

**CITY OF HUNTINGTON, WEST VIRGINIA
FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2017**

**CITY OF HUNTINGTON, WEST VIRGINIA
MUNICIPAL OFFICIALS
JUNE 30, 2017**

<u>Office</u>	<u>Name</u>	<u>Term</u>
Mayor:	Steve Williams	01/01/16-12/31/19
Council Members:	Mark Bates	01/01/16-12/31/19
	Alex Vence	01/01/16-12/31/19
	Joyce Clark	01/01/16-12/31/19
	Charles McComas	01/01/16-12/31/19
	Jennifer Wheeler	01/01/16-12/31/19
	Tonia Kay Paige	01/01/16-12/31/19
	Mike Shockley	01/01/16-12/31/19
	Tom McGuffin	01/01/16-12/31/19
	Tina Brooks	11/03/16-12/31/19
	Rebecca Thacker	10/29/16-12/31/19
	Carol Polan	01/01/16-12/31/19

Appointive

Finance Director:	Pamela Chandler
City Attorney:	Scott Damron
City Clerk:	Barbara Nelson

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS
YEAR ENDED JUNE 30, 2017**

GOVERNMENTAL FUND TYPES

Major Governmental Funds

*General Fund
Coal Severance Tax
Community Development Block Grant*

Nonmajor Governmental Funds

Special Revenue Funds

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

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, 2017**

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

**CITY OF HUNTINGTON, WEST VIRGINIA
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**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017. 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 \$217,380,499 (net position deficit) at the close of fiscal 2017. For fiscal year 2017, net position decreased by \$5,508,943 and \$113,858 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 \$15,174,508, an increase of \$787,503 over the prior year. As of the close of the current fiscal year, business-type activities reported combined net position of \$324,185, a decrease of \$113,858 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 2017, net position decreased by \$5,508,943 and \$113,858 in the governmental activities and the business-type activities, respectively. Total primary government revenues were \$58,330,172 with total expenses of \$63,952,973.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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. 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.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017 is \$(217,380,499), a decrease of \$5,622,801 compared to June 30, 2016 net position. Net position decreased by \$5,508,943 for governmental activities and \$113,858 for business-type activities.

The following summarizes the statement of net position at June 30, 2017, in comparison with June 30, 2016:

	Summary of Net Position						Amount of Change
	Governmental Activities		Business Activities		Totals		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Assets							
Current Assets	\$ 24,177,480	\$ 24,207,699	\$ 2,884,508	\$ 1,612,766	\$ 27,061,988	\$ 25,820,465	\$ 1,241,523
Capital assets, net	9,569,600	9,918,510	696,049	714,220	10,265,649	10,632,730	(367,081)
Other non-current assets	392,648	392,648	-	-	392,648	392,648	-
Total assets	<u>34,139,728</u>	<u>34,518,857</u>	<u>3,580,557</u>	<u>2,326,986</u>	<u>37,720,285</u>	<u>36,845,843</u>	<u>874,442</u>
Deferred outflows of resources	<u>19,118,555</u>	<u>19,118,555</u>	<u>395,625</u>	<u>395,625</u>	<u>19,514,180</u>	<u>19,514,180</u>	<u>-</u>
Liabilities							
Current liabilities	8,582,476	9,452,109	2,001,875	636,013	10,584,351	10,088,122	496,229
Non-current liabilities	<u>261,202,194</u>	<u>255,202,747</u>	<u>1,377,608</u>	<u>1,376,041</u>	<u>262,579,802</u>	<u>256,578,788</u>	<u>6,001,014</u>
Total liabilities	<u>269,784,670</u>	<u>264,654,856</u>	<u>3,379,483</u>	<u>2,012,054</u>	<u>273,164,153</u>	<u>266,666,910</u>	<u>6,497,243</u>
Deferred inflows of resources	<u>1,178,297</u>	<u>1,178,297</u>	<u>272,514</u>	<u>272,514</u>	<u>1,450,811</u>	<u>1,450,811</u>	<u>-</u>
Net position							
Net investment in capital assets	6,378,930	5,941,121	603,683	519,421	6,982,613	6,460,542	522,071
Restricted	7,513,327	7,789,729	-	-	7,513,327	7,789,729	(276,402)
Unrestricted (deficit)	<u>(231,596,941)</u>	<u>(225,926,591)</u>	<u>(279,498)</u>	<u>(81,378)</u>	<u>(231,876,439)</u>	<u>(226,007,969)</u>	<u>(5,868,470)</u>
Total net position	<u>\$ (217,704,684)</u>	<u>\$ (212,195,741)</u>	<u>\$ 324,185</u>	<u>\$ 438,043</u>	<u>\$ (217,380,499)</u>	<u>\$ (211,757,698)</u>	<u>\$ (5,622,801)</u>

Total assets increased 2.4% or \$874,442 during the year. Current assets in governmental activities decreased \$30,219 and increased \$1,271,742 in business-type activities primarily related to changes in bank account balance.

Total liabilities increase 2.4% or \$6,497,243 during the year. Current liabilities in governmental activities decreased \$869,633 and increased \$1,365,862 in business-type activities primarily due to changes in accounts payable and accrued payrolls

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The following summarizes the statement of activities for the year ended June 30, 2017, in comparison with the year ended June 30, 2016:

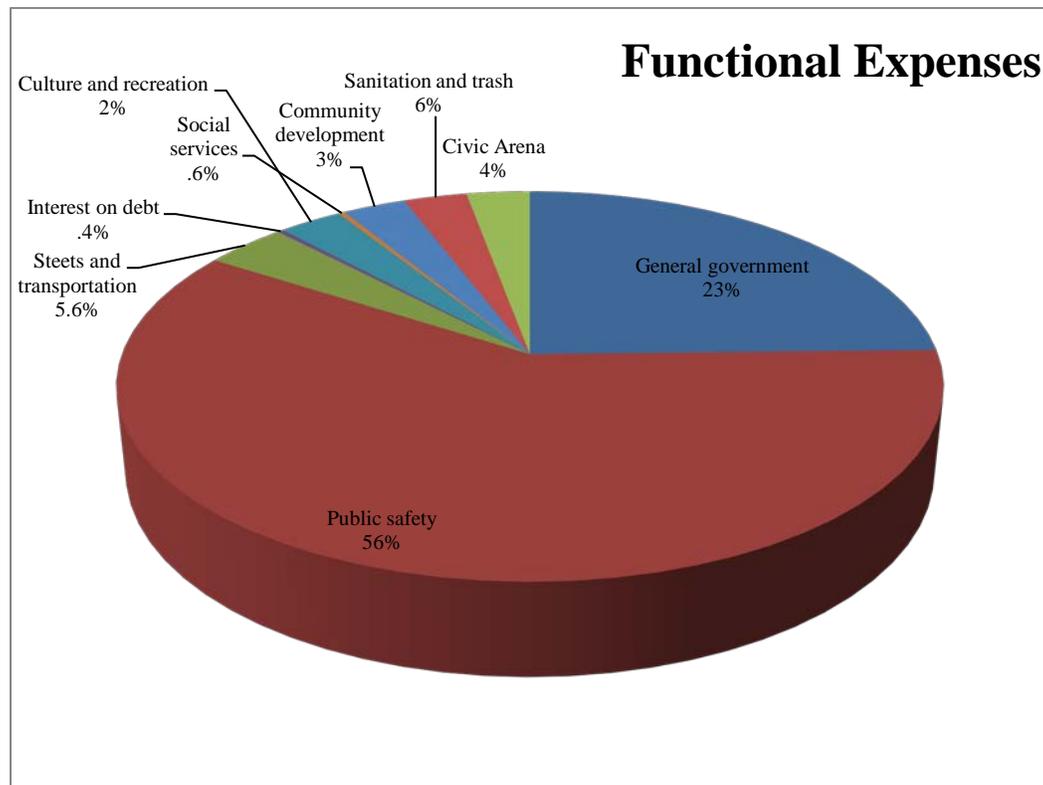
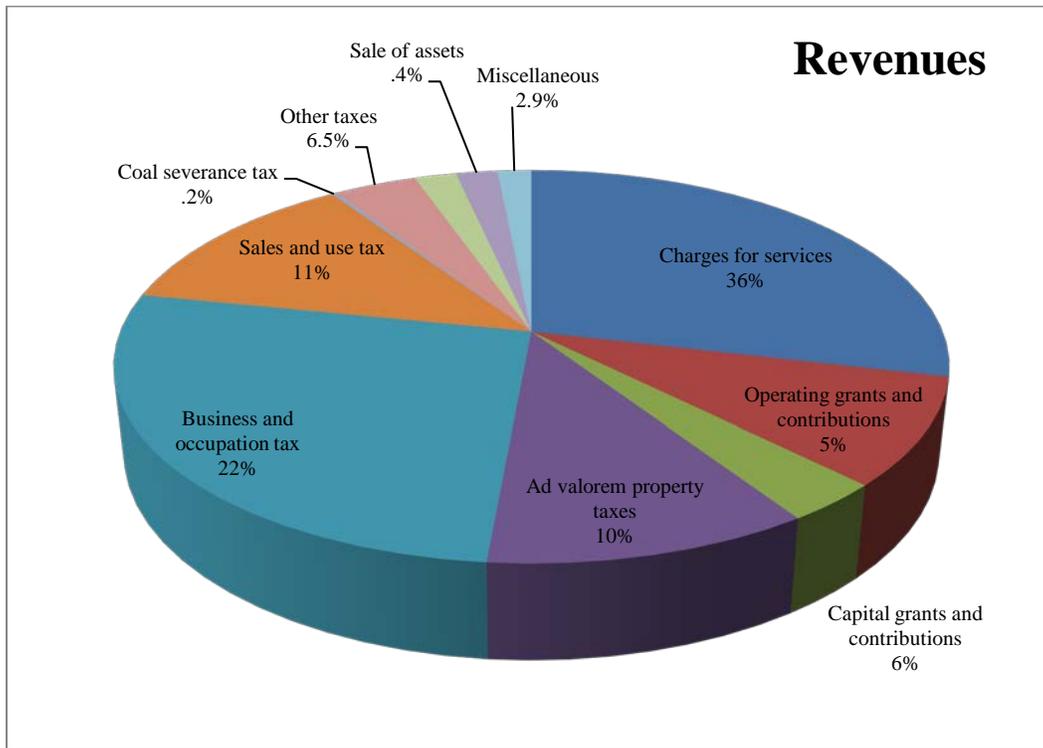
	Summary of Changes in Net Position						Amount of Change
	Governmental Activities		Business Activities		Totals		
	2017	2016	2017	2016	2017	2016	
Revenues							
Program revenues							
Charges for services	\$ 16,314,881	\$ 15,108,673	\$ 5,000,974	\$ 5,261,720	\$ 21,315,855	\$ 20,370,393	\$ 945,462
Operating grants and contributions	2,860,931	4,637,613	69,434	-	2,930,365	4,637,613	(1,707,248)
Capital grants and contributions	3,686,509	2,737,936	-	-	3,686,509	2,737,936	948,573
General revenues:							
Ad valorem property taxes	5,925,271	5,697,732	-	-	5,925,271	5,697,732	227,539
Business and Occupaion tax	13,126,547	14,108,095	-	-	13,126,547	14,108,095	(981,548)
Alcoholic beverages tax	422,887	410,792	-	-	422,887	410,792	12,095
Utility services tax	2,197,516	1,974,363	-	-	2,197,516	1,974,363	223,153
Hotel occupancy tax	749,874	981,048	-	-	749,874	981,048	(231,174)
Animal tax	2,289	2,278	-	-	2,289	2,278	11
Gas and oil severance tax	68,233	105,492	-	-	68,233	105,492	(37,259)
Amusement tax	26,029	18,872	-	-	26,029	18,872	7,157
Sales and use tax	6,637,592	6,503,578	-	-	6,637,592	6,503,578	134,014
Coal severance tax	124,539	113,838	-	-	124,539	113,838	10,701
Unrestricted investment earnings	6,819	10,822	220	188	7,039	11,010	(3,971)
Gain on sale of capital assets	214,833	58,627	-	-	214,833	58,627	156,206
Miscellaneous	1,246,278	812,767	436,529	-	1,682,807	812,767	870,040
Total revenues	53,611,028	53,282,526	5,507,157	5,261,908	59,118,185	58,544,434	573,751
Expenses							
General government	14,751,184	17,944,048	-	-	14,751,184	17,944,048	(3,192,864)
Public safety	35,796,860	41,301,735	-	-	35,796,860	41,301,735	(5,504,875)
Streets and transportation	3,631,319	2,692,861	-	-	3,631,319	2,692,861	938,458
Health and sanitation	26,873	193,446	-	-	26,873	193,446	(166,573)
Culture and recreation	1,180,983	1,924,338	-	-	1,180,983	1,924,338	(743,355)
Social services	403,003	240,431	-	-	403,003	240,431	162,572
Community development	1,916,051	1,987,791	-	-	1,916,051	1,987,791	(71,740)
Interest on long-term debt	255,843	267,068	-	-	255,843	267,068	(11,225)
Sanitation and trash	-	-	3,388,805	3,160,905	3,388,805	3,160,905	227,900
Civic Arena	-	-	2,602,052	2,143,078	2,602,052	2,143,078	458,974
Total expenses	57,962,116	66,551,718	5,990,857	5,303,983	63,952,973	71,855,701	(7,902,728)
Increase in net position before transfers	(4,351,088)	(13,269,192)	(483,700)	(42,075)	(4,834,788)	(13,311,267)	8,476,479
Transfers	(1,157,855)	(682,606)	369,842	682,606	(788,013)	-	(788,013)
Change in net position	(5,508,943)	(13,951,798)	(113,858)	640,531	(5,622,801)	(13,311,267)	7,688,466
Net position- beginning	(212,195,741)	(198,243,943)	438,043	(202,488)	(211,757,698)	(198,446,431)	(13,311,267)
Net position- ending	\$ (217,704,684)	\$ (212,195,741)	\$ 324,185	\$ 438,043	\$ (217,380,499)	\$ (211,757,698)	\$ (5,622,801)

Total revenues increased by \$573,751 in comparison to prior year primarily from additional charges for services and tax collections.

