

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

Concentration of Credit Risk

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

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

Custodial Credit Risk

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds' reconciled bank balances were \$10,458,575, which were collateralized with securities held by the pledging financial institution's trust department in the government's name.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds' investment balances were \$44,936,314, which was covered by securities held by the government's brokerage firm or the Municipal Bond Commission.

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

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

For deposits, the Municipal Development Authority could be exposed to risk in the event of a bank failure where the Authority's deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority's reconciled bank balances of \$1,388,216 were collateralized with securities held by the pledging financial institution's trust department in the Authority's name.

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

For deposits, the Municipal Parking Board could be exposed to risk in the event of a bank failure where the Board's deposits may not be returned. The Board does not have a deposit policy for custodial credit risk. At year end, the Board's reconciled bank balances of \$316,999 were collateralized with securities held by the pledging financial institution's trust department in the Board's name.

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

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

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

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

B. Receivables

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

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

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

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

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

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

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

The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2016 was determined based upon the City's lien position on certain assets associated with the Ebenezer Medical Outreach, Inc./Douglass Centre Limited Partnership and the Huntington High L.P. loans. It was determined that the assets of the borrowers are not sufficient to make payments on the outstanding loans, and it is doubtful that the payments will be made in the future.

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

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

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

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

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

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

Construction in Progress

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

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

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

Discretely Presented Component Units

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

	Beginning Balances	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,141,571	\$ --	\$ --	\$ 5,141,571
Construction in progress	--	110,000	--	110,000
Total capital assets not being depreciated	5,141,571	110,000	--	5,251,571
Capital assets, being depreciated:				
Buildings and Improvements	12,843,003	10,201	--	12,853,204
Structures and improvements	1,588,812	--	--	1,588,812
Furniture and fixtures	2,661,074	--	--	2,661,074
Machinery and equipment	200,000	--	--	200,000
Less: accumulated depreciation	(11,724,500)	(1,078,064)	--	(12,802,564)
Total capital assets being depreciated	5,568,389	(1,067,863)	--	4,500,526
Total capital assets, net	\$ 10,709,960	\$ (957,863)	\$ --	\$ 9,752,097

Construction in Progress

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

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

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

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

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

D. Interfund Receivables, Payables, and Transfers

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

Interfund receivables/payables:

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

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

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

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

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

Interfund transfers:

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

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

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

E. Fund Balance Detail

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

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

F. Leases

Capital Leases

The general government has entered into lease agreements as lessee for financing the acquisition of recreation, office equipment and public safety equipment. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date.

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

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

Following is a summary of property held under capital leases:

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

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

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

G. Long-term Debt

Tax Increment Financing Revenue Bonds

The City issued bonds where the government pledges income derived from ad valorem property taxes from a specific district to pay debt service. On June 30, 2006, the City issued \$2,450,000 of Tax Increment Financing Revenue Bonds, Series 2006 through United Bank bearing an interest rate of 6 percent. These bonds are payable solely from the ad valorem property tax collected from the specified tax district. These bonds do not constitute a general obligation of the City and are payable only if the tax revenue is collected from the specified tax district. If the tax revenues are not collected, the City is not required to pay off the debt.

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

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

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2017	\$ 36,894	\$ 68,455
2018	39,141	66,208
2019	41,524	63,824
2020	44,053	61,295
2021	46,314	59,819
2022 - 2026	276,609	258,517
2027 - 2031	375,204	165,009
2032 - 2036	290,261	35,235
Total	<u>\$ 1,150,000</u>	<u>\$ 778,362</u>

The City has pledged future ad valorem tax revenues, to repay \$2,450,000 in tax increment financing revenue bonds issued in June 2006. Proceeds from the bonds provided financing for the development of the specific tax district. The bonds are payable solely from ad valorem property taxes collected from the district and are payable through June 2034. Annual principal and interest payment on the bonds are expected to require less than 100 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,928,362. Principal and interest paid for the current year and total customer net revenues were \$184,565 and \$184,676, respectively.

