Fund	\$	1,098,776
Firemen's Pension and Relief Fund		1,107,223
Total	\$	2,205,999

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

**J. RESTATEMENT FOR CHANGES IN ACCOUNTING PRINCIPLES**

Effective July 1, 2017, the City adopted Governmental Accounting Standards (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Statement addresses accounting and financial reporting for other post-employment benefits (OPEB) provided to employees. The Statement also requires various note disclosures and required supplementary information. As a result, beginning net position has been restated as follows:

	Governmental Activities	Business-Type Activities	Municipal Development Authority	Municipal Parking Board
Net position as previously reported at June 30, 2017	\$ (222,252,045)	\$ 335,128	\$ 3,043,525	\$ 1,593,890
Prior period adjustment				
OPEB adjustment due to GASB Statement No. 75	(10,587,261)	(998,994)	(58,240)	(9,770)
Net position as restated, June 30, 2017	\$ (232,839,306)	\$ (663,866)	\$ 2,985,285	\$ 1,584,120

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**IV. OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with Insurance Systems, Inc. for these various risks.

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

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

**B. Commitments and Contingencies**

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 management 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 which are required for closure have been completed, however, additional procedures are still required to complete the closure. Costs to complete the closure and subsequent post-closure costs have been estimated at approximately \$22,017,000. As of June 30, 2018, the Landfill Reserve Fund balance was \$1,399,260 and the General Fund contains \$578,885 in committed funds for landfill closure.

**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.

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**V. 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, 2018.

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, 2018.

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 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.

Memberships of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	64	70	134
Inactive employees entitled to but not yet receiving benefits	4	3	7
Inactive employees or beneficiaries currently receiving benefits	130	172	302
Total	198	245	443

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

	PPRF	FPRF
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	<p>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.</p>	
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 adjustments 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 preceeding year. The supplemental pension benefit shall not exceed four percent.	
Eligibility for Distribution	Members are eligible at the earlier of age 50 with 20 years of credited service or age 65.	
Provision for:		
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes
Experience Study	July 1, 2009 - July 1, 2014	July 1, 2009 - July 1, 2014

**Net Pension Liability**

The net pension liabilities were measured as of June 30, 2018 for both plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, projected to the measurement date of June 30, 2018.

*Actuarial Assumptions and Rate of Return*

The total pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018 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, 2009 through June 30, 2014. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

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Actuarial assumptions	<u>Policemen's Pension &amp; Relief Fund</u>	<u>Firemen's Pension &amp; Relief Fund</u>
General Inflation Rate	2.75%	2.75%
Wage Inflation Rate	1.00%	1.00%
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%	5.00%

Mortality rates were based on the RP-2014 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, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 8.72 percent for the PPRF and 9.06 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, 2018 are summarized in the following chart:

<u>Investment</u>	<u>PPRF</u>		<u>FPRF</u>	
	<u>Long-term Expected Real Rate of Return</u>	<u>Target Asset Allocations</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Asset Allocations</u>
Money Market	0.00%	0.00%	0.00%	0.00%
Equities	8.00%	60.00%	8.00%	58.00%
Fixed Income	3.60%	39.00%	3.60%	41.00%
Cash	2.00%	1.00%	2.00%	1.00%

*Net Pension Liability, Reserves and Discount Rate*

Current year net pension liability for the PPRF and FPRF are shown below. The annual required contributions were made by the PPRF or the FPRF.

*Reserves*

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
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*Net Pension Liability*

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

	PPRF	FPRF
Total pension liability	\$ 99,575,020	\$ 114,118,188
Plan fiduciary net position	37,283,688	26,976,494
Net pension liability	\$ 62,291,332	\$ 87,141,694
 Plan fiduciary net position as a percentage of the total pension liability	37.44%	23.64%

*Discount Rate*

The discount rate used to measure the total pension liability was 5.5% for the PPRF and 5.0% for the FPRF, and the municipal bond rate was 3.62% 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:

	1% Decrease	Current Discount Rate	1% Increase
PPRF's net pension liability	\$ 76,443,924	\$ 62,291,332	\$ 50,819,107
FPRF's net pension liability	103,876,388	87,141,694	73,661,559

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**Changes in the Net Pension Liability - Policemen's Pension and Relief Fund**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Liability (b)	Net Pension Liability (a-b)
Balance at June 30, 2017	\$ 97,792,338	\$ 33,533,797	\$ 64,258,541
Changes for the year:			
Service Cost	1,677,226	-	1,677,226
Interest	5,265,220	-	5,265,220
Difference between expected and actual experience	(639,606)	-	(639,606)
Contributions - employer	-	5,777,937	(5,777,937)
Contributions - employee	-	297,125	(297,125)
Net investment income	-	2,203,504	(2,203,504)
Benefit payments, including refunds of employee contributions	(4,520,158)	(4,520,158)	-
Administrative expense	-	(8,517)	8,517
Net changes	<u>1,782,682</u>	<u>3,749,891</u>	<u>(1,967,209)</u>
Balance at June 30, 2017	<u>\$ 99,575,020</u>	<u>\$ 37,283,688</u>	<u>\$ 62,291,332</u>

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Liability (b)	Net Pension Liability (a-b)
Balance at June 30, 2017	\$ 119,856,975	\$ 23,716,201	\$ 96,140,774
Changes for the year:			
Service Cost	2,012,547	-	2,012,547
Interest	5,334,849	-	5,334,849
Difference between expected and actual experience	562,398	-	562,398
Contributions - employer	-	7,389,517	(7,389,517)
Contributions - employee	-	246,681	(246,681)
Net investment income	-	1,390,780	(1,390,780)
Assumption changes	(7,901,702)	-	(7,901,702)
Benefit payments, including refunds of employee contributions	(5,746,879)	(5,746,879)	-
Administrative expense	-	(19,806)	19,806
Other changes	-	-	-
Net changes	<u>(5,738,787)</u>	<u>3,260,293</u>	<u>(8,999,080)</u>
Balance at June 30, 2017	<u>\$ 114,118,188</u>	<u>\$ 26,976,494</u>	<u>\$ 87,141,694</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Pension Expense and Deferred outflows and Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the government recognized the following pension expenses.

	PPRF	FPRF
Pension Expense	\$ 7,502,190	\$ 8,301,841

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
Difference in expected and actual experience	\$ 61,236	\$ 845,446
Changes in Assumption	301,972	-
Difference between expected and actual investment earnings	-	43,100
Total	\$ 363,208	\$ 888,546

**Firemen's Pension and Relief Fund**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 345,064	\$ 49,293
Changes in Assumption	-	4,848,152
Difference between expected and actual investment earnings	-	452,502
Total	\$ 345,064	\$ 5,349,947

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:	PPRF	FPRF
2019	\$ (181,350)	\$ (2,985,433)
2020	(124,295)	(1,811,327)
2021	(148,457)	(143,544)
2022	(71,236)	(64,579)
Total	\$ (525,338)	\$ (5,004,883)