Overall expenses and transfers out decreased by \$7,114,715 in comparison to prior year primarily from reductions in general government and public safety expenditures for the 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 2017.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**



**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$4,931,331, an increase of \$946,505 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 \$11,756 to \$49,243 during fiscal year 2017.

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 \$282,262 during the year.

The City's governmental funds reported a combined ending fund balance of \$15,174,508 this year. This compares to the prior year combined ending fund balance of \$14,387,005 for an increase of \$787,503. Total unassigned governmental fund balance is \$2,115,614 for fiscal year 2017.

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 decreased \$134,983 during the year. The decrease is primarily due to operating expenses in excess of revenues from charges for services.

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 \$21,126 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 (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 \$8.04 million or 16% 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
	2017	2016	2017	2016	2017	2016	
Non-Depreciable Assets							
Land	\$ 941,939	\$ 941,939	\$ -	\$ -	\$ 941,939	\$ 941,939	\$ -
Construction in progress	-	449,162	-	-	-	449,162	(449,162)
Total non-depreciable assets	<u>941,939</u>	<u>1,391,101</u>	<u>-</u>	<u>-</u>	<u>941,939</u>	<u>1,391,101</u>	<u>(449,162)</u>
Depreciable assets							
Structures and improvements	9,728,055	8,196,823	75,140	75,140	9,803,195	8,271,963	1,531,232
Infrastructure	16,820,437	16,820,437	-	-	16,820,437	16,820,437	-
Vehicles	9,118,004	9,111,176	2,074,981	2,134,820	11,192,985	11,245,996	(53,011)
Machinery and equipment	4,140,310	4,142,618	174,913	174,913	4,315,223	4,317,531	(2,308)
Less: accumulated depreciation	<u>(31,179,145)</u>	<u>(29,743,645)</u>	<u>(1,628,985)</u>	<u>(1,670,652)</u>	<u>(32,808,130)</u>	<u>(31,414,297)</u>	<u>(1,393,833)</u>
Total depreciable assets	<u>8,627,661</u>	<u>8,527,409</u>	<u>696,049</u>	<u>714,221</u>	<u>9,323,710</u>	<u>9,241,630</u>	<u>82,080</u>
Total	<u>\$ 9,569,600</u>	<u>\$ 9,918,510</u>	<u>\$ 696,049</u>	<u>\$ 714,221</u>	<u>\$ 10,265,649</u>	<u>\$ 10,632,731</u>	<u>\$ (367,082)</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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
	2017	2016	2017	2016	2017	2016	
Tax increment financing	\$ 1,036,957	\$ 1,150,000	\$ -	\$ -	\$ 1,036,957	\$ 1,150,000	\$ (113,043)
Capital leases	1,990,641	2,827,389	92,366	194,799	2,083,007	3,022,188	(939,181)
Other post-employment benefits	68,353,372	61,272,929	836,366	722,162	69,189,738	61,995,091	7,194,647
Net pension liability- PERS	1,623,339	1,623,339	382,085	382,085	2,005,424	2,005,424	-
Net pension liability-DBP	164,913,826	164,913,826	-	-	164,913,826	164,913,826	-
Compensated absences	1,227,073	1,351,104	66,791	76,995	1,293,864	1,428,099	(134,235)
Accrued interest payable	39,986	47,160	-	-	39,986	47,160	(7,174)
Landfill closure and post-closure costs	22,017,000	22,017,000	-	-	22,017,000	22,017,000	-
Total	\$ 261,202,194	\$ 255,202,747	\$ 1,377,608	\$ 1,376,041	\$ 262,579,802	\$ 256,578,788	\$ 6,001,014

Economic Factors

The Governing Council and Administration consider many factors each year while preparing the City's operating budget. The budget for the 2018 fiscal year reflects a balanced budget. Approved budgets for the 2018 fiscal year, as well as other documents, are available at 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.

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Honorable Mayor and
Members of the City Council
City of Huntington
Huntington, West Virginia

Management is responsible for the accompanying financial statements of City of Huntington, West Virginia, which comprise the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2017, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed compilation engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of America require financial data for the City's legally separate component units to be reported with the financial data of the City's primary government. The financial statements referred to above include only the primary government of the City of Huntington, West Virginia, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the City's legal entity and the discretely presented component units, Huntington Municipal Development Authority and Huntington Municipal Parking Board. The financial statements do not include financial data for the City's legally separate component unit, Huntington Water Quality Board, which consists of Huntington Sanitary Board and Huntington Stormwater Utility. The amount by which this would affect the government-wide financial statements has not been determined.

As disclosed in Note I.F. to the financial statements, accounting principles generally accepted in the United States of America require the City to report net pension liabilities in accordance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. As of the compilation of the financial statements, the City has not completed all necessary adjustments for balances and disclosures related to current year defined benefit pension activity. Beginning balances have been included in the accompanying financial statements to prevent overstatement of net positions.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 to 8 and the Schedules of Funding Progress and Schedules of Employer Contributions for Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Investment Returns, Schedules of Contributions – Multiyear for the Police and Fire Pension Relief Funds, Schedules of the Government's Proportionate Share of the Net Pension Liability for Multi-Employer Plans, Schedules of Government Contributions, and the notes to the schedules on pages 76 to 82 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic statements in an appropriate operational, economic, or historical context.

The combining and individual nonmajor fund financial statements, the combining fiduciary funds financial statements, and the discretely presented component unit fund financial statements for the Huntington Municipal Development Authority and the Huntington Municipal Parking Board on pages 83 through 96 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards on pages 97 through 99 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, the combining fiduciary funds financial statements, the discretely presented component unit fund financial statements for the Huntington Municipal Development Authority and the Huntington Municipal Parking Board, the Schedule of Expenditures of Federal Awards, and the Summary Schedule of Prior Year Audit Findings on page 100 have been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on the supplementary information.

A handwritten signature in cursive script that reads "Sullivan Webb, Assoc.".

November 2, 2017

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 4,755,134	\$ 2,359,725	\$ 7,114,859	\$ 875,654	\$ 401,494
Investments	2,146,346	-	2,146,346	-	-
Receivables:					
Accounts	2,380,580	428,319	2,808,899	8,676	4,510
Taxes	5,695,915	-	5,695,915	-	-
Loans	7,102,795	-	7,102,795	-	-
Other	-	-	-	-	-
Assets held for resale	669,436	-	669,436	-	-
Internal balances	980,797	-	980,797	-	-
Due from:					
Primary government	-	-	-	102,093	-
Component units	-	-	-	-	-
Other governments	168,960	16,522	185,482	-	-
Fiduciary funds	67,849	-	67,849	-	-
Inventory, at cost	-	52,003	52,003	-	-
Prepaid expenses	209,658	27,939	237,597	-	-
Total current assets	24,177,470	2,884,508	27,061,978	986,423	406,004
Noncurrent assets:					
Regular account	-	-	-	712,017	-
Capital assets:					
Nondepreciable:					
Land	941,939	-	941,939	4,504,505	942,877
Depreciable:					
Buildings	-	-	-	11,705,628	4,775,401
Structures and improvements	9,728,055	75,140	9,803,195	3,435,368	490,173
System Infrastructure	16,820,437	-	16,820,437	-	-
Vehicles	9,118,004	2,074,981	11,192,985	-	-
Machinery and equipment	4,140,310	174,913	4,315,223	200,000	684,515
Furniture and fixtures	-	-	-	2,661,074	-
Less: accumulated depreciation	(31,179,145)	(1,628,985)	(32,808,130)	(13,900,955)	(5,293,566)
Other debits:					
Net pension asset (MPFRS) ¹	392,648	-	392,648	-	-
Total noncurrent assets	9,962,248	696,049	10,658,297	9,317,637	1,599,400
Total assets	34,139,718	3,580,557	37,720,275	10,304,060	2,005,404
DEFERRED OUTFLOWS ¹					
Public Employees Retirement System (PERS):					
Contributions made after measurement date	525,499	157,887	683,386	-	49,671
Changes in contributions	183,014	43,064	226,078	-	23,566
Changes in investment earnings	495,306	116,547	611,853	-	63,780
Difference between expected and actual experience	332,031	78,127	410,158	-	42,755
Municipal Police Officers and Firefighters Retirement System (MPFRS):					
Contributions made after measurement date	195,277	-	195,277	-	-
Changes in contributions	44,370	-	44,370	-	-
Changes in investment earnings	19,545	-	19,545	-	-
Difference between expected and actual experience	17,917	-	17,917	-	-
Defined Benefit Plans (DBP):					
Changes in noninvestment experience	2,187,592	-	2,187,592	-	-
Changes in assumptions	13,892,339	-	13,892,339	-	-
Changes in actual investment experience	1,225,665	-	1,225,665	-	-
Total deferred outflows of resources	19,118,555	395,625	19,514,180	-	179,772

¹ Amounts related to pension activity are applicable to the prior year. These amounts may change significantly when the current year information is available.

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Municipal Development Authority</u>	<u>Municipal Parking Board</u>
LIABILITIES					
Current liabilities payable					
from current assets:					
Accounts payable	\$ 928,211	\$ 903,025	\$ 1,831,236	\$ 2,550	\$ 16,673
Payroll payable	518,056	95,924	613,980	-	7,557
Line of credit	717,944	-	717,944	-	-
Unclaimed property	83,340	-	83,340	-	-
Reserve for health claims	499,770	39,102	538,872	3,316	6,356
Customer deposits	-	-	-	-	-
Due to:					
Primary government	-	779,310	779,310	13,152	50,113
Component units	102,093	-	102,093	-	-
Fiduciary funds	5,428,510	-	5,428,510	-	-
Unearned revenues:					
Sponsorship	-	50,448	50,448	-	-
Charges for services	-	3,800	3,800	-	-
Customer advances	-	14,397	14,397	-	-
Ticket sales	-	107,194	107,194	-	-
Other unearned revenue	304,552	8,675	313,227	-	-
Total current liabilities	<u>8,582,476</u>	<u>2,001,875</u>	<u>10,584,351</u>	<u>19,018</u>	<u>80,699</u>
Noncurrent liabilities due					
within one year:					
Bonds payable	-	-	-	363,173	-
Lease payable	480,164	92,366	572,530	-	-
Tax increment financing bonds payable	39,141	-	39,141	-	-
Noncurrent liabilities due					
in more than one year:					
Bonds payable	-	-	-	6,782,220	-
Lease payable	1,510,477	-	1,510,477	-	-
Tax increment financing bonds payable	997,816	-	997,816	-	-
Accrued interest payable	39,986	-	39,986	79,487	-
Other postemployment benefits payable	68,353,372	836,366	69,189,738	14,528	135,765
Net pension liability - PERS ¹	1,623,339	382,085	2,005,424	-	209,051
Net pension liability - DBP ¹	164,913,826	-	164,913,826	-	-
Compensated absences payable	1,227,073	66,791	1,293,864	3,491	19,773
Estimated landfill closure and post-closure liability	22,017,000	-	22,017,000	-	-
Total noncurrent liabilities	<u>261,202,194</u>	<u>1,377,608</u>	<u>262,579,802</u>	<u>7,242,899</u>	<u>364,589</u>
Total liabilities	<u>269,784,670</u>	<u>3,379,483</u>	<u>273,164,153</u>	<u>7,261,917</u>	<u>445,288</u>
DEFERRED INFLOWS ¹					
Public Employees Retirement System (PERS):					
Changes in contributions	111,578	26,255	137,833	-	14,368
Difference in investment experience	851,292	200,311	1,051,603	-	109,619
Difference in assumptions	195,273	45,948	241,221	-	25,145
Municipal Police and Firefighters					
Retirement System (MPFRS):					
Changes in contributions	5,577	-	5,577	-	-
Changes in investment experience	14,577	-	14,577	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,178,297</u>	<u>272,514</u>	<u>1,450,811</u>	<u>-</u>	<u>149,132</u>

¹ Amounts related to pension activity are applicable to the prior year. These amounts may change significantly when the current year information is available.

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board
NET POSITION					
Net investment in capital assets	\$ 6,378,930	\$ 603,683	\$ 6,982,613	\$ 1,460,227	\$ 1,599,400
Restricted for:					
Debt service	-	-	-	712,017	
Community development	7,120,679	-	7,120,679	-	-
Net pension asset	392,648	-	392,648	-	-
Customer deposits	-	-	-	-	-
Unrestricted	(231,596,941)	(279,498)	(231,876,439)	869,899	(8,644)
Total net position	\$ (217,704,684)	\$ 324,185	\$ (217,380,499)	\$ 3,042,143	\$ 1,590,756

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	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
Functions/Programs¹									
Primary government:									
Governmental activities:									
General government	\$ 14,751,184	\$ 2,910,104	\$ 155,231	\$ -	\$ (11,685,849)	\$ -	\$ (11,685,849)	\$ -	\$ -
Public safety	35,796,860	13,174,654	895,478	3,216,099	(18,510,629)	-	(18,510,629)	-	-
Streets and transportatoin	3,631,319	80,123	329,998	-	(3,221,198)	-	(3,221,198)	-	-
Health and sanitation	26,873	-	-	-	(26,873)	-	(26,873)	-	-
Culture and recreation	1,180,983	150,000	30,908	1,481	(998,594)	-	(998,594)	-	-
Social services	403,003	-	28,481	-	(374,522)	-	(374,522)	-	-
Community development	1,916,051	-	1,420,835	468,929	(26,287)	-	(26,287)	-	-
Interest on long-term debt	255,843	-	-	-	(255,843)	-	(255,843)	-	-
Total governmental activities	57,962,116	16,314,881	2,860,931	3,686,509	(35,099,795)	-	(35,099,795)	-	-
Business-type activities:									
Sanitation and trash	3,388,805	3,180,979	-	-	-	(207,826)	(207,826)	-	-
Civic arena	2,602,052	1,819,995	69,434	-	-	(712,623)	(712,623)	-	-
Total business-type activities	5,990,857	5,000,974	69,434	-	-	(920,449)	(920,449)	-	-
Total primary government	\$ 63,952,973	\$ 21,315,855	\$ 2,930,365	\$ 3,686,509	(35,099,795)	(920,449)	(36,020,244)	-	-
Component units:									
Municipal Development Authority	\$ 1,985,529	\$ 141,066	\$ -	\$ -	-	-	-	(1,844,463)	-
Municipal Parking Board	901,219	820,898	-	-	-	-	-	-	(80,321)
Total component units	\$ 2,886,748	\$ 961,964	\$ -	\$ -	-	-	-	(1,844,463)	(80,321)

¹ Amounts related to pension activity are applicable to the prior year. These amounts may change significantly when the current year information is available.