Revenue Bonds

The Municipal Development Authority, a discretely presented component unit of the City, issued bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

The proceeds of these bonds are being used for the development of the City. The bonds are secured by the revenues of the Municipal Development Authority, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue bonds outstanding of \$7,438,566 at year end are as follows:

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

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

Revenue bond debt service requirements to maturity are as follows:

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

Utility Pledged Revenues

The Municipal Development Authority has pledged future lease revenues net of specified operating expenses, to repay \$3,560,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for the maintenance and upgrades of the Civic Arena. The bonds are payable solely from lease revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of the net lease revenues. The total principal and interest remaining to be paid, before any bond discount, on the bonds is \$3,169,933. Principal and interest paid for the current year and total customer net revenues were \$414,400 and (\$142,564) respectively.

The Municipal Development Authority has pledged future lease revenues net of specified operating expenses, to repay \$5,255,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for the maintenance and upgrades of the Civic Arena. The bonds are payable solely from the lease net revenues and are payable through 2031. Annual principal and interest payments on the bonds are expected to require greater than 100 percent of the net lease revenues. The total principal and interest remaining to be paid, before any bond discount, on the bonds is \$8,132,709. Principal and interest paid for the current year and total customer net revenues were \$370,524 and (\$142,564) respectively.

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

Changes in Long-term Liabilities

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

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

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

Short-term Debt - Revolving Line of Credit

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

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

H. Restricted Assets

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

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

I. Benefits Funded by the State of West Virginia

For the year ended June 30, 2016, the State of West Virginia contributed estimated payments on behalf of the governments public safety employees as follows:

<u>Plan</u>	<u>Amount</u>
Policemen's Pension and Relief Fund	\$ 1,047,042
Firemen's Pension and Relief Fund	1,122,171
Total	<u>\$ 2,169,213</u>

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

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

J. Prior Period Adjustment

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

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

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

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

K. Landfill Closure and Postclosure Care Costs

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

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

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

The Dietz Hollow Landfill last accepted solid waste in September 1994. The landfill is now officially closed by placement of a clay liner. Monitoring of the site is ongoing in perpetuity until such time as the sediment pond water readings reach a level allowing the water to flow to a nearby creek. The City is currently under contract with Honeywell to assure the sediment pond is stabilized and capable of handling the runoff from the landfill. This is the first step in the eventual closure of the landfill. As of June 30, 2016, the Landfill Reserve fund balance was \$1,409,956 and the General fund maintains \$578,885 in committed funds for landfill closure. The estimated landfill closure and postclosure costs as of June 30, 2016 are \$22,017,000.

V. OTHER INFORMATION

A. Risk Management

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

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

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government's management expects such amounts, if any, to be immaterial.

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

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

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

C. Deferred Compensation Plan

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

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

D. Postemployment Health Care Plan

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

Effective July 1, 2008, the City of Huntington adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. In addition to the relevant disclosures within this note related to the implementation of GASB Statement No. 45, the financial statements reflect long-term liabilities and related expenses in the governmental activities, business-type activities, Municipal Development Authority, and Municipal Parking Board of \$61,272,929, \$722,162, \$119,999, and \$12,784, respectively, resulting from the adoption. Since 2008 was the year of transaction for GASB Statement No. 45, the requirements have been implemented prospectively; therefore, the information provided does not reflect similar information respective of the two preceding years.

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

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

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

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

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

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

The City does not have a practice of increasing the retiree contributions for employees hired prior to July 1, 2000. For GASB 45 purposes it was assumed that these rates remain level in future years.

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

Membership of the plan is as follows:

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

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

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

V:D.2. Actuarial Methods and Assumptions

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

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

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

V.D.3. Annual Other Postemployment Benefit (OPEB) Cost

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

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

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

V.D.4. Trend Information

Other Postemployment Benefits (OPEB)

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

V.D.5. Funding Progress

SCHEDULE OF FUNDING PROGRESS

Other Postemployment Benefits (OPEB)

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

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

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

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

VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

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

Plan Descriptions, Contribution Information, and Funding Policies

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

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. The PPRF's Board consists of a chair, who is the elected mayor, and four members, one of which is the pension secretary, from the municipal police department. The City is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2016.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. The FPRF's Board consists of a president, who is the elected mayor, and four members, one of which is the pension secretary, from the municipal fire department. The City is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, June 30, 2016.