**Payables to the pension plan**

The City has booked payables to both pension plans. This 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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**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	\$ 634,614	\$ 544,094
Total cash	<u>634,614</u>	<u>544,094</u>
Investments, at fair value		
Money market	349,534	20,469
Government securities	6,154,310	2,749,992
Mutual funds	14,280,805	4,337,681
Corporate bonds	5,835,930	6,651,447
Corporate stocks	7,146,958	10,461,048
Certificates of deposit	<u>1,442,837</u>	<u>371,255</u>
Total investments	<u>35,210,374</u>	<u>24,591,892</u>
Receivables:		
Accounts receivable	2,861	-
Due from other governments	274,694	277,030
Due from primary government	<u>1,169,790</u>	<u>1,570,571</u>
Total receivables	<u>1,447,345</u>	<u>1,847,601</u>
Total assets	37,292,333	26,983,587
<b>LIABILITIES</b>		
Accounts payable	5,295	7,093
Due to other funds	<u>3,350</u>	<u>-</u>
Total liabilities	<u>8,645</u>	<u>7,093</u>
<b>NET POSITION</b>		
Net position held in trust for pension benefits	<u>\$ 37,283,688</u>	<u>\$ 26,976,494</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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	<u>Policemen's Pension and Relief</u>	<u>Firemen's Pension and Relief</u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 4,679,161	\$ 6,282,284
Plan members	297,125	246,681
Insurance premium surtax	<u>1,098,776</u>	<u>1,107,233</u>
Total contributions	<u>6,075,062</u>	<u>7,636,198</u>
Investment and other income:		
Net increase(decrease) in fair value	1,550,525	934,749
Interest and dividends	735,460	504,449
Miscellaneous	<u>-</u>	<u>-</u>
Total investment and other income	<u>2,285,985</u>	<u>1,439,198</u>
Total additions	<u>8,361,047</u>	<u>9,075,396</u>
<b>DEDUCTIONS</b>		
Benefits	4,520,158	5,696,306
Administrative expenses	90,998	68,224
Refunds of contributions	<u>-</u>	<u>50,573</u>
Total deductions	<u>4,611,156</u>	<u>5,815,103</u>
change in net position	3,749,891	3,260,293
Net position held in trust for pension benefits:		
Beginning of year	<u>33,533,797</u>	<u>23,716,201</u>
End of year	<u>\$ 37,283,688</u>	<u>\$ 26,976,494</u>

**B. Public Employees Retirement System (PERS)**

*General Information about the Pension Plans*

The City of Huntington, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of 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:

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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**Public Employees Retirement System (PERS)**

Eligibility to participate	All full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefits	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	11.00%
Plan member's contribution rate hired after 7/1/2015	6.00%
City's contribution rate hired after 7/1/2015	11.00%
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. (Age 62 and ten years of service for plan members hired on or after July 1, 2015) 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
Provision for:	
Cost of living	No
Death benefits	Yes

*Trend Information*

**Public Employees Retirement System (PERS)**

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2018	\$ 653,211	100%
2017	621,963	100%
2016	733,057	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.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

***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 \$1,688,871 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2017, the government's proportion was 0.391264%, which was an increase of .025184% from its proportion measured as of the prior period.

For the year ended June 30, 2018, the government recognized the following pension expense.

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Development Authority</u>	<u>Parking Board</u>	<u>Total</u>
Pension expense	\$ 283,544	\$ 83,675	\$ 7,536	\$ 21,810	\$ 396,565

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

**Public Employees Retirement System**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 410,592
Difference between expected and actual experience	150,296	3,737
Changes in assumptions	-	87,600
Changes in proportion and differences between government contributions and proportionate share of contributions	143,003	149,951
Contributions subsequent to the measurement date	<u>653,211</u>	<u>-</u>
Total	<u>\$ 946,510</u>	<u>\$ 651,880</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, 2019. 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:	
2019	\$ (188,545)
2020	153,052
2021	27,681
2022	<u>(350,769)</u>
Total	<u>\$ (358,581)</u>

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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*Actuarial assumptions*

Inflation rate	3.00%
Salary increases	3.00% - 6.00%
Investment Rate of Return	7.5 %

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, 2016, valuation were based on the results of an actuarial experience study for the five year period ended July 1, 2014.

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>	<u>Long-term Expected Real Rate fo Return</u>	<u>Target Asset Allocation</u>
US Equity	7.00%	27.50%
International Equity	7.70%	27.50%
Core Fixed Income	2.70%	7.50%
High Yield	5.50%	7.50%
TIPS	2.70%	0.00%
Real Estate	7.00%	10.00%
Private Equity	9.40%	10.00%
Hedge Funds	4.70%	10.00%
Inflation (CPI)	1.90%	
		<u>100.00%</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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of PERS pension liability	<u>\$ 4,675,538</u>	<u>\$ 1,688,871</u>	<u>\$ 836,331</u>

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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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 Firefighters Retirement System**

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 or age 62 with 5 years of service. 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*

Fiscal Year	Annual Pension Cost	Percentage Contributed
2018	\$ 208,932	100%
2017	200,986	100%
2016	195,277	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  
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***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 \$750,274 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016 rolled forward to June 30, 2017, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2016. 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, 2017, the government's proportion was 26.719165%, which was a decrease of 3.588757% from its proportion measured as of the prior period.

For the year ended June 30, 2018, the government recognized the following pension expense.

	MPFRS
	Governmental Activities
Pension expense	\$ (5,486)

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)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 27,788
Difference between expected and actual experience	19,772	-
Changes in proportion and differences between contributions and proportionate share of contributions	169,368	4,337
Changes in assumptions	-	71,875
Contributions subsequent to measurement date	208,932	-
Total	\$ 398,072	\$ 104,000

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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF HUNTINGTON, WEST VIRGINIA  
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Year Ended June 30:

2019	\$ 8,175
2020	11,433
2021	8,175
2022	(1,499)
2023	13,518
Thereafter	<u>45,338</u>
	<u>\$ 85,140</u>

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 Non-annuitant tables for Males or Females, as appropriate, with adjustments for mortality improvements based on scale BB.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2014.

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>	<u>Long-term Expected Real Rate fo Return</u>	<u>Target Asset Allocation</u>
US Equity	7.00%	27.50%
International Equity	7.70%	27.50%
Core Fixed Income	2.70%	7.50%
High Yeild	5.50%	7.50%
TIPS	2.70%	0.00%
Real Estate	7.00%	10.00%
Private Equity	9.40%	10.00%
Hedge Funds	4.70%	10.00%
Inflation (CPI)	1.90%	
		<u>100.00%</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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*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
City's proportionate share of MPFRS pension asset	\$ 555,224	\$ 750,274	\$ 895,626

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

**VI. OTHER POST-EMPLOYMENT BENEFIT PLAN**

**D. Postemployment Health Care Plan**

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

**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 administered by Highmark, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the City Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Sanitation and Trash Fund, Community Development Block Grant Fund, Municipal Parking Board and the Municipal Development Authority.

Non-uniform employees are eligible to receive retiree health coverage at the earlier of age 50 with 20 years of service; or age 60 with 10 years of service.

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

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

The City does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 75 purposes, it was assumed these rates remain level in future years.

**CITY OF HUNTINGTON, WEST VIRGINIA  
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Employees who retire under the WV Public Employees Retirement System have the option of maintaining the City's OPEB Plan or electing P.E.I.A. insurance. To date, only a few retirees have chosen the P.E.I.A. insurance coverage.

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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**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 type 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:

Measurement Date	For fiscal year ending June 30, 2018, a June 30, 2018 measurement date was used.
Actuarial Valuation Date	June 30, 2018 with no adjustments to get to the June 30, 2018 measurement date. Liabilities as of July 1, 2017 are based on an actuarial valuation date of June 30, 2018 rolled back to July 1, 2017 on a “no loss / no gain” basis.
Discount Rate	3.87% as of June 30, 2018 and 3.58% as of July 1, 2017. Refer to the Discussion of Discount Rates section for more information on selection of the discount rate.
Payroll Growth	3.00% general wage inflation per year plus the annual merit scale shown below based on the West Virginia Public Employees’ Retirement System actuarial valuation as of June 30, 2017.