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Net (Expense) Revenues and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Municipal Development Authority	Municipal Parking Board
General revenues:					
Ad valorem property taxes	\$ 5,925,271	\$ -	\$ 5,925,271	\$ 313,093	\$ -
Business & occupation tax	13,126,547	-	13,126,547	-	-
Alcoholic beverages tax	422,887	-	422,887	-	-
Utility services tax	2,197,516	-	2,197,516	-	-
Hotel occupancy tax	749,874	-	749,874	-	-
Animal tax	2,289	-	2,289	-	-
Gas & oil severance tax	68,233	-	68,233	-	-
Amusement tax	26,029	-	26,029	-	-
Sales and use tax	6,637,592	-	6,637,592	-	-
Coal severance tax	124,539	-	124,539	-	-
Unrestricted investment earnings	6,819	220	7,039	615	127
Interest revenue	-	-	-	-	-
Gains (loss) on disposal of capital assets	214,833	-	214,833	-	-
Miscellaneous	1,246,278	436,530	1,682,808	1,410	10,878
Transfers	(1,157,855)	369,842	(788,013)	788,013	-
Total general revenues and transfers	<u>29,590,852</u>	<u>806,592</u>	<u>30,397,444</u>	<u>1,103,131</u>	<u>11,005</u>
Change in net position	(5,508,943)	(113,858)	(5,622,801)	(741,332)	(69,316)
Net position - beginning as restated	<u>(212,195,741)</u>	<u>438,043</u>	<u>(211,757,698)</u>	<u>3,783,475</u>	<u>1,660,072</u>
Net position - ending	\$ <u>(217,704,684)</u>	\$ <u>324,185</u>	\$ <u>(217,380,499)</u>	\$ <u>3,042,143</u>	\$ <u>1,590,756</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Development Block Grant</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS AND DEFERRED OUTFLOWS					
Assets:					
Current:					
Cash and cash equivalents	\$ 4,275,023	\$ 7,524	\$ 319,053	\$ 153,534	\$ 4,755,134
Investments	675,980	-	-	1,470,366	2,146,346
Receivables:					
Taxes	5,695,915	-	-	-	5,695,915
Accounts	1,057,219	-	1,319,061	4,300	2,380,580
Loans	-	-	7,102,795	-	7,102,795
Assets held for resale	-	-	-	669,436	669,436
Due from:					-
Other funds	1,130,381	-	1,131	9,744	1,141,256
Other governments	127,251	41,719	-	-	168,970
Component units	-	-	-	-	-
Fiduciary funds	-	-	-	67,849	67,849
Prepaid expenses	209,658	-	-	-	209,658
	<u>13,171,427</u>	<u>49,243</u>	<u>8,742,040</u>	<u>2,375,229</u>	<u>24,337,939</u>
Total assets					
	<u>13,171,427</u>	<u>49,243</u>	<u>8,742,040</u>	<u>2,375,229</u>	<u>24,337,939</u>
Deferred Outflows:					
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u>13,171,427</u>	\$ <u>49,243</u>	\$ <u>8,742,040</u>	\$ <u>2,375,229</u>	\$ <u>24,337,939</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 851,734	\$ -	\$ 58,197	\$ 18,280	\$ 928,211
Payroll payable	508,308	-	9,748	-	518,056
Line of credit	-	-	-	717,944	717,944
Reserve for health claims	486,091	-	13,679	-	499,770
Due to:					
Component units	102,093	-	-	-	102,093
Other funds	54,972	-	104,428	1,059	160,459
Fiduciary funds	5,428,510	-	-	-	5,428,510
Unearned revenue:					
Other	304,552	-	-	-	304,552
Unclaimed property	83,340	-	-	-	83,340
	<u>7,819,600</u>	<u>-</u>	<u>186,052</u>	<u>737,283</u>	<u>8,742,935</u>
Total liabilities					

**CITY OF HUNTINGTON, WEST VIRGINIA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Development Block Grant</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Deferred Inflows:					
Taxes	420,496	-	-	-	420,496
Total deferred inflows of resources	<u>420,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>420,496</u>
Total liabilities and deferred inflows of resources	<u>8,240,096</u>	<u>-</u>	<u>186,052</u>	<u>737,283</u>	<u>9,163,431</u>
Fund balances:					
Nonspendable	209,658	-	-	669,436	879,094
Restricted	-	-	7,102,795	17,884	7,120,679
Committed	578,885	-	-	-	578,885
Assigned	1,332,024	49,243	1,453,193	1,645,776	4,480,236
Unassigned	<u>2,810,764</u>	<u>-</u>	<u>-</u>	<u>(695,150)</u>	<u>2,115,614</u>
Total fund balances	<u>4,931,331</u>	<u>49,243</u>	<u>8,555,988</u>	<u>1,637,946</u>	<u>15,174,508</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,171,427</u>	<u>\$ 49,243</u>	<u>\$ 8,742,040</u>	<u>\$ 2,375,229</u>	<u>\$ 24,337,939</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

Total fund balances on the governmental fund's balance sheet	\$	15,174,508
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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.		9,569,600
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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).		392,648
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Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds.		420,496
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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.

Public Employees Retirement System (PERS):

Deferred outflows:

Contributions made after measurement date		525,499
Difference between expected and actual experience		332,031
Changes in investment earnings		495,306
Changes in contributions		183,014

Deferred inflows:

Changes in contributions		(111,578)
Difference in assumptions		(195,273)
Difference in investment experience		(851,292)

Municipal Police Officers and Firefighters retirement System (MPFRS):

Deferred outflows:

Contributions made after measurement date		195,277
Changes in contributions		44,370
Changes in investment earnings		19,545
Difference between expected and actual experience		17,917

Deferred inflows:

Changes in contributions		(5,577)
Changes in investment experience		(14,577)

Defined Benefits Plans (DBP):

Deferred outflows:

Changes in noninvestment experience		2,187,592
Changes in actual investment experience		1,225,665
Changes in assumptions		13,892,339

**CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

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	\$	(1,036,957)
Capital leases		(1,990,641)
Accrued interest payable on long-term liabilities		(39,986)
Compensated absences		(1,227,073)
Net pension liability - PERS		(1,623,339)
Net Pension Liability - DBP		(164,913,826)
Other postemployment benefits payable		(68,353,372)
Estimated landfill closure and post-closure liability		<u>(22,017,000)</u>
Net position of governmental activities (deficit)	\$	<u><u>(217,704,684)</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, 2017

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Ad valorem property taxes	\$ 5,675,120	\$ -	\$ -	\$ 198,238	\$ 5,873,358
Business & occupation tax	13,126,547	-	-	-	13,126,547
Alcoholic beverages tax	422,887	-	-	-	422,887
Utility services tax	2,197,516	-	-	-	2,197,516
Hotel occupancy tax	749,874	-	-	-	749,874
Animal tax	2,289	-	-	-	2,289
Gas and oil severance tax	68,233	-	-	-	68,233
Amusement tax	26,029	-	-	-	26,029
Sales and use tax	6,637,592	-	-	-	6,637,592
Coal severance tax	-	124,539	-	-	124,539
Licenses and permits	844,115	-	-	-	844,115
Intergovernmental:					
Federal	1,845,605	-	2,067,588	-	3,913,193
State	2,304,249	-	-	-	2,304,249
Charges for services	13,513,639	-	-	76,253	13,589,892
Fines and forfeits	356,331	-	-	25,623	381,954
Interest and investment earnings	5,188	16	130	1,485	6,819
Franchise fees	854,950	-	-	-	854,950
Employee/retirees health insurance	1,498,920	-	-	-	1,498,920
Contributions and donations	80,784	-	-	249,214	329,998
Miscellaneous	390,129	-	-	1,200	391,329
Total revenues	50,599,997	124,555	2,067,718	552,013	53,344,283
EXPENDITURES					
Current:					
General government	14,592,459	-	-	73,920	14,666,379
Public safety	29,415,353	-	-	75,730	29,491,083
Streets and transportation	3,175,004	-	-	-	3,175,004
Health and sanitation	-	-	-	713	713
Culture and recreation	1,076,218	700	-	-	1,076,918
Social services	56,940	-	346,063	-	403,003
Capital outlay	429,617	72,099	-	196,705	698,421
Community development	-	-	1,886,463	-	1,886,463
Debt service:					
Principal	-	-	-	113,043	113,043
Interest	-	-	-	102,731	102,731
Total expenditures	48,745,591	72,799	2,232,526	562,842	51,613,758
Excess (deficiency) of revenues over expenditures	\$ <u>1,854,406</u>	\$ <u>51,756</u>	\$ <u>(164,808)</u>	\$ <u>(10,829)</u>	\$ <u>1,730,525</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Community Development Block Grant</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 117,454	\$ -	\$ -	\$ -	\$ 117,454
Transfers (out)	(1,117,855)	(40,000)	(117,454)	-	(1,275,309)
Proceeds from the sales of assets	<u>92,500</u>	<u>-</u>	<u>-</u>	<u>122,333</u>	<u>214,833</u>
Total other financing sources (uses)	<u>(907,901)</u>	<u>(40,000)</u>	<u>(117,454)</u>	<u>122,333</u>	<u>(943,022)</u>
Net change in fund balances	946,505	11,756	(282,262)	111,504	787,503
Fund balances - beginning as restated	<u>3,984,826</u>	<u>37,487</u>	<u>8,838,250</u>	<u>1,526,442</u>	<u>14,387,005</u>
Fund balances - ending	<u>\$ 4,931,331</u>	<u>\$ 49,243</u>	<u>\$ 8,555,988</u>	<u>\$ 1,637,946</u>	<u>\$ 15,174,508</u>

**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, 2017**

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

Net change in fund balances - total governmental funds	\$	787,503
asset at the government-wide level. This is the amount of capital assets increased during the fiscal year.		1,173,512
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.		(1,522,423)
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		(368,584)
Current year deferred taxes		420,496
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		-
Amount of pension expenses recognized at government-wide level		-
<i>Municipal Police Officers and Firefighters retirement System (MPFRS):</i>		
Contributions made after measurement date		-
Amount of pension expenses recognized at government-wide level		-
<i>Defined Benefits Plans (DBP):</i>		
Amount of employer contributions to pensions		-
Amount of pension expenses recognized at government-wide level		-

**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, 2017**

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	\$	113,043
Capital leases		836,748

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.		7,174
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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.

Change in other postemployment benefits payable		(7,080,443)
Change in compensated absences payable		124,031
Change in net position of governmental activities	\$	(5,508,943)

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, 2017

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Ad valorem property taxes	\$ 5,575,000	\$ 5,582,933	\$ 5,675,120	\$ 92,187
Business & occupation tax	14,135,000	14,135,000	13,126,547	(1,008,453)
Alcoholic beverages tax	391,126	391,126	422,887	31,761
Utility services tax	2,049,962	2,049,462	2,197,516	148,054
Hotel occupancy tax	554,000	651,393	749,874	98,481
Animal tax	2,206	2,206	2,289	83
Gas and oil severance tax	105,492	105,492	68,233	(37,259)
Amusement tax	15,000	15,000	26,029	11,029
Sales and use tax	6,500,000	6,500,000	6,637,592	137,592
Licenses and permits	435,000	435,000	844,115	409,115
Intergovernmental:				-
Federal	1,000,000	2,429,668	1,845,605	(584,063)
State	1,050,000	1,070,000	2,304,249	1,234,249
Charges for services	14,166,562	16,552,293	13,513,639	(3,038,654)
Fines and forfeits	375,000	375,000	356,331	(18,669)
Interest earnings	2,970	2,970	5,188	2,218
Franchise fees	575,000	575,000	854,950	279,950
Employees & retiree health insurance	1,463,000	1,463,000	1,498,920	35,920
Contributions and donations	175,500	175,500	80,784	(94,716)
Miscellaneous	87,468	87,468	390,129	302,661
	<u>48,658,286</u>	<u>52,598,511</u>	<u>50,599,997</u>	<u>(1,998,514)</u>
EXPENDITURES				
Current:				
General government	16,910,102	22,248,144	14,592,459	7,655,685
Public safety	25,096,121	28,851,009	29,415,353	(564,344)
Streets and transportation	4,481,822	3,506,448	3,175,004	331,444
Health and sanitation	179,000	-	56,940	(56,940)
Culture and recreation	2,011,241	2,110,236	1,076,218	1,034,018
Capital outlay	-	-	429,617	(429,617)
	<u>48,678,286</u>	<u>56,715,837</u>	<u>48,745,591</u>	<u>7,970,246</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(4,117,326)</u>	<u>1,854,406</u>	<u>5,971,732</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, 2017**

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 117,454	\$ 117,454
Transfers (out)	-	-	(1,117,855)	(1,117,855)
Proceeds from the sale of assets	<u>20,000</u>	<u>20,000</u>	<u>92,500</u>	<u>72,500</u>
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>(907,901)</u>	<u>(927,901)</u>
Net change in fund balance	-	(4,097,326)	946,505	5,043,831
Fund balance - beginning	<u>-</u>	<u>4,097,326</u>	<u>3,984,826</u>	<u>(112,500)</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,931,331</u>	<u>\$ 4,931,331</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, 2017

