

PERRY

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PASSION *Beyond the Numbers*

**CITY OF HUNTINGTON,
WEST VIRGINIA
- A CLASS II MUNICIPALITY -
SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2023
RFP #21-042
CABELL COUNTY**

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**CITY OF HUNTINGTON, WEST VIRGINIA
MUNICIPAL OFFICIALS
JUNE 30, 2023**

| <u>Office</u> | <u>Name</u> | <u>Term</u> |
|------------------|-------------------|-------------------|
| Mayor: | Steve Williams | 01/01/21-12/31/24 |
| Council Members: | Holly Smith Mount | 01/01/21-12/31/24 |
| | Mike Shockley | 01/01/21-12/31/24 |
| | Tyler Bowen | 01/01/21-12/31/24 |
| | Todd Sweeney | 01/01/21-12/31/24 |
| | Tia Rumbaugh | 01/01/21-12/31/24 |
| | Teresa Johnson | 01/01/21-12/31/24 |
| | Pat Jones | 01/01/21-12/31/24 |
| | Ally Layman | 12/10/22-12/31/24 |
| | Bob Bailey | 01/01/21-12/31/24 |
| | DuRon Jackson | 01/01/21-12/31/24 |
| | Sarah Walling | 07/22/21-12/31/24 |

Appointive

| | |
|-------------------|----------------|
| City Manager: | Hank Dial |
| Finance Director: | Kathy Burks |
| City Attorney: | Scott Damron |
| City Clerk: | Barbara Miller |

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS
YEAR ENDED JUNE 30, 2023**

GOVERNMENTAL FUND TYPES

Major Governmental Funds

*General Fund
Coal Severance Tax
Community Development Block Grant
Capital Improvements
American Rescue Plan Act
Urban Renewal/Land Reuse Agency*

Nonmajor Governmental Funds

Special Revenue Funds

Safety Town
Federal Drug
Westmoreland Fire Protection
Jean Dean Public Safety

Capital Projects Fund

Landfill Reserve

Debt Service Funds

Tax Increment Financing 1 – Downtown
Tax Increment Financing 2 – Kinetic Park

PROPRIETARY FUND TYPES

Major Proprietary Funds

Sanitation and Trash
Civic Arena

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF FUNDS
YEAR ENDED JUNE 30, 2023**

FIDUCIARY FUND TYPES

Pension Funds

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

Custodial Fund

Asset Seizure

COMPONENT UNITS

Blended

Huntington Building Commission

Discretely Presented

Municipal Development Authority
Municipal Parking Board
Huntington Water Quality Board

INDEPENDENT AUDITOR’S REPORT

City of Huntington
800 Fifth Avenue
Huntington, WV 25717

To the Members of Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the **City of Huntington**, West Virginia (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and the aggregate remaining fund information of the City of Huntington, West Virginia as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Coal Severance Tax Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note III. H. to the financial statements, during 2023, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Other Post-Employment Liability and Related Ratios, Schedule of Contributions – Multiyear for Other Post-Employment Benefits, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of OPEB Contributions, Schedules of Changes in the Net Pension Liability and Related Ratios, Schedules of Investment Returns and the Schedules of Contributions Multiyear for the Police and Fire Pension Relief Funds, Schedules of the Government's Proportionate Share of the Net Pension Liability and the Schedule of Government Contributions on pages 96 - 107 listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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.

Supplementary 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 combining and individual nonmajor fund financial statements, the discretely presented component unit fund financial statements, the Schedule of State Grant Receipts and Expenditures 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 presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2024, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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

March 20, 2024

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Management's discussion and analysis of the City of Huntington's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2023. This information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Please read this discussion and analysis in conjunction with the City's basic financial statements, which immediately follow this section.

Financial Highlights

The City of Huntington's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$(202,263,520) (net position deficit) at the close of fiscal 2023. For fiscal year 2023, net position decreased by \$9,197,816 and increased by \$666,602 in the governmental activities and the business-type activities, respectively.

As of the close of the current fiscal year, governmental funds reported combined ending fund balance of \$37,048,414, a decrease of \$17,792,798 from the prior year. As of the close of the current fiscal year, business-type activities reported combined net position deficit of \$(1,533,449), an increase of \$666,602 from the prior year.

Overview of the Financial Statements

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

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

As noted previously, for fiscal year 2023, net position decreased by \$(9,197,816) and increased by \$666,602 in the governmental activities and the business-type activities, respectively. Total primary government revenues were \$72,398,708 with total expenses of \$80,929,922.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. GASB 75 takes an earnings approach to OPEB accounting; however, the nature of West Virginia's statewide OPEB systems and state law governing that system requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

Fund Financial Statements

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

Governmental Funds

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Also, certain taxpayer-assessed revenues such as business and occupation and utility taxes are accrued as revenue at year end. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary Funds

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

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Fiduciary funds

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

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

The custodial funds are used to account for assets that the City of Huntington holds for others in a custodial capacity.

Notes to the Financial Statements

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

Other Information

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

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

Government-wide financial analysis

The City's net position at June 30, 2023 is \$(202,263,520), a decrease of \$8,531,214 compared to June 30, 2022 net position. Net position decreased by \$9,197,816 for governmental activities and increased by \$666,602 for business-type activities.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Summary of Net Position

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | | <u>Amount of Change</u> |
|---------------------------------------|--------------------------------|-------------------------|---------------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | |
| Assets | | | | | | | |
| Current assets | \$ 51,858,786 | \$ 82,591,505 | \$ 2,499,862 | \$ 267,232 | \$ 54,358,648 | \$ 82,858,737 | \$ (28,500,089) |
| Capital assets, net | 34,174,234 | 22,106,408 | 2,131,864 | 866,296 | 36,306,098 | 22,972,704 | 13,333,394 |
| Other non-current assets | 1,560,905 | 4,420,977 | 2,367,864 | 676,654 | 3,928,769 | 5,097,631 | (1,168,862) |
| Total assets | <u>87,593,925</u> | <u>109,118,890</u> | <u>6,999,590</u> | <u>1,810,182</u> | <u>94,593,515</u> | <u>110,929,072</u> | <u>(16,335,557)</u> |
| Deferred outflows of resources | <u>9,095,475</u> | <u>16,918,604</u> | <u>458,618</u> | <u>534,851</u> | <u>9,554,093</u> | <u>17,453,455</u> | <u>(7,899,362)</u> |
| Liabilities | | | | | | | |
| Current liabilities | 14,288,475 | 27,196,701 | 1,598,583 | 1,570,703 | 15,887,058 | 28,767,404 | (12,880,346) |
| Non-current liabilities | 257,083,144 | 254,576,935 | 4,373,941 | 1,609,588 | 261,457,085 | 256,186,523 | 5,270,562 |
| Total liabilities | <u>271,371,619</u> | <u>281,773,636</u> | <u>5,972,524</u> | <u>3,180,291</u> | <u>277,344,143</u> | <u>284,953,927</u> | <u>(7,609,784)</u> |
| Deferred inflows of resources | <u>26,047,852</u> | <u>35,796,113</u> | <u>3,019,133</u> | <u>1,364,793</u> | <u>29,066,985</u> | <u>37,160,906</u> | <u>(8,093,921)</u> |
| Net position | | | | | | | |
| Net investment in capital assets | 25,377,651 | 15,333,712 | 1,964,734 | 866,296 | 27,342,385 | 16,200,008 | 11,142,377 |
| Restricted | 10,612,989 | 12,782,098 | - | 676,654 | 10,612,989 | 13,458,752 | (2,845,763) |
| Unrestricted (deficit) | (236,720,711) | (219,648,065) | (3,498,183) | (3,743,001) | (240,218,894) | (223,391,066) | (16,827,828) |
| Total net position | <u>\$ (200,730,071)</u> | <u>\$ (191,532,255)</u> | <u>\$ (1,533,449)</u> | <u>\$ (2,200,051)</u> | <u>\$ (202,263,520)</u> | <u>\$ (193,732,306)</u> | <u>\$ (8,531,214)</u> |

Total assets decreased 15% or \$16,335,557 during the year. Current assets in governmental activities decreased \$30,732,719 and increased \$2,232,630 in business-type activities.

Total liabilities decreased 3% or \$7,609,784 during the year. Current liabilities in governmental activities decreased by \$12,908,226 and increased by \$27,880 in business-type activities.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Summary of Changes in Net Position

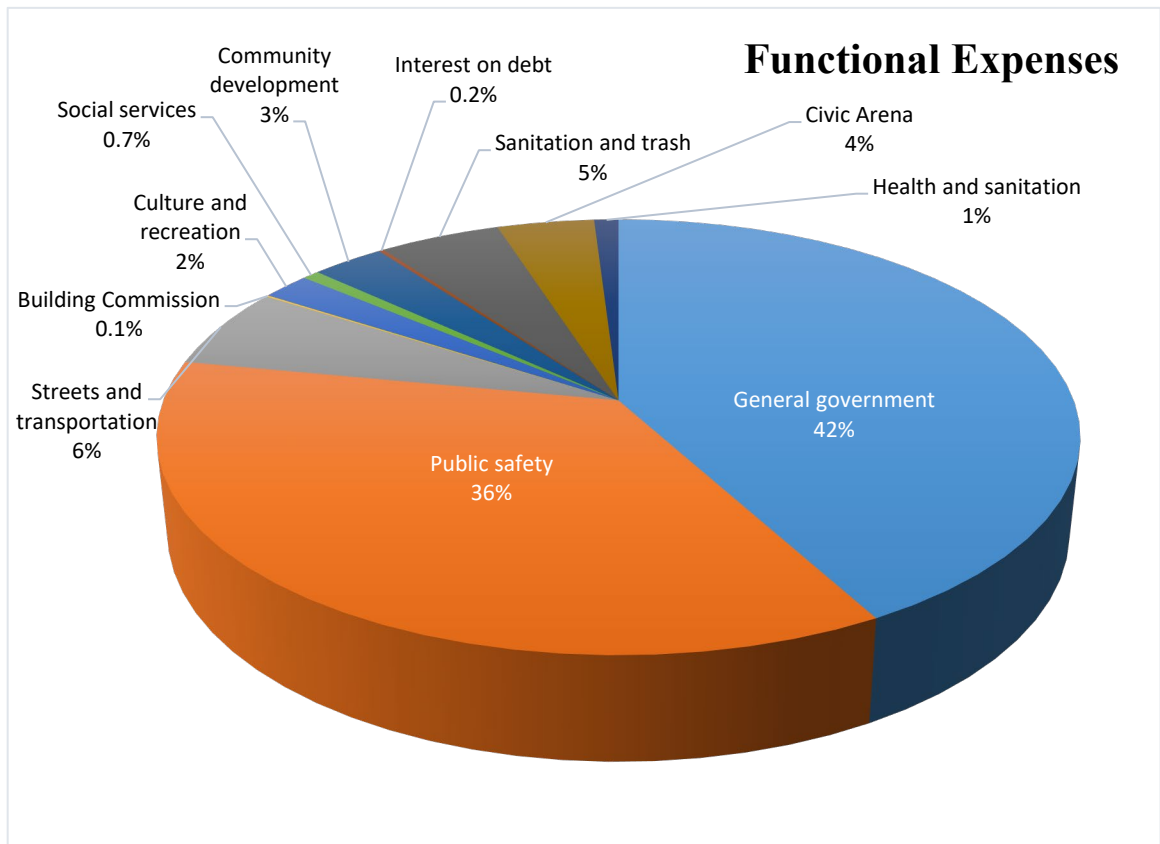
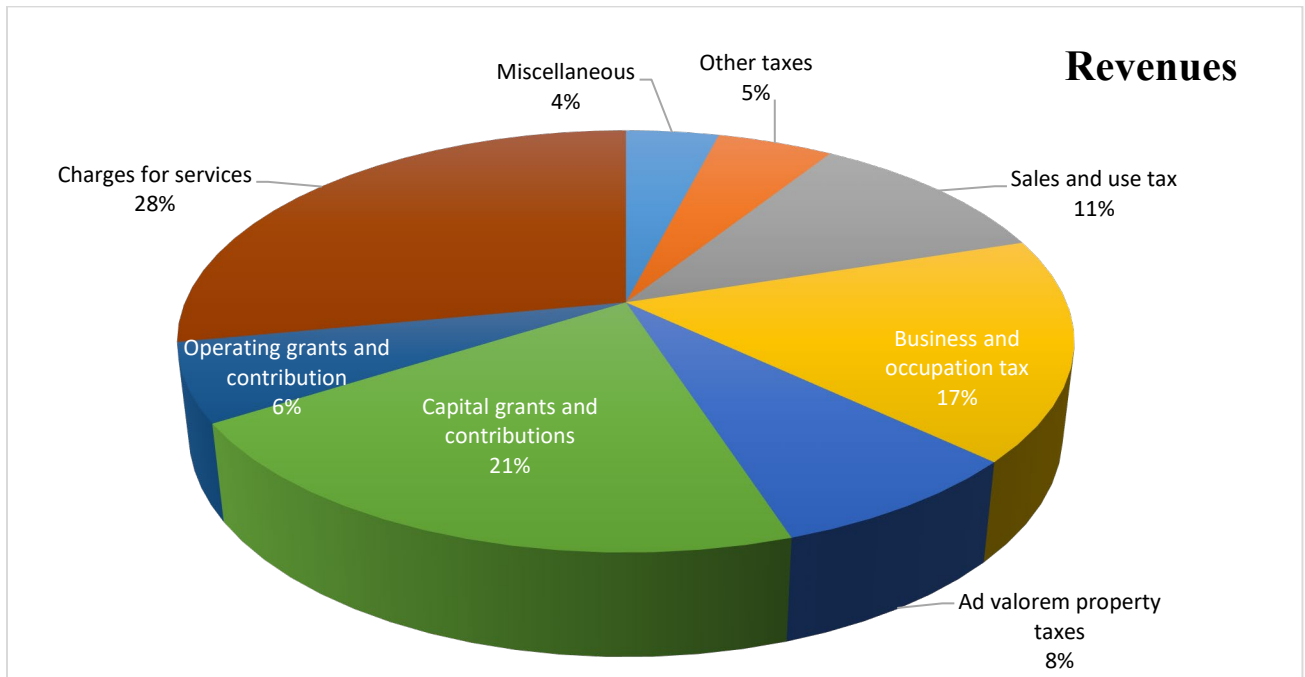
| | Governmental Activities | | Business Activities | | Totals | | Amount of Change |
|--|--------------------------------|-------------------------|----------------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| Charges for services | \$ 17,454,514 | \$ 17,105,761 | \$ 5,490,212 | \$ 5,118,783 | \$ 22,944,726 | \$ 22,224,544 | \$ 720,182 |
| Operating grants and contributions | 4,788,766 | 6,931,905 | 73,600 | 89,068 | 4,862,366 | 7,020,973 | (2,158,607) |
| Capital grants and contributions | 17,646,973 | 23,406,212 | - | - | 17,646,973 | 23,406,212 | (5,759,239) |
| General revenues: | | | | | | | |
| Ad valorem property taxes | 6,598,893 | 6,460,762 | - | - | 6,598,893 | 6,460,762 | 138,131 |
| Business and Occupaion tax | 14,286,737 | 14,428,886 | - | - | 14,286,737 | 14,428,886 | (142,149) |
| Alcoholic beverages tax | 597,292 | 604,925 | - | - | 597,292 | 604,925 | (7,633) |
| Utility services tax | 2,304,186 | 2,298,084 | - | - | 2,304,186 | 2,298,084 | 6,102 |
| Hotel occupancy tax | 1,008,779 | 1,072,041 | - | - | 1,008,779 | 1,072,041 | (63,262) |
| Animal tax | 1,856 | 2,018 | - | - | 1,856 | 2,018 | (162) |
| Gas and oil severance tax | 272,404 | 86,422 | - | - | 272,404 | 86,422 | 185,982 |
| Amusement tax | 35,110 | 8,084 | - | - | 35,110 | 8,084 | 27,026 |
| Sales and use tax | 9,461,227 | 8,565,320 | - | - | 9,461,227 | 8,565,320 | 895,907 |
| Coal severance tax | 218,851 | 183,032 | - | - | 218,851 | 183,032 | 35,819 |
| Interest revenue | 621,121 | 63,183 | 11,578 | 429 | 632,699 | 63,612 | 569,087 |
| (Loss) Gain on sale of capital assets | 418,856 | 39,378 | - | - | 418,856 | 39,378 | 379,478 |
| Miscellaneous | 870,897 | 2,172,887 | 1,237,137 | 706,303 | 2,108,034 | 2,879,190 | (771,156) |
| Total revenues | 76,586,462 | 83,428,900 | 6,812,527 | 5,914,583 | 83,398,989 | 89,343,483 | (5,944,494) |
| Expenses | | | | | | | |
| General government | 33,664,681 | 26,669,270 | - | - | 33,664,681 | 26,669,270 | 6,995,411 |
| Public safety | 29,491,083 | 20,451,519 | - | - | 29,491,083 | 20,451,519 | 9,039,564 |
| Streets and transportation | 4,765,753 | 5,102,799 | - | - | 4,765,753 | 5,102,799 | (337,046) |
| Health and sanitation | 843,153 | 2,288,037 | - | - | 843,153 | 2,288,037 | (1,444,884) |
| Culture and recreation | 1,504,356 | 942,610 | - | - | 1,504,356 | 942,610 | 561,746 |
| Social services | 519,422 | 797,462 | - | - | 519,422 | 797,462 | (278,040) |
| Community development | 2,714,011 | 2,091,007 | - | - | 2,714,011 | 2,091,007 | 623,004 |
| Interest on long-term debt | 191,794 | 277,184 | - | - | 191,794 | 277,184 | (85,390) |
| Sanitation and trash | - | - | 4,275,613 | 3,523,862 | 4,275,613 | 3,523,862 | 751,751 |
| Civic Arena | - | - | 2,869,267 | 2,085,920 | 2,869,267 | 2,085,920 | 783,347 |
| Building Commission | - | - | 90,789 | - | 90,789 | - | 90,789 |
| Total expenses | 73,694,253 | 58,619,888 | 7,235,669 | 5,609,782 | 80,929,922 | 64,229,670 | 16,700,252 |
| Increase in net position before transfers | 2,892,209 | 24,809,012 | (423,142) | 304,801 | 2,469,067 | 25,113,813 | (22,644,746) |
| Transfers | (12,090,025) | (1,763,193) | 1,089,744 | 436,676 | (11,000,281) | (1,326,517) | (9,673,764) |
| Change in net position | (9,197,816) | 23,045,819 | 666,602 | 741,477 | (8,531,214) | 23,787,296 | (32,318,510) |
| Net position-beginning | (191,532,255) | (214,578,074) | (2,200,051) | (2,941,528) | (193,732,306) | (217,519,602) | 23,787,296 |
| Net position-ending | \$ (200,730,071) | \$ (191,532,255) | \$ (1,533,449) | \$ (2,200,051) | \$ (202,263,520) | \$ (193,732,306) | \$ (8,531,214) |