<u>Age</u>	<u>Rate</u>
20	3.00%
30	1.60%
40	1.10%
50	0.85%
60+	0.35%

Inflation Rate	3.00% per year
Employer Funding Policy	Pay-as-you-go cash basis
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth.
Experience Study	Nyhart recommends the City complete an actuarial assumption review (also referred to as an experience study) prior to the next full GASB 75 valuation for the fiscal year ending June 30, 2020. The actuarial assumptions for the City have not been updated since at least the 2009 valuation.
Census Data	Census information was provided by the City as of July 2018. We have reviewed it for reasonableness and no material modifications were made to the census data.
Mortality	RPH-2018 Total Dataset Mortality Table fully generational using scale MP-2018 (RPH-2018 table is created from RPH-2014 table with 8 years of MP-2014 mortality improvement removed, projected to 2018 using scale MP-2018)

**CITY OF HUNTINGTON, WEST VIRGINIA  
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**3. OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB**

At fiscal year-end, the City reported \$81,310,922 for its net OPEB liability related to its single employer self-insured defined benefit health plan. The net OPEB liability was measured as of June 30, 2018 for the City’s fiscal year ended June 30, 2018, using the actuarial assumptions and methods described in the appropriate section of this note.

For the year ended June 30, 2018, the City recognized OPEB expense of \$5,313,986 related to its single employer self-insured defined benefit health plan.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2018:

	Deferred Outflows	Deferred Inflows
Change in assumptions	-	(2,699,475)

The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability on June 30, 2019. 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:	
2019	(674,869)
2020	(674,869)
2021	(674,869)
2022	(674,868)
Total	(2,699,475)

***Discount Rate***

The discount rate used to measure the OPEB liability was 7.15 percent. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB 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:

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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Sensitivity of Net OPEB Liability to the Single Discount Rate

	Current Single Discount Rate	
1% Decrease	Assumption	1% Increase
2.8700%	3.8700%	4.8700%
\$ 93,952,694	\$ 81,310,922	\$ 71,167,621

***Healthcare Cost Trend Rate***

The following table presents the City’s proportionate share of its net OPEB liability calculated using the healthcare cost trend rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

Sensitivity of Net OPEB Liability to the Health Care Trend Rate

	Current Single Discount Rate	
1% Decrease	Assumption	1% Increase
8.00% to 4.00%	9.00% to 5.00%	10.00% to 6.00%
\$ 70,275,964	\$ 81,310,922	\$ 95,174,425

**B. West Virginia Retiree Health Benefit Trust Fund (RHBT)**

Plan description:

The Board participates in the West Virginia Other Postemployment Benefit Plan (the Plan) a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code).

The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as the Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

RHBT issues publicly available reports that include a full description of the other post-employment benefit plan regarding benefit provisions, assumptions and membership information that can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, by calling (888) 680-7342 or can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov).

**CITY OF HUNTINGTON, WEST VIRGINIA  
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Benefits Provided:

The City's employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other CPRB sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions.

The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan - primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations - primarily for Medicare-eligible retirees and spouses.

The RHBT Medicare-eligible retired employees and their Medicare-eligible dependents receive medical and drug coverage from a Medicare Advantage Plan. Under this arrangement, the vendor assumes the financial risk of providing comprehensive medical and drug coverage with limited copayments. Non-Medicare retirees continue enrollment in PEIA's Preferred Provider Benefit or the Managed Care Option. The RHBT collects employer contributions for Managed Care Organization (MCO) participants and remits capitation payments to the MCO. Survivors of retirees have the option of purchasing the medical and prescription drug coverage.

Eligible participants hired after June 30, 2010, will be required to fully fund premium contributions upon retirement. The Plan is a closed plan to new entrants.

Contribution requirements:

Employer contributions consist of pay as you go premiums, commonly referred to as paygo, and retiree leave conversion billings. Employees are not required to contribute to the OPEB plan.

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The paygo rates for fiscal year 2018 was \$177.

The City's contributions to the West Virginia Retiree Health Benefit Trust Fund for the year ended June 30, 2018 was \$8,868. No amount was payable at year-end.

The State of West Virginia (the State) is a nonemployer contributing entity that provides funding through Senate Bill 419, effective July 1, 2012 and amended by West Virginia Code §11-21-96. For fiscal years beginning on and after July 1, 2016, this Senate Bill and corresponding State Code section requires that an annual amount of \$30 million from the State shall be dedicated for payment of the unfunded liability of the RHBT fund. The \$30 million annual contribution is to continue through July 1, 2037, or until the unfunded liability has been eliminated, whichever comes first.

The State is a nonemployer contributing entity that provides funding through West Virginia State Code §11B-2-32. The Financial Stability Fund is a plan to transfer an annual amount of \$5 Million to the RHBT from special revenue funds to be used to lower retiree premiums, to help reduce benefit cuts, to help reduce premium increases or any combination thereof. The \$5 million transferred pursuant to this Code shall be transferred annually into the RHBT through June 30, 2020.

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

At fiscal year-end, the City reported the following liability for its proportionate share of the net OPEB liability. The net pension liability was measured as of June 30, 2017 for the City's fiscal year ended June 30, 2018, using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net pension liability was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2018, the City reported the following proportions and increase/decreases from its proportion as of June 30, 2017:

	2018	
Amount of proportionate share of net OPEB liability	\$ 125,273	
Percentage of proportionate share of net OPEB liability	0.005094491%	
Increase/(decrease) in % from prior proportion measured	-0.001022430%	
		2018
City's proportionate share of the net OPEB liability	\$ 125,273	
State's proportionate share of the net OPEB liability associated with the City		37,931
Total of the net OPEB liability associated with the City		\$ 163,204

For the year ended June 30, 2018, the City recognized the following OPEB expense and support provided by the State:

	2018
OPEB expense City	\$ 6,257
OPEB expense State support	11,644
Total of the net OPEB expense	\$ 17,901

State support revenue \$11,644

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2018:

	2018		
		Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$	-	\$ 1,999
Differences between expected and actual experience		-	419
Changes in proportion and differences between contributions and proportionate share of contributions		-	20,004
Contributions subsequent to the measurement date		8,868	-
Total	\$	8,868	\$ 22,422

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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The City amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability on June 30, 2019. 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:	2018
2019	\$ (5,997)
2020	(5,998)
2021	(5,998)
2022	(4,429)
Total	<u>\$ (22,422)</u>

***Actuarial assumptions***

The total OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

<u>OPEB</u>	<u>June 30, 2017</u>
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Fair value
Amortization Method	Level percentage of payroll over a 21 year closed period
Amortization Period	21 years closed as of June 30, 2016
Actuarial Assumptions:	
Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Projected Salary Increases	Dependent upon pension system. Ranging from 3.0% to 6.5% including inflation
Inflation Rate	2.75%
Discount Rate	7.15%
Healthcare Cost Trends	Actual trend used for 2017. For fiscal years on and after 2018, trend starts at 8.5% and 9.75% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend rate of 4.5%. Excess trend rate of 0.14% and 0.29% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims costs beginning in 2020 to account for the Excise Tax.
Mortality Rates	Post-Retirement: RP-2000 Health Annuitant Mortality Table projected with Scale AA on a fully generational basis
Date Range in Most Recent Experience Study	July 1, 2010 to June 30, 2015

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
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Long-term pre-funding assets are invested the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