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Coal severance tax	\$ 127,338	\$ 127,338	\$ 124,539	\$ (2,799)
Interest earnings	18	18	16	(2)
Total revenues	<u>127,356</u>	<u>127,356</u>	<u>124,555</u>	<u>(2,801)</u>
EXPENDITURES				
Current:				
Culture and recreation	127,356	127,356	72,799	54,557
Total expenditures	<u>127,356</u>	<u>127,356</u>	<u>72,799</u>	<u>54,557</u>
Excess (deficiency of revenues over expenditures)	<u>-</u>	<u>-</u>	<u>51,756</u>	<u>51,756</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(40,000)	(40,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(40,000)</u>	<u>(40,000)</u>
Net change in fund balance	-	-	11,756	11,756
Fund balance - beginning	-	-	37,487	37,487
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,243</u>	<u>\$ 49,243</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities -		
	Enterprise Funds		
	Sanitation and Trash	Civic Arena	Total
ASSETS			
Current:			
Cash and cash equivalents	\$ 1,054,311	\$ 1,305,414	\$ 2,359,725
Receivables:			
Accounts	310,060	118,259	428,319
Due from:			
Other funds	8,553	7,969	16,522
Inventory, at cost	-	52,003	52,003
Prepaid expenses	16,879	11,060	27,939
Total current assets	<u>1,389,803</u>	<u>1,494,705</u>	<u>2,884,508</u>
Capital assets:			
Depreciable:			
Structures and improvements	75,140	-	75,140
Vehicles	2,074,981	-	2,074,981
Machinery and equipment	174,913	-	174,913
Less: accumulated depreciation	<u>(1,628,985)</u>	<u>-</u>	<u>(1,628,985)</u>
Total capital assets (net of accumulated depreciation)	<u>696,049</u>	<u>-</u>	<u>696,049</u>
Total noncurrent assets	<u>696,049</u>	<u>-</u>	<u>696,049</u>
Total assets	<u>2,085,852</u>	<u>1,494,705</u>	<u>3,580,557</u>
DEFERRED OUTFLOWS OF RESOURCES			
Changes in pension contribution	43,064	-	43,064
Contributions made after measurement date	157,887	-	157,887
Change in investment earnings	116,547	-	116,547
Difference between expected and actual experience	<u>78,127</u>	<u>-</u>	<u>78,127</u>
Total deferred outflows of resources	<u>395,625</u>	<u>-</u>	<u>395,625</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Civic Arena	Total
LIABILITIES			
Current liabilities payable from current assets:			
Accounts payable	\$ 42,093	\$ 860,932	\$ 903,025
Reserve for health claims	39,102	-	39,102
Payroll payable	25,137	70,787	95,924
Due to:			
Other funds	640,428	138,882	779,310
Leases payable	92,366	-	92,366
	839,126	1,070,601	1,909,727
Total current liabilities payable from current assets			
Unearned revenues:			
Sponsorship	-	50,448	50,448
Charges for services	-	3,800	3,800
Ticket sales	-	107,194	107,194
Customer advances	-	14,397	14,397
Other unearned revenue	-	8,675	8,675
	-	184,514	184,514
Total unearned revenues			
Noncurrent liabilities:			
Leases payable	-	-	-
Other postemployment benefits payable	836,366	-	836,366
Net pension liability - PERS	382,085	-	382,085
Compensated absences payable	66,791	-	66,791
	1,285,242	-	1,285,242
Total noncurrent liabilities			
	2,124,368	1,255,115	3,379,483
Total liabilities			
DEFERRED INFLOWS OF RESOURCES			
Changes in contributions	26,255	-	26,255
Difference in investment experience	200,311	-	200,311
Difference in assumptions	45,948	-	45,948
	272,514	-	272,514
Total deferred inflows of resources			
NET POSITION			
Net investment in capital assets	603,683	-	603,683
Unrestricted	(519,088)	239,590	(279,498)
	84,595	239,590	324,185
Total net position	\$ 84,595	\$ 239,590	\$ 324,185

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-type Activities - Enterprise		
	Funds		
	Sanitation and Trash	Civic Arena	Total
Operating revenues:			
Sales and services to customers	\$ 3,180,979	\$ 1,431,646	\$ 4,612,625
Contributions	-	69,434	69,434
Rebates and reimbursements	-	331,455	331,455
Rental fees	-	388,349	388,349
Miscellaneous	72,752	32,322	105,074
Total revenues	<u>3,253,731</u>	<u>2,253,206</u>	<u>5,506,937</u>
Operating expenses:			
Personal services	1,966,849	744,869	2,711,718
Contractual services	548,066	250,555	798,621
Administrative and general	201,254	884,973	1,086,227
Miscellaneous	-	216,307	216,307
Liability insurance	81,496	101,678	183,174
Materials and supplies	112,844	7,882	120,726
Utilities	104,578	189,241	293,819
Depreciation	142,845	-	142,845
Maintenance	226,597	206,548	433,145
Total operating expenses	<u>3,384,529</u>	<u>2,602,053</u>	<u>5,986,582</u>
Operating income (loss)	<u>(130,798)</u>	<u>(348,845)</u>	<u>(479,643)</u>
Nonoperating revenues (expenses):			
Interest revenue	91	129	220
Interest and fiscal charges	(4,276)	-	(4,276)
Total nonoperating revenues (expenses)	<u>(4,185)</u>	<u>129</u>	<u>(4,056)</u>
Income (loss) before operating transfers	<u>(134,983)</u>	<u>(348,716)</u>	<u>(483,699)</u>
Transfers in	-	369,843	369,843
Transfers (out)	-	-	-
Change in net position	(134,983)	21,126	(113,857)
Net position at beginning of year	<u>219,578</u>	<u>218,464</u>	<u>438,042</u>
Net position at end of year	<u>\$ 84,595</u>	<u>\$ 239,590</u>	<u>\$ 324,185</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Sanitation and Trash	Non-Major Civic Arena	Total
Cash flows from operating activities			
Cash received from customers	\$ 3,479,936	\$ 2,052,374	\$ 5,532,310
Cash paid for goods and services	(1,450,162)	(1,061,161)	(2,511,323)
Other cash payments	-	(263,879)	(263,879)
Cash paid to employees	(1,874,692)	(706,114)	(2,580,806)
Other cash receipts	576,188	240,743	816,931
Net cash (used) provided by operating activities	<u>731,270</u>	<u>261,963</u>	<u>993,233</u>
Cash flows from noncapital financing activities:			
Transfers in	-	369,843	369,843
Transfers (out)	<u>-</u>	<u>-</u>	<u>-</u>
Net cash (used) provided by noncapital financing activities	<u>-</u>	<u>369,843</u>	<u>369,843</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(124,674)	-	(124,674)
Principal paid on capital debt	(102,433)	-	(102,433)
Interest paid on capital debt	<u>(4,276)</u>	<u>-</u>	<u>(4,276)</u>
Net cash (used) by capital and related financing activities	<u>(231,383)</u>	<u>-</u>	<u>(231,383)</u>
Cash flows from investing activities:			
Interest and investment earnings	<u>91</u>	<u>129</u>	<u>220</u>
Net cash provided by investing activities	<u>91</u>	<u>129</u>	<u>220</u>
Net (decrease) in cash and cash equivalents	499,978	631,935 673,479	1,131,913
Cash and cash equivalents at beginning year	<u>554,333</u>	<u>-</u>	<u>554,333</u>
Cash and cash equivalents at end of year	<u>\$ 1,054,311</u>	<u>\$ 1,305,414</u>	<u>\$ 2,359,725</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-type Activities - Enterprise Funds		
	<u>Sanitation and Trash</u>	<u>Non-Major Civic Arena</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (130,798)	\$ (348,845)	\$ (479,643)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense	142,845	-	142,845
Decrease (increase) in accounts receivable	298,957	(63,600)	235,357
(Decrease) increase in unearned revenues	-	(25,582)	(25,582)
(Decrease) increase in customer advances	-	(9,894)	(9,894)
(Decrease) increase in deferred outflows	-	-	-
Decrease (increase) in due from other funds	(4,060)	138,985	134,925
Decrease in inventory	-	25,161	25,161
Decrease (increase) in prepaid expenses	1,487	(1,068)	419
Increase (decrease) in accounts payable	(176,814)	771,930	595,116
Increase (decrease) in other postemployment benefits	114,204	-	114,204
Increase (decrease) in payroll payable	11,704	38,755	50,459
Increase (decrease) in compensated absences payable	(10,204)	-	(10,204)
Increase (decrease) in net pension liability	-	-	-
Increase (decrease) in deferred inflows	-	-	-
Increase (decrease) in due to other funds	507,496	(263,879)	243,617
Increase (decrease) in health care claims payable	(23,547)	-	(23,547)
Net cash provided (used) by operations	<u>\$ 731,270</u>	<u>\$ 261,963</u>	<u>\$ 993,233</u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Non-pooled cash	\$ 352,496	\$ 2,533,982
Total cash	<u>352,496</u>	<u>2,533,982</u>
Investments, at fair value:		
Money market funds	2,768,868	-
Fixed income securities	20,356,901	-
Equities	<u>27,218,546</u>	<u>-</u>
Total investments	<u>50,344,315</u>	<u>-</u>
Receivables:		
Accounts receivables	5,517	-
Due from plan members	20,734	-
Due from other governments	1,114,819	-
Due from primary government	<u>5,428,593</u>	<u>33,674</u>
Total receivables	<u>6,569,663</u>	<u>33,674</u>
Total assets	<u>57,266,474</u>	<u>2,567,656</u>
DEFERRED OUTFLOWS		
Deferred outflows	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>57,266,474</u>	<u>2,567,656</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
JUNE 30, 2017

	Pension Trust Funds	Agency Funds
LIABILITIES		
Accounts payable	\$ 6,168	\$ -
Refunds payable and other	-	2,499,807
Due to other funds	-	-
Due to other governments	10,308	-
Due to primary government	-	67,849
	16,476	2,567,656
DEFERRED INFLOWS		
Deferred inflows	-	-
Total deferred inflows of resources	-	-
Total liabilities and deferred inflows of resources	16,476	2,567,656
NET POSITION		
Net position restricted for pension benefits	\$ 57,249,998	\$ -

(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, 2017

	<u>Pension Trust Funds</u>
ADDITIONS	
Contributions	
Employer	\$ 10,857,187
Plan members	608,293
Insurance premium surtax	<u>2,229,639</u>
Total contributions	<u>13,695,119</u>
Investment income:	
Net increase (decrease) in fair value of investments	2,311,285
Interest and dividends	<u>1,076,217</u>
Net investment income	<u>3,387,502</u>
Miscellaneous Revenue	<u>308</u>
Total additions	<u>17,082,929</u>
DEDUCTIONS	
Benefits	10,095,702
Administrative expenses	200,641
Refunds of contributions	<u>29,643</u>
Total deductions	<u>10,325,986</u>
Change in net assets	6,756,943
Net position restricted for pension benefits:	
Beginning of year	<u>50,493,055</u>
End of year	<u>\$ 57,249,998</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, 2017**

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, health and sanitation services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units, with exception of the Huntington Water Quality Board, 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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017**

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 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, 2017**

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, 2017**

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 reflects costs applicable to future accounting periods and are recorded as prepaid items.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

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

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

In addition to liabilities, the statement of 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. Property tax collections and other receivables that are not received soon enough after year end to pay liabilities of the current period, are required to be presented as deferred inflows of resources. For fiscal year ended June 30, 2017, the City reported deferred inflows of resources relating to such unavailable revenues totaling \$420,496.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017.
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.

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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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, 2017, were as follows:

Class of Property	Assed Valuation for Tax Purposes	Current Expense
Class II	\$ 549,274,398	22.00 cents
Class IV	\$ 1,018,090,993	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 Liabilities

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United State of America (GAAP) as applied to local government units, with the exception of balances and disclosure related to current year defined benefit pension plan activity as required to be reported under Governmental Accounting Standards Board Statement No. 68. Plan reporting and accounting schedules for Public Employees Retirement System (PERS), Municipal Police and Fire Fighter Retirement System (MPFRS), and for the Police and Fire Pension and Relief Funds defined benefit pension plans were not completed as of the compilation of the financial statements. Beginning balances have been included in the accompanying financial statements in order to prevent overstatement of net positions. Once final plan reporting and accounting schedules have been completed, City of Huntington’s management will determine the effect on the financial statements and related disclosures.

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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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
\$ 5,338,042	General Government Expenditure Increase
3,754,888	Public Safety Expenditure Increase
975,374	Streets and Transportation Expenditure Decrease
179,000	Health and Sanitation Expenditure Decrease
98,995	Culture and Recreation Expenditure Increase

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2017, expenditures exceeded appropriations in the funds listed at the function level:

Function	Amount	Function	Amount
Public Safety	\$ 564,344	Transfers Out	\$ 40,000
Health and Sanitation	56,940		
Capital Outlay	429,617		
Transfers Out	1,117,855		

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, 2017:

Fund	Amount
Community Development Block Grant Fund	\$ 282,262
Major enterprise Fund - Sanitation and Trash	134,983
Nonmajor Governmental Fund - Capital Improvements	398
Nonmajor Governmental Fund - Westmoreland Fire Protection	12,611
Nonmajor Governmental Fund - Jean Dean Public Safety	15,816

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 Activities had a deficit net position of \$(217,704,684) as of June 30, 2017. 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 is in the process of developing funding strategies to reduce these debts in the future.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

	<u>Fair Value</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Primary Government			
Money Market	\$ 971,468	Not Rated	Not Rated
Other	1,174,878	Not Rated	Not Rated
	<u>\$ 2,146,346</u>		

Interest Rate Risk

	<u>0-3 Years</u>
Money Market	\$ 971,468
Other	1,174,878
	<u>\$ 2,146,346</u>

	<u>Fair Value</u>	<u>Credit Risk Rating</u>
		<u>Standard & Poor's and Fitch</u>
Fiduciary Funds		
Policemen's Pension and Relief		
Money market funds	\$ 1,077,603	Not Rated
U.S. Government agency notes	3,047,369	Aaa-AA+
Municipal obligations	3,909,381	AAA-AA-
Mutual funds	12,093,685	Not Rated
Corporate bonds	2,605,712	AAA-BBB+
Common stock	5,496,364	Not Rated
Preferred stock	25,710	BBB
Certificate of deposit	2,164,281	Aaa
Total	<u>\$ 30,420,105</u>	