Total revenues decreased by \$5,944,494 in comparison to prior year.

Overall expenses and transfers increased by \$26,374,016 in comparison to prior year.

Graphic presentations of the Summary of Changes in Net Position for the primary government follow to assist in the analysis of the City's activities for fiscal year 2023.

**CITY OF HUNTINGTON, WEST VIRGINIA
 MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**



**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Financial Analysis of the Government's Funds

The City reports the following major governmental funds:

General Fund — The General fund is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund. At the end of the current fiscal year, fund balance for the General fund was \$14,190,338, a decrease of \$4,164,880 during the year. See General fund budgetary highlights for more information.

Coal Severance Fund — The Coal Severance Tax fund, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia municipalities. The City has dedicated these revenues to culture and recreation expenditures. The fund balance of the Coal Severance fund increased by \$54,753 to \$166,919 during fiscal year 2023.

Community Development Block Grant (CDBG) Fund — The Community Development Block Grant fund (CDBG), a special revenue fund, accounts for the CDBG Entitlement Program. The CDBG Entitlement Program provides grants to metropolitan areas and urban counties for community development. The CDBG fund balance decreased \$3,097 to \$7,485,995 during the year.

Capital Improvements Fund — The Capital Improvements fund, a capital projects fund, accounts for the capital improvement activities of the City. The Capital Improvements fund balance decreased \$15,012,267 to \$11,159,257 during the year.

The American Rescue Plan Act–2021 Fund — The American Rescue Plan Act–2021 Fund, a special revenue fund, accounts for any federal financial assistance received pursuant to the American Rescue Plan Act (ARPA) of 2021. During fiscal year 2023, there was \$12,096,378 of ARPA revenues and \$11,877,497 of ARPA expenditures. The June 30, 2023, fund balance was \$231,494.

The Huntington Urban Renewal Authority (HURA) Fund — The Huntington Urban Renewal Authority (HURA) Fund, a special revenue fund, accounts for the activities of the HURA and the Land Reuse Agency (LRA) which has responsibility for the Huntington Land Bank. The HURA/LRA fund balance increased by \$297,528 during the year.

The City's governmental funds reported a combined ending fund balance of \$37,048,414 this year. This compares to the prior year combined ending fund balance of \$54,841,212 for a decrease of \$17,792,798. Total unassigned governmental fund balance is \$9,425,304 for fiscal year 2023.

Proprietary Funds

The government reports the following major proprietary funds:

Sanitation and Trash Fund — The Sanitation and Trash fund serves the City by providing garbage collection and disposal services to the public. Net position in the Sanitation and Trash fund decreased \$422,474 during the year.

Civic Arena Fund — The Civic Arena fund accounts for operating activities of the Civic Arena. Net position in the Civic Arena fund increased by \$89,481 during the year. The increase is primarily due to an increase in events held at the Arena.

Blended Component Unit

The entity below is legally separate from the City and meets GAAP criteria for component units. This entity is blended with the primary government because it provides services entirely or almost entirely to the City.

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The *Building Commission* serves the City of Huntington, West Virginia, and is governed by a board comprising three members appointed by the City for a term of five years each. The Building Commission acquires property and debt on behalf of the City. The Huntington Building Commission is reported as a proprietary fund. Net position in the Building Commission increased by \$999,595 during the year.

Discretely Presented Component Units

In addition to the primary government, the City reports 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 the City's ability to impose its will on them, or a financial benefit/burden relationship exists, the following component units are discretely presented. The discretely presented component units are presented on the government-wide statements.

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

The *Municipal Parking Board* serves all citizens of the City by providing parking services and is governed by a seven-member board appointed by the City. The rates for user charges and bond issuance authorization are provided by the government's elected council.

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

Complete financial statements for the Huntington Municipal Development Authority and the Water Quality Board can be obtained at the entity's administrative offices.

General Fund Budgetary Highlights

During the year, the City revised the General Fund budget. Differences in expenditures and other financing uses between the original and the final amended budget are primarily due to mid-year supplements for unanticipated expenditures and unspent amounts carried forward from prior years. The difference between the original budget and the final amended budget was an increase of approximately \$12.8 million or 16% of the final budgeted general fund expenditures.

Capital asset and debt administration

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

**CITY OF HUNTINGTON, WEST VIRGINIA
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Governmental Activities | | Business Activities | | Total Primary Government | | Amount of Change |
|---|-------------------------|----------------------|---------------------|-------------------|--------------------------|----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Non-Depreciable Assets | | | | | | | |
| Land | \$ 1,106,166 | \$ 1,106,166 | \$ - | \$ - | \$ 1,106,166 | \$ 1,106,166 | \$ - |
| Construction in progress | 13,315,079 | 4,144,362 | 877,714 | - | 14,192,793 | 4,144,362 | 10,048,431 |
| Total non-depreciable assets | <u>14,421,245</u> | <u>5,250,528</u> | <u>877,714</u> | <u>-</u> | <u>15,298,959</u> | <u>5,250,528</u> | <u>10,048,431</u> |
| Depreciable assets | | | | | | | |
| Structures and improvements | 11,087,400 | 11,655,784 | 701,555 | 75,140 | 11,788,955 | 11,730,924 | 58,031 |
| Infrastructure | 20,456,438 | 19,743,824 | - | - | 20,456,438 | 19,743,824 | 712,614 |
| Vehicles | 12,939,966 | 11,334,878 | 2,618,811 | 2,618,811 | 15,558,777 | 13,953,689 | 1,605,088 |
| Machinery and equipment | 9,176,921 | 8,363,738 | 429,330 | 429,330 | 9,606,251 | 8,793,068 | 813,183 |
| Leased assets | 8,436,590 | 5,836,590 | - | - | 8,436,590 | 5,836,590 | 2,600,000 |
| Subscription assets | 558,571 | - | - | - | 558,571 | - | 558,571 |
| Less: accumulated depreciation/amortization | (42,902,897) | (40,078,934) | (2,495,546) | (2,256,985) | (45,398,443) | (42,335,919) | (3,062,524) |
| Total depreciable assets | <u>19,752,989</u> | <u>16,855,880</u> | <u>1,254,150</u> | <u>866,296</u> | <u>21,007,139</u> | <u>17,722,176</u> | <u>3,284,963</u> |
| Total | <u>\$ 34,174,234</u> | <u>\$ 22,106,408</u> | <u>\$ 2,131,864</u> | <u>\$ 866,296</u> | <u>\$ 36,306,098</u> | <u>\$ 22,972,704</u> | <u>\$ 13,333,394</u> |

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

| | Governmental Activities | | Business Activities | | Total Primary Government | | Amount of Change |
|---|-------------------------|-----------------------|---------------------|---------------------|--------------------------|-----------------------|---------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | |
| Bonds and notes payable | \$ 1,217,878 | \$ 1,536,268 | \$ 2,534,994 | \$ - | \$ 3,752,872 | \$ 1,536,268 | \$ 2,216,604 |
| Tax increment financing | 5,514,000 | 5,885,000 | - | - | 5,514,000 | 5,885,000 | (371,000) |
| Leases payable | 7,244,706 | 5,236,428 | - | - | 7,244,706 | 5,236,428 | 2,008,278 |
| SBITA's | 333,999 | - | - | - | 333,999 | - | 333,999 |
| Net pension liability – PERS | 573,634 | - | 132,540 | - | 706,174 | - | 706,174 |
| Net pension liability – DBP | 127,976,312 | 127,264,964 | - | - | 127,976,312 | 127,264,964 | 711,348 |
| Other post-employment benefits | 84,297,143 | 85,928,408 | 1,587,195 | 1,506,736 | 85,884,338 | 87,435,144 | (1,550,806) |
| Compensated absences | 1,972,754 | 1,569,214 | 119,212 | 102,852 | 2,091,966 | 1,672,066 | 419,900 |
| Accrued interest payable | 81,004 | 88,636 | - | - | 81,004 | 88,636 | (7,632) |
| Landfill closure and post-closure costs | 27,871,714 | 27,068,017 | - | - | 27,871,714 | 27,068,017 | 803,697 |
| Total | <u>\$ 257,083,144</u> | <u>\$ 254,576,935</u> | <u>\$ 4,373,941</u> | <u>\$ 1,609,588</u> | <u>\$ 261,457,085</u> | <u>\$ 256,186,523</u> | <u>\$ 5,270,562</u> |

Economic factors

The Governing Council and Administration consider many factors each year while preparing the City's operating budget. The budget for the 2024 fiscal year reflects a balanced budget. Approved budgets for the 2024 fiscal year, as well as other documents, are available at www.cityofhuntington.com.

Requests for information

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2023

| | Primary Government | | | Component Units | | |
|---|-------------------------|--------------------------|-------------------|---------------------------------|-------------------------|--------------------------------|
| | Governmental Activities | Business-type Activities | Total | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 32,150,970 | \$ 1,594,435 | \$ 33,745,405 | \$ 4,686,108 | \$ 163,190 | \$ 15,078,901 |
| Investments | 2,134,006 | - | 2,134,006 | - | - | - |
| Receivables: | | | | | | |
| Accounts | 2,109,189 | 277,424 | 2,386,613 | 176,311 | 4,711 | 1,304,483 |
| Taxes | 5,444,672 | - | 5,444,672 | - | - | - |
| Loans | 6,203,182 | - | 6,203,182 | - | - | - |
| Assets held for resale | 635,456 | - | 635,456 | 4,281,404 | - | - |
| Internal balances | 2,012,607 | (2,012,607) | - | - | - | - |
| Due from: | | | | | | |
| Primary government | - | - | - | 147,455 | - | - |
| Component units | 49,250 | - | 49,250 | - | - | - |
| Other governments | 562,692 | - | 562,692 | - | - | 21,484 |
| Fiduciary funds | 564 | - | 564 | - | - | - |
| Inventory, at cost | - | 78,395 | 78,395 | - | - | 21,528 |
| Prepaid expenses | 236,903 | 27,221 | 264,124 | 136,915 | 688 | 71,217 |
| Leases Receivable | 319,295 | 2,534,994 | 2,854,289 | 4,660,000 | 153,512 | - |
| Total current assets | 51,858,786 | 2,499,862 | 54,358,648 | 14,088,193 | 322,101 | 16,497,613 |
| Noncurrent assets: | | | | | | |
| Regular account | - | - | - | - | - | 770,302 |
| Reserve account | - | - | - | - | - | 4,215,851 |
| Restricted account | - | 2,367,864 | 2,367,864 | 400,303 | - | - |
| Customer deposits | - | - | - | - | - | 699,358 |
| Capital assets: | | | | | | |
| Nondepreciable: | | | | | | |
| Land | 1,106,166 | - | 1,106,166 | 6,932,323 | 942,877 | 402,220 |
| CIP | 13,315,079 | 877,714 | 14,192,793 | - | - | 9,394,830 |
| Depreciable: | | | | | | |
| Buildings | 11,087,400 | 626,415 | 11,713,815 | 23,495,867 | 4,792,439 | 103,702,856 |
| Structures and improvements | - | 75,140 | 75,140 | 6,098,485 | 490,173 | - |
| System Infrastructure | 20,456,438 | - | 20,456,438 | - | - | - |
| Vehicles | 12,939,966 | 2,618,811 | 15,558,777 | - | - | 3,171,390 |
| Machinery and equipment | 9,176,921 | 429,330 | 9,606,251 | 2,354,884 | 788,455 | 3,105,834 |
| Furniture and fixtures | - | - | - | 2,893,878 | - | - |
| Intangible assets - lease use | 8,436,590 | - | 8,436,590 | - | - | - |
| Intangible assets - subscription assets | 558,571 | - | 558,571 | - | - | - |
| Less: accumulated depreciation and amortization | (42,902,897) | (2,495,546) | (45,398,443) | (22,715,308) | (5,530,358) | (72,340,028) |
| Other debits: | | | | | | |
| Net pension asset (MPFRS) | 1,560,905 | - | 1,560,905 | - | - | - |
| Total noncurrent assets | 35,735,139 | 4,499,728 | 40,234,867 | 19,460,432 | 1,483,586 | 53,122,613 |
| Total assets | 87,593,925 | 6,999,590 | 94,593,515 | 33,548,625 | 1,805,687 | 69,620,226 |
| DEFERRED OUTFLOWS | | | | | | |
| Public Employees Retirement System (PERS): | | | | | | |
| Contributions made after measurement date | 605,274 | 139,667 | 744,941 | 18,052 | 34,135 | 418,915 |
| Changes in contributions | 30,547 | 7,058 | 37,605 | 878 | 1,780 | 15,070 |
| Changes in assumptions | 377,553 | 87,235 | 464,788 | 10,848 | 21,995 | 294,585 |
| Difference between expected and actual experience | 220,064 | 50,847 | 270,911 | 6,323 | 12,820 | 171,704 |
| Difference between expected and actual investment earnings | 345,897 | 79,920 | 425,817 | 9,939 | 20,151 | 269,886 |
| Municipal Police Officers and Firefighters Retirement System (MPFRS): | | | | | | |
| Contributions made after measurement date | 462,988 | - | 462,988 | - | - | - |
| Changes in contributions | 239,531 | - | 239,531 | - | - | - |
| Changes in assumptions | 161,489 | - | 161,489 | - | - | - |
| Difference between expected and actual experience | 112,292 | - | 112,292 | - | - | - |
| Difference between expected and actual investment earnings | 147,912 | - | 147,912 | - | - | - |
| Subtotal deferred outflows of resources | 2,703,547 | 364,727 | 3,068,274 | 46,040 | 90,881 | 1,170,160 |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