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

<u>Asset Class</u>	2018	<u>Long-term Expected Rate of Return</u>
Large Cap Domestic		17.0%
Non-Large Cap Domestic		22.0%
International Qualified		24.6%
International Non-Qualified		24.3%
International Equity		26.2%
Short-Term Fixed		0.5%
Total Return Fixed Income		6.7%
Core Fixed Income		0.1%
Hedge Fund		5.7%
Private Equity		19.6%
Real Estate		8.3%
Opportunistic Income		4.8%
Cash		0.0%

***Discount Rate***

The discount rate used to measure the OPEB liability was 7.15 percent. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB 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:

2018	<u>1% decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
Proportionate share of net OPEB liability	\$ 145,866	\$ 125,273	\$ 108,154

**CITY OF HUNTINGTON, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Healthcare Cost Trend Rate*

The following table presents the Board’s proportionate share of its net OPEB liability calculated using the healthcare cost trend rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

2018	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rates</u>	<u>1% Increase</u>
Proportionate share of net OPEB liability	\$ 105,231	\$ 125,273	\$ 149,785

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**I. SCHEDULES OF CHANGES IN THE OTHER POST-EMPLOYMENT LIABILITY AND RELATED RATIOS**

	<u>2018</u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 3,024,313
Interest	2,964,542
Assumption Changes	(3,374,344)
Benefit Payments	<u>(2,156,446)</u>
<b>Net Change in OPEB Liability</b>	458,065
<b>Total OPEB Liability - Beginning</b>	<u>80,852,857</u>
<b>Total OPEB Liability - Ending</b>	<u><u>\$ 81,310,922</u></u>
<b>Plan Fiduciary Net Position</b>	
Employer Contributions	\$ 2,156,446
Benefit Payments	<u>(2,156,446)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	-
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending</b>	<u><u>\$ -</u></u>
<b>Net OPEB Liability</b>	\$ 81,310,922
<b>Plan Fiduciary Net Position as a Percentage</b>	
of Total OPEB Liability	0.00%
<b>Covered Employee Payroll</b>	\$ 10,707,611
<b>Net OPEB Liability as a Percentage</b>	
of Covered Employee Payroll	759.38%

Notes to Schedule:

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

**SCHEDULE OF CONTRIBUTIONS – MULTIYEAR FOR OTHER POST-EMPLOYMENT BENEFITS**

	<u>2018</u>
Actuarially determined contribution (a)	\$ 2,156,446
Employer contribution (b)	<u>(2,156,446)</u>
Contribution (excess) deficiency	<u><u>\$ -</u></u>
Percentage contributed	100%
Covered payroll (f)	\$ 10,707,611
Actual contribution as a percent of covered payroll [(b)+(c)]/f	20%

Notes to Schedules of Contributions:

Only one year is 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, 2018**

**II. SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**

**Retiree Health Benefit Trust**

	<u>2017</u>	<u>2016</u>
City's proportion of the net OPEB liability (asset) (percentage)	0.005094491%	0.006116921%
City's proportionate share of the net OPEB liability (asset)	\$ 125,273	\$ 151,903
State's proportionate share of the net OPEB liability (asset) associated with the City	<u>37,931</u>	<u>-</u>
Total	<u>\$ 163,204</u>	<u>\$ 151,903</u>
City's covered-employee payroll	\$ -	\$ -
City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total OPEB liability	25.10%	21.64%

**Information prior to 2016 is not available.  
This schedule will be built prospectively.**

**SCHEDULE OF OPEB CONTRIBUTIONS**

**Retiree Health Benefit Trust**

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 8,868	\$ 10,464	\$ 10,464
Contributions in relation to contractually required contribution	<u>(8,868)</u>	<u>(10,464)</u>	<u>(10,464)</u>
Contribution deficit (surplus)	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	N/A	N/A	N/A

**The schedule will be built prospectively.**

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

<b>Policemen's Pension and Relief Fund (PPRF)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 1,677,226	1,766,856	1,327,865	1,570,562	1,639,476
Interest	5,265,220	5,168,503	4,995,831	4,650,084	4,638,808
Difference between expected and actual experience	(639,606)	(1,547,354)	2,053,752	(1,214,505)	-
Changes in assumptions	-	-	10,127,518	(5,215,194)	(3,920,804)
Benefits payments	(4,520,158)	(4,435,120)	(4,316,567)	(4,077,860)	(10,482)
Refunds	-	(29,643)	(47,520)	-	-
Net change in total pension liability	1,782,682	923,242	14,140,879	(4,286,913)	2,346,998
Total pension liability - beginning	97,792,338	96,869,096	82,728,217	87,015,130	84,668,132
Total pension liability - ending (a)	\$ 99,575,020	97,792,338	96,869,096	82,728,217	87,015,130
<b>Plan fiduciary net position</b>					
Contributions-employer	\$ 5,777,937	5,685,075	4,822,623	5,271,650	5,359,218
Contributions-members	297,125	335,264	313,939	365,787	359,819
Net investment income	2,203,504	1,997,497	852,569	654,764	2,438,222
Benefits payments	(4,520,158)	(4,435,120)	(4,316,567)	(4,077,860)	(3,920,804)
Refunds	-	(29,643)	(47,520)	-	-
Administrative expenses	(8,517)	(9,095)	(176,416)	(190,402)	(122,396)
Other	-	-	(5,381)	5,441	(10,482)
Net change in plan fiduciary net position	3,749,891	3,543,978	1,443,247	2,029,380	4,103,577
Plan fiduciary net position - beginning	33,533,797	29,989,819	28,546,572	26,517,192	22,413,615
Plan fiduciary net position - ending (b)	\$ 37,283,688	33,533,797	29,989,819	28,546,572	26,517,192
Net pension liability - ending (a) - (b)	\$ 62,291,332	64,258,541	66,879,277	54,181,645	60,497,938
Plan fiduciary net position as a percentage of the total pension	37.44%	34.29%	31.64%	34.50%	30.47%
Covered employee payroll	\$ 4,425,541	4,483,206	4,573,783	4,771,286	4,955,880
payroll	1474.16%	1433.32%	1462.11%	1135.69%	1220.73%

Notes to PPRF's Schedule:

Only five years is 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, 2018**

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

<b>Firemen's Pension and Relief Fund (PPRF)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Total pension liability</b>					
Service cost	\$ 2,012,547	1,921,250	1,570,937	1,569,989	1,598,605
Interest	5,334,849	5,241,817	5,082,040	4,899,228	4,937,861
Difference between expected and actual experience	562,398	(188,766)	2,571,967	(1,282,535)	-
Change in assumptions	(7,901,702)	-	13,787,848	-	-
Benefits payments	(5,696,306)	(5,660,582)	(5,474,416)	(5,265,052)	(5,160,941)
Refunds	(50,573)	-	(31,367)	-	-
Net change in total pension liability	(5,738,787)	1,313,719	17,507,009	(78,370)	1,375,525
Total pension liability - beginning	119,856,975	118,543,256	101,036,247	101,114,617	99,739,092
Total pension liability - ending (a)	\$ 114,118,188	119,856,975	118,543,256	101,036,247	101,114,617
<b>Plan fiduciary net position</b>					
Contributions-employer	\$ 7,389,517	7,401,751	6,355,707	6,428,342	6,491,137
Contributions-members	246,681	273,029	283,660	306,473	290,819
Net investment income	1,439,198	1,207,975	815,748	538,263	1,573,446
Benefits payments	(5,696,306)	(5,660,582)	(5,474,416)	(5,265,052)	(5,160,941)
Refunds	(50,573)	-	(31,367)	-	-
Administrative expenses	(68,224)	(9,208)	(58,928)	(58,286)	(54,823)
Other	-	-	585	14	-
Net change in plan fiduciary net position	3,260,293	3,212,965	1,890,989	1,949,754	3,139,638
Plan fiduciary net position - beginning	23,716,201	20,503,236	18,612,247	16,662,493	13,522,855
Plan fiduciary net position - ending (b)	\$ 26,976,494	23,716,201	20,503,236	18,612,247	16,662,493
Net pension liability - ending (a) - (b)	\$ 87,141,694	96,140,774	98,040,020	82,424,000	84,452,124
Plan fiduciary net position as a percentage of the total pension	23.64%	19.79%	17.30%	18.42%	16.48%
Covered employee payroll	\$ 3,782,913	3,623,803	4,135,510	4,037,697	4,063,878
Net pension liability as a percentage of covered employee payroll	2303.56%	2653.04%	2370.69%	2041.36%	2078.12%

