

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Community Development Block Grant

PROPRIETARY FUND TYPE

MAJOR FUNDS

Sanitation and Trash
Civic Arena

NONMAJOR FUNDS

Special Revenue Funds

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

Capital Projects Fund

Landfill Reserve

Debt Service Fund

Tax Increment Financing

**MUNICIPALITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

FIDUCIARY FUND TYPES

Agency Funds

Police Retiree's Insurance

Fire Retiree's Insurance

Asset Seizure

Pension Funds

Policemen's Pension and Relief

Firemen's Pension and Relief

COMPONENT UNITS

Discretely Presented

Municipal Development Authority

Municipal Parking Board

Water Quality Board

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INTRODUCTORY SECTION

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

OFFICE	NAME	TERM
<u>Elective</u>		
Mayor:	Steve Williams	01-01-13 / 12-31-16
Council Members:	David G. Ball	01-01-13 / 12-31-16
	Mark A. Bates	01-01-13 / 12-31-16
	Gary L. Bunn	01-01-13 / 12-31-16
	Scott Caserta	01-01-13 / 12-31-16
	Joyce Clark	01-01-13 / 12-31-16
	Sandra M. Clements	01-01-13 / 12-31-16
	Frances Jackson	01-01-13 / 12-31-16
	Tom McGuffin	01-01-13 / 12-31-16
	Bill Rosenberger	11-03-14 / 12-31-16
	John David Short	10-29-15 / 12-31-16
	Rebecca Thacker	01-01-13 / 12-31-16
<u>Appointive</u>		
Finance Director:	Pamela Chandler	
City Clerk:	Barbara Nelson	
Municipal Attorney:	Scott Damron	

FINANCIAL SECTION



State of West Virginia

John B. McCuskey

**State Auditor and
Chief Inspector**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntington, West Virginia (the City), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntington, West Virginia, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.D.9., the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement Number 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Funding Progress for Other Postemployment Benefits and the Schedule of Employer Contributions for Other Postemployment Benefits, Schedules of Changes in the Net Pension Liability and Related Ratios, the Schedules of Investment Returns and the Schedules of Contributions Multiyear for the Police and Fire Pension Relief Funds, the Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedules of Government Contributions on pages 76-81 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The City has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

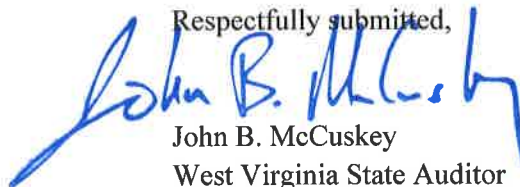
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual and combining fund financial statements for the special revenue, capital projects, debt service, and agency funds, the discretely presented component unit fund financial statements for the Municipal Development Authority and the Municipal Parking Board, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Respectfully submitted,

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

March 21, 2017

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

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION

June 30, 2016

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

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

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

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

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

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

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

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

	General	Coal Severance Tax	Community Development Block Grant	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Assets:					
Current:					
Cash and cash equivalents	\$ 4,350,281	\$ 49,412	\$ 353,725	\$ 153,965	\$ 4,907,383
Investments	739,071	--	--	1,397,661	2,136,732
Receivables:					
Taxes	5,527,942	--	--	--	5,527,942
Accounts	1,106,147	--	1,219,546	--	2,325,693
Loans	--	--	7,393,669	--	7,393,669
Assets held for resale	--	--	--	614,062	614,062
Due from:					
Other funds	575,600	--	--	13,297	588,897
Other governments	606,106	29,126	--	--	635,232
Component units	74,222	--	--	--	74,222
Fiduciary funds	--	--	--	68,809	68,809
Prepaid expenses	209,505	--	--	--	209,505
Total assets	\$ 13,188,874	\$ 78,538	\$ 8,966,940	\$ 2,247,794	\$ 24,482,146

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES

Liabilities:

Accounts payable	1,353,395	--	61,045	9,572	1,424,012
Line of credit	--	--	--	711,043	711,043
Payroll payable	952,288	--	--	--	952,288
Reserve for health claims	841,692	--	17,103	--	858,795
Due to:					
Component units	213,610	--	--	--	213,610
Other funds	69,617	41,051	50,542	737	161,947
Fiduciary funds	4,682,189	--	--	--	4,682,189
Unearned revenue:					
Other	525,368	--	--	--	525,368
Unclaimed property	84,804	--	--	--	84,804
Total liabilities	8,722,963	41,051	128,690	721,352	9,614,056

Deferred Inflows of Resources:

Taxes	368,583	--	--	--	368,583
Total deferred inflows of resources	368,583	--	--	--	368,583
Total liabilities and deferred inflows of resources	9,091,546	41,051	128,690	721,352	9,982,639

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

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

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

Total fund balances on the governmental fund's balance sheet	\$	14,499,507
--	----	------------

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

Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds (Note IV.C.).		9,918,510
---	--	-----------

Other long-term assets that are not available to pay for current-year expenditures. This is the net pension asset for the Municipal Police Officers and Firefighters Retirement System (MPFRS) (Note VI.C.).		392,648
--	--	---------

Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note III. B.).		368,583
--	--	---------

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

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 Benefit 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