| | Primary Government | | | Component Units | | |
|--|----------------------------|---------------------------------|--------------------|---------------------------------------|-------------------------------|--------------------------------------|
| | Governmental Activities | Business- type Activities | Total | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| DEFERRED OUTFLOWS (CONTINUED) | | | | | | |
| Defined Benefit Plans (DBP): | | | | | | |
| Changes in investment earnings | \$ 1,358,810 | \$ - | 1,358,810 | \$ - | \$ - | \$ - |
| Other postemployment benefits | 5,033,118 | 93,891 | 5,127,009 | 1,152 | 7,510 | 505,358 |
| Deferred Charges | - | - | - | 93,477 | - | - |
| Deferred amortization of investment loss | - | - | - | 5,040,780 | - | - |
| Total deferred outflows of resources | 9,095,475 | 458,618 | 9,554,093 | 5,181,449 | 98,391 | 1,675,518 |
| LIABILITIES | | | | | | |
| Current liabilities payable | | | | | | |
| from current assets: | | | | | | |
| Accounts payable | 2,843,484 | 943,602 | 3,787,086 | 207,652 | 9,000 | 1,812,986 |
| Refunds payable | - | - | - | - | - | 10,104 |
| Payroll payable | 1,083,778 | 154,201 | 1,237,979 | 8,740 | 18,521 | 34,433 |
| Unclaimed property | 93,214 | - | 93,214 | - | - | - |
| Reserve for health claims | 829,876 | 60,133 | 890,009 | 5,447 | 6,806 | - |
| Customer deposits | - | - | - | - | - | 626,479 |
| Other accrued expenses | - | - | - | - | - | 188,330 |
| Due to: | | | | | | |
| Primary government | - | - | - | 20,968 | 28,082 | - |
| Component units | 149,111 | 21,484 | 170,595 | - | - | - |
| Other governments | 6,115 | - | 6,115 | - | - | - |
| Unearned revenues: | | | | | | |
| Grants | 8,751,658 | - | 8,751,658 | - | - | - |
| Sponsorship | - | 51,000 | 51,000 | - | - | - |
| Charges for services | - | 212,136 | 212,136 | 33,495 | 5,245 | - |
| Customer advances | - | 37,576 | 37,576 | - | - | - |
| Ticket sales | - | 117,451 | 117,451 | - | - | - |
| Other unearned revenue | 531,239 | 1,000 | 532,239 | - | - | - |
| Total current liabilities | 14,288,475 | 1,598,583 | 15,887,058 | 276,302 | 67,654 | 2,672,332 |
| Noncurrent liabilities due within one year: | | | | | | |
| Bonds and notes payable (including financed purchases) | 247,473 | 123,229 | 370,702 | 888,174 | - | 1,598,645 |
| Lease payable | 657,302 | - | 657,302 | - | - | - |
| Tax increment financing bonds payable | 380,000 | - | 380,000 | - | - | - |
| SBITA's payable | 271,884 | - | 271,884 | - | - | - |
| Noncurrent liabilities due in more than one year: | | | | | | |
| Bonds and notes payable (including financed purchases) | 970,405 | 2,411,765 | 3,382,170 | 12,670,862 | - | 16,628,638 |
| Lease payable | 6,587,404 | - | 6,587,404 | - | - | - |
| Tax increment financing bonds payable | 5,134,000 | - | 5,134,000 | - | - | - |
| SBITA's payable | 62,115 | - | 62,115 | - | - | - |
| Accrued interest payable | 81,004 | - | 81,004 | 59,966 | - | 54,798 |
| Other postemployment benefits liability | 84,297,143 | 1,587,195 | 85,884,338 | 19,478 | 126,951 | 118,646 |
| Net pension obligation payable | - | - | - | - | - | 23,400 |
| Net pension liability – PERS | 573,634 | 132,540 | 706,174 | 16,482 | 33,419 | 447,579 |
| Net pension liability – DBP | 127,976,312 | - | 127,976,312 | - | - | - |
| Compensated absences payable | 1,972,754 | 119,212 | 2,091,966 | 23,109 | 30,054 | 174,921 |
| Estimated landfill closure and post-closure liability | 27,871,714 | - | 27,871,714 | - | - | - |
| Total noncurrent liabilities | 257,083,144 | 4,373,941 | 261,457,085 | 13,678,071 | 190,424 | 19,046,627 |
| Total liabilities | 271,371,619 | 5,972,524 | 277,344,143 | 13,954,373 | 258,078 | 21,718,959 |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

| | Primary Government | | | Component Units | | |
|---|----------------------------|---------------------------------|-------------------------|---------------------------------------|-------------------------------|--------------------------------------|
| | Governmental Activities | Business- type Activities | Total | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| DEFERRED INFLOWS | | | | | | |
| Public Employees Retirement System (PERS): | | | | | | |
| Changes in contributions | \$ 5,682 | \$ 1,313 | \$ 6,995 | \$ 163 | \$ 331 | \$ 16,572 |
| Municipal Police and Firefighters Retirement System (MPFRS): | | | | | | |
| Changes in contributions | 5,655 | - | 5,655 | - | - | - |
| Difference between expected and actual experience | 30,828 | - | 30,828 | - | - | - |
| Changes in assumptions | 2,236 | - | 2,236 | - | - | - |
| Other postemployment benefits | 25,684,290 | 482,826 | 26,167,116 | 5,925 | 38,618 | 357,179 |
| Lease deferred inflows | 319,161 | 2,534,994 | 2,854,155 | 4,660,000 | 153,512 | - |
| Total deferred inflows of resources | 26,047,852 | 3,019,133 | 29,066,985 | 4,666,088 | 192,461 | 373,751 |
| NET POSITION | | | | | | |
| Net investment in capital assets | 25,377,651 | 1,964,734 | 27,342,385 | 8,128,484 | 1,483,586 | 29,209,819 |
| Restricted for: | | | | | | |
| Economic development | - | - | - | 400,303 | - | - |
| Community development | 6,434,676 | - | 6,434,676 | - | - | - |
| Net pension/OPEB asset | 1,560,905 | - | 1,560,905 | - | - | - |
| Retiree insurance | 1,643,312 | - | 1,643,312 | - | - | - |
| Customer deposits | - | - | - | - | - | 89,726 |
| Construction | - | - | - | - | - | 2,893,889 |
| Insurance claims | - | - | - | - | - | 375,236 |
| Debt service | 974,096 | - | 974,096 | - | - | 1,717,028 |
| Unrestricted | (236,720,711) | (3,498,183) | (240,218,894) | 11,580,826 | (30,047) | 14,917,336 |
| Total net position | \$ (200,730,071) | \$ (1,533,449) | \$ (202,263,520) | \$ 20,109,613 | \$ 1,453,539 | \$ 49,203,034 |

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Program Revenues | | | | Net (Expense) Revenues and Changes in Net Position | | | | | |
|---------------------------------------|----------------------|-------------------------|--|--|--|---------------------------------|---------------------|---------------------------------------|-------------------------------|--------------------------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | Component Units | | |
| | | | | | Governmental Activities | Business- type Activities | Total | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| Functions/Programs | | | | | | | | | | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 33,664,681 | \$ 2,464,304 | \$ - | \$ 13,686 | \$ (31,186,691) | \$ - | \$ (31,186,691) | \$ - | \$ - | \$ - |
| Public safety | 29,491,083 | 12,420,186 | 3,141,236 | 747,095 | (13,182,566) | - | (13,182,566) | - | - | - |
| Streets and transportation | 4,765,753 | 2,481,289 | - | - | (2,284,464) | - | (2,284,464) | - | - | - |
| Health and sanitation | 843,153 | 88,735 | - | 204,922 | (549,496) | - | (549,496) | - | - | - |
| Culture and recreation | 1,504,356 | - | - | 1,875,775 | 371,419 | - | 371,419 | - | - | - |
| Social services | 519,422 | - | 642,417 | - | 122,995 | - | 122,995 | - | - | - |
| Community development | 2,714,011 | - | 1,005,113 | 14,805,495 | 13,096,597 | - | 13,096,597 | - | - | - |
| Interest on long-term debt | 191,794 | - | - | - | (191,794) | - | (191,794) | - | - | - |
| Total governmental activities | 73,694,253 | 17,454,514 | 4,788,766 | 17,646,973 | (33,804,000) | - | (33,804,000) | - | - | - |
| Business-type activities: | | | | | | | | | | |
| Sanitation and trash | 4,275,613 | 3,758,437 | - | - | - | (517,176) | (517,176) | - | - | - |
| Civic arena | 2,869,267 | 1,731,775 | 73,600 | - | - | (1,063,892) | (1,063,892) | - | - | - |
| Building Commission | 90,789 | - | - | - | - | (90,789) | (90,789) | - | - | - |
| Total business-type activities | 7,235,669 | 5,490,212 | 73,600 | - | - | (1,671,857) | (1,671,857) | - | - | - |
| Total primary government | \$ 80,929,922 | \$ 22,944,726 | \$ 4,862,366 | \$ 17,646,973 | (33,804,000) | (1,671,857) | (35,475,857) | - | - | - |
| Component units: | | | | | | | | | | |
| Municipal Development Authority | \$ 10,064,137 | \$ 1,509,206 | \$ 7,107,640 | \$ 100,000 | - | - | - | (1,347,291) | - | - |
| Municipal Parking Board | 827,380 | 715,700 | - | - | - | - | - | - | (111,680) | - |
| Huntington Water Quality Board | 16,092,534 | 19,047,807 | 3,064,352 | - | - | - | - | - | - | 6,019,625 |
| Total component units | \$ 26,984,051 | \$ 21,272,713 | \$ 10,171,992 | \$ 100,000 | - | - | - | (1,347,291) | (111,680) | 6,019,625 |

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Net (Expense) Revenues and Changes in Net Position | | | | | |
|--|--|---------------------------------|-------------------------|---------------------------------------|-------------------------------|--------------------------------------|
| | Primary Government | | | Component Units | | |
| | Governmental Activities | Business- type Activities | Total | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| General revenues: | | | | | | |
| Ad valorem property taxes | \$ 6,598,893 | \$ - | \$ 6,598,893 | \$ - | \$ - | \$ - |
| Business & occupation tax | 14,286,737 | - | 14,286,737 | - | - | - |
| Alcoholic beverages tax | 597,292 | - | 597,292 | - | - | - |
| Utility services tax | 2,304,186 | - | 2,304,186 | - | - | - |
| Hotel occupancy tax | 1,008,779 | - | 1,008,779 | - | - | - |
| Animal tax | 1,856 | - | 1,856 | - | - | - |
| Gas & oil severance tax | 272,404 | - | 272,404 | - | - | - |
| Amusement tax | 35,110 | - | 35,110 | - | - | - |
| Sales and use tax | 9,461,227 | - | 9,461,227 | - | - | - |
| Coal severance tax | 218,851 | - | 218,851 | - | - | - |
| Interest revenue | 621,121 | 11,578 | 632,699 | 42,562 | 2,933 | 343,369 |
| Gains (loss) on disposal of capital assets | 418,856 | - | 418,856 | 443,230 | - | - |
| Miscellaneous | 870,897 | 1,237,137 | 2,108,034 | 112,625 | 6,530 | 162,392 |
| Transfers | (12,090,025) | 1,089,744 | (11,000,281) | 11,000,281 | - | - |
| Total general revenues and transfers | <u>24,606,184</u> | <u>2,338,459</u> | <u>26,944,643</u> | <u>11,598,698</u> | <u>9,463</u> | <u>505,761</u> |
| Change in net position | (9,197,816) | 666,602 | (8,531,214) | 10,251,407 | (102,217) | 6,525,386 |
| Net position – beginning | <u>(191,532,255)</u> | <u>(2,200,051)</u> | <u>(193,732,306)</u> | <u>9,858,206</u> | <u>1,555,756</u> | <u>42,677,648</u> |
| Net position – ending | <u>\$ (200,730,071)</u> | <u>\$ (1,533,449)</u> | <u>\$ (202,263,520)</u> | <u>\$ 20,109,613</u> | <u>\$ 1,453,539</u> | <u>\$ 49,203,034</u> |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General | Coal Severance Tax | Community Development Block Grant | Capital Improvements | American Rescue Plan (ARPA) | HURA/LRA | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|--------------------------|---|-------------------------|-----------------------------------|-------------------|---|--------------------------------|
| ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Assets: | | | | | | | | |
| Current: | | | | | | | | |
| Cash and cash equivalents | \$ 8,058,718 | \$ 157,912 | \$ 308,084 | \$ 12,612,331 | \$ 8,995,998 | \$ 155 | \$ 2,017,772 | \$ 32,150,970 |
| Investments | 358,411 | - | - | - | - | - | 1,775,595 | 2,134,006 |
| Receivables: | | | | | | | | |
| Taxes | 5,438,648 | - | - | - | - | - | 6,024 | 5,444,672 |
| Accounts | 468,787 | - | 1,638,075 | - | - | 2,327 | - | 2,109,189 |
| Loans | 400,000 | - | 5,803,182 | - | - | - | - | 6,203,182 |
| Assets held for resale | - | - | - | - | - | 635,456 | - | 635,456 |
| Other | 319,295 | - | - | - | - | - | - | 319,295 |
| Due from: | | | | | | | | |
| Component units | 49,250 | - | - | - | - | - | - | 49,250 |
| Other funds | 2,795,502 | - | 8,766 | - | 2,820 | - | 9,080 | 2,816,168 |
| Other governments | 508,492 | 54,200 | - | - | - | - | - | 562,692 |
| Fiduciary funds | 564 | - | - | - | - | - | - | 564 |
| Prepaid expenses | 236,903 | - | - | - | - | - | - | 236,903 |
| Total assets | 18,634,570 | 212,112 | 7,758,107 | 12,612,331 | 8,998,818 | 637,938 | 3,808,471 | 52,662,347 |
| Deferred Outflows: | | | | | | | | |
| Total deferred outflows of resources | - | - | - | - | - | - | - | - |
| Total assets and deferred outflows of resources | \$ <u>18,634,570</u> | \$ <u>212,112</u> | \$ <u>7,758,107</u> | \$ <u>12,612,331</u> | \$ <u>8,998,818</u> | \$ <u>637,938</u> | \$ <u>3,808,471</u> | \$ <u>52,662,347</u> |
| LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES | | | | | | | | |
| Liabilities: | | | | | | | | |
| Accounts payable | \$ 1,252,016 | \$ 29,315 | \$ 99,062 | \$ 1,453,074 | \$ - | \$ - | \$ 10,017 | \$ 2,843,484 |
| Payroll payable | 1,058,076 | - | 25,702 | - | - | - | - | 1,083,778 |
| Reserve for health claims | 818,303 | - | 11,573 | - | - | - | - | 829,876 |
| Due to: | | | | | | | | |
| Component units | 149,111 | - | - | - | - | - | - | 149,111 |
| Other funds | 22,227 | 15,878 | 135,775 | - | 15,666 | 594,826 | 19,189 | 803,561 |
| Other governments | 6,115 | - | - | - | - | - | - | 6,115 |
| Unearned revenue: | | | | | | | | |
| Grant advances | - | - | - | - | 8,751,658 | - | - | 8,751,658 |
| Other | 531,239 | - | - | - | - | - | - | 531,239 |
| Unclaimed property | 91,272 | - | - | - | - | - | 1,942 | 93,214 |
| Total liabilities | 3,928,359 | 45,193 | 272,112 | 1,453,074 | 8,767,324 | 594,826 | 31,148 | 15,092,036 |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
BALANCE SHEET – GOVERNMENTAL FUNDS (Continued)
JUNE 30, 2023