**V. SCHEDULES OF INVESTMENT RETURNS**

<b>Policemen's Pension and Relief Fund (PPRF)</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Annual money-weighted rate of return, net of investment expense	8.72%	8.32%	2.91%	10.00%	10.00%
<b>Firemen's Pension and Relief Fund (PPRF)</b>					
Annual money-weighted rate of return, net of investment expense	9.06%	7.59%	5.29%	3.75%	9.60%

Notes to PPRF's Schedule:

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**VI. SCHEDULES OF CONTRIBUTIONS – MULTIYEAR**

<b>Policemen's Pension and Relief Fund (PPRF)</b>		<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution (a)	\$	4,706,545	4,757,747	4,666,572	3,717,462	4,098,151
Employer contribution (b)		(4,679,161)	(4,590,520)	(3,775,581)	(4,237,318)	(4,398,765)
State contribution (c)		(1,098,776)	(1,094,555)	(1,047,042)	(1,034,332)	(960,453)
Contribution (excess) deficiency	\$	<u>(1,071,392)</u>	<u>(927,328)</u>	<u>(156,051)</u>	<u>(1,554,188)</u>	<u>(1,261,067)</u>
Percentage contributed		123%	119%	103%	142%	131%
Covered payroll (f)	\$	4,225,541	4,483,206	4,771,286	4,771,286	4,955,880
Actual contribution as a percent of covered payroll [(b)+(c)]/f		137%	127%	105%	110%	108%
<b>Firemen's Pension and Relief Fund (PPRF)</b>		<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Actuarially determined contribution (a)	\$	5,899,587	6,100,163	6,111,224	4,908,882	4,945,075
Employer contribution (b)		(6,282,284)	(6,266,667)	(5,233,536)	(5,326,897)	(5,454,415)
State contribution (c)		(1,107,233)	(1,135,084)	(1,122,171)	(1,101,445)	(1,036,722)
Contribution (excess) deficiency	\$	<u>(1,489,930)</u>	<u>(1,301,588)</u>	<u>(244,483)</u>	<u>(1,519,460)</u>	<u>(1,546,062)</u>
Percentage contributed		125%	121%	104%	131%	131%
Covered payroll (f)	\$	3,782,913	3,623,803	4,135,510	4,037,697	4,063,878
Actual contribution as a percent of covered payroll [(b)+(c)]/f		195%	204%	154%	159%	160%

Notes to Schedules of Contributions:

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

**CITY OF HUNTINGTON, WEST VIRGINIA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE GOVERNMENT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Public Employees Retirement System**

Last 5 Fiscal Years\*

	2018	2017	2016	2015	2014
Government's proportion of the net pension liability (asset) (Percentage)	0.39%	0.37%	0.39%	0.42%	0.37%
Government's proportionate share of the net pension liability (asset) \$	1,688,871	3,364,705	2,214,475	1,562,223	3,389,265
Government's covered-employee payroll \$	5,183,025	5,430,050	5,380,616	5,670,986	4,976,029
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	32.58%	61.96%	41.16%	27.55%	68.11%
Plan fiduciary net position as a percentage of the total pension liability	93.67%	86.11%	91.29%	93.98%	79.70%

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

Last 5 Fiscal Years\*

	2018	2017	2016	2015	2014
Government's proportion of the net pension liability (asset) (Percentage)	26.72%	30.31%	40.72%	44.71%	52.29%
Government's proportionate share of the net pension asset \$	750,274	428,554	392,648	303,557	138,564
Government's covered-employee payroll \$	2,364,541	2,297,375	1,998,916	1,465,130	915,691
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	31.73%	18.65%	19.64%	20.72%	15.13%
Plan fiduciary net position as a percentage of the total pension liability	200.46%	174.30%	189.27%	200.40%	224.40%

\*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  
SCHEDULE OF THE GOVERNMENTAL CONTRIBUTIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Public Employees Retirement System**

Last 5 Fiscal Years\*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 653,211	621,963	733,057	753,286	822,293
Contributions in relation to the contractually required contribution	(653,211)	(621,963)	(733,057)	(752,950)	(822,293)
Contribution deficiency (excess)	\$ -	-	-	336	-
Government's covered-employee payroll	\$ 5,938,282	5,183,025	5,430,050	5,380,616	5,670,986
Plan fiduciary net position as a percentage of the total pension liability	11.00%	12.00%	13.50%	14.00%	14.50%

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

Last 5 Fiscal Years\*

	2018	2017	2016	2015	2014
Contractually required contribution	\$ 208,932	200,986	195,277	169,908	124,536
Contributions in relation to the contractually required contribution	(208,932)	(200,986)	(195,277)	(169,908)	(124,536)
Contribution deficiency (excess)	\$ -	-	-	-	-
Government's covered-employee payroll	\$ 2,458,024	2,364,541	2,297,375	1,998,916	1,465,130
Plan fiduciary net position as a percentage of the total pension liability	8.50%	8.50%	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  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

*Significant Actuarial Assumptions*

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

	<u>Policemen's Pension &amp; Relief Fund</u>	<u>Firemen's Pension &amp; Relief Fund</u>
Valuation Date	6/30/2017	6/30/2017
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%	5.00%
Projected Salary Increases	20% per year (0-1), 6.5% (1-2), 3.5% - 2.75% (3-4), 2.5% (5-9), 1.25% thereafter	20% per year (0-1), 6.5% (1-2), 3.5% - 2.75% (3-4), 2.5% (5-9), 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	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 assumptions update is summarized below:

1. For purposes of the funding actuarial valuation, the interest rate used to discount liabilities and projects assets remained 5.50% for the PPRF and 5.00% for the FRPF. For purposes of the accounting actuarial valuation, the blended interest rate used to discount liabilities was 5.50% for the PPRF and changed from 4.50% 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. Turnover, retirement rates and disability assumptions were updated based on observed experience for both plans.

**Public Employees Retirement System (PERS)**

**Changes of benefit terms.** Legislation passed during the 2015 Legislative session created a second tier of retirement benefits for those hired for the first time and first become a member of PERS on or after July 1, 2015 (Tier II). For Tier II employees, normal retirement if member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive year in the last 15) times the years of service times 2% equals the annual retirement benefit.

**Changes of assumptions.** For 2017 salary increases changed to State: 3.00% - 4.60% and Nonstate: 3.35% - 6.00% and 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.