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	\$ 1,077,603	\$ -	\$ -	\$ -
U.S. Government agency notes	1,548,909	497,990	1,000,470	-
Municipal obligations	250,775	187,769	1,516,809	1,954,028
Mutual funds	12,093,685	-	-	-
Corporate bonds	-	946,968	1,658,744	-
Common stock	5,496,364	-	-	-
Preferred stock	25,710	-	-	-
Certificate of deposit	1,249,543	762,542	152,196	-
Total	<u>\$ 21,742,589</u>	<u>\$ 2,395,269</u>	<u>\$ 4,328,219</u>	<u>\$ 1,954,028</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
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Firemen's Pension and Relief	Fair Value	<u>Credit Risk Rating</u>
		<u>Moody's Investment Services</u>
Money market funds	\$ 1,691,265	Not Rated
U.S. Government agency notes	1,227,486	Aaa-BBB
Municipal obligations	101,050	Aaa-BBB
Mutual funds	4,004,058	Not Rated
Corporate bonds	3,732,665	Aaa-BBB
Common stock	8,546,434	Not Rated
Preferred stock	521,105	A-BBB
Certificate of deposit	100,147	AAA
Total	\$ 19,924,210	

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	\$ 1,691,265	\$ -	\$ -	\$ -
U.S. Government agency notes	99,710	645,285	98,752	383,739
Municipal obligations	-	75,716	25,334	-
Mutual funds	4,004,058	-	-	-
Corporate bonds	626,729	2,473,203	616,880	15,853
Common stock	8,546,434	-	-	-
Preferred stock	521,105	-	-	-
Certificate of deposit	-	100,147	-	-
Total	\$ 15,489,301	\$ 3,294,351	\$ 740,966	\$ 399,592

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, 2017 are as follows:

Fiduciary Funds	Fair Value	Quoted Prices in	Significant Other	Significant
		Active Markets for Identical Assets (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Policemen's Pension and Relief				
U.S. Government agency notes	\$ 3,047,369	\$ 3,047,369	0	0
Municipal obligations	3,909,381	3,909,381	0	0
Mutual funds	12,093,685	12,093,685	0	0
Corporate bonds	2,605,712	2,605,712	0	0
Common stock	5,496,364	5,496,364	0	0
Preferred stock	25,710	25,710	0	0
Total	\$ 27,178,221	\$ 27,178,221	\$ 0	\$ 0

**CITY OF HUNTINGTON, WEST VIRGINIA
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Fiduciary Funds		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Firemen's Pension and Relief	Fair Value			
U.S. Government agency notes	1,227,486	1,227,486	0	0
Municipal obligations	101,050	101,050	0	0
Mutual funds	4,004,058	4,004,058	0	0
Corporate bonds	3,732,665	3,732,665	0	0
Common stock	8,546,434	8,546,434	0	0
Preferred stock	521,105	521,105	0	0
Total	\$ 18,132,798	18,132,798	0	0

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, 2017.

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, 2017, 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:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
Vanguard Growth Index Fund	\$ 1,779,209	5.85%
Vanguard High Yield Dividend Index Inv.	2,820,867	9.27%

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds' reconciled bank balances were \$10,001,337, which were collateralized with securities held by the pledging financial institution's trust department in the government's name.

**CITY OF HUNTINGTON, WEST VIRGINIA
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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 \$52,490,661, which was covered by securities held by the government's brokerage firm or the Municipal Bond Commission.

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

		<u>Primary Government</u>
Cash and cash equivalents	\$	7,114,859
Investments		2,146,346
Total	\$	<u>9,261,205</u>
		<u>Fiduciary Funds</u>
Cash and cash equivalents	\$	2,886,478
Investments		50,344,315
Total	\$	<u>53,230,793</u>

For deposits, the Municipal Development Authority could be exposed to risk in the event of a bank failure where the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority's reconciled bank balances of \$1,587,671 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 \$401,494 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:

	Municipal Development Authority	Municipal Parking Board
Cash and cash equivalents	\$ 1,587,671	\$ 401,494
Investments – collateralized and secured	-	-
Total	\$ 1,587,671	\$ 401,494

	Municipal Development Authority	Municipal Parking Board
Cash and cash equivalents	\$ 875,654	\$ 401,494
Cash and cash equivalents - restricted	712,017	-
Investments - restricted	-	-
Total	\$ 1,587,671	\$ 401,494

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	Sanitation & Trash	Civic Arena	Nonmajor & Fiduciary Funds	Total
Receivables:						
Accounts	\$ 8,430,894	\$ 1,319,061	\$ 10,147,851	\$ 118,259	\$ 4,300	\$ 20,020,365
Taxes	5,980,315	-	-	-	-	5,980,315
Loans	-	8,886,803	-	-	-	8,886,803
Gross receivables	14,411,209	10,205,864	10,147,851	118,259	4,300	34,887,483
Less: allowance for uncollectible	(7,658,075)	(1,784,008)	(9,837,791)	-	-	(19,279,874)
Net total receivables	\$ 6,753,134	\$ 8,421,856	\$ 310,060	\$ 118,259	\$ 4,300	\$ 15,607,609

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 reported in the governmental funds were as follows:

Property taxes receivable (general fund)	\$ 420,496
Total	\$ 420,496

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

	HMDA	HMPB	Total
Receivables:			
Accounts	\$ 8,676	\$ 4,510	\$ 13,186
Loans	3,198,875	-	3,198,875
Gross receivables	3,207,551	4,510	3,212,061
Less: Allowance for uncollectible	(3,198,875)	-	(3,198,875)
Net total receivables	\$ 8,676	\$ 4,510	\$ 13,186

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The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2017, 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, 2017, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 941,939	\$ -	\$ -	941,939
Construction in progress	449,162	591,317	(1,040,479)	-
Total capital assets not being depreciated	<u>1,391,101</u>	<u>591,317</u>	<u>(1,040,479)</u>	<u>941,939</u>
Capital assets being depreciated:				
Buildings and improvements	8,196,823	1,531,232	-	9,728,055
Machinery and equipment	4,142,618	33,006	(35,314)	4,140,310
Vehicles	9,111,176	58,436	(51,608)	9,118,004
Infrastructure	16,820,437	-	-	16,820,437
Total accumulated depreciation	<u>(29,743,645)</u>	<u>(1,522,422)</u>	<u>86,922</u>	<u>(31,179,145)</u>
Total capital assets being depreciated, net	<u>8,527,409</u>	<u>100,252</u>	<u>-</u>	<u>8,627,661</u>
Governmental activities capital assets, net	<u>\$ 9,918,510</u>	<u>\$ 691,569</u>	<u>\$ (1,040,479)</u>	<u>\$ 9,569,600</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets beginning depreciated:				
Structures and improvements	\$ 75,140	\$ -	\$ -	75,140
Machinery and equipment	174,913	-	-	174,913
Vehicles	2,134,820	124,673	(184,511)	2,074,982
Less: accumulated depreciation	<u>(1,670,652)</u>	<u>(142,845)</u>	<u>184,511</u>	<u>(1,628,986)</u>
Business-type activities capital assets, net	<u>\$ 714,221</u>	<u>\$ (18,172)</u>	<u>\$ -</u>	<u>\$ 696,049</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	\$ 251,892
Public safety	614,318
Highways and streets, (including infrastructure assets)	445,885
Health and sanitation	26,160
Culture and recreation	179,186
Community development	4,981
Total depreciation expense-governmental activities	\$ <u>1,522,422</u>
Business-type activities:	
Sanitation and Trash	\$ <u>142,845</u>

Discretely Presented Component Units

Activity related to capital assets for the Municipal Development Authority for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 5,141,571	\$ -	\$ (637,066)	\$ 4,504,505
Construction in progress	110,000	-	(110,000)	-
Total capital assets not being depreciated	<u>5,251,571</u>	<u>-</u>	<u>(747,066)</u>	<u>4,504,505</u>
Capital assets, being depreciated:				
Buildings and improvements	12,853,204	290,604	-	13,143,808
Structures and improvements	1,588,812	408,377	-	1,997,189
Furniture and fixtures	2,661,074	-	-	2,661,074
Machinery and equipment	200,000	-	-	200,000
Less: accumulated depreciation	(12,802,564)	(1,098,391)	-	(13,900,955)
Total capital assets being depreciated	<u>4,500,526</u>	<u>(399,410)</u>	<u>-</u>	<u>4,101,116</u>
Total capital assets, net	\$ <u>9,752,097</u>	\$ <u>(399,410)</u>	\$ <u>(747,066)</u>	\$ <u>8,605,621</u>

Activity related to capital assets for the Municipal Parking Board for the fiscal year ended June 30, 2017, 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	(5,149,696)	(143,870)	-	(5,293,566)
Total capital assets being depreciated	<u>800,393</u>	<u>(143,870)</u>	<u>-</u>	<u>656,523</u>
Total capital assets, net	\$ <u>1,743,270</u>	\$ <u>(143,870)</u>	\$ <u>-</u>	\$ <u>1,599,400</u>

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

The composition of interfund balances as of June 30, 2017, is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Sanitation and Trash	Reimbursement	\$ 634,329
Landfill Reserve	Sanitation and Trash	Reimbursement	6,099
General	Community Development Block Grant	Reimbursement	104,428
General	Civic Arena	Reimbursement	322,036
Jean Dean Public Safety	General	Reimbursement	3,645
General Fund	HURA	Reimbursement	1,059
Civic Arena	General	Reimbursement	7,969
Community Development Block Grant	General	Reimbursement	1,131
Sanitation and Trash	General	Reimbursement	8,553
		Total \$	<u><u>1,089,249</u></u>

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

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	Municipal Development Authority	Reimbursement	\$ 13,152
General Fund	Municipal Parking Board	Reimbursement	50,113
Municipal Development Authority	General Fund	Reimbursement	102,093
General Fund	Water Quality Fund	Reimbursement	5,265
		Total \$	<u><u>170,623</u></u>

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

Receivable Fund	Payable Fund	Purpose	Amount
Federal Drug	Asset Seizure	Reimbursement	\$ 67,849
Policemen's Pension and Relief	General	Contributions	2,295,260
Firemen's Pension and Relief	General	Contributions	3,133,251
Police Retirees Insurance	General	Contributions	22,275
Fire Retirees Insurance	General	Contributions	11,399
		Total \$	<u><u>5,530,034</u></u>

Interfund transfers:

	Transfers In			
	General Fund	Civic Arena	HMDA	Total Transfer Out
Transfers Out:				
General Fund	\$ -	\$ 329,842	\$ 788,013	1,117,855
CDBG	117,454	-	-	117,454
Coal Severance	-	40,000	-	40,000
Total Transfers	<u><u>\$ 117,454</u></u>	<u><u>\$ 369,842</u></u>	<u><u>\$ 788,013</u></u>	<u><u>\$ 1,275,309</u></u>

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

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

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

	General Fund	Coal Severance	Community Development Block Grant	Nonmajor Funds	Total
Nonspendable:					
Prepays	\$ 209,658	\$ -	\$ -	\$ -	209,658
Assets held for resale	-	-	-	669,436	669,436
Restricted:					
Community development	-	-	7,102,795	-	7,102,795
Debt service	-	-	-	17,884	17,884
Committed:					
Landfill closures	578,885	-	-	-	578,885
Assigned:					
General Government	1,332,024	-	-	-	1,332,024
Public safety	-	-	-	159,163	159,163
Culture and recreation	-	49,243	-	-	49,243
Community development	-	-	1,453,193	-	1,453,193
Capital projects	-	-	-	4,182	4,182
Public safety building	-	-	-	5,443	5,443
Landfill closures	-	-	-	1,476,988	1,476,988
Unassigned	2,810,764	-	-	(695,150)	2,115,614
Total fund balances	\$ 4,931,331	\$ 49,243	\$ 8,555,988	\$ 1,637,946	\$ 15,174,508

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	(3,722,147)	(221,254)
Total	\$ 3,013,205	\$ 289,660

**CITY OF HUNTINGTON, WEST VIRGINIA
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The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

Year Ending June 30	Governmental Activities	Business-type Activities
2018	551,466	93,232
2019	362,948	-
2020	350,490	-
2021	147,900	-
2022	147,900	-
2023 - 2026	591,600	-
2027 - 2031	147,900	-
Total minimum lease payments	2,300,204	93,232
Less: amount representing interest	(309,563)	(866)
Present value of minimum lease payments \$	\$ 1,990,641	\$ 92,366

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 \$1,036,957. Principal and interest paid for the current year was \$113,043 and \$69,000, respectively.

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

Purpose	Maturity Dates	Interest Rates	Issued	Retired	Balance June 30, 2017
Primary Government:					
Series 2006	6/30/2034	6%	\$ 2,450,000	\$ 1,413,043	\$ 1,036,957

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

Year Ending June 30	Principal	Interest
2018	\$ -	\$ -
2019	-	-
2020	48,209	61,295
2021	46,314	59,819
2022 - 2026	276,609	258,517
2027 - 2031	375,204	165,009
2032 - 2034	290,261	35,235
Present value of minimum bond payments	\$ 1,036,597	\$ 579,875

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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 \$7,145,393 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, 2017
Component Units:					
Municipal Development Authority Series 2010-A	12/29/2023	4%	\$ 3,650,000	\$ 1,220,000	\$ 2,430,000
Municipal Development Authority Series 2010-B	12/29/2031	Varies	5,255,000	430,000	4,825,000
Less Bond Discount			(145,087)	(35,480)	(109,607)
Total component unit			<u>\$ 8,759,913</u>	<u>\$ 1,614,520</u>	<u>\$ 7,145,393</u>

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

Year Ended	<u>Municipal Development Authority</u>	
	Principal	Interest
2018	\$ 375,000	469,191
2019	405,000	452,850
2020	425,000	434,947
2021	440,000	415,749
2022	465,000	395,388
2023 - 2027	2,050,000	724,354
2028 - 2031	3,095,000	367,137
Less Bond Discount	(109,607)	-
Totals	<u>\$ 7,145,393</u>	<u>\$ 3,259,616</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 maintenance and upgrades to 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 \$2,752,700. Principal and interest paid for the current year and total net revenues were \$417,500 and \$(251,844), 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 \$7,761,916. Total interest paid for the current year and total net revenues were \$370,525 and \$(215,844), respectively.