| | General | Coal Severance Tax | Community Development Block Grant | Capital Improvements | American Rescue Plan (ARPA) | HURA/LRA | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------|--------------------------|---|-------------------------|--------------------------------|------------|---|--------------------------------|
| Deferred Inflows: | | | | | | | | |
| Unavailable revenue – lease receivables | 319,161 | - | - | - | - | - | - | 319,161 |
| Unavailable revenue – property taxes | 196,712 | - | - | - | - | - | 6,024 | 202,736 |
| Total deferred inflows of resources | 515,873 | - | - | - | - | - | 6,024 | 521,897 |
| Total liabilities and deferred inflows of resources | 4,444,232 | 45,193 | 272,112 | 1,453,074 | 8,767,324 | 594,826 | 37,172 | 15,613,933 |
| Fund balances: | | | | | | | | |
| Nonspendable | 520,484 | - | - | - | - | 635,456 | - | 1,155,940 |
| Restricted | 400,000 | - | 5,803,182 | - | 231,494 | - | 974,096 | 7,408,772 |
| Committed | 2,222,197 | - | - | - | - | - | - | 2,222,197 |
| Assigned | 1,030,009 | 166,919 | 1,682,813 | 11,159,257 | - | - | 2,797,203 | 16,836,201 |
| Unassigned | 10,017,648 | - | - | - | - | (592,344) | - | 9,425,304 |
| Total fund balances | 14,190,338 | 166,919 | 7,485,995 | 11,159,257 | 231,494 | 43,112 | 3,771,299 | 37,048,414 |
| Total liabilities, deferred inflows and fund balances | \$ 18,634,570 | \$ 212,112 | \$ 7,758,107 | \$ 12,612,331 | \$ 8,998,818 | \$ 637,938 | \$ 3,808,471 | \$ 52,662,347 |

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

| | |
|---|---------------|
| Total fund balances on the governmental fund's balance sheet | \$ 37,048,414 |
| 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. | 34,174,234 |
| 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). | 1,560,905 |
| Certain revenues are not available to fund current year expenditures and, therefore, are deferred in the funds. | 202,736 |
| Deferred inflows and outflows related to pension activities are not required to be reported in the funds, but are required to be reported at the government-wide level. | |
| <i>Other Postemployment Benefits:</i> | |
| Deferred outflows | 5,033,118 |
| Deferred inflows | (25,684,290) |
| <i>Public Employees Retirement System (PERS):</i> | |
| Deferred outflows: | |
| Contributions made after measurement date | 605,274 |
| Changes in contributions | 30,547 |
| Changes in assumptions | 377,553 |
| Difference between expected and actual experience | 220,064 |
| Difference between expected and actual investment earnings | 345,897 |
| Deferred inflows: | |
| Changes in contributions | (5,682) |
| <i>Municipal Police Officers and Firefighters retirement System (MPFRS):</i> | |
| Deferred outflows: | |
| Contributions made after measurement date | 462,988 |
| Changes in contributions | 239,531 |
| Changes in assumptions | 161,489 |
| Difference between expected and actual experience | 112,292 |
| Difference between expected and actual investment earnings | 147,912 |
| Deferred inflows: | |
| Changes in contributions | (5,655) |
| Difference between expected and actual experience | (30,828) |
| Change in assumptions | (2,236) |
| <i>Defined Benefits Plans (DBP):</i> | |
| Deferred outflows: | |
| Changes in investment earnings | 1,358,810 |

CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

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

| | | |
|--|----|-----------------------------|
| Bonds and notes payable (including financed purchases) | \$ | (1,217,878) |
| Leases payable | | (7,244,706) |
| Tax increment financing revenue bonds | | (5,514,000) |
| SBITA's payable | | (333,999) |
| Accrued interest payable on long-term liabilities | | (81,004) |
| Compensated absences | | (1,972,754) |
| Net pension liability – PERS | | (573,634) |
| Net Pension Liability – DBP | | (127,976,312) |
| Other postemployment benefits payable | | (84,297,143) |
| Estimated landfill closure and post-closure liability | | <u>(27,871,714)</u> |
| Net position of governmental activities (deficit) | \$ | <u><u>(200,730,071)</u></u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | General | Coal Severance Tax | Community Development Block Grant | Capital Improvements | American Rescue Plan (ARPA) | HURA/LRA | Other Nonmajor Governmental Funds | Total Governmental Funds |
|--|-------------------|-----------------------|---|-------------------------|--------------------------------|---------------|---|--------------------------------|
| REVENUES | | | | | | | | |
| Taxes: | | | | | | | | |
| Ad valorem property taxes | \$ 5,926,719 | \$ - | \$ - | \$ - | \$ - | \$ - | 664,072 | \$ 6,590,791 |
| Business & occupation tax | 14,286,737 | - | - | - | - | - | - | 14,286,737 |
| Alcoholic beverages tax | 597,292 | - | - | - | - | - | - | 597,292 |
| Utility services tax | 2,304,186 | - | - | - | - | - | - | 2,304,186 |
| Hotel occupancy tax | 1,008,779 | - | - | - | - | - | - | 1,008,779 |
| Animal tax | 1,856 | - | - | - | - | - | - | 1,856 |
| Gas and oil severance tax | 272,404 | - | - | - | - | - | - | 272,404 |
| Amusement tax | 35,110 | - | - | - | - | - | - | 35,110 |
| Sales and use tax | 9,461,227 | - | - | - | - | - | - | 9,461,227 |
| Coal severance tax | - | 218,851 | - | - | - | - | - | 218,851 |
| Licenses and permits, and fees | 1,234,204 | - | - | - | - | - | - | 1,234,204 |
| Intergovernmental: | | | | | | | | |
| Federal | 3,255,572 | - | 4,072,150 | - | 11,877,498 | - | - | 19,205,220 |
| State | 2,141,295 | - | - | - | - | - | - | 2,141,295 |
| Charges for services | 14,153,043 | - | - | - | - | - | 67,035 | 14,220,078 |
| Fines and forfeits | 215,322 | - | - | - | - | - | 21,700 | 237,022 |
| Interest and investment earnings | 248,915 | 3,791 | 8,011 | 64,449 | 218,880 | 2 | 77,073 | 621,121 |
| Franchise fees | 464,433 | - | - | - | - | - | - | 464,433 |
| Employee/retirees health insurance | 1,763,210 | - | - | - | - | - | - | 1,763,210 |
| Contributions and donations | 130,544 | - | - | - | - | - | 958,679 | 1,089,223 |
| Miscellaneous | 406,465 | - | - | - | - | - | - | 406,465 |
| Total revenues | 57,907,313 | 222,642 | 4,080,161 | 64,449 | 12,096,378 | 2 | 1,788,559 | 76,159,504 |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| General government | 22,595,718 | 700 | - | 9,121,400 | 2,277,497 | 50,789 | 4,750 | 34,050,854 |
| Public safety | 27,937,418 | - | - | - | - | - | 214,214 | 28,151,632 |
| Streets and transportation | 5,807,169 | - | - | - | - | - | - | 5,807,169 |
| Health and sanitation | - | - | - | - | - | - | 400 | 400 |
| Culture and recreation | 1,171,514 | 89,374 | - | - | - | - | - | 1,260,888 |
| Social services | 90,138 | - | 429,284 | - | - | - | - | 519,422 |
| Capital outlay | 8,236,803 | 77,815 | - | 4,555,316 | - | - | 96,977 | 12,966,911 |
| Community development | - | - | 1,729,413 | 1,000,000 | - | - | - | 2,729,413 |
| Debt service: | | | | | | | | |
| Principal | - | - | - | - | - | - | 371,000 | 371,000 |
| Interest | - | - | - | - | - | - | 144,015 | 144,015 |
| Total expenditures | 65,838,760 | 167,889 | 2,158,697 | 14,676,716 | 2,277,497 | 50,789 | 831,356 | 86,001,704 |
| Excess (deficiency) of revenues over expenditures | (7,931,447) | 54,753 | 1,921,464 | (14,612,267) | 9,818,881 | (50,787) | 957,203 | (9,842,200) |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | General | Coal Severance Tax | Community Development Block Grant | Capital Improvements | American Rescue Plan (ARPA) | HURA/LRA | Other Nonmajor Governmental Funds | Total Governmental Funds |
|---------------------------------------|----------------------|--------------------------|---|-------------------------|-----------------------------------|------------------|--|--------------------------------|
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | \$ 11,524,561 | \$ - | \$ - | \$ 9,600,000 | \$ - | \$ - | \$ - | \$ 21,124,561 |
| Transfers (out) | (10,987,106) | - | (1,924,561) | (10,000,000) | (9,600,000) | - | (140,919) | (32,652,586) |
| Proceeds from the sales of assets | 70,541 | - | - | - | - | 348,315 | - | 418,856 |
| Proceeds from SBITA's | 558,571 | - | - | - | - | - | - | 558,571 |
| Proceeds from leases | 2,600,000 | - | - | - | - | - | - | 2,600,000 |
| Total other financing sources (uses) | <u>3,766,567</u> | <u>-</u> | <u>(1,924,561)</u> | <u>(400,000)</u> | <u>(9,600,000)</u> | <u>348,315</u> | <u>(140,919)</u> | <u>(7,950,598)</u> |
| Net change in fund balances | (4,164,880) | 54,753 | (3,097) | (15,012,267) | 218,881 | 297,528 | 816,284 | (17,792,798) |
| Fund balances – beginning | <u>18,355,218</u> | <u>112,166</u> | <u>7,489,092</u> | <u>26,171,524</u> | <u>12,613</u> | <u>(254,416)</u> | <u>2,955,015</u> | <u>54,841,212</u> |
| Fund balances – ending | <u>\$ 14,190,338</u> | <u>\$ 166,919</u> | <u>\$ 7,485,995</u> | <u>\$ 11,159,257</u> | <u>\$ 231,494</u> | <u>\$ 43,112</u> | <u>\$ 3,771,299</u> | <u>\$ 37,048,414</u> |

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| | | |
|--|----|--------------|
| Net change in fund balances – total governmental funds | \$ | (17,792,798) |
| Capital outlays are reported as an expenditure in the governmental funds, but are considered an asset at the government-wide level. This is the amount of capital assets increased during the fiscal year. | | 14,891,789 |
| 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/amortization expense. This is the amount of depreciation expense charged during the year. | | (2,823,963) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year unavailable unearned revenues. | | |
| Prior year deferred taxes | | (194,634) |
| Current year deferred taxes | | 202,736 |
| Certain pension expenses in the statement of activities are recognized on the accrual basis of accounting in accordance with GASB 68. | | |
| <i>Public Employees Retirement System (PERS):</i> | | |
| Contributions made after measurement date | | 605,274 |
| Amount of pension expenses recognized at government-wide level | | (302,280) |
| <i>Municipal Police Officers and Firefighters retirement System (MPFRS):</i> | | |
| Contributions made after measurement date | | 462,988 |
| Amount of pension expenses recognized at government-wide level | | (125,631) |
| <i>Defined Benefits Plans (DBP):</i> | | |
| Amount of pension expenses recognized at government-wide level | | (364,598) |

**CITY OF HUNTINGTON, WEST VIRGINIA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of long-term debt uses financial resources of governmental funds. Neither transaction affects net position of the government-wide financial statements.

| | |
|---|-------------|
| Tax increment financing bond principal payments | 371,000 |
| Financed purchases principal payments | 318,390 |
| Leases proceeds | (2,600,000) |
| Lease principal payments | 591,722 |
| SBITA proceeds | (558,571) |
| SBITA payments | 224,572 |

| | |
|--|-------|
| Accrued interest is required to be reported as a liability in the statement of net position of the government-wide financial statements. The following represents the change in accrued interest payable for the year. | 7,631 |
|--|-------|

| | |
|---|-----------|
| The estimated landfill closure and post-closure liability requires annual reevaluation for the effects of inflation or deflation. The following represents the increase to the liability for inflation. | (803,697) |
|---|-----------|

| | |
|--|-----------|
| Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability are reported as OPEB expense in the Statement of Activities. | (904,206) |
|--|-----------|

| | |
|--|-----------|
| Change in compensated absences payable | (403,540) |
|--|-----------|

| | |
|---|----------------|
| Change in net position of governmental activities | \$ (9,197,816) |
|---|----------------|