**SUPPLEMENTARY INFORMATION**

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Tax Increment Financing</u>	<u>Total Nonmajor Governmental Funds</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>				
<b>Assets:</b>				
<b>Current:</b>				
Cash and cash equivalents	\$ 115,036	\$ 524	\$ 29,780	\$ 145,340
Accounts receivable	-	-	-	-
Investments	-	1,392,881	-	1,392,881
Due from:				-
Other funds	7,068	5,855	-	12,923
Fiduciary funds	49,896	-	-	49,896
Total assets	<u>172,000</u>	<u>1,399,260</u>	<u>29,780</u>	<u>1,601,040</u>
<b>Deferred Outflows:</b>				
Total deferred outflows of resources	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 172,000</u>	<u>\$ 1,399,260</u>	<u>\$ 29,780</u>	<u>\$ 1,601,040</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 2,432	\$ -	\$ -	\$ 2,432
Due to:				-
Other funds	800	-	-	800
Other governments	-	-	184,197	184,197
Unearned revenue	-	-	-	-
Total liabilities	<u>3,232</u>	<u>-</u>	<u>184,197</u>	<u>187,429</u>
<b>Deferred Inflows:</b>				
Total deferred inflows of resources	-	-	-	-
Total liabilities and deferred inflows of resources	<u>3,232</u>	<u>-</u>	<u>184,197</u>	<u>187,429</u>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	168,768	1,399,260	-	1,568,028
Unassigned	-	-	(154,417)	(154,417)
Total fund balances	<u>168,768</u>	<u>1,399,260</u>	<u>(154,417)</u>	<u>1,413,611</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 172,000</u>	<u>\$ 1,399,260</u>	<u>\$ 29,780</u>	<u>\$ 1,601,040</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, 2018**

	Special Revenue	Capital Projects	Debt Service Tax Increment Financing	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Taxes:				
Ad valorem property taxes	\$ -	\$ -	\$ 337,245	\$ 337,245
Charges for services	-	66,299	-	66,299
Fines and forfeits	25,328	-	-	25,328
Interest and investment earnings	130	1,289	3,171	4,590
Tax redemption income	-	-	-	-
Contributions and donations	57,002	-	-	57,002
Total revenues	<u>82,460</u>	<u>67,588</u>	<u>340,416</u>	<u>490,464</u>
<b>EXPENDITURES</b>				
Current:				
General government	400	-	2,500	2,900
Public safety	55,522	-	-	55,522
Health and sanitation	-	400	-	400
Capital outlay	26,558	-	-	26,558
Debt service:				
Principal	-	-	448,000	448,000
Interest	-	-	62,217	62,217
Total expenditures	<u>82,480</u>	<u>400</u>	<u>512,717</u>	<u>595,597</u>
Excess (deficiency) of revenues over expenditures	<u>(20)</u>	<u>67,188</u>	<u>(172,301)</u>	<u>(105,133)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	-	(144,916)	-	(144,916)
Capital leases	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(144,916)</u>	<u>-</u>	<u>(144,916)</u>
Net change in fund balance	<u>(20)</u>	<u>(77,728)</u>	<u>(172,301)</u>	<u>(250,049)</u>
Fund balances – beginning	168,788	1,476,988	17,884	1,663,660
Fund balances – ending	<u>\$ 168,768</u>	<u>\$ 1,399,260</u>	<u>\$ (154,417)</u>	<u>\$ 1,413,611</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

	<u>Capital Improvements</u>	<u>Safety Town</u>	<u>Federal Drug</u>	<u>Westmoreland Fire Protection</u>	<u>Jean Dean Public Safety</u>	<u>Total Nonmajor Special Revenue Fund</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>						
<b>Assets Current:</b>						
Cash and cash equivalents	\$ 3,784	\$ 17,109	\$ 28,402	\$ 57,007	\$ 8,734	\$ 115,036
Due from:						-
Other funds	-	-	-	-	7,068	7,068
Fiduciary funds	-	-	49,896	-	-	49,896
Total assets	<u>3,784</u>	<u>17,109</u>	<u>78,298</u>	<u>57,007</u>	<u>15,802</u>	<u>172,000</u>
<b>Deferred Outflows:</b>						
Deferred outflows of resources	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 3,784</u>	<u>\$ 17,109</u>	<u>\$ 78,298</u>	<u>\$ 57,007</u>	<u>\$ 15,802</u>	<u>\$ 172,000</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 490	\$ 1,942	\$ -	\$ -	\$ 2,432
Due to:						-
Other funds	-	400	400	-	-	800
Total liabilities	<u>-</u>	<u>890</u>	<u>2,342</u>	<u>-</u>	<u>-</u>	<u>3,232</u>
<b>Deferred Inflows:</b>						
Deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>890</u>	<u>2,342</u>	<u>-</u>	<u>-</u>	<u>3,232</u>
<b>Fund balances:</b>						
Nonspendable	-	-	-	-	-	-
Assigned	3,784	16,219	75,956	57,007	15,802	168,768
Unassigned	-	-	-	-	-	-
Total fund balances	<u>3,784</u>	<u>16,219</u>	<u>75,956</u>	<u>57,007</u>	<u>15,802</u>	<u>168,768</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,784</u>	<u>\$ 17,109</u>	<u>\$ 78,298</u>	<u>\$ 57,007</u>	<u>\$ 15,802</u>	<u>\$ 172,000</u>

**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, 2018**

	<u>Capital Improvements</u>	<u>Safety Town</u>	<u>Federal Drug</u>	<u>Westmoreland Fire Protection</u>	<u>Jean Dean Public Safety</u>	<u>Total Nonmajor Special Revenue Fund</u>
<b>REVENUES</b>						
Fines and forfeits	\$ -	\$ -	\$ -	\$ -	25,328	\$ 25,328
Interest and investment earnings	2	6	61	57	4	130
Grants and contributions	-	28,000	29,002	-	-	57,002
Total revenues	<u>2</u>	<u>28,006</u>	<u>29,063</u>	<u>57</u>	<u>25,332</u>	<u>82,460</u>
<b>EXPENDITURES</b>						
Current:						
General government	400	-	-	-	-	400
Public safety	-	17,447	22,702	400	14,973	55,522
Capital projects	-	-	26,558	-	-	26,558
Total expenditures	<u>400</u>	<u>17,447</u>	<u>49,260</u>	<u>400</u>	<u>14,973</u>	<u>82,480</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(398)</u>	<u>10,559</u>	<u>(20,197)</u>	<u>(343)</u>	<u>10,359</u>	<u>(20)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers (out)	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	-
Capital Leases	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>(398)</u>	<u>10,559</u>	<u>(20,197)</u>	<u>(343)</u>	<u>10,359</u>	<u>(20)</u>
Fund balances - beginning	4,182	5,660	96,153	57,350	5,443	168,788
Fund balances - ending	<u>\$ 3,784</u>	<u>\$ 16,219</u>	<u>\$ 75,956</u>	<u>\$ 57,007</u>	<u>\$ 15,802</u>	<u>\$ 168,768</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
 COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2018**

	Landfill Reserve
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets:</b>	
Current:	
Cash and cash equivalents	\$ 524
Investments	1,392,881
Due from:	
Other funds	5,855
Total assets	1,399,260
<b>Deferred Outflows:</b>	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 1,399,260
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
<b>Liabilities:</b>	
Total liabilities	-
<b>Deferred Inflows:</b>	
Total deferred inflows of resources	-
<b>FUND BALANCES</b>	
Assigned	1,399,260
Total fund balances	1,399,260
Total liabilities, deferred inflows of resources and fund balances	\$ 1,399,260