Changes to Long-term Liabilities

	Governmental Activities				
	Beginning	Additions	Reductions	End Balance	Due Within
	Balance				One Year
Capital leases	\$ 2,827,389	\$ -	(836,748)	1,990,641	480,164
Tax increment financing	1,150,000	-	(113,043)	1,036,957	39,141
Net pension liability - PERS	1,623,339	-	-	1,623,339	-
Net pension liability - DBP	164,913,826	-	-	164,913,826	-
Other post-employment benefits	61,272,929	7,080,443	-	68,353,372	-
Compensated absences	1,351,104	1,227,073	(1,351,104)	1,227,073	1,227,073
Accrued interest payable	47,160	39,986	(47,160)	39,986	39,986
Liability for landfill closure and post-closure costs	22,017,000	-	-	22,017,000	-
Governmental activities long-term liabilities	<u>\$ 255,202,747</u>	<u>\$ 8,347,502</u>	<u>\$ (2,348,055)</u>	<u>\$ 261,202,194</u>	<u>\$ 1,786,364</u>
	Business-Type Activities				
	Beginning	Additions	Reductions	End Balance	Due Within
	Balance				One Year
Capital leases	\$ 194,799	\$ -	\$ (102,433)	\$ 92,366	\$ 92,366
Other post-employment benefits	722,162	114,204	-	836,366	-
Compensated absences	76,995	66,791	(76,995)	66,791	66,791
Net pension liability	382,085	-	-	382,085	-
Governmental activities long-term liabilities	<u>\$ 1,376,041</u>	<u>\$ 180,995</u>	<u>\$ (179,428)</u>	<u>\$ 1,377,608</u>	<u>\$ 159,157</u>
	Component Units				
	Beginning	Additions	Reductions	End Balance	Due Within
	Balance				One Year
Revenue bonds payable	\$ 7,560,000	\$ -	\$ (305,000)	\$ 7,255,000	\$ 375,000
Less: bond discounts	(121,434)	-	11,827	(109,607)	(11,827)
Total bonds payable	<u>7,438,566</u>	<u>-</u>	<u>(293,173)</u>	<u>7,145,393</u>	<u>363,173</u>
Other post-employment benefits	132,783	17,510	-	150,293	-
Compensated absences	28,298	23,264	(28,298)	23,264	23,264
Net pension liability	209,051	-	-	209,051	-
Component unit long-term liabilities	<u>\$ 7,808,698</u>	<u>\$ 40,774</u>	<u>\$ (321,471)</u>	<u>\$ 7,528,001</u>	<u>\$ 386,437</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, 2017, was as follows:

	Beginning Balance		Draws		Repayments		Ending Balance
Line of Credit	\$ 711,043	\$	17,500	\$	(10,599)	\$	717,944
	711,043		17,500		(10,599)		717,944

H. Restricted Assets

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

		Municipal Development Authority
Revenue bond regular accounts	\$	712,017
Total restricted assets	\$	712,017

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2017, 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	\$	1,094,555
Firemen's Pension and Relief Fund		1,135,084
Total	\$	1,135,084

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

J. Prior Period Adjustments

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

		General Fund
Fund balance as previously stated	\$	4,097,326
Less: accounts receivable		(112,500)
Fund balance, restated	\$	3,984,826

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, the Landfill Reserve Fund balance was \$1,476,988 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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 45 purposes, it was assumed these rates remain level in future years.

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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:

Valuation Date	7/1/16
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Percentage Open
Amortization Period	30 Years (Level Percentage Open Group)
Actuarial Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.50% per year
Projected Salary Increases	3.00% per year
Post-retirement Benefit Increases	None
Inflation	3.00% per year
Health Care Trends	0.50% decrease in fiscal year 2018, reduced by decrements of 0.50% until fiscal year 2025 in medical and continues Rx, and later

3. Annual Other Post Employment Benefit (OPEB) Cost ⁽¹⁾

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

The City's annual other post-employment benefit cost is as follows:

		2017
Annual required contribution	\$	9,676,403
Interest on net OPEB obligation		2,795,754
Adjustment to annual required contribution		<u>(2,648,090)</u>
Annual OPEB cost		9,824,067
Contributions made		<u>(2,611,910)</u>
Increase in net OPEB obligation		7,212,157
Net OPEB obligation at beginning of the year		<u>62,127,874</u>
Net OPEB obligation at the end of the year	\$	<u><u>69,340,031</u></u>

4. Trend Information ⁽¹⁾

		Other Post-Employment Benefits (OPEB)			
Fiscal Year		Annual OPEB Cost		Percentage Contributed	Net OPEB Obligation
2017	\$	9,824,067	\$	27%	\$ 69,340,031
2016	\$	11,475,451	\$	26%	\$ 62,127,874
2015	\$	10,963,154	\$	23%	\$ 53,631,930
2014	\$	11,292,920	\$	21%	\$ 45,197,470

⁽¹⁾ Amounts reported for Other Post-Employment Benefit cost and liabilities do not include those amounts for Huntington Water Quality Board.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

5. Funding Progress ⁽¹⁾

SCHEDULING OF FUNDING PROGRESS (OPEB)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
7/1/2014	\$ -	\$ 125,188,530	\$ 125,188,530	0.00%	\$ 16,028,862	781%
7/1/2015	\$ -	\$ 143,851,745	\$ 143,851,745	0.00%	\$ 11,360,991	1266%
7/1/2016	\$ -	\$ 117,667,101	\$ 117,667,101	0.00%	\$ 11,701,821	1056%

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

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

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. Unless otherwise indicated, PPRF information in this note is provide as of the latest actuarial valuation, June 30, 2015.

The Firemen’s Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. Unless otherwise indicated, FPRF information in this note is provide as of the latest actuarial valuation, June 30, 2015.

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

The investment policies of the PPRF and the FPRF are restricted by State Code and my be restricted further as determined by the boards. For additional information relating to basis of accounting and reporting investment values, check references.

Membership of the plans are as follows:

Group	PPRF	FPRF	Totals
Active Employee	74	83	157
Inactive vested employees not yet receiving benefits	2	1	3
Inactive employees or beneficiaries currently receiving benefits	133	177	310
Total	<u>209</u>	<u>261</u>	<u>470</u>

⁽¹⁾ Amounts reported for Other Post-Employment Benefit cost and liabilities do not include those amounts for Huntington Water Quality Board.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Actuarial Assumptions and Rate of Return

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

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

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

Rate of Return

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 2.91 percent for the PPRF and 5.29 percent for the FPRF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which best-estimate rates of expected future real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target asset allocation as of June 30, 2016, are summarized in the following chart:

Investment	PPFR's		FPRF's	
	Long-term Expected Real Rate of Return	Target Asset Allocation	Long-term Expected Real Rate of Return	Target Asset Allocation
Money Market	1.00%	2.00%	0.00%	0.00%
Equities	7.50%	50.00%	7.00%	55.00%
Fixed Income	4.00%	48.00%	29.00%	44.00%
Cash	0.00%	0.00%	0.50%	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 both PPRF and FPRF.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Reserves

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

Net Pension Liability

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

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

Discount Rate

The discount rate used to measure the total pension liability was 5.5% for the PPRF and 4.5% for the FPRF, and the municipal bond rate of 2.85% for both plans. The projection of cash flows used to determine the discount rate assumed that the Plan sponsor would make the statutory required contributions as defined by the funding policy. Based on these assumptions, the pension plans' fiduciary net position were projected to be available to make projected future benefit payments, on 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 was 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	\$ 80,955,374	\$	66,879,277	\$	55,481,806
FPRF's net pension liability	\$ 116,325,585	\$	98,040,020	\$	83,406,053

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

Changes in the Net Pension Liability – Firemen’s Pension and Relief Fund

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

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

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

	PPRF	FPRF
Pension expense	\$ <u>6,832,206</u>	\$ <u>10,780,883</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Policemen’s Pension and Relief Fund

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

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

<u>Year Ended June 30</u>	
2017	\$ 2,310,644
2018	3,640,226
2019	674,319
2020	<u>162,390</u>
Totals	<u>\$ 6,787,579</u>

Firemen’s Pension and Relief Fund

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in noninvestment experience	\$ 1,699,065	\$ 419,373
Changes of assumptions	9,108,381	-
Change in actual investment experience	<u>133,595</u>	<u>3,650</u>
Total	<u>\$ 10,941,041</u>	<u>423,023</u>

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

<u>Year Ended June 30</u>	
2016	\$ 5,176,614
2017	5,298,697
2018	43,619
2019	<u>(912)</u>
Totals	<u>\$ 10,518,018</u>

Payables to the Pension Plan

The primary government has booked payables to both pension plans totaling \$5,428,593 at June 30, 2017. This figure represents that amount of funding due to the pension plans in the prior and current plan fiscal year.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Pension Trust Funds Financial Statements

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund
ASSETS		
Non-pooled cash	\$ 262,664	\$ 89,832
Total cash	262,664	89,832
Investment, at fair value:		
Money market funds	1,077,603	1,691,265
Fixed income securities	12,682,328	7,674,573
Equities	16,660,174	10,558,372
Total investments	30,420,105	19,924,210
Receivables:		
Accounts receivable	3,712	1,805
Due from plan members	10,845	9,889
Due from other governments	547,277	567,542
Due from primary government	2,295,260	3,133,333
Total receivables	2,857,094	3,712,569
Total assets	33,539,863	23,726,611
LIABILITIES		
Accounts payable	4,693	1,475
Refunds payable and other	-	-
Due to other governments	1,372	8,936
Total liabilities	6,065	10,411
NET POSITION		
Net position held in trust for pension benefits	\$ 33,533,798	\$ 23,716,200

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Policemen's Pension and Relief Fund	Firemen's Pension and Relief Fund
	<u> </u>	<u> </u>
ADDITIONS		
Contributions:		
Employer	\$ 4,590,520	\$ 6,266,667
Plan members	335,264	273,029
Insurance premium surtax	1,094,555	1,135,084
Total contributions	<u>6,020,339</u>	<u>7,674,780</u>
Investment income:		
Net (decrease) increase in fair value of investments	1,481,287	829,998
Interest and dividends	644,663	431,554
Net investment income	<u>2,125,950</u>	<u>1,261,552</u>
Miscellaneous revenue	308	-
Total additions	<u>8,146,597</u>	<u>8,936,332</u>
DEDUCTIONS		
Benefits	4,435,120	5,660,582
Administrative expenses	137,855	62,786
Refunds of contributions	29,643	-
Total deductions	<u>4,602,618</u>	<u>5,723,368</u>
Change in net position	3,543,979	3,212,964
Net position held in trust for pension benefits:		
Beginning of year	29,989,819	20,503,236
End of year	<u>\$ 33,533,798</u>	<u>\$ 23,716,200</u>

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

General Information about the Pension Plans

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

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

Public Employees Retirement System (PERS)	
Eligibility to participate	All City full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefits provisions	State Statute
Plan member's contribution rate	4.50% - 6.00%
City's contribution rate	13.5%
Period required to vest	Five Years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

Trend Information

Public Employees Retirement System (PERS)		
Fiscal Year	Annual Pension Cost	Percentage Contributed
2016	\$ 979,728	100%
2015	994,972	100%
2014	821,908	100%
2013	696,644	100%
2012	711,400	100%
2011	670,380	100%
2010	585,574	100%

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (PERS)

At fiscal 2016 year-end, the City reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2015, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The City's proportion of the net pension liabilities was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the City's reported proportion was 0.396572% which was an decrease of 0.026720% from its proportion measured as of the prior period:

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

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

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

Public Employee Retirement System (PERS)

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

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year Ended June 30,	
	2017	\$ (96,735)
	2018	(96,735)
	2019	(177,026)
	2020	168,898
Total		<u>\$ (201,598)</u>

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

The total pension liability was determined by an actuarial valuation as of July 1, 2015 and rolled forward to June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial assumptions

Inflation rate	3.00%
Salary increases	4.25% - 6.0%
Investment rate of return	7.50%
Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.	

The long-term expected rate of return on pension plan investments were determined using the building-block method in which best estimates 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 charts:

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

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for PERS. The projection of cash flows used to determine the discount rates assumed that the plan member contributions 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 rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

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
	6.50%	7.50%	8.50%
Government's proportionate share of PERS's net pension liability	\$ <u>6,257,352</u>	\$ <u>2,214,475</u>	\$ <u>1,230,425</u>

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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:

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

Trend Information

Municipal Police Officers & Firefighters Retirement System (MPFRS)		
<u>Fiscal Year</u>	<u>Annual Pension Cost</u>	<u>Percentage Contributed</u>
2016	\$ 390,554	100%
2015	339,816	100%
2014	249,072	100%
2013	77,834	100%
2012	40,754	100%

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

At fiscal year-end June 30, 2016, the government reported a net pension asset of \$392,648 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The government's proportion of the net pension liability was based on a projection of the government's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the government's proportion was 40.720109%, which was a decrease of 3.986314% from its proportion measured as of the prior period.

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

	<u>MPFRS</u>
	<u>Governmental Activities</u>
Pension expense	\$ <u>15,460</u>

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

Municipal Police Officers & Firefighters Retirement System (MPFRS)

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

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Actuarial assumptions

Inflation rate	3.00%
Salary increases	3.25% - 4.75%
Investment rate of return	7.50%
Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.	