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Modified Accrual Basis | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|-------------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem property taxes | \$ 6,000,000 | \$ 6,000,000 | \$ 5,926,719 | \$ (73,281) |
| Business & occupation tax | 11,500,000 | 11,500,000 | 14,286,737 | 2,786,737 |
| Alcoholic beverages tax | 400,000 | 400,000 | 597,292 | 197,292 |
| Utility services tax | 2,050,000 | 2,050,000 | 2,304,186 | 254,186 |
| Hotel occupancy tax | 800,000 | 1,200,000 | 1,008,779 | (191,221) |
| Animal tax | 2,200 | 2,200 | 1,856 | (344) |
| Gas and oil severance tax | 103,000 | 103,000 | 272,404 | 169,404 |
| Amusement tax | 10,000 | 10,000 | 35,110 | 25,110 |
| Sales and use tax | 6,500,000 | 6,500,000 | 9,461,227 | 2,961,227 |
| Licenses and permits | 935,000 | 935,000 | 1,234,204 | 299,204 |
| Intergovernmental: | | | | |
| Federal | 1,600,000 | 3,375,000 | 3,255,572 | (119,428) |
| State | 2,353,165 | 2,353,165 | 2,141,295 | (211,870) |
| Charges for services | 12,829,000 | 12,829,000 | 14,153,043 | 1,324,043 |
| Fines and forfeits | 171,000 | 171,000 | 215,322 | 44,322 |
| Interest earnings | 20,000 | 20,000 | 248,915 | 228,915 |
| Franchise fees | 500,000 | 500,000 | 464,433 | (35,567) |
| Employees & retiree health insurance | 1,555,000 | 1,555,000 | 1,763,210 | 208,210 |
| Contributions and donations | 470,000 | 470,000 | 130,544 | (339,456) |
| Miscellaneous | 535,000 | 535,000 | 406,465 | (128,535) |
| Total revenues | 48,333,365 | 50,508,365 | 57,907,313 | 7,398,948 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 23,544,091 | 35,384,746 | 22,595,718 | 12,789,028 |
| Public safety | 31,018,127 | 31,093,127 | 27,937,418 | 3,155,709 |
| Streets and transportation | 5,912,544 | 6,554,657 | 5,807,169 | 747,488 |
| Health and sanitation | - | - | - | - |
| Culture and recreation | 2,129,200 | 2,329,200 | 1,171,514 | 1,157,686 |
| Social services | 101,853 | 101,853 | 90,138 | 11,715 |
| Capital outlay | 3,005,000 | 3,005,000 | 8,236,803 | (5,231,803) |
| Total expenditures | 65,710,815 | 78,468,583 | 65,838,760 | 12,629,823 |
| Excess (deficiency) of revenues over expenditures | (17,377,450) | (27,960,218) | (7,931,447) | 20,028,771 |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Modified Accrual Basis | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------|-------------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | \$ - | \$ 9,600,000 | \$ 11,524,561 | \$ 1,924,561 |
| Transfers (out) | - | - | (10,987,106) | (10,987,106) |
| Proceeds from the sale of assets | 5,000 | 5,000 | 70,541 | 65,541 |
| Proceeds from SBITA's | - | - | 558,571 | 558,571 |
| Proceeds from leases | - | - | 2,600,000 | 2,600,000 |
| Total other financing sources (uses) | <u>5,000</u> | <u>9,605,000</u> | <u>3,766,567</u> | <u>(5,838,433)</u> |
| Net change in fund balance | (17,372,450) | (18,355,218) | (4,164,880) | 14,190,338 |
| Fund balance – beginning | <u>17,372,450</u> | <u>18,355,218</u> | <u>18,355,218</u> | <u>-</u> |
| Fund balance – ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 14,190,338</u> | <u>\$ 14,190,338</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – COAL SEVERANCE TAX FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Budgeted Amounts</u> | | Actual Modified Accrual Basis | Variance with Final Budget Positive (Negative) |
|----------------------------|-------------------------|----------------|-------------------------------------|--|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Coal severance tax | \$ 120,000 | \$ 120,000 | \$ 218,851 | \$ 98,851 |
| Interest earnings | <u>10</u> | <u>10</u> | <u>3,791</u> | <u>3,781</u> |
| Total revenues | <u>120,010</u> | <u>120,010</u> | <u>222,642</u> | <u>102,632</u> |
| EXPENDITURES | | | | |
| General government | - | - | 700 | (700) |
| Culture and recreation | 140,010 | 232,176 | 89,374 | 142,802 |
| Capital outlay | <u>-</u> | <u>-</u> | <u>77,815</u> | <u>(77,815)</u> |
| Total expenditures | <u>140,010</u> | <u>232,176</u> | <u>167,889</u> | <u>64,287</u> |
| Net change in fund balance | (20,000) | (112,166) | 54,753 | 166,919 |
| Fund balance – beginning | <u>20,000</u> | <u>112,166</u> | <u>112,166</u> | <u>-</u> |
| Fund balance – ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 166,919</u> | <u>\$ 166,919</u> |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | | Total |
|--|--|------------------|------------------------|--------------------|
| | Sanitation and Trash | Civic Arena | Building Commission | |
| ASSETS | | | | |
| Current: | | | | |
| Cash and cash equivalents | \$ 534,521 | \$ 1,059,914 | \$ - | \$ 1,594,435 |
| Receivables: | | | | |
| Accounts | 107,022 | 170,402 | - | 277,424 |
| Due from: | | | | |
| Other funds | 7,672 | 15,878 | - | 23,550 |
| Inventory, at cost | - | 78,395 | - | 78,395 |
| Prepaid expenses | 16,734 | 10,487 | - | 27,221 |
| Leases receivable | - | - | 2,534,994 | 2,534,994 |
| Total current assets | <u>665,949</u> | <u>1,335,076</u> | <u>2,534,994</u> | <u>4,536,019</u> |
| Non-current assets: | | | | |
| Restricted account | - | - | 2,367,864 | 2,367,864 |
| Capital assets: | | | | |
| Non-depreciable: | | | | |
| Construction in process | - | - | 877,714 | 877,714 |
| Depreciable: | | | | |
| Structures and improvements | 75,140 | - | 626,415 | 701,555 |
| Vehicles | 2,618,811 | - | - | 2,618,811 |
| Machinery and equipment | 429,330 | - | - | 429,330 |
| Less: accumulated depreciation | <u>(2,451,546)</u> | <u>-</u> | <u>(44,000)</u> | <u>(2,495,546)</u> |
| Total capital assets (net of accumulated depreciation) | <u>671,735</u> | <u>-</u> | <u>1,460,129</u> | <u>2,131,864</u> |
| Total noncurrent assets | <u>671,735</u> | <u>-</u> | <u>3,827,993</u> | <u>4,499,728</u> |
| Total assets | <u>1,337,684</u> | <u>1,335,076</u> | <u>6,362,987</u> | <u>9,035,747</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Contributions made after measurement date | 139,667 | - | - | 139,667 |
| Changes in contributions | 7,058 | - | - | 7,058 |
| Changes in assumptions | 87,235 | - | - | 87,235 |
| Difference between expected and actual experience | 50,847 | - | - | 50,847 |
| Difference between expected and actual investment earnings | 79,920 | - | - | 79,920 |
| Other post employment benefits | <u>93,891</u> | <u>-</u> | <u>-</u> | <u>93,891</u> |
| Total deferred outflows of resources | <u>458,618</u> | <u>-</u> | <u>-</u> | <u>458,618</u> |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – PROPRIETARY FUNDS (Continued)
JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | | Total |
|---|--|------------------|------------------------|--------------------|
| | Sanitation and Trash | Civic Arena | Building Commission | |
| LIABILITIES | | | | |
| Current liabilities payable from current assets: | | | | |
| Accounts payable | \$ 86,493 | \$ 563,705 | \$ 293,404 | \$ 943,602 |
| Reserve for health claims | 60,133 | - | - | 60,133 |
| Payroll payable | 75,441 | 78,760 | - | 154,201 |
| Due to: | | | | |
| Other funds | 1,779,185 | 278,456 | - | 2,057,641 |
| Revenue bonds payable | - | - | 123,229 | 123,229 |
| | <u>2,001,252</u> | <u>920,921</u> | <u>416,633</u> | <u>3,338,806</u> |
| Total current liabilities payable from current assets | | | | |
| Unearned revenues: | | | | |
| Sponsorship | - | 51,000 | - | 51,000 |
| Charges for services | 212,136 | - | - | 212,136 |
| Ticket sales | - | 117,451 | - | 117,451 |
| Customer advances | - | 37,576 | - | 37,576 |
| Other unearned revenue | - | 1,000 | - | 1,000 |
| | <u>212,136</u> | <u>207,027</u> | <u>-</u> | <u>419,163</u> |
| Total unearned revenues | | | | |
| Noncurrent liabilities: | | | | |
| Other postemployment benefits liability | 1,587,195 | - | - | 1,587,195 |
| Net pension liability (PERS) | 132,540 | - | - | 132,540 |
| Compensated absences payable | 119,212 | - | - | 119,212 |
| Revenue bonds payable | - | - | 2,411,765 | 2,411,765 |
| | <u>1,838,947</u> | <u>-</u> | <u>2,411,765</u> | <u>4,250,712</u> |
| Total noncurrent liabilities | | | | |
| Total liabilities | | | | |
| | <u>4,052,335</u> | <u>1,127,948</u> | <u>2,828,398</u> | <u>8,008,681</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Changes in contributions | 1,313 | - | - | 1,313 |
| Other post employment benefits | 482,826 | - | - | 482,826 |
| Lease deferred inflows | - | - | 2,534,994 | 2,534,994 |
| | <u>484,139</u> | <u>-</u> | <u>2,534,994</u> | <u>3,019,133</u> |
| Total deferred inflows of resources | | | | |
| NET POSITION | | | | |
| Net investment in capital assets | 671,735 | - | 1,292,999 | 1,964,734 |
| Unrestricted | (3,411,907) | 207,128 | (293,404) | (3,498,183) |
| | <u>(2,740,172)</u> | <u>207,128</u> | <u>999,595</u> | <u>(1,533,449)</u> |
| Total net position | | | | |

SEE ACCOMPANYING NOTES

**CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Business-type Activities – Enterprise Funds | | | |
|---|--|------------------|------------------------|------------------|
| | Sanitation and Trash | Civic Arena | Building Commission | Total |
| | | | | |
| Operating revenues: | | | | |
| Sales and services to customers | \$ 3,758,437 | \$ 1,230,103 | \$ - | \$ 4,988,540 |
| Grants and contributions | - | 73,600 | - | 73,600 |
| Rebates and reimbursements | - | 1,137,355 | - | 1,137,355 |
| Rental fees | - | 501,672 | - | 501,672 |
| Miscellaneous | 85,260 | 14,522 | - | 99,782 |
| Total revenues | 3,843,697 | 2,957,252 | - | 6,800,949 |
| Operating expenses: | | | | |
| Personal services | 2,595,822 | 866,560 | - | 3,462,382 |
| Contractual services | 577,768 | 343,439 | 37,936 | 959,143 |
| Administrative and general | 252,057 | 1,108,463 | - | 1,360,520 |
| Miscellaneous | - | 59,346 | 15 | 59,361 |
| Liability insurance | 97,814 | 107,780 | - | 205,594 |
| Materials and supplies | 179,439 | 15,021 | - | 194,460 |
| Utilities | 98,963 | 269,158 | - | 368,121 |
| Depreciation | 194,561 | - | 6,000 | 200,561 |
| Maintenance | 279,189 | 99,500 | - | 378,689 |
| Total operating expenses | 4,275,613 | 2,869,267 | 43,951 | 7,188,831 |
| Operating income (loss) | (431,916) | 87,985 | (43,951) | (387,882) |
| Nonoperating revenues (expenses): | | | | |
| Interest revenue | 9,442 | 1,496 | 640 | 11,578 |
| Interest and fiscal charges | - | - | (46,838) | (46,838) |
| Total nonoperating revenues (expenses) | 9,442 | 1,496 | (46,198) | (35,260) |
| Income (loss) before transfers | (422,474) | 89,481 | (90,149) | (423,142) |
| Transfers in | - | - | 1,089,744 | 1,089,744 |
| Change in net position | (422,474) | 89,481 | 999,595 | 666,602 |
| Net position at beginning of year | (2,317,698) | 117,647 | - | (2,200,051) |
| Net position at end of year | \$ (2,740,172) | \$ 207,128 | \$ 999,595 | \$ (1,533,449) |

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | | Total |
|--|--|---------------------|------------------------|---------------------|
| | Sanitation and Trash | Civic Arena | Building Commission | |
| Cash flows from operating activities | | | | |
| Cash received from customers | \$ 3,864,731 | \$ 2,063,416 | \$ - | \$ 5,928,147 |
| Cash paid for goods and services | (1,491,423) | (1,682,415) | - | (3,173,838) |
| Other cash payments | (521,400) | - | - | (521,400) |
| Cash paid to employees | (2,484,735) | (864,759) | - | (3,349,494) |
| Other cash receipts | 120,781 | 209,366 | 255,453 | 585,600 |
| Net cash provided (used) by operating activities | <u>(512,046)</u> | <u>(274,392)</u> | <u>255,453</u> | <u>(530,985)</u> |
| Cash flows from noncapital financing activities: | | | | |
| Transfers in | <u>-</u> | <u>-</u> | <u>111,844</u> | <u>111,844</u> |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>111,844</u> | <u>111,844</u> |
| Cash flows from capital and related financing activities | | | | |
| Purchases of capital assets | - | - | (488,229) | (488,229) |
| Proceeds from sale of bonds | - | - | 2,600,000 | 2,600,000 |
| Principal paid on capital debt | - | - | (65,006) | (65,006) |
| Interest paid on capital debt | <u>-</u> | <u>-</u> | <u>(46,838)</u> | <u>(46,838)</u> |
| Net cash (used) by capital and related financing activities | <u>-</u> | <u>-</u> | <u>1,999,927</u> | <u>1,999,927</u> |
| Cash flows from investing activities: | | | | |
| Interest and investment earnings | <u>9,442</u> | <u>1,496</u> | <u>640</u> | <u>11,578</u> |
| Net cash provided by investing activities | <u>9,442</u> | <u>1,496</u> | <u>640</u> | <u>11,578</u> |
| Net (decrease) in cash and cash equivalents | (502,604) | (272,896) | 2,367,864 | 1,592,364 |
| Cash and cash equivalents at beginning year | <u>1,037,125</u> | <u>1,332,810</u> | <u>-</u> | <u>2,369,935</u> |
| Cash and cash equivalents at end of year (Including \$2,367,864 in restricted accounts) | <u>\$ 534,521</u> | <u>\$ 1,059,914</u> | <u>\$ 2,367,864</u> | <u>\$ 3,962,299</u> |

Supplemental schedule of noncash investing and financing activities: Noncash transfers were made during the year to convey \$562,000 (Armory building) and \$415,900 (construction in process to the Huntington Building Commission).