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Landfill Reserve</u>
<b>REVENUES</b>	
Charges for Services	\$ 66,299
Interest and investment earnings	1,289
Total revenues	<u>67,588</u>
<b>EXPENDITURES</b>	
Current:	
Health and sanitation	<u>400</u>
Total expenditures	<u>400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>67,188</u>
Other financing sources (uses)	
Transfer out	<u>(144,916)</u>
Total other financing sources (uses)	<u>(144,916)</u>
Net change in fund balance	(77,728)
Fund balances – beginning	<u>1,476,988</u>
Fund balances – ending	<u>\$ 1,399,260</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND  
JUNE 30, 2018**

	<u>Tax Increment Financing</u>
<b>ASSETS AND DEFERRED OUTFLOWS</b>	
<b>Assets</b>	
Current:	
Cash and cash equivalents	\$ <u>29,780</u>
Total assets	<u>29,780</u>
<b>Deferred Outflows</b>	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 29,780</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>	
<b>Liabilities</b>	
Due to other governments	\$ <u>184,197</u>
Total liabilities	<u>184,197</u>
<b>Deferred Inflows</b>	
Total deferred inflows of resources	<u>-</u>
<b>FUND BALANCE</b>	
Unassigned	<u>(154,417)</u>
Total fund balance	<u>(154,417)</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 29,780</u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES – NONMAJOR DEBT SERVICE FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Tax Increment Financing
<b>REVENUES</b>	
Taxes:	
Ad valorem property taxes	\$ 337,245
Interest and investment earnings	3,171
Total revenues	340,416
<b>EXPENDITURES</b>	
Current:	
General government	2,500
Debt service:	
Principal	448,000
Interest	62,217
Total expenditures	512,717
Net change in fund balance	(172,301)
Fund balance - beginning	17,884
Fund balance - ending	\$ (154,417)

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION –**  
**AGENCY FUNDS**  
**JUNE 30, 2018**

	<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	\$ 1,359,047	\$ 403,507	\$ 946,802	\$ 2,709,356
Due from other funds	<u>6,392</u>	<u>-</u>	<u>-</u>	<u>6,392</u>
Total assets	<u>1,365,439</u>	<u>403,507</u>	<u>946,802</u>	<u>2,715,748</u>
<b>DEFERRED OUTFLOWS</b>				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 1,365,439</u>	<u>\$ 403,507</u>	<u>\$ 946,802</u>	<u>\$ 2,715,748</u>
<b>LIABILITIES</b>				
Due to primary government	\$ -	\$ -	\$ 49,896	\$ 49,896
Refunds payable and others	<u>1,365,439</u>	<u>403,507</u>	<u>896,906</u>	<u>2,665,852</u>
Total Liabilities	<u>1,365,439</u>	<u>403,507</u>	<u>946,802</u>	<u>2,715,748</u>
<b>DEFERRED INFLOWS</b>				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,365,439</u>	<u>\$ 403,507</u>	<u>\$ 946,802</u>	<u>\$ 2,715,748</u>

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION – COMPONENT UNITS**  
**JUNE 30, 2018**

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 2,786,209	\$ 478,199
Receivables:		
Accounts	7,500	2,493
Deposits	100,000	-
Total current assets	2,893,709	480,692
Noncurrent assets:		
Regular account	464,340	-
Total restricted assets	464,340	-
Capital assets:		
Nondepreciable:		
Land	3,005,151	942,877
Depreciable:		
Buildings	13,143,808	4,775,401
Structures and improvements	1,997,189	490,173
Machinery and equipment	200,000	684,515
Furniture and fixtures	2,661,074	-
Less: accumulated depreciation	(15,014,060)	(5,379,449)
Total capital assets (net of accumulated depreciation)	5,993,162	1,513,517
Total noncurrent assets	6,457,502	1,513,517
Total assets	9,351,211	1,994,209
<b>DEFERRED OUTFLOWS</b>		
Changes in pension contribution	2,717	7,865
Contributions made subsequent to measurement date	35,956	12,423
Difference between expected and actual experience	2,856	8,266
Total deferred outflows of resources	41,529	28,554

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION – COMPONENT UNITS (CONTINUED)**  
**JUNE 30, 2018**

	Business-Type Activities –	
	Municipal Development Authority	Municipal Parking Board
<b>LIABILITIES</b>		
Current liabilities payable from current assets:		
Accounts payable	\$ -	\$ 18,538
Reserve for health claims	5,062	8,225
Accrued payroll	2,657	7,911
Accrued revenue bond/note interest payable	76,909	-
Due to:		
Primary government	3,793	67,444
Revenue bonds payable	393,173	-
	481,594	102,118
Total current liabilities payable from current assets		
Unearned revenues:		
Charges for services	-	2,585
	-	2,585
Total unearned revenues		
Noncurrent liabilities		
Bonds payable	6,389,046	-
Other postemployment benefits liability	73,180	146,360
Net pension liability - PERS	32,088	92,888
Compensated absences payable	3,738	20,032
	6,498,052	259,280
Total noncurrent liabilities		
	6,979,646	363,983
Total liabilities		
<b>DEFERRED INFLOWS</b>		
Other postemployment benefits deferred inflows	2,430	4,859
Changes in contributions	2,849	8,247
Change in investment experience	7,801	22,583
Difference in expected and actual experience	71	206
Difference in assumptions	1,664	4,818
	14,815	40,713
Total deferred inflows of resources		
<b>NET POSITION</b>		
Net investment in capital assets	(789,057)	1,513,517
Restricted for debt service	464,340	-
Unrestricted	2,722,996	104,550
	2,398,279	1,618,067
Total net position	\$ 2,398,279	\$ 1,618,067

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN NET POSITION – COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities –	
	Municipal Development Authority	Municipal Parking Board
<b>Operating revenues:</b>		
Sales and services to customers	\$ 13,138	\$ 734,685
Rental fees	117,786	76,236
Miscellaneous	1,000	10,060
	131,924	820,981
<b>Operating expenses:</b>		
Personal services	180,035	442,158
Contractual services	26,850	35,843
Administrative and general	117,171	104,971
Liability insurance	3,795	22,709
Materials and supplies	125	31,204
Utilities	6,209	31,151
Depreciation	1,113,105	85,882
Maintenance	20,744	33,342
Loss on sale	71,355	-
	1,539,389	787,260
Operating income (loss)	(1,407,465)	33,721
<b>Non-operating revenues (expenses):</b>		
Contributions	100,000	-
Tax increment revenue	344,917	-
Investment earnings	9,803	226
Interest and fiscal charges	(480,440)	-
Transfers	846,179	-
	820,459	226
Change in net assets	(587,006)	33,947
Net position at beginning of year - Restated	2,985,285	1,584,120
Net position at end of year	\$ 2,398,279	\$ 1,618,067

**CITY OF HUNTINGTON, WEST VIRGINIA  
STATEMENT OF CASH FLOWS – COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 132,100	\$ 815,523
Cash paid for goods and services	(274,894)	(257,354)
Cash paid to employees	(170,767)	(509,081)
Other cash receipts	103,093	27,391
Other cash payments	(9,359)	-
Net cash (used) provided by operating activities	(219,827)	76,479
<b>Cash flows from noncapital financing activities:</b>		
Tax increment financing revenues	344,917	-
Grants and contributions	100,000	-
Transfers	846,179	-
Net cash provided by noncapital financing activities	1,291,096	-
<b>Cash flows from capital and related financing activities:</b>		
Purchases of capital assets	-	-
Principal paid on capital debt	(363,174)	-
Interest paid on capital debt	(483,018)	-
Proceeds form sale of assets	1,427,998	-
Net cash provided by capital and related financing activities	581,806	-
<b>Cash flows from investing activities:</b>		
Interest received	9,803	226
Net cash provided by investing activities	9,803	226
Net increase in cash and cash equivalents	1,662,878	76,705
Cash and cash equivalents, July 1, 2017 (including \$712,017 in restricted accounts)	1,587,671	401,494
Cash and cash equivalents, June 30, 2018 (including \$464,340 in restricted accounts)	\$ 3,250,549	\$ 478,199