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2016

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

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

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

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

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

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

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

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

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

Net change in fund balances - total governmental funds	\$ 252,973
Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased or donated during the fiscal year (Note IV.C.).	917,550
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note IV.C.).	(1,463,849)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year unavailable unearned revenues (Note IV.B.).	(43,797)
Prior year unavailable revenues:	412,380
Current year unavailable revenues	368,583
Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68 (Note II.).	
<i>Public Employee Retirement System (PERS):</i>	
Contributions made after measurement date	525,499
Amount of pension expenses recognized at government-wide level	(218,384)
<i>Municipal Police Officers and Firefighters Retirement System (MPFRS):</i>	
Contributions made after measurement date	195,277
Amount of pension expenses recognized at government-wide level	(15,460)
<i>Defined Benefit Plans (DBP):</i>	
Amount of employer contributions to pensions	11,178,330
Amount of pension expenses recognized at government-wide level	(17,613,089)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, however, this has no effect on net position. This is the amount of debt issued for the fiscal year (Note IV.G.).	(187,077)
The repayment of long-term debt (e.g., bonds, leases) uses financial resources of governmental funds, however, this has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of principal paid, and additions and reductions to deferred discounts or premiums, on long term debt for the fiscal year (Note IV.G.).	1,118,856

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

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Accrued interest is required to be reported as a liability in the statement of net position of the district-wide financial statements. The following represents the changes in accrued interest payable for the year.

\$ (47,160)

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

Change in other postemployment benefits payable

(8,341,755)

Change in compensated absences payable

(97,212)

Change in net position of governmental activities

\$ (13,839,298)

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (BUDGETARY BASIS) - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016

	Business-type Activities - Enterprise Funds		
	Sanitation & Trash	Civic Arena	Totals
ASSETS			
Current:			
Cash and cash equivalents	\$ 554,333	\$ 673,479	\$ 1,227,812
Receivables:			
Accounts	609,017	54,659	663,676
Other	--	42,705	42,705
Due from:			
Other funds	4,493	104,251	108,744
Inventory, at cost	--	77,164	77,164
Prepaid expenses	18,366	9,992	28,358
 Total current assets	 1,186,209	 962,250	 2,148,459
Noncurrent:			
Capital assets:			
Depreciable:			
Structures and improvements	75,140	--	75,140
Vehicles	2,134,819	--	2,134,819
Machinery and equipment	174,913	--	174,913
Less: accumulated depreciation	(1,670,652)	--	(1,670,652)
 Total capital assets (net of accumulated depreciation)	 714,220	 --	 714,220
 Total assets	 1,900,429	 962,250	 2,862,679
 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	78,127	--	78,127
 Total deferred outflows of resources	 395,625	 --	 395,625

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

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

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

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

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

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

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

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

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except as noted, the accounting policies of the City of Huntington, West Virginia (the City), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

A. Reporting Entity

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

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

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

Discretely Presented Component Units

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

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

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

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

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

Complete financial statements for the Water Quality Board can be obtained at the entity's administrative offices.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

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

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

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

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

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

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

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

The government reports the following major governmental funds:

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

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities.

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

The government reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

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

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

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

State statute §8-13-22c places limitations on the aforementioned investments include the following: at no time can investment portfolios consist of more than seventy-five percent of the indebtedness of any private corporation nor can the portfolio have over twenty-five percent of its portfolio consisting of the indebtedness of a private corporation's debt which matures in less than one year; at no time may more than nine percent of the portfolio be invested in securities issued by a single private corporation or association; and at no time can more than sixty percent of the portfolio be invested in equity mutual funds.

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

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

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

2. Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

Property Tax Receivable

All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid.

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

The rates levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2016, were as follows:

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

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

3. Inventories and Prepaid Items

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

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

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

4. Restricted Assets

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

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

5. Capital Assets and Depreciation

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

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

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

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

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:

<u>Assets</u>	<u>Years</u>
Buildings	40
Structures and improvements	40-50
Infrastructure	40-50
Machinery and equipment	05-10
Vehicles	05-10
Furniture and fixtures	05-10

6. Compensated Absences

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

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

7. Long-Term Obligations

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

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

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

8. Net Position/Fund Balances

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

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

In the governmental fund financial statements, fund balances are reported in five classifications:

Nonspendable fund balance	Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.
Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year.

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

Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the City Council or other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

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

9. Change in Accounting Principle

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

10. Deferred Outflows/Inflows of Resources

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

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

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

CITY OF HUNTINGTON, WEST VIRGINIA
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II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Deferred inflows and outflows related to pension activity are not required to be reported in the funds but are required to be reported at the government-wide level. The details of the \$218,384 difference for the Public Employees Retirement System, the \$15,460 difference for the Municipal Police Officers and Firefighters Retirement System, and the \$17,613,089 difference for the Defined Benefit Plans are as follows:

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

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

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

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The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts.

The governing body made the following material supplementary budgetary appropriations throughout the year:

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

B. Excess of Expenditures Over Appropriations

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

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

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

C. Deficiencies in Net Changes in Fund Balances

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

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

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

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

D. Deficit Net Position

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

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

Interest Rate Risk

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

Component Units

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

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

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Interest Rate Risk

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

Firemen's Pension and Relief

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

Interest Rate Risk

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

Investments Measured at Fair Value

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

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

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

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

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

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

Interest Rate Risk

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

Credit Risk

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