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | | Total |
|--|---|--------------------------|--------------------------|---------------------|
| | Sanitation and Trash | Non-Major Civic Arena | Non-Major Civic Arena | |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (431,916) | \$ 87,985 | \$ (43,951) | \$ (387,882) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | | |
| Depreciation expense | 194,561 | - | 6,000 | 200,561 |
| Decrease (increase) in accounts receivable | 38,812 | (139,398) | - | (100,586) |
| Increase (decrease) in unearned revenues | 67,482 | (682,611) | - | (615,129) |
| Decrease (increase) in deferred outflows | 76,233 | - | - | 76,233 |
| Decrease (increase) in net pension asset | 676,654 | - | - | 676,654 |
| Decrease (increase) in due from other funds | 35,521 | 27,650 | - | 63,171 |
| Decrease (increase) in inventory | - | (7,575) | - | (7,575) |
| Decrease (increase) in prepaid expenses | (699) | 5,548 | - | 4,849 |
| Increase (decrease) in accounts payable | (5,494) | 322,319 | 293,404 | 610,229 |
| Increase (decrease) in other postemployment benefits liability | 80,459 | - | - | 80,459 |
| Increase (decrease) in payroll payable | 10,005 | 12,334 | - | 22,339 |
| Increase (decrease) in compensated absences payable | 26,893 | (10,533) | - | 16,360 |
| Increase (decrease) in net pension liability | 132,540 | - | - | 132,540 |
| Increase (decrease) in deferred inflows | (880,654) | - | - | (880,654) |
| Increase (decrease) in due to other funds | (521,400) | 109,889 | - | (411,511) |
| Increase (decrease) in health care claims payable | (11,043) | - | - | (11,043) |
| Net cash provided (used) by operations | <u>\$ (512,046)</u> | <u>\$ (274,392)</u> | <u>255,453</u> | <u>\$ (530,985)</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2023

| | <u>Pension Trust Funds</u> | <u>Custodial Fund–Asset Seizure</u> |
|---|--------------------------------|---|
| ASSETS | | |
| Non-pooled cash | \$ <u>1,553,097</u> | \$ <u>1,574,690</u> |
| Total cash | <u>1,553,097</u> | <u>1,574,690</u> |
| Investments, at fair value: | | |
| Money market funds | 374,879 | - |
| Fixed income securities | 31,317,619 | - |
| Equities | <u>54,652,467</u> | <u>-</u> |
| Total investments | <u>86,344,965</u> | <u>-</u> |
| Receivables: | | |
| Accrued income | <u>264,836</u> | <u>-</u> |
| Total receivables | <u>264,836</u> | <u>-</u> |
| Total assets | <u>88,162,898</u> | <u>1,574,690</u> |
| DEFERRED OUTFLOWS | | |
| Deferred outflows | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | \$ <u>88,162,898</u> | \$ <u>1,574,690</u> |

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

SEE ACCOMPANYING NOTES

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS (Continued)
JUNE 30, 2023

| | Pension Trust Funds | Custodial Fund–Asset Seizure |
|---|------------------------|------------------------------------|
| LIABILITIES | | |
| Accounts payable | \$ 7,688 | \$ - |
| Due to primary government | 564 | - |
| Total liabilities | 8,252 | - |
| DEFERRED INFLOWS | | |
| Deferred inflows | - | - |
| Total liabilities and deferred inflows of resources | 8,252 | - |
| NET POSITION | | |
| Net position restricted for pension benefits | 88,154,646 | - |
| Individuals, organizations, and other governments | - | 1,574,690 |
| | \$ 88,154,646 | \$ 1,574,690 |

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

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Pension Trust Funds | Custodial Fund–Asset Seizure |
|--|------------------------|------------------------------------|
| ADDITIONS | | |
| Contributions | | |
| Employer | \$ 7,381,100 | \$ - |
| Plan members | 487,081 | - |
| Insurance premium surtax | 2,041,295 | - |
| Asset seizures | - | 90,075 |
| Total contributions | 9,909,476 | 90,075 |
| Investment income: | | |
| Net increase (decrease) in fair value of investments | 6,331,060 | - |
| Interest and dividends | 1,814,841 | 49,207 |
| Net investment income | 8,145,901 | 49,207 |
| Total additions | 18,055,377 | 139,282 |
| DEDUCTIONS | | |
| Benefits | 11,900,071 | - |
| Administrative expenses | 282,804 | - |
| Refunds of contributions | - | 23,232 |
| Other | - | 9,606 |
| Total deductions | 12,182,875 | 32,838 |
| Change in net position | 5,872,502 | 106,444 |
| Net position: | | |
| Beginning of year, custodial funds restated | 82,282,144 | 1,468,246 |
| End of year | \$ 88,154,646 | \$ 1,574,690 |

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Discretely Presented Component Units

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

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

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is financially accountable.

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

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

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

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

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

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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

The government reports the following major governmental funds:

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

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

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

The *Capital Improvements Fund*, a capital projects fund, accounts for the capital improvement activities of the City.

The *American Rescue Plan Act-2021 Fund*, a special revenue fund, accounts for any federal financial assistance received pursuant to the American Rescue Plan Act (ARPA).

The *Huntington Urban Renewal Fund*, a special revenue fund, accounts for the activities of the Huntington Urban Renewal Authority and the Land Reuse Agency, which has responsibility of the Huntington Land Bank.

The government reports the following major proprietary funds:

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Blended Component Unit

The entity below is legally separate from the City and meets GAAP criteria for component units. The entity is blended with the primary government because it provides services entirely or almost entirely to the City.

The *Building Commission* serves the City of Huntington, West Virginia, and is governed by a board comprised of three members appointed by the City for a term of five years each. The Building Commission acquires property and debt on behalf of the City. The Huntington Building Commission is reported as a proprietary fund.

Additionally, the government reports the following fund types:

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

The *Custodial Funds* are used to account for assets that the City of Huntington, West Virginia holds for others in a custodial capacity.

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

1. Deposits and Investments

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

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

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

2. Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

Property Tax Receivable

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

3. Inventories and Prepaid Items

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

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

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

4. Restricted Assets

Restricted assets include resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or imposed by law or enabling legislation.

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

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

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

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

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

5. Capital Assets and Depreciation

Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 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, 2023**

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| Assets | Years |
|-----------------------------|-------|
| Buildings | 40 |
| Structures and improvements | 40-50 |
| Infrastructure | 40-50 |
| Machinery and equipment | 5-10 |
| Vehicles | 5-10 |
| Furniture and fixtures | 5-10 |

6. Compensated Absences

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

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

7. Long-Term Obligations

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

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

8. Deferred Outflow/Inflows of Resources/ Unearned Revenue

Under both accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete those assets must be offset by a corresponding liability for unearned revenue. Property tax collections, leases, 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 unavailable revenue. For fiscal year ended June 30, 2023, the City reported unavailable revenues totaling \$521,897.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources which represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other post-employment benefits (OPEB). In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include pension and other post-employment benefits inflows.

9. Net Position/Fund Balances

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

| | |
|--|--|
| Net investment in capital assets | This represents the City's total investment in capital assets, net of accumulated depreciation and reduced by the balances of any outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets. |
| Restricted net position, expendable | This includes resources in which the City is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties including grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. |
| Restricted net position, nonexpendable | This includes endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal. The City does not have any restricted nonexpendable assets as of June 30, 2023. |
| Unrestricted net position | This represents resources derived from other than capital assets or restricted net position. These resources are used for transactions relating to the general operation of the City, and may be used at the discretion of the City to meet current expenses for any lawful purpose. |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| | |
|--------------|---|
| Nonspendable | Inventories, non-current leases receivable, and prepaid amounts represent fund balance amounts that are not in spendable form. |
| Restricted | The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation. |
| Committed | The committed category is the portion of fund balance whose use is constrained by limitations that have been approved by an ordinance (the highest level of formal action) of the City Council, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. |
| Assigned | The assigned category is the portion of the fund balance that has been approved by formal action of the City Council, or other official authorized to assign amounts, for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. |
| Unassigned | The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance. |

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

E. Property Taxes

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The rate levied by the City per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2022, were as follows:

| Class of Property | Assessed Valuation for Tax Purposes | Current Expense |
|-------------------|--|-----------------|
| Class II | \$ 591,345,010 | 22.00 cents |
| Class IV | \$ 1,048,030,893 | 44.00 cents |

Tax Incentive Programs

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

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

F. Pension and Other Postemployment Benefit Liabilities

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

Other Post-Employment Benefits (OPEB)

It is the City’s policy to permit employees to accumulate earned but unused sick pay benefits. Sick benefits can be accumulated for unlimited days and carried forward to the subsequent fiscal year. When separated from employment, employees’ sick leave benefits are considered ended and no reimbursement is provided. However, upon retirement, an employee’s accumulated annual sick leave may be converted to a greater retirement benefit or payment of the retired employee’s health insurance premiums. The greater retirement benefit is only applicable to a Tier I Member of PERS who was hired for the first time prior to July 1, 2015. The cost of the increased retirement option is the liability of the West Virginia Consolidated Public Retirement Board. The payment of health insurance premiums must be absorbed by the last agency employing the retiree and is included as part of the OPEB liability.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by West Virginia Retiree Health Benefit Trust Fund (RHBT). For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for certain pooled investments, money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at amortized cost. See Note VI for further discussion.

G. Recent Statements Issued by Governmental Accounting Standards Board

The Governmental Accounting Standards Board has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for fiscal years beginning after June 15, 2022. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. PPPs should be recognized and measured using the facts and circumstance that exist at the beginning of the period of implementation. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The Governmental Accounting Standards Board has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal years beginning after June 15, 2022. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The Statement requires a government to disclose descriptive information about its SBITAs, such as the amount of the subscription assets, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

General Fund:

| Amount | Description |
|---------------|---|
| \$ 11,840,655 | General Government Expenditure Increase |
| 75,000 | Public Safety Expenditure Increase |
| 642,113 | Streets and Transportation Expenditure Increase |
| 200,000 | Culture and Recreation Expenditure Increase |
| 9,600,000 | Transfers In Increase |

Coal Severance Fund:

| Amount | Description |
|-----------|---|
| \$ 92,166 | Culture and Recreation Expenditure Increase |

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the funds listed at the function level:

| Function | Amount |
|--|--------------|
| General Fund – Capital outlay | \$ 5,231,803 |
| Coal Severance Tax Fund – General government | 700 |
| Coal Severance Tax Fund – Capital outlay | 77,815 |

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

C. Deficiencies in Net Changes in Fund Balances

The following funds had deficiencies in net changes in fund balances for the year ended June 30, 2023:

| Fund | Amount |
|--|--------------|
| General Fund | \$ 4,164,880 |
| Community Development Block Grant | 3,097 |
| Capital improvements | 15,012,267 |
| Non-major Governmental Fund – Jean Dean Public Safety Building | 17,072 |
| Non-major Debt Service Fund – TIF #1 | 21,209 |
| Enterprise Fund – Sanitation and Trash | 422,474 |

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

D. Deficit Net Position

The Governmental and Business-Type Activities had deficit net position of \$(200,730,071) and \$(1,533,449), respectively, as of June 30, 2023. The City has incurred significant debt for the Net Pension Liability and Other Post-employment Benefits obligation as estimated within the actuarial evaluations. The City has affected funding strategies to reduce these debts in the future.

Sanitation and Trash Fund had a net position deficit of \$(2,740,172) at June 30, 2023.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

| | <u>Fair Value</u> | <u>Credit Risk Rating</u> | |
|---------------------------|---------------------|------------------------------|------------------------------------|
| | | <u>Standard & Poor's</u> | <u>Moody's Investment Services</u> |
| Primary Government | | | |
| Money Market | \$ 358,411 | Not Rated | Not Rated |
| Other | 1,775,595 | Not Rated | Not Rated |
| | <u>\$ 2,134,006</u> | | |

Interest Rate Risk

| | <u>0-3 Years</u> |
|--------------|---------------------|
| Money Market | \$ 358,411 |
| Other | 1,775,595 |
| | <u>\$ 2,134,006</u> |

Fiduciary Funds

Policemen's Pension and Relief

| | <u>Fair Value</u> | <u>Credit Risk Rating</u> |
|------------------------------|----------------------|------------------------------|
| | | <u>Standard & Poor's</u> |
| Money market funds | \$ 200,683 | Not Rated |
| U.S. Government agency notes | 4,854,941 | AA+ |
| Municipal obligations | 2,657,616 | AAA-Not Rated |
| Mutual funds – fixed income | 1,320,786 | Not Rated |
| Corporate bonds | 8,019,984 | AAA-BB+ |
| Preferred stock | 230,300 | Not Rated |
| Certificate of deposit | 247,043 | Not Rated |
| Equities | 29,693,697 | Not Rated |
| Total | <u>\$ 47,225,050</u> | |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Interest Rate Risk

| | <u>0-1 Year</u> | <u>1-5 Years</u> | <u>5-10 Years</u> | <u>Over 10 Years</u> |
|------------------------------|----------------------|----------------------|---------------------|----------------------|
| Money market funds | \$ 200,683 | \$ - | \$ - | \$ - |
| U.S. Government agency notes | 297,516 | 3,618,408 | 128,723 | 810,294 |
| Municipal obligations | 244,940 | 559,746 | 1,852,930 | - |
| Mutual funds – fixed income | 1,320,786 | - | - | - |
| Corporate bonds | 705,574 | 6,607,278 | 535,140 | 171,992 |
| Preferred stock | - | 230,300 | - | - |
| Certificate of deposit | - | 247,043 | - | - |
| Equities | 29,693,697 | - | - | - |
| Total | <u>\$ 32,463,196</u> | <u>\$ 11,262,775</u> | <u>\$ 2,516,793</u> | <u>\$ 982,286</u> |

| Firemen’s Pension and Relief | <u>Fair Value</u> | <u>Credit Risk Rating</u> |
|-------------------------------------|----------------------|------------------------------|
| | | <u>Standard & Poor’s</u> |
| Money market funds | \$ 174,196 | Not Rated |
| U.S. Government agency notes | 3,262,895 | AA+ to Not Rated |
| Municipal obligations | 1,046,929 | AA+ to Not Rated |
| Mutual funds – fixed income | 1,328,434 | Not Rated |
| Corporate bonds | 7,426,157 | AAA to Not Rated |
| Preferred stock | 188,000 | Not Rated |
| Certificate of deposit | 734,534 | Not Rated |
| Equities | 24,958,770 | Not Rated |
| Total | <u>\$ 39,119,915</u> | |

Interest Rate Risk

| | <u>0-1 Year</u> | <u>1-5 Years</u> | <u>5-10 Years</u> | <u>Over 10 Years</u> |
|------------------------------|----------------------|---------------------|---------------------|----------------------|
| Money market funds | \$ 174,196 | \$ - | \$ - | \$ - |
| U.S. Government agency notes | 160,215 | 2,490,940 | 302,238 | 309,502 |
| Municipal obligations | 99,380 | 222,864 | 724,685 | - |
| Mutual funds – fixed income | 1,328,434 | - | - | - |
| Corporate bonds | 1,161,581 | 5,246,575 | 777,633 | 240,368 |
| Preferred stock | - | 188,000 | - | - |
| Certificate of deposit | 148,320 | 586,214 | - | - |
| Equities | 24,958,770 | - | - | - |
| Total | <u>\$ 28,030,896</u> | <u>\$ 8,734,593</u> | <u>\$ 1,804,556</u> | <u>\$ 549,870</u> |

Investments Measured at Fair Value

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

**CITY OF HUNTINGTON, WEST VIRGINIA
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The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2023 are as follows:

| Fiduciary Funds | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|---------------------------------------|----------------------|---|---|---|
| Policemen's Pension and Relief | Fair Value | | | |
| U.S. Government agency notes | \$ 4,854,941 | \$ 4,854,941 | \$ 0 | \$ 0 |
| Municipal obligations | 2,657,616 | 2,657,616 | 0 | 0 |
| Mutual funds – fixed income | 1,320,786 | 1,320,786 | 0 | 0 |
| Corporate bonds | 8,019,984 | 8,019,984 | 0 | 0 |
| Preferred stock | 230,300 | 230,300 | 0 | 0 |
| Equities | 29,693,697 | 29,693,697 | 0 | 0 |
| Total | \$ 46,777,324 | \$ 46,777,324 | \$ 0 | \$ 0 |

| Fiduciary Funds | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|-------------------------------------|----------------------|---|---|---|
| Firemen's Pension and Relief | Fair Value | | | |
| U.S. Government agency notes | \$ 3,262,895 | \$ 3,262,895 | \$ 0 | \$ 0 |
| Municipal obligations | 1,046,929 | 1,046,929 | 0 | 0 |
| Mutual funds – fixed income | 1,328,434 | 1,328,434 | 0 | 0 |
| Corporate bonds | 7,426,157 | 7,426,157 | 0 | 0 |
| Preferred stock | 188,000 | 188,000 | 0 | 0 |
| Equities | 24,958,770 | 24,958,770 | 0 | 0 |
| Total | \$ 38,211,185 | \$ 38,211,185 | \$ 0 | \$ 0 |

The funds recognize transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2023. 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, 2023, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

Concentration of Credit Risks

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

| Issuer | Fair Value | Percent |
|--|-------------------|----------------|
| Vanguard Index FDS Growth Fund Admiral | \$ 2,370,734 | 5.01% |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 \$33,745,405 and \$3,127,787, respectively, which were collateralized with securities held by the pledging financial institution’s trust department in the government’s name.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the primary government’s and fiduciary funds’ investment balances were \$2,134,006 and \$86,344,965. The investments were collateralized by related securities held by the government’s brokerage firm.