**CITY OF HUNTINGTON, WEST VIRGINIA**  
**STATEMENT OF CASH FLOWS – COMPONENT UNITS (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>		
Operating (loss)	\$ (1,407,465)	\$ 33,721
Adjustments to reconcile operating income to net cash provided by operating activities:		
Loss on sale of assets	71,355	-
Depreciation expense	1,113,105	85,882
Decrease (increase) in accounts receivable	(98,824)	2,017
Decrease (increase) due from primary government	102,093	-
Decrease (increase) in deferred outflows	(3,100)	97,260
Increase (decrease) in other postemployment liability	412	825
Increase (decrease) in accounts payable	-	1,866
Increase (decrease) in accrued payroll	107	354
Increase (decrease) in due to primary government	(9,359)	17,331
Increase (decrease) in compensated absences	247	259
Increase (decrease) in unearned revenue	-	2,585
Increase (decrease) in health care claims payable	1,746	1,869
Increase (decrease) in net pension liability	3,685	(183,506)
Increase (decrease) in deferred inflows	6,171	16,016
	<hr/>	<hr/>
Net cash (used) provided by operations	\$ <u>(219,827)</u>	\$ <u>76,479</u>

**ACCOMPANYING INFORMATION**

**CITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through Entity Identity Number	Expenditures	Passed through to Subrecipients
<b>Primary Government</b>				
<b>U.S. Department of Housing and Urban Development</b>				
<i>Direct Programs:</i>				
Community Development Block Grants-				
Entitlement Grants Cluster:				
Community Development Block Grant	14.218	N/A	\$ 1,304,733	\$ 200,314
Cluster Total			<u>1,304,733</u>	<u>200,314</u>
Emergency Solutions Grant Program	14.231	N/A	180,678	170,165
Home Investment Partnerships Program	14.239	N/A	331,054	274,031
<b>Total U.S. Department of Housing and Urban Development</b>			<u><b>1,816,465</b></u>	<u><b>644,510</b></u>
<b>U.S. Environmental Protection Agency</b>				
<i>Direct Programs:</i>				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	N/A	25,729	-
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.818	N/A	98,092	-
<b>Total U.S. Environmental Protection Agency</b>			<u><b>123,821</b></u>	<u><b>-</b></u>
<b>U.S. Department of Justice - Bureau of Justice Assistance</b>				
<i>Direct Programs:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	20,875	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,275	-
Program subtotal			33,150	-
ARRA-Public Safety Partnership and Community Policing Grants	16.710	N/A	111,249	-
Drug Court Discretionary Grant Program	16.585	N/A	25,224	24,634
Criminal and Juvenile Justice & Mental Health Collaboration Program	16.745	N/A	104,209	-
Second Chance Act Reentry Initiative	16.812	N/A	33,118	28,198
City of Huntington Comprehensive Opioid Abuse Site-based Program	16.838	N/A	31,105	15,636
<b>Total U.S. Department of Justice</b>			<u><b>338,055</b></u>	<u><b>68,468</b></u>
<b>U. S. Department of Homeland Security</b>				
<i>Direct Programs:</i>				
Staffing For Adequate Fire and Emergency Response Grant	97.083	N/A	100,965	-
<i>Pass-Through WV Department of Military Affairs</i>				
Homeland Security Program FY18-Police	97.067	17-LE-20	230,071	-
Homeland Security Program FY18-Civic Arena	97.067	17-LE-15	83,379	-
Program subtotal			313,450	-
<b>Total U. S. Department of Homeland Security</b>			<u><b>414,415</b></u>	<u><b>-</b></u>

**CITY OF HUNTINGTON, WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through Entity Identity Number	Expenditures	Passed through to Subrecipients
<b>U.S. Department of Health and Human Services</b>				
<i>Direct Programs:</i>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	137,550	67,639
Integrated Community Program to Address Opioid Crisis	93.137	N/A	211,568	98,285
<b>Total U.S. Department of Health and Human Services</b>			<b>349,118</b>	<b>165,924</b>
<b>U.S. Department of Agriculture</b>				
Pass-Through WV Department of Education				
Child and Adult Care Food Program	10.558	51105	32,824	-
<b>Total U.S. Department of Agriculture</b>			<b>32,824</b>	<b>-</b>
<b>U.S. Department of Transportation</b>				
Pass-Through WV Department of Transportation				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	F17-HS-02-402	69,148	6,868
Safe Communities Program Grant	20.600	F18-HS-02-402	125,096	57,287
Program subtotal			194,244	64,155
State Traffic Safety Information System Improvement Grants	20.610	F17-HS-02-408	5,609	-
Traffic Records Grant Program	20.610	F18-HS-02-408	42,012	-
Program subtotal			47,621	-
National Priority Safety Programs	20.616	F17-HS-02-405b	20,411	8,842
National Priority Safety Programs	20.616	F17-HS-02-405d	128,597	18,202
Occupant Protection Grant Program	20.616	F18-HS-02-405b	43,315	23,377
Impaired Driving Grant Program	20.616	F18-HS-02-405d	221,951	26,284
Program subtotal			414,274	76,705
Seatbelt Performance Incentives Grant	20.609	F18-HS-02-406	1,691	-
Cluster Total			657,831	140,860
Highway Planning and Construction Cluster:				
DOH Distracted Driving Grant Program	20.205	F17-HS-02-DOHDD	9,768	7,750
DOH Distracted Driving Grant Program	20.205	F18-HS-02-DOHDD	33,107	25,276
DOH Working Zone Grant Program	20.205	F17-HS-02-DOHWZ	1,410	-
Cluster Total			44,285	33,026
<b>Total U.S. Department of Transportation</b>			<b>702,116</b>	<b>173,886</b>
<b>Total Federal Assistance</b>			<b>3,776,813</b>	<b>1,052,788</b>

**CITY OF HUNTINGTON, WEST VIRGINIA  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of 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 Federal Awards. The balances of loans outstanding, net of estimated allowances for uncollectible amounts at June 30, 2018, consist of:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grants/Entitlement Grant	14.218	\$ 4,028,974
Home Investment Partnerships Program	14.239	2,743,369

**NOTE 3 – INDIRECT COST RATE**

In those instances where direct costs are allowable, the City has elected to use the 10-percent de minimus indirect cost rate allowed under Uniform Guidance.



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1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

March 22, 2019

City of Huntington  
800 Fifth Avenue  
Huntington, WV 25717

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the **Municipality of Huntington**, West Virginia (the City) as of and for the year ended June 30, 2018, 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 22, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated March 22, 2019.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

March 22, 2019

City of Huntington  
800 Fifth Avenue  
Huntington, WV 25717

To the Members of Council:

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

We have audited the **Municipality of Huntington**, West Virginia (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended June 30, 2018. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the City's major federal program.

***Management's Responsibility***

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

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***Opinion on The Major Federal Program***

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect the major federal program for the year ended June 30, 2018.

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

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**Municipality of Huntington, West Virginia**

Schedule of Audit Findings

2 CFR § 200.515

For the Year Ended June 30, 2018

<b>1. SUMMARY OF AUDIT RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant Program CFDA #14.218
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.