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

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 rate 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:

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

Discount rate. The discount rate used to measure the total pension liability was 7.5 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan members' 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 asset.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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 asset 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> 6.50%	<u>Current</u> <u>Discount Rate</u> 7.50%	<u>1% Increase</u> 8.50%
Government's proportionate share of PERS's net pension asset	\$ <u>285,229</u>	\$ <u>392,648</u>	\$ <u>474,026</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

I. SCHEDULE OF FUNDING PROGRESS FOR OTHER POST-EMPLOYMENT BENEFITS

<u>Other Postemployment Benefits (OPEB)</u>							
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial			Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % Covered Payroll (b-a)/c
		Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)				
7/1/2010	\$ -	\$ 108,988,787	\$ 108,988,787	0.00%	\$ 17,355,332	628%	
7/1/2011	-	118,891,508	108,891,508	0.00%	15,568,431	764%	
7/1/2012	-	124,162,128	124,162,128	0.00%	16,035,484	774%	
7/1/2013	-	127,447,767	127,447,767	0.00%	15,562,002	819%	
7/1/2014	-	125,188,530	125,188,530	0.00%	16,028,862	781%	
7/1/2015	-	143,851,745	143,851,745	0.00%	11,360,991	1266%	
7/1/2016	-	117,667,101	117,667,101	0.00%	11,701,821	1006%	

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POST-EMPLOYMENT BENEFITS

<u>Other Postemployment Benefits (OPEB)</u>		
Fiscal Year	Annual Employer Contributions	Percent Annual Cost Contributed
2017	\$ 2,611,910	27%
2016	2,979,507	26%
2015	2,528,694	23%
2014	2,524,785	21%
2013	2,832,792	26%
2012	2,635,155	30%
2011	2,717,289	27%
2010	2,527,711	34%

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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

Policemen's Pension and Relief Fund (PPRF)	2016	2015	2014
Total pension liability			
Service cost	\$ 1,327,865	\$ 1,570,562	\$ 1,639,476
Interest	4,995,831	4,650,084	4,638,808
Difference between expected and actual experience	10,127,518	(1,214,505)	-
Changes in assumptions	-	(5,215,194)	(3,920,804)
Benefits payments, including refunds of member contributions	(4,364,087)	(4,077,860)	(10,482)
Net change in total pension liability	12,087,127	(4,286,913)	2,346,998
Total pension liability - beginning	82,728,217	87,015,130	84,668,132
Total pension liability - ending (a)	<u>\$ 94,815,344</u>	<u>\$ 82,728,217</u>	<u>\$ 87,015,130</u>
Plan fiduciary net position			
Contributions-employer	\$ 4,822,623	\$ 5,271,650	\$ 5,359,218
Contributions-members	313,939	365,787	359,819
Net investment income	852,569	654,734	2,438,222
Benefits payments, including refunds of member contributions	(4,364,087)	(4,077,860)	(3,920,804)
Administrative expenses	(176,416)	(190,402)	(122,396)
Other	90	-	(10,482)
Net change in plan fiduciary net position	1,448,718	2,023,909	4,103,577
Plan fiduciary net position - beginning	28,546,572	26,517,192	22,413,615
Plan fiduciary net position - ending (b)	<u>\$ 29,995,290</u>	<u>\$ 28,541,101</u>	<u>\$ 26,517,192</u>
Net pension liability - ending (a) - (b)	<u>\$ 64,820,054</u>	<u>\$ 54,187,116</u>	<u>\$ 60,497,938</u>
Plan fiduciary net position as a percentage of the total pension liability	31.64%	34.50%	30.47%
Covered employee payroll	\$ 4,573,783	\$ 4,771,286	\$ 4,955,880
Net pension liability as a percentage of covered employee payroll	1417.21%	1135.69%	1220.73%

Notes to PPRF's Schedule:

Only three years 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, 2017**

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

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

IV. SCHEDULES OF INVESTMENT RETURNS

Policemen's Pension and Relief Fund (PPRF)	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	2.91%	10.00%	10.00%
Firemen's Pension and Relief Fund (PPRF)	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	5.29%	3.75%	9.60%

Notes to PPRF's Schedule:

Only three 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, 2017**

V. SCHEDULES OF CONTRIBUTIONS – MULTIYEAR

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

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

Notes to Schedules of Contributions:

Only three 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, 2017**

Public Employees Retirement System

Last 3 Fiscal Years*

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

Municipal Police Officers & Firefighters Retirement System (MPFRS)

Last 3 Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Government's proportion of the net pension liability (asset) (Percentage)	40.72%	44.71%	52.29%
Government's proportionate share of the net pension liability (asset)	\$ (392,648)	\$ (303,557)	\$ (138,564)
Government's covered-employee payroll	\$ 1,998,916	\$ 1,465,130	\$ 915,691
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	19.64%	20.72%	15.13%
Plan fiduciary net position as a percentage of the total pension liability	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, 2017**

Public Employees Retirement System

Last 3 Fiscal Years*

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

Municipal Police Officers & Firefighters Retirement System (MPFRS)

Last 3 Fiscal Years*

	2016	2015	2014
Contractually required contribution	\$ <u>195,277</u>	\$ <u>169,908</u>	\$ <u>124,536</u>
Contributions in relation to the contractually required contribution	<u>(195,277)</u>	<u>(169,908)</u>	<u>(124,536)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Government's covered-employee payroll	\$ 2,297,375	\$ 1,998,916	\$ 1,465,130
Plan fiduciary net position as a percentage of the total pension liability	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, 2017**

Significant Actuarial Assumptions

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

	<u>Policemen's Pension & Relief Fund</u>	<u>Firemen's Pension & Relief Fund</u>
Valuation Date	6/30/2016	6/30/2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Period	25 Years (Level Percentage)	25 Years (Level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.50%	4.50%
Projected Salary Increases	20% per year (0-1), 6.5% (1-2), 3.5% - 2.75% (3-4), 2.5% (5-9), 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 was changed from 6.00% to 5.50% for the PPRF and 5.00% to 4.50% for the FRPF. For purposes of the accounting actuarial valuation, the blended interest rate used to discount liabilities was changed from 5.00% to 3.9795% for the PPRF and 5.50% to 5.00% for the FRPF.
2. The post-retirement mortality assumption was updated for both plans from the 1994 Group Annuity Mortality table to the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The disabled mortality assumption was updated to the RP-2014 Blue Collar Total Healthy Annuitant Mortality table, set forward 4 years, with projected generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales. The pre-retirement mortality assumption was updated to the RP-2014 Blue Collar Total Employee Mortality table, with generational mortality improvement using the MP-2014 2-dimensional mortality improvement scales.
3. The wage inflation assumption used to project compensation was decreased from 4.00% to 3.75% for both plans.
4. The service based compensation increase assumption was updated based on observed experience for both plans.
5. General inflation, post-retirement COLA and the increase in State Insurance Premium Tax Allocation changed from 3.00% to 2.75% for both plans.
6. Turnover, retirement rates and disability assumptions were updated based on observed experience for both plans.

SUPPLEMENTARY INFORMATION

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

		<u>Special</u>	<u>Capital</u>	<u>Debt</u>	
		<u>Revenue</u>	<u>Projects</u>	<u>Service</u>	<u>Total</u>
				<u>Tax</u>	<u>Nonmajor</u>
				<u>Increment</u>	<u>Governmental</u>
				<u>Financing</u>	<u>Funds</u>
ASSETS AND DEFERRED OUTFLOWS					
Assets:					
Current:					
Cash and cash equivalents	\$	135,127	\$ 523	\$ 17,884	\$ 153,534
Accounts receivable		4,300	-	-	4,300
Investments		-	1,470,366	-	1,470,366
Due from:					-
Other funds		3,645	6,099	-	9,744
Fiduciary funds		67,849	-	-	67,849
Assets held for resale		669,436	-	-	669,436
Total assets		<u>880,357</u>	<u>1,476,988</u>	<u>17,884</u>	<u>2,375,229</u>
Deferred Outflows:					
Total deferred outflows of resources		-	-	-	-
Total assets and deferred outflows of resources	\$	<u><u>880,357</u></u>	\$ <u><u>1,476,988</u></u>	\$ <u><u>17,884</u></u>	\$ <u><u>2,375,229</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND					
Liabilities:					
Accounts payable	\$	18,280	\$ -	\$ -	\$ 18,280
Line of credit		717,944	-	-	717,944
Due to:					-
Other funds		1,059	-	-	1,059
Unearned revenue		-	-	-	-
Total liabilities		<u>737,283</u>	<u>-</u>	<u>-</u>	<u>737,283</u>
Deferred Inflows:					
Total deferred inflows of resources		-	-	-	-
Total liabilities and deferred inflows of resources		<u>737,283</u>	<u>-</u>	<u>-</u>	<u>737,283</u>
Fund Balances:					
Nonspendable		669,436	-	-	669,436
Restricted		-	-	17,884	17,884
Assigned		168,788	1,476,988	-	1,645,776
Unassigned		(695,150)	-	-	(695,150)
Total fund balances		<u>143,074</u>	<u>1,476,988</u>	<u>17,884</u>	<u>1,637,946</u>
Total liabilities, deferred inflows and fund balances	\$	<u><u>880,357</u></u>	\$ <u><u>1,476,988</u></u>	\$ <u><u>17,884</u></u>	\$ <u><u>2,375,229</u></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, 2017**

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Tax Increment Financing</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes:				
Ad valorem property taxes	\$ -	\$ -	\$ 198,238	\$ 198,238
Charges for services	9,483	66,770	-	76,253
Fines and forfeits	25,623	-	-	25,623
Interest and investment earnings	233	975	277	1,485
Tax redemption income	1,200	-	-	1,200
Contributions and donations	249,214	-	-	249,214
Total revenues	<u>285,753</u>	<u>67,745</u>	<u>198,515</u>	<u>552,013</u>
EXPENDITURES				
Current:				
General government	71,920	-	2,000	73,920
Public safety	75,730	-	-	75,730
Health and sanitation	-	713	-	713
Capital outlay	196,705	-	-	196,705
Debt service:				-
Principal	-	-	113,043	113,043
Interest	33,731	-	69,000	102,731
Total expenditures	<u>378,086</u>	<u>713</u>	<u>184,043</u>	<u>562,842</u>
Excess (deficiency) of revenues over expenditures	<u>(92,333)</u>	<u>67,032</u>	<u>14,472</u>	<u>(10,829)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sales of assets	122,333	-	-	122,333
Transfers (out)	-	-	-	-
Capital leases	-	-	-	-
Total other financing sources (uses)	<u>122,333</u>	<u>-</u>	<u>-</u>	<u>122,333</u>
Net change in fund balance	30,000	67,032	14,472	111,504
Fund balances – beginning	113,074	1,409,956	3,412	1,526,442
Fund balances – ending	<u>\$ 143,074</u>	<u>\$ 1,476,988</u>	<u>\$ 17,884</u>	<u>\$ 1,637,946</u>

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET - NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017

	<u>Capital Improvements</u>	<u>Safety Town</u>	<u>Federal Drug</u>	<u>Westmoreland Fire Protection</u>	<u>Jean Dean Public Safety</u>	<u>Urban Renewal</u>	<u>Total Nonmajor Special Revenue Fund</u>
ASSETS AND DEFERRED OUTFLOWS							
Assets Current:							
Cash and cash equivalents	\$ 4,182	\$ 5,812	\$ 43,326	\$ 57,350	\$ 4,904	\$ 19,553	135,127
Accounts receivable	-	-	-	-	-	4,300	4,300
Asset held for resale	-	-	-	-	-	669,436	669,436
Due from:							
Other funds	-	-	-	-	3,645	-	3,645
Fiduciary funds	-	-	67,849	-	-	-	67,849
Total assets	<u>4,182</u>	<u>5,812</u>	<u>111,175</u>	<u>57,350</u>	<u>8,549</u>	<u>693,289</u>	<u>880,357</u>
Deferred Outflows:							
Deferred outflows of resources	-	-	-	-	-	-	-
Total assets and deferred outflows of resources	<u>\$ 4,182</u>	<u>\$ 5,812</u>	<u>\$ 111,175</u>	<u>\$ 57,350</u>	<u>\$ 8,549</u>	<u>\$ 693,289</u>	<u>\$ 880,357</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 152	\$ 15,022	\$ -	\$ 3,106	\$ -	18,280
Line of credit	-	-	-	-	-	717,944	717,944
Due to:							
Other funds	-	-	-	-	-	1,059	1,059
Total liabilities	<u>-</u>	<u>152</u>	<u>15,022</u>	<u>-</u>	<u>3,106</u>	<u>719,003</u>	<u>737,283</u>
Deferred Inflows:							
Deferred inflows of resources	-	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>-</u>	<u>152</u>	<u>15,022</u>	<u>-</u>	<u>3,106</u>	<u>719,003</u>	<u>737,283</u>
Fund balances:							
Nonspendable	-	-	-	-	-	669,436	669,436
Assigned	4,182	5,660	96,153	57,350	5,443	-	168,788
Unassigned	-	-	-	-	-	(695,150)	(695,150)
Total fund balances	<u>4,182</u>	<u>5,660</u>	<u>96,153</u>	<u>57,350</u>	<u>5,443</u>	<u>(25,714)</u>	<u>143,074</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,182</u>	<u>\$ 5,812</u>	<u>\$ 111,175</u>	<u>\$ 57,350</u>	<u>\$ 8,549</u>	<u>\$ 693,289</u>	<u>\$ 880,357</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, 2017

	Capital Improvements	Safety Town	Federal Drug	Westmoreland Fire Protection	Jean Dean Public Safety	Urban Renewal	Total Nonmajor Special Revenue Fund
REVENUES							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	9,483	9,483
Fines and forfeits	-	-	-	-	25,623	-	25,623
Interest and investment earnings	2	5	156	39	5	26	233
Tax redemption income	-	-	-	-	-	1,200	1,200
Grants and contributions	-	21,500	227,714	-	-	-	249,214
Total revenues	<u>2</u>	<u>21,505</u>	<u>227,870</u>	<u>39</u>	<u>25,628</u>	<u>10,709</u>	<u>285,753</u>
EXPENDITURES							
Current:							
General government	400	-	-	-	-	71,520	71,920
Public safety	-	16,318	17,568	400	41,444	-	75,730
Capital projects	-	-	184,455	12,250	-	-	196,705
Interest	-	-	-	-	-	33,731	33,731
Total expenditures	<u>400</u>	<u>16,318</u>	<u>202,023</u>	<u>12,650</u>	<u>41,444</u>	<u>105,251</u>	<u>378,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(398)</u>	<u>5,187</u>	<u>25,847</u>	<u>(12,611)</u>	<u>(15,816)</u>	<u>(94,542)</u>	<u>(92,333)</u>
OTHER FINANCING SOURCES (USES)							
Transfers (out)	-	-	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-	122,333	122,333
Capital Leases	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,333</u>	<u>122,333</u>
Net change in fund balance	<u>(398)</u>	<u>5,187</u>	<u>25,847</u>	<u>(12,611)</u>	<u>(15,816)</u>	<u>27,791</u>	<u>30,000</u>
Fund balances - beginning	<u>4,580</u>	<u>473</u>	<u>70,306</u>	<u>69,961</u>	<u>21,259</u>	<u>(53,505)</u>	<u>113,074</u>
Fund balances - ending	<u>\$ 4,182</u>	<u>\$ 5,660</u>	<u>\$ 96,153</u>	<u>\$ 57,350</u>	<u>\$ 5,443</u>	<u>\$ (25,714)</u>	<u>\$ 143,074</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
 COMBINING BALANCE SHEET - NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2017**