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

| | <u>Primary Government</u> |
|---------------------------|---------------------------|
| Cash and cash equivalents | \$ 33,745,405 |
| Investments | 2,134,006 |
| Total | <u>\$ 35,879,411</u> |
| | <u>Fiduciary Funds</u> |
| Cash and cash equivalents | \$ 3,127,787 |
| Investments | 86,344,965 |
| Total | <u>\$ 89,472,752</u> |

For deposits, the Municipal Development Authority could be exposed to risk in the event of a bank failure where the Authority’s deposits may not be returned. The Authority does not have a deposit policy for custodial credit risk. At year end, the Authority’s reconciled bank balances of \$5,086,411 were collateralized with securities held by the pledging financial institution’s trust department in the authority’s name.

For deposits, the Municipal Parking Board could be exposed to risk in the event of a bank failure where the Board’s deposits may not be returned. The Board does not have a deposit policy for custodial credit risk. At year end, the Board’s reconciled bank balances of \$163,190 were collateralized with securities held by the pledging financial institution’s trust department in the authority’s name.

For deposits, the Water Quality 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 \$20,764,412 were collateralized with securities held by the pledging financial institution’s trust department in the authority’s name.

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

**CITY OF HUNTINGTON, WEST VIRGINIA
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| | Municipal Development Authority | Municipal Parking Board | Water Quality Board |
|---------------------------|--|--|------------------------------------|
| Cash and cash equivalents | \$ 5,086,411 | \$ 163,190 | \$ 20,764,412 |
| Total | \$ 5,086,411 | \$ 163,190 | \$ 20,764,412 |

| | Municipal Development Authority | Municipal Parking Board | Water Quality Board |
|--|--|--|------------------------------------|
| Cash and cash equivalents | \$ 4,686,108 | \$ 163,190 | \$ 15,078,901 |
| Cash and cash equivalents - restricted | 400,303 | - | 5,685,511 |
| Total | \$ 5,086,411 | \$ 163,190 | \$ 20,764,412 |

B. Receivables

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

| | General | CDBG | HURA | TIF #2 | Sanitation & Trash | Civic Arena | Total |
|-----------------------------------|---------------|--------------|----------|----------|-----------------------|-------------|---------------|
| Receivables: | | | | | | | |
| Accounts | \$ 13,748,467 | \$ 1,638,075 | \$ 2,327 | \$ - | \$ 11,120,930 | \$ 170,402 | \$ 26,680,201 |
| Taxes | 5,734,281 | - | - | 23,905 | - | - | 5,758,186 |
| Loans | 400,000 | 7,587,190 | - | - | - | - | 7,987,190 |
| Leases | 319,295 | - | - | - | - | - | 319,295 |
| Gross receivables | 20,202,043 | 9,225,265 | 2,327 | 23,905 | 11,120,930 | 170,402 | 40,744,872 |
| Less: allowance for uncollectible | (13,575,313) | (1,784,008) | - | (17,881) | (11,013,908) | - | (26,391,110) |
| Net total receivables | \$ 6,626,730 | \$ 7,441,257 | \$ 2,327 | \$ 6,024 | \$ 107,022 | \$ 170,402 | \$ 14,353,762 |

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

| | Unavailable |
|--|--------------------|
| Property taxes receivable (General fund) | \$ 196,712 |
| Property taxes receivable (TIF #1) | 6,024 |
| Leases receivable (General fund) | 319,161 |
| Total | \$ 521,897 |

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

| | HMDA | HMPB | HWQB | Total |
|-----------------------------------|--------------|------------|--------------|--------------|
| Receivables: | | | | |
| Accounts | \$ 169,140 | \$ 4,711 | \$ 2,339,829 | \$ 2,513,680 |
| Other | 7,171 | - | - | 7,171 |
| Loans | 3,198,875 | - | - | 3,198,875 |
| Leases | 4,660,000 | 153,512 | - | 4,813,512 |
| Gross receivables | 8,035,186 | 158,223 | 2,339,829 | 10,533,238 |
| Less: Allowance for uncollectible | 3,198,875 | - | 1,035,345 | 4,234,220 |
| Net total receivables | \$ 4,836,311 | \$ 158,223 | \$ 1,304,484 | \$ 6,299,018 |

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The amount reported for allowance for uncollectible accounts of the HMDA at June 30, 2023, 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, 2023, was as follows:

| | Primary Government | | | Ending Balance |
|---|------------------------------|----------------------|-----------------------|---------------------------|
| | Beginning Balance | Increases | Decreases | |
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 1,106,166 | \$ - | \$ - | 1,106,166 |
| Construction in progress | 4,144,362 | 10,061,888 | (891,171) | 13,315,079 |
| Total capital assets not being depreciated | <u>5,250,528</u> | <u>10,061,888</u> | <u>(891,171)</u> | <u>14,421,245</u> |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 11,655,784 | 31,616 | (600,000) | 11,087,400 |
| Leased buildings (intangible asset) | 5,610,000 | 2,600,000 | - | 8,210,000 |
| Machinery and equipment | 8,363,738 | 813,183 | - | 9,176,921 |
| Vehicles | 11,334,878 | 1,605,088 | - | 12,939,966 |
| Subscription assets | - | 558,571 | - | 558,571 |
| Leased equipment (intangible asset) | 226,590 | - | - | 226,590 |
| Infrastructure | 19,743,824 | 712,614 | - | 20,456,438 |
| Total accumulated depreciation and amortization | <u>(40,078,934)</u> | <u>(2,861,963)</u> | <u>38,000</u> | <u>(42,902,897)</u> |
| Total capital assets being depreciated, net | <u>16,855,880</u> | <u>3,459,109</u> | <u>(562,000)</u> | <u>19,752,989</u> |
| Governmental activities capital assets, net | <u>\$ 22,106,408</u> | <u>\$ 13,520,997</u> | <u>\$ (1,453,171)</u> | <u>\$ 34,174,234</u> |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-type activities: | | | | |
| Capital assets not beginning depreciated: | | | | |
| Construction in progress | \$ - | \$ 877,714 | \$ - | 877,714 |
| Capital assets beginning depreciated: | | | | |
| Structures and improvements | 75,140 | 626,415 | - | 701,555 |
| Machinery and equipment | 429,330 | - | - | 429,330 |
| Vehicles | 2,618,811 | - | - | 2,618,811 |
| Less: accumulated depreciation | <u>(2,256,985)</u> | <u>(238,561)</u> | <u>-</u> | <u>(2,495,546)</u> |
| Business-type activities capital assets, net | <u>\$ 866,296</u> | <u>\$ 1,265,568</u> | <u>\$ -</u> | <u>\$ 2,131,864</u> |

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

| | |
|---|--------------|
| Governmental activities: | |
| General government (including leased buildings) | \$ 1,206,210 |
| Public safety | 1,028,076 |
| Highways and streets, (including infrastructure assets) | 239,926 |
| Health and sanitation | 39,056 |
| Community development | 27,412 |
| Culture and recreation | 321,283 |
| Total depreciation expense-governmental activities | \$ 2,861,963 |
| Business-type activities: | |
| Sanitation and Trash | \$ 194,561 |
| Huntington Building Commission | 6,000 |
| Total depreciation expense-business-type activities | \$ 200,561 |

Discretely Presented Component Units

During Fiscal Year 2023, some land which was previously reported as capital assets has been reclassified as assets held for resale. Activity related to capital assets for the Municipal Development Authority for the fiscal year ended June 30, 2023, was as follows:

Municipal Development Authority

| | Beginning Balance | Reclassification | Increases | Decreases | Ending Balance |
|--|----------------------|------------------|--------------|-----------|-------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 10,335,860 | \$ (3,620,805) | \$ - | \$ - | \$ 6,715,055 |
| Construction in process | 984,879 | (984,879) | - | - | - |
| Total capital assets not being depreciated | 11,320,739 | (4,605,684) | - | - | 6,715,055 |
| Capital assets, being depreciated: | | | | | |
| Buildings and improvements | 14,330,995 | - | 113,332 | - | 14,444,327 |
| Structures and improvements | 2,029,025 | - | - | - | 2,029,025 |
| Furniture and fixtures | 2,893,878 | - | - | - | 2,893,878 |
| Machinery and equipment | 2,051,351 | - | - | - | 2,051,351 |
| Less: accumulated depreciation | (16,292,599) | - | (261,744) | - | (16,554,343) |
| Total capital assets being depreciated | 5,012,650 | - | (148,412) | - | 4,864,238 |
| Total capital assets, net | \$ 16,333,389 | \$ (4,605,684) | \$ (148,412) | \$ - | \$ 11,579,293 |

Downtown Investment, LLC (a component unit of the Municipal Development Authority)

| | Beginning of year (date of acquisition) | Additions | Deletions | End of year |
|---|--|------------|-------------|--------------|
| Nondepreciable: | | | | |
| Land | \$ 217,268 | \$ - | \$ - | \$ 217,268 |
| Construction in process | - | - | - | - |
| Depreciable: | | | | |
| Buildings | 8,719,348 | 332,192 | - | 9,051,540 |
| Structures and improvements | 4,069,460 | - | - | 4,069,460 |
| Machinery and equipment | 326,493 | - | (22,960) | 303,533 |
| Less: accumulated depreciation | (5,987,805) | (173,160) | - | (6,160,965) |
| Total capital assets (net of accumulated depreciation) | \$ 7,344,764 | \$ 159,032 | \$ (22,960) | \$ 7,480,836 |

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Activity related to capital assets for the Municipal Parking Board for the fiscal year ended June 30, 2023, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 942,877 | \$ - | \$ - | \$ 942,877 |
| Total capital assets not being depreciated | <u>942,877</u> | <u>-</u> | <u>-</u> | <u>942,877</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 4,792,439 | - | - | 4,792,439 |
| Structures and improvements | 490,173 | - | - | 490,173 |
| Machinery and equipment | 797,525 | 2,679 | (11,749) | 788,455 |
| Less: accumulated depreciation | <u>(5,508,333)</u> | <u>(33,774)</u> | <u>11,749</u> | <u>(5,530,358)</u> |
| Total capital assets being depreciated | <u>571,804</u> | <u>(31,095)</u> | <u>-</u> | <u>540,709</u> |
| Total capital assets, net | <u>\$ 1,514,681</u> | <u>\$ (31,095)</u> | <u>\$ -</u> | <u>\$ 1,483,586</u> |

Activity related to capital assets for the Water Quality Board for the fiscal year ended June 30, 2023, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 402,220 | \$ - | \$ - | \$ 402,220 |
| Construction in progress | <u>7,976,946</u> | <u>1,417,883</u> | <u>-</u> | <u>9,394,829</u> |
| Total capital assets, not being depreciated | <u>8,379,166</u> | <u>1,417,883</u> | <u>-</u> | <u>9,797,049</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 100,195,172 | 3,507,684 | - | 103,702,856 |
| Vehicles | 3,076,918 | 94,472 | - | 3,171,390 |
| Machinery and equipment | 3,232,042 | 1,578 | (127,786) | 3,105,834 |
| Less: accumulated depreciation | <u>(70,641,231)</u> | <u>(1,698,797)</u> | <u>-</u> | <u>(72,340,028)</u> |
| Total capital assets being depreciated, net | <u>35,862,901</u> | <u>1,904,937</u> | <u>(127,786)</u> | <u>37,640,052</u> |
| Business-type activities capital assets, net | <u>\$ 44,242,067</u> | <u>\$ 3,322,820</u> | <u>\$ (127,786)</u> | <u>\$ 47,437,101</u> |

Depreciation expense was charged to the funds of the Board as follows:

| | |
|---|---------------------|
| Business-type activities | |
| Water Quality Board | \$ 8,091 |
| Sanitary Board | 1,509,096 |
| Stormwater Utility Board | <u>181,610</u> |
| Total depreciation expense – business-type activities | <u>\$ 1,698,797</u> |

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, is as follows:

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Interfund receivables/payables:

| Receivable Fund | Payable Fund | Purpose | Amount |
|-----------------------------------|-----------------------------------|---------------|------------------|
| General Fund | Safety Town | Reimbursement | \$ 19,189 |
| General Fund | Sanitation and Trash | Reimbursement | 1,751,591 |
| Civic Arena | Coal Severance | Reimbursement | 15,878 |
| Landfill Reserve | Sanitation and Trash | Reimbursement | 6,110 |
| Community Development Block Grant | General Fund | Reimbursement | 8,766 |
| General Fund | Community Development Block Grant | Reimbursement | 135,775 |
| General Fund | Civic Arena | Reimbursement | 278,456 |
| Jean Dean Public Safety | General Fund | Reimbursement | 2,970 |
| General Fund | HURA | Reimbursement | 594,826 |
| General Fund | ARPA | Reimbursement | 15,666 |
| ARPA | General Fund | Reimbursement | 2,820 |
| Sanitation and Trash | General Fund | Reimbursement | 7,672 |
| Total \$ | | | <u>2,839,719</u> |

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

| Receivable Fund | Payable Fund | Purpose | Amount |
|---------------------------------|---------------------------------|---------------|----------------|
| General Fund | Municipal Development Authority | Reimbursement | \$ 20,968 |
| General Fund | Municipal Parking Board | Reimbursement | 28,082 |
| General Fund | Water Quality Board | Reimbursement | 200 |
| Water Quality Board | General Fund | Reimbursement | 1,656 |
| Water Quality Board | Sanitation and Trash | Reimbursement | 21,484 |
| Municipal Development Authority | General Fund | Reimbursement | 147,455 |
| Total \$ | | | <u>219,845</u> |

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

| Receivable Fund | Payable Fund | Purpose | Amount |
|-----------------|---------------------------|---------------|------------|
| General Fund | Fire Pension and Relief | Reimbursement | \$ 299 |
| General Fund | Police Pension and Relief | Reimbursement | 265 |
| Total \$ | | | <u>564</u> |

Interfund transfers:

| | Transfers In | | | | Total Transfers |
|----------------------|----------------------|------------------------|----------------------|-----------------------------|----------------------|
| | General Fund | Building Commission | HMDA | Capital Improvement Fund | |
| Transfers Out: | | | | | |
| General Fund | \$ - | \$ 527,744 | \$ 859,362 | \$ 9,600,000 | \$ 10,987,106 |
| Capital Improvements | - | - | 10,000,000 | - | 10,000,000 |
| CDBG | 1,924,561 | - | - | - | 1,924,561 |
| ARPA | 9,600,000 | - | - | - | 9,600,000 |
| TIF 1 | - | - | 113,331 | - | 113,331 |
| TIF 2 | - | - | 27,588 | - | 27,588 |
| Total Transfers | <u>\$ 11,524,561</u> | <u>\$ 527,744</u> | <u>\$ 11,000,281</u> | <u>\$ 9,600,000</u> | <u>\$ 32,652,586</u> |

Additionally, a building with \$600,000 cost less \$38,000 accumulated depreciation which was originally reported in Governmental Activities has been transferred to the Huntington Building Commission.