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

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

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

Memberships of the plans are as follows:

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

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

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

Net Pension Liability

The net pension liabilities were measured as of June 30, 2016 for both plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions and Rate of Return

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

Actuarial assumptions	Policemen's 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:

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

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

Net Pension Liability, Reserves and Discount Rate

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

Reserves

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

Net pension liability

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

	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 pension liability	30.96%	17.30%

Discount rate

The discount rate used to measure the total pension liability was 5.5% for the PPRF and 4.5% for the FPRF, and the municipal bond rate was 2.85% for both plans. The projection of cash flows used to determine the discount rate assumed that the plan sponsor would make the statutory required contributions as defined by the funding policy. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments, on the behalf of current plan members, for all future plan years. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

	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
For the Fiscal Year Ended June 30, 2016

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

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

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

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

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

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

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

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

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

Policemen's Pension and Relief Fund

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

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

Year Ended June 30:

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

Firemen's Pension and Relief Fund

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

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

Year Ended June 30:

2016	\$	5,176,614
2017		5,298,697
2018		43,619
2019		(912)
Total	\$	10,518,018

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

Payables to the pension plan .

The primary government has booked payables to both pension plans totaling \$4,504,559. This figure represents the amount of funding due to the pension plans in the prior and current plan fiscal year. The City is evaluating methods to fund the pension funds in future years.

Pension Trust Funds Financial Statements

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

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

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

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

B. Public Employees Retirement System (PERS)

General Information about the Pension Plans

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

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

Public Employees Retirement System (PERS)

Eligibility to participate	All full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefit provisions	West Virginia State Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia.
Plan member's contribution rate hired before 7/1/2015	4.50%
City's contribution rate hired before 7/1/2015	13.50%
Plan member's contribution rate hired on or after 7/1/2015	6.00%
City's contribution rate hired on or after 7/1/2015	13.50%
Period required to vest	Five years for plan members hired before 7/1/2015. Ten years for plan members hired on or after 7/1/2015.
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of living	No
Death benefits	Yes

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

Trend Information

Public Employees Retirement System (PERS)

Fiscal Year	Annual Pension Cost	Percentage Contributed
2016	\$ 979,728	100%
2015	\$ 994,972	100%
2014	\$ 1,077,487	100%
2013	\$ 696,644	100%
2012	\$ 711,400	100%
2011	\$ 670,380	100%

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

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

At fiscal year-end, the City reported a liability of \$2,214,475 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The government's proportion of the net pension liability was based on a projection of the government's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2015, the government's proportion was 0.396572%, which was a decrease of 0.026720% from its proportion measured as of the prior period.

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

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

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

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

Public Employees Retirement System

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

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 20, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

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

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

Actuarial assumptions

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

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.50 percent for PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Discount Rate	1% Increase
Government's proportionate share of PERS's net pension liability	\$ 6,257,352	\$ 2,214,475	\$ (1,230,425)

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, 2016**

C. Municipal Police Officers & Firefighters Retirement System (MPFRS)

The City of Huntington, West Virginia participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of hired Municipal public safety employees after January 1, 2010. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

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

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

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

Trend Information

Municipal Police Officers and Firefighters Retirement System (MPFRS)

<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 Ave S.E., Charleston, WV 25304.

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

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

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

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

	<u>MPFRS</u>
	<u>Governmental</u>
	<u>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>

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

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

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

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

Actuarial assumptions

Inflation rate	3.00%
Salary increases	3.25%-4.75%
Investment Rate of Return	7.50%

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension asset was 7.50 percent for MPFRS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the government contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension asset.