	Landfill Reserve
ASSETS AND DEFERRED OUTFLOWS	
Assets:	
Current:	
Cash and cash equivalents	\$ 523
Investments	1,470,366
Due from:	
Other funds	6,099
Total assets	1,476,988
Deferred Outflows:	
Total deferred outflows of resources	-
Total assets and deferred outflows of resources	\$ 1,476,988
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities:	
Total liabilities	-
Deferred Inflows:	
Total deferred inflows of resources	-
FUND BALANCES	
Assigned	1,476,988
Total fund balances	1,476,988
Total liabilities, deferred inflows of resources and fund balances	\$ 1,476,988

**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, 2017**

		Landfill Reserve
REVENUES		
Charges for Services	\$	66,770
Interest and investment earnings		975
Total revenues		67,745
EXPENDITURES		
Current:		
Health and sanitation		713
Total expenditures		713
Net change in fund balance		67,032
Fund balances – beginning		1,409,956
Fund balances – ending	\$	1,476,988

**CITY OF HUNTINGTON, WEST VIRGINIA
 COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUND
 JUNE 30, 2017**

	<u>Tax Increment Financing</u>
ASSETS AND DEFERRED OUTFLOWS	
Assets	
Current:	
Cash and cash equivalents	\$ <u>17,884</u>
Total assets	<u>17,884</u>
Deferred Outflows	
Total deferred outflows of resources	<u>-</u>
Total assets and deferred outflows of resources	\$ <u><u>17,884</u></u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	
Liabilities	
Total liabilities	\$ <u>-</u>
Deferred Inflows	
Total deferred inflows of resources	<u>-</u>
FUND BALANCE	
Restricted	<u>17,884</u>
Total fund balance	<u>17,884</u>
Total liabilities, deferred inflows and fund balance	\$ <u><u>17,884</u></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, 2017**

	Tax Increment Financing
REVENUES	
Taxes:	
Ad valorem property taxes	\$ 198,238
Interest and investment earnings	277
	198,515
Total revenues	198,515
EXPENDITURES	
Current:	
General government	2,000
Debt service:	
Principal	113,043
Interest	69,000
	184,043
Total expenditures	184,043
Net change in fund balance	14,472
Fund balance - beginning	3,412
Fund balance - ending	\$ 17,884

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF FIDUCIARY NET POSITION –
AGENCY FUNDS
JUNE 30, 2017

	<u>Police Retiree's Insurance</u>	<u>Fire Retiree's Insurance</u>	<u>Asset Seizure</u>	<u>Total Agency Funds</u>
ASSETS				
Cash and cash equivalents	\$ 1,280,859	\$ 482,222	\$ 770,901	\$ 2,533,982
Due from other funds	<u>22,275</u>	<u>11,399</u>	<u>-</u>	<u>33,674</u>
Total assets	<u>1,303,134</u>	<u>493,621</u>	<u>770,901</u>	<u>2,567,656</u>
DEFERRED OUTFLOWS				
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	\$ <u><u>1,303,134</u></u>	\$ <u><u>493,621</u></u>	\$ <u><u>770,901</u></u>	\$ <u><u>2,567,656</u></u>
LIABILITIES				
Due to primary government	-	-	67,849	67,849
Refunds payable and others	<u>1,303,134</u>	<u>493,621</u>	<u>703,052</u>	<u>2,499,807</u>
Total Liabilities	<u>1,303,134</u>	<u>493,621</u>	<u>770,901</u>	<u>2,567,656</u>
DEFERRED INFLOWS				
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred inflows of resources	\$ <u><u>1,303,134</u></u>	\$ <u><u>493,621</u></u>	\$ <u><u>770,901</u></u>	\$ <u><u>2,567,656</u></u>

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – COMPONENT UNITS
JUNE 30, 2017

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
ASSETS		
Current:		
Cash and cash equivalents	\$ 875,654	\$ 401,494
Receivables:		
Accounts	8,676	4,510
Due from:		
Primary government	102,093	-
Prepaid expenses	-	-
Total current assets	986,423	406,004
Noncurrent assets:		
Regular account	712,017	-
Total restricted assets	712,017	-
Capital assets:		
Nondepreciable:		
Land	4,504,505	942,877
Depreciable:		
Buildings	11,705,628	4,775,401
Structures and improvements	3,435,368	490,173
Machinery and equipment	200,000	684,515
Furniture and fixtures	2,661,074	-
Less: accumulated depreciation	(13,900,955)	(5,293,566)
Total capital assets (net of accumulated depreciation)	8,605,620	1,599,400
Total noncurrent assets	9,317,637	1,599,400
Total assets	10,304,060	2,005,404
DEFERRED OUTFLOWS		
Changes in pension contribution	-	23,566
Contributions made subsequent to measurement date	-	49,671
Change in investment earnings	-	63,780
Difference between expected and actual experience	-	42,755
Total deferred outflows of resources	-	179,772

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – COMPONENT UNITS (CONTINUED)
JUNE 30, 2017

	Business-Type Activities –	
	Municipal Development Authority	Municipal Parking Board
LIABILITIES		
Current liabilities payable from current assets:		
Accounts payable	\$ -	\$ 16,673
Reserve for health claims	3,316	6,356
Accrued payroll	2,550	7,557
Accrued revenue bond/note interest payable	79,487	-
Due to:		
Primary government	13,152	50,113
Revenue bonds payable	363,173	-
	461,678	80,699
Unearned revenues:		
Charges for services	-	-
	-	-
Noncurrent liabilities		
Bonds payable	6,782,220	-
Other postemployment benefits payable	14,528	135,765
Net pension liability - PERS	-	209,051
Compensated absences payable	3,491	19,773
	6,800,239	364,589
	7,261,917	445,288
DEFERRED INFLOWS		
Changes in contributions	-	14,368
Change in investment experience	-	109,619
Difference in assumptions	-	25,145
	-	149,132
NET POSITION		
Net investment in capital assets	1,460,227	1,599,400
Restricted for debt service	712,017	-
Unrestricted	869,899	(8,644)
	3,042,143	1,590,756
	\$ 3,042,143	\$ 1,590,756

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>Business-type Activities –</u>	
	<u>Municipal Development Authority</u>	<u>Municipal Parking Board</u>
Operating revenues:		
Sales and services to customers	\$ 2,267	756,542
Rental fees	138,799	64,356
Miscellaneous	1,409	10,878
	<u>142,475</u>	<u>831,776</u>
Operating expenses:		
Personal services	172,234	518,558
Contractual services	-	5,588
Administrative and general	161,131	139,231
Liability insurance	3,830	22,091
Materials and supplies	416	24,835
Utilities	4,990	28,344
Depreciation	1,098,392	143,870
Maintenance	10,150	18,702
Loss on sale	41,568	-
	<u>1,492,711</u>	<u>901,219</u>
Operating income (loss)	<u>(1,350,236)</u>	<u>(69,443)</u>
Non-operating revenues (expenses):		
Tax increment revenue	313,093	-
Investment earnings	615	127
Interest and fiscal charges	(492,818)	-
Transfers	788,014	-
	<u>608,904</u>	<u>127</u>
Change in net assets	(741,332)	(69,316)
Net position at beginning of year	<u>3,783,475</u>	<u>1,660,072</u>
Net position at end of year	<u>\$ 3,042,143</u>	<u>\$ 1,590,756</u>

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
Cash flows from operating activities:		
Cash received from customers	\$ 132,390	\$ 816,178
Cash paid for goods and services	(225,166)	(223,743)
Cash paid to employees	(171,679)	(515,773)
Other cash receipts	102,128	7,592
Net cash (used) provided by operating activities	(162,327)	84,254
Cash flows from noncapital financing activities:		
Tax increment financing revenues	313,093	-
Grants and contributions	788,014	-
Net cash provided by noncapital financing activities	1,101,107	-
Cash flows from capital and related financing activities:		
Purchases of capital assets	(588,981)	-
Principal paid on capital debt	(293,173)	-
Interest paid on capital debt	637,066	-
Loss on disposal of capital assets	(494,852)	-
Net cash (used) by capital and related financing activities	(739,940)	-
Cash flows from investing activities:		
Interest received	615	127
Net cash (used) by investing activities	615	127
Net (increase) in cash and cash equivalents	199,455	84,381
Cash and cash equivalents, July 1, 2016 (including \$506,908 in restricted accounts)	1,388,216	317,113
Cash and cash equivalents, June 30, 2017 (including \$712,017 in restricted accounts)	\$ 1,587,671	\$ 401,494

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – COMPONENT UNITS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

	Business-type Activities – Enterprise Funds	
	Municipal Development Authority	Municipal Parking Board
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating (loss)	\$ (1,350,236)	\$ (69,443)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	1,098,392	143,870
Decrease (increase) in accounts receivable	(8,676)	(3,810)
Decrease (increase) in prepaid expenses	-	1,221
Decrease (increase) due from primary government	97,907	-
Increase (decrease) in other postemployment benefits	1,744	15,766
Increase (decrease) in accounts payable	(3,081)	13,827
Increase (decrease) in accrued payroll	2,550	(5,184)
Increase (decrease) in due to primary government	2,812	(3,286)
Increase (decrease) in compensated absences	(2,593)	(2,441)
Increase (decrease) in unearned revenue	-	(910)
Increase (decrease) in health care claims payable	(1,146)	(5,356)
Increase (decrease) in net pension liability	-	-
Increase (decrease) in deferred outflows	-	-
Increase (decrease) in deferred inflows	-	-
	\$ (162,327)	\$ 84,254
Net (used) cash provided by operations	\$ (162,327)	\$ 84,254

ACCOMPANYING INFORMATION

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through Entity Identity Number	Expenditures	Passed through to Subrecipients
Primary Government				
U.S. Department of Housing and Urban Development				
<i>Direct Programs:</i>				
Community Development Block Grant*	14.218	N/A	\$ 5,769,378	\$ 305,660
Emergency Solutions Grant Program	14.231	N/A	148,802	101,298
Home Investment Partnerships Programs*	14.239	N/A	3,381,836	391,218
Pass-Through WV State Office of Economic Opportunity				
Emergency Solutions Grant Program	14.231	ESG15HUNT	25,882	-
Total U.S. Department of Housing and Urban Development			9,325,898	798,176
U.S. Environmental Protection Agency				
<i>Direct Programs:</i>				
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	N/A	135,335	-
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.818	N/A	56,573	-
Total U.S. Environmental Protection Agency			191,908	-
U.S. Department of Justice - Bureau of Justice Assistance				
<i>Direct Programs:</i>				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	6,238	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	17,217	-
ARRA - Public Safety Partnership and Community Policing Grants	16.710	N/A	208,570	-
Drug Court Discretionary Grant Program	16.585	N/A	89,495	-
Criminal and Juvenile Justice & Mental Health Collaboration Program	16.745	N/A	31,656	-
Total U.S. Department of Justice			353,176	-
U. S. Department of Homeland Security				
<i>Direct Programs:</i>				
Port Security Grant Program	97.056	N/A	394,244	-
Total U. S. Department of Homeland Security			394,244	-
U.S. Department of Health and Human Services				
<i>Direct Programs:</i>				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	N/A	99,949	-
Total U.S. Department of Health and Human Services			99,949	-
U.S. Department of Agriculture				
Pass-Through WV Department of Education				
Child and Adult Care Food Program	10.558	51105	30,908	-
Total U.S. Department of Agriculture			30,908	-

*Includes the outstanding balances of loans in the amount of \$4,242,125 and \$2,860,670 for Community Development Block Grants (CFDA No. 14.218) and Home Investment Partnership Program (CFDA No. 14.239) respectively, which were made in previous years from U.S. Department of Housing and Urban Development (HUD) funding.

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA #	Pass-Through Entity Identity Number	Expenditures	Passed through to Subrecipients
U.S. Department of Transportation				
Pass-Through WV Department of Transportation				
Alcohol Open Container Requirements	20.607	F16-HS-02-154	50,532	23,399
Highway Safety Cluster:				
State and Community Highway Safety	20.600	F16-HS-02-402	120,159	23,800
State and Community Highway Safety	20.600	F16-HS-10-402	132,788	62,672
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	F16-HS-02-410	88,395	7,738
Safety belt Performance Grants	20.609	F16-HS-02-406	451	-
Safety belt Performance Grants	20.609	F17-HS-10-406	5,984	-
State Traffic Safety Information System Improvement Grants	20.610	F16-HS-02-408	10,603	-
State Traffic Safety Information System Improvement Grants	20.610	F17-HS-10-408	125,149	-
National Priority Safety Programs	20.616	F16-HS-02-405b	10,399	6,756
National Priority Safety Programs	20.616	F17-HS-10-405b	41,110	22,034
National Priority Safety Programs	20.616	F16-HS-02-405c	13,907	-
National Priority Safety Programs	20.616	F16-HS-02-405d	1,330	-
National Priority Safety Programs	20.616	F17-HS-10-405d	212,520	53,251
Cluster Total			<u>762,795</u>	<u>176,251</u>
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	F16-HS-02-DOHDD	11,164	11,164
Highway Planning and Construction	20.205	F17-HS-10-DOHDD	17,467	17,467
Cluster Total			<u>28,631</u>	<u>28,631</u>
			<u>841,958</u>	<u>228,281</u>
Total U.S. Department of Transportation				
			<u>\$ 11,238,041</u>	<u>\$ 1,026,457</u>
Total Federal Assistance			<u>\$ 11,238,041</u>	<u>\$ 1,026,457</u>

*Includes the outstanding balances of loans in the amount of \$4,242,125 and \$2,860,670 for Community Development Block Grants (CFDA No. 14.218) and Home Investment Partnership Program (CFDA No. 14.239) respectively, which were made in previous years from U.S. Department of Housing and Urban Development (HUD) funding.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2017, consist of:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grants/Entitlement Grant	14.218	\$ 4,242,125
Home Investment Partnerships Program	14.239	2,860,670

NOTE 3 – FEDERAL SUBSIDIES

Federal interest rate subsidies related to the City's Build America Bonds totaling \$ 155,231 are included in revenues from the Federal government in the General Fund, but are not subject to the Single Audit Act or reportable on the Schedule of Federal Awards.

NOTE 4 – INDIRECT COST RATE

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