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

	1% <u>Decrease</u>	Discount <u>Rate</u>	1% <u>Increase</u>
Government's proportionate share of MPFRS's net pension asset	<u>\$ 285,229</u>	<u>\$ 392,648</u>	<u>\$ 474,026</u>

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

REQUIRED SUPPLEMENTARY INFORMATION

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

I. SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % covered payroll (b-a)/c
7/1/10	\$ --	\$ 108,692,330	\$ 108,692,330	0.00%	\$ 17,335,332	627%
7/1/11	--	118,891,508	118,891,508	0.00%	15,568,431	764%
7/1/12	--	124,162,128	124,162,128	0.00%	16,035,484	774%
7/1/13	--	127,943,442	127,943,442	0.00%	16,221,992	789%
7/1/14	--	125,188,530	125,188,530	0.00%	15,959,638	784%
7/1/15	--	143,851,745	143,851,745	0.00%	11,360,991	1266%

II. SCHEDULE OF EMPLOYER CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS

Fiscal Year	Municipal Contributions	Percent Contributed
2016	\$ 2,979,507	26%
2015	2,612,977	24%
2014	2,394,245	26%
2013	2,832,792	26%
2012	2,635,155	30%
2011	2,717,289	27%
2010	2,527,711	34%

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

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

Policemen's Pension and Relief Fund (PPRF)

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

Notes to PPRF'S Schedule:

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

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

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

Firemen's Pension and Relief Fund (FPRF)

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

Notes to FPRF'S Schedule:

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

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

IV. SCHEDULES OF INVESTMENT RETURNS

Policemen's Pension and Relief Fund (PPRF)

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

Firemen's Pension and Relief Fund (PFRF)

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

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

V. SCHEDULES OF CONTRIBUTIONS MULTIYEAR

Policemen's Pension and Relief Fund (PPRF)

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

Firemen's Pension and Relief Fund (PFRF)

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 For the Fiscal Year Ended June 30, 2016**

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO SCHEDULES

Significant Actuarial Assumptions

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

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

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

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

SUPPLEMENTARY INFORMATION

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

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

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

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

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

	Capital Improvements	Federal Drug	Westmoreland Fire Protection	Jean Dean Public Safety	Urban Renewal	Safety Town	Total Nonmajor Special Revenue Funds
ASSETS							
Current:							
Cash and cash equivalents	\$ 4,580	\$ 3,439	\$ 69,961	\$ 20,602	\$ 50,575	\$ 473	\$ 149,630
Assets held for resale	--	--	--	--	614,062	--	614,062
Due from:							--
Other funds	--	--	--	1,925	--	--	1,925
Fiduciary funds	--	68,809	--	--	--	--	68,809
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 Total assets	 <u>\$ 4,580</u>	 <u>\$ 72,248</u>	 <u>\$ 69,961</u>	 <u>\$ 22,527</u>	 <u>\$ 664,637</u>	 <u>\$ 473</u>	 <u>\$ 834,426</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	--	1,942	--	1,268	6,362	--	9,572
Line of credit	--	--	--	--	711,043	--	711,043
Due to:							
Other funds	--	--	--	--	737	--	737
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u>1,942</u>	<u> </u>	<u>1,268</u>	<u>718,142</u>	<u> </u>	<u>721,352</u>
Fund balances:							
Nonspendable	--	--	--	--	614,062	--	614,062
Assigned	4,580	70,306	69,961	21,259	--	473	166,579
Unassigned	--	--	--	--	(667,567)	--	(667,567)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>4,580</u>	<u>70,306</u>	<u>69,961</u>	<u>21,259</u>	<u>(53,505)</u>	<u>473</u>	<u>113,074</u>
 Total liabilities and fund balances	 <u>\$ 4,580</u>	 <u>\$ 72,248</u>	 <u>\$ 69,961</u>	 <u>\$ 22,527</u>	 <u>\$ 664,637</u>	 <u>\$ 473</u>	 <u>\$ 834,426</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, 2016

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

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

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

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

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

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

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

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

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