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

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

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

| | General Fund | Coal Severance | Community Development Block Grant | Capital Improvements | ARPA | HURA/LRA | Nonmajor Funds | Total |
|------------------------|----------------------|-------------------|---|-------------------------|-------------------|------------------|---------------------|----------------------|
| Nonspendable: | | | | | | | | |
| Prepays | \$ 236,903 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 236,903 |
| Lease receivables | 283,581 | - | - | - | - | - | - | 283,581 |
| Assets held for resale | - | - | - | - | - | 635,456 | - | 635,456 |
| Restricted: | | | | | | | | |
| Community development | - | - | 5,803,182 | - | 231,494 | - | - | 6,034,676 |
| Debt service | - | - | - | - | - | - | 712,727 | 712,727 |
| Capital projects | - | - | - | - | - | - | 261,369 | 261,369 |
| Revolving loan fund | 400,000 | - | - | - | - | - | - | 400,000 |
| Committed: | | | | | | | | |
| Landfill closures | 578,885 | - | - | - | - | - | - | 578,885 |
| Retiree insurance | 1,643,312 | - | - | - | - | - | - | 1,643,312 |
| Assigned: | | | | | | | | |
| General Government | 1,030,009 | - | - | - | - | - | - | 1,030,009 |
| Public safety | - | - | - | - | - | - | 1,002,315 | 1,002,315 |
| Culture and recreation | - | 166,919 | - | - | - | - | - | 166,919 |
| Community development | - | - | 1,682,813 | - | - | - | - | 1,682,813 |
| Capital projects | - | - | - | 11,159,257 | - | - | - | 11,159,257 |
| Public safety building | - | - | - | - | - | - | 13,055 | 13,055 |
| Landfill closures | - | - | - | - | - | - | 1,781,833 | 1,781,833 |
| Unassigned | 10,017,648 | - | - | - | - | (592,344) | - | 9,425,304 |
| Total fund balances | <u>\$ 14,190,338</u> | <u>\$ 166,919</u> | <u>\$ 7,485,995</u> | <u>\$ 11,159,257</u> | <u>\$ 231,494</u> | <u>\$ 43,112</u> | <u>\$ 3,771,299</u> | <u>\$ 37,048,414</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

F. Leases

Lease expense and liability consisted of the following at June 30, 2023:

Primary Government

| | Fiscal 2023 Lease Expense | Remaining Lease Liability |
|---|------------------------------|------------------------------|
| On July 30, 2018, the City entered into a lease agreement for the use of one copier with a booklet maker finisher for the Planning and Development Department. The lease is payable in 60 monthly payments of 600.00 including interest. The final lease payment is due June 2023 with a fair market purchase option. | 7,200 | 0 |
| On August 9, 2018, the City entered into a lease agreement for the use of two copiers at Huntington Police Department. The lease is payable in 60 monthly payments of \$367.76. The final lease payment is due August 2023 with a fair market purchase option. | 4,413 | 368 |
| On August 21, 2019, the City entered into a lease agreement for the use of two copiers at Huntington Police Department. The lease is payable in 60 monthly payments of \$373.09 including interest at 3.0% per annum. The final lease payment is due July 2024 with a fair market purchase option. | 4,477 | 4,850 |
| On August 21, 2019, the City entered into a lease agreement for the use of two copiers at Huntington Fire Department. The lease is payable in 60 monthly payments of \$178.46 including interest at 3.0% per annum. The final lease payment is due July 2024 with a fair market purchase option. | 2,142 | 2,320 |
| On August 21, 2019, the City entered into a lease agreement for the use of fifteen copiers at Huntington City Hall. The lease is payable in 60 monthly payments of \$1,753.70 including interest at 3.0% per annum. The final lease payment is due July 2024 with a fair market purchase option. | 21,045 | 22,798 |
| On June 24, 2021, the City entered into a lease agreement for the use of one copier at Huntington City Hall-Legal Department. The lease is payable in 60 monthly payments of \$185.91 including interest at 3.0% per annum. The final lease payment is due June 2026 with a fair market purchase option. | 2,231 | 6,507 |
| On July 22, 2021, the City entered into a lease agreement for the use of a postage machine for the Planning and Development Department. The lease is payable in 15 quarterly payments of \$234.69. The final lease payment is due June 2026 with a fair market purchase option. | 942 | 2,816 |
| On December 22, 2021, the City entered into a lease agreement for the use of a postage machine at Huntington City Hall. The lease is payable in 15 quarterly payments of payments of \$718.08. The final lease payment is due December 2026. | 2,872 | 10,053 |
| Total minimum lease payments | \$ 45,322 | \$ 49,712 |
| Less: amount representing interest | | 1,450 |
| Present value of minimum lease payments | | \$ 48,262 |

Component Unit-HMPB

| | Lease Expense | Remaining Lease Liability |
|---|---------------|------------------------------|
| The component unit- Huntington Municipal Parking Board has entered into a lease with the Huntington Municipal Development Authority for the use of three municipal parking lots (#14, #48, and #86) which are owned by HMDA. The lease is payable in monthly payments of \$2,500.00 per lot with no interest. The agreement is month to month until each lot is sold by HMDA. | \$ 90,000 | \$ - |
| The component unit- Huntington Municipal Parking Board has entered into a lease with Capital Ventures for the use of 29 metered parking spaces on Lot #36. The lease is payable in monthly payments of \$1,000.00 with no interest. The agreement is month to month and allows either party to cancel with 90 days notice. | 12,000 | - |
| Present value of minimum lease payments | \$ 102,000 | \$ - |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The total remaining lease obligations and the net present value of these minimum lease payments as of June 30, 2023 under non-cancelable lease agreements were as follows:

| Year Ending June 30 | Governmental Activities |
|------------------------------------|----------------------------|
| 2024 | \$ 34,073 |
| 2025 | 8,347 |
| 2026 | 5,856 |
| 2027 | 1,436 |
| 2028 | - |
| Total minimum lease payments | 49,712 |
| Less: amount representing interest | (1,450) |
| Present value of minimum lease | \$ 48,262 |

G. Financed Purchases

The general government has entered into financed purchase agreements whereby energy conservation equipment has been installed in several buildings. At the end of the contract period, the government will have ownership of the equipment.

The general government has entered into a financed purchase agreement to purchase a body worn camera system for the Huntington Police Department. At the end of the contract period, the government will have ownership of the equipment.

Following is a summary of property held under financed purchases:

| Asset | Governmental Activities |
|------------------------------------|----------------------------|
| Buildings, machinery and equipment | \$ 3,149,226 |
| Less: accumulated depreciation | (1,700,307) |
| Total | \$ 1,448,919 |

The total remaining financed purchase obligations as of June 30, 2023 were as follows:

| Year Ending June 30 | Governmental Activities |
|---|----------------------------|
| 2024 | \$ 279,689 |
| 2025 | 371,079 |
| 2026 | 330,673 |
| 2027 | 330,673 |
| 2028 | - |
| Total financed purchase payments | 1,312,114 |
| Less: amount representing interest | (94,236) |
| Principal on financed purchase payments | \$ 1,217,878 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

H. Subscription-Based Information Technology Arrangements

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITA's) by a government end user. A SBITA is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. During the year, the government was party SBITA's for the following functions:

| <u>SBITA</u> | <u>Contract Term</u> | <u>Function</u> | <u>FY 2023 Expense</u> | <u>Remaining Liability 6/20/2023</u> |
|---------------------------------|----------------------|--------------------|----------------------------|--|
| ESRI Mapping Software | 10/14/20–10/13/23 | General Government | \$ 38,500 | \$ 130,329 |
| APA Memberships | 12/1/22–11/30/23 | Public Safety | 175 | 425 |
| Commtrak Mapping Product | 3/23/23–3/22/24 | Public Safety | 150 | 1050 |
| Commtrak Mapping Product | 5/21/23–5/20/24 | Public Safety | 50 | 1150 |
| LiveScan Maintenance & Support | 8/17/22–8/16/23 | Public Safety | 4210 | 5894 |
| Power Plus Investigation System | 7/15/22–7/14/23 | Public Safety | 7472 | 12,109 |
| Motorola Solutions/ELC Hosting | 9/21/22–9/20/23 | Public Safety | 12390 | 20,650 |
| NCIC CCERC-911 | 7/1/22–6/30/23 | Public Safety | 15924 | 15,841 |
| PLX Software-Task Force | 9/30/22–8/31/23 | Public Safety | 3,865 | 6,441 |
| Digital Management Software | 8/24/22–8/23/23 | Public Safety | 5,284 | 7,808 |
| Power DMS 360 | 7/1/22–6/30/23 | Public Safety | 1,197 | 1,275 |
| Zuercher Data Maint.-HPD | 12/15/22–12/14/23 | Public Safety | 35,347 | 95,165 |
| Whooster WLPA | 10/3/22–10/2/23 | Public Safety | 2,437 | 4,062 |
| Social Media-Compass Prog. | 7/1/22–6/30/23 | Public Safety | 21,000 | 21,000 |
| City Website Maintenance | 7/1/22–6/30/23 | Public Safety | <u>10,800</u> | <u>10,800</u> |
| | | Totals | \$ <u>158,801</u> | \$ <u>333,999</u> |

I. Long-term Debt

Tax Increment Financing Revenue Bonds

The City has issued bonds where the government pledges income derived from ad valorem property taxes from a specific district to pay debt service. 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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

On December 30, 2019, the City issued \$3,058,000 of Tax Increment and Refunding Bonds-Series 2019 through Wesbanco Bank, Inc. bearing an interest rate of 2.69%. Bond proceeds are being used for infrastructure improvements to the Downtown Tax Increment Financing District (TIF #1), predominately to the Civic Arena plaza area. Series 2019 bonds mature June 1, 2034. Principal and interest paid for the current year was \$172,000 and \$70,935, respectively.

On June 26, 2020, the City issued \$3,639,000 of Tax Increment Financing (TIF) Revenue Bonds-Series 2020 through the Ohio Valley Bank Company bearing an interest rate of 2.25%. Bond proceeds were used by the Huntington Municipal Development Authority for infrastructure improvements in the Kinetic Park Tax Increment Financing District (TIF #2). Series 2020 TIF bonds mature May 1, 2035. Principal and interest paid for the current year was \$199,000 and \$73,080 respectively.

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

| Purpose | Maturity Dates | Interest Rates | Issued | Retired | Balance June 30, 2023 |
|---------------------|----------------|----------------|---------------------|---------------------|--------------------------|
| Primary Government: | | | | | |
| Series 2019 | 06/01/2034 | 2.69% | \$ 3,058,000 | \$ 593,000 | \$ 2,465,000 |
| Series 2020 | 05/01/2035 | 2.25% | 3,639,000 | 590,000 | 3,049,000 |
| | | | <u>\$ 6,697,000</u> | <u>\$ 1,183,000</u> | <u>\$ 5,514,000</u> |

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

| Year Ending June 30 | Principal | Interest |
|--|---------------------|-------------------|
| 2024 | \$ 380,000 | \$ 134,911 |
| 2025 | 390,000 | 125,587 |
| 2026 | 399,000 | 116,015 |
| 2027 | 409,000 | 106,219 |
| 2028 | 419,000 | 96,176 |
| 2029 – 2033 | 2,254,000 | 321,383 |
| 2034 – 2035 | <u>1,263,000</u> | <u>41,533</u> |
| Present value of minimum bond payments | <u>\$ 5,514,000</u> | <u>\$ 941,824</u> |

Revenue Bonds – Component Units – HMDA

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

The proceeds of these bonds are being used for the development of the City. The bonds are secured by revenues of the Municipal Development Authority, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue bonds outstanding of \$4,621,352 at year end are as follows:

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| Purpose | Maturity Dates | Interest Rates | Issued | Retired | Balance June 30, 2023 |
|---|----------------|----------------|---------------------|---------------------|--------------------------|
| HMDA | | | | | |
| Municipal Development Authority Series 2010-A | 12/29/2023 | 4.5% | \$ 3,650,000 | \$ 3,650,000 | - |
| Municipal Development Authority Series 2010-B | 12/29/2031 | 6.5% | 5,255,000 | 595,000 | 4,660,000 |
| Less Bond Discount | | | (145,087) | (106,439) | (38,648) |
| Total HMDA | | | <u>\$ 8,759,913</u> | <u>\$ 4,138,561</u> | <u>\$ 4,621,352</u> |

Revenue Bonds – Component Units – Huntington Building Commission

The Huntington Building Commission, a blended component unit of the City, has issued bonds where the government pledges income derived from acquired or constructed assets to any debt service.

The proceeds of these bonds provided financing for renovations to the Municipal Garage Building. The bonds are secured by lease revenues of the Huntington Building Commission, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenue bonds outstanding of \$2,534,994 at year end are as follows:

| Purpose | Maturity Date | Interest Rate | Issued | Retired | Balance June 30, 2023 |
|--|---------------|---------------|--------------|-----------|--------------------------|
| Huntington Building Commission – Series 2022 | 2/1/2038 | 3.60% | \$ 2,600,000 | \$ 65,006 | \$ 2,534,994 |

Revenue Bonds – Component Units – Water Quality Board

The Water Quality Board issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service.

The proceeds of these bonds are being used on Sanitary facility operating, construction, and maintenance. The bonds are secured by the revenues of the Sanitary Board fund, which are required to be in sufficient amount to pay principal and interest on the bonds when due. Revenues bonds outstanding at year end are as follows:

| Purpose | Maturity Dates | Interest Rates | Issued | Retired | Balance June 30, 2023 |
|---------------------|----------------|----------------|----------------------|---------------------|--------------------------|
| Series 2010-A | 3/1/2030 | 2.00% | \$ 4,022,945 | \$ 2,482,419 | \$ 1,540,526 |
| Series 2010-B | 12/1/2031 | 2.00% | 2,622,055 | 1,378,993 | 1,243,062 |
| Series 2015 A | 11/1/2035 | 3.28% | 5,630,000 | 1,295,000 | 4,335,000 |
| Series 2016 A | 11/1/2023 | 2.02% | 2,816,000 | 2,416,000 | 400,000 |
| Series 2022 A | 2/1/2038 | 4.39% | 6,170,000 | 98,598 | 6,071,402 |
| Less Discount | | | (622,914) | (606,639) | (16,275) |
| Total revenue bonds | | | <u>\$ 20,638,086</u> | <u>\$ 7,064,371</u> | <u>\$ 13,573,715</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| Year Ended | Municipal Development Authority | | Huntington Building Commission | | Water Quality Board | |
|--------------------|---------------------------------|--------------|--------------------------------|------------|---------------------|--------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2024 | \$ 500,000 | \$ 343,050 | \$ 123,229 | \$ 81,453 | \$ 1,327,533 | \$ 453,736 |
| 2025 | 520,000 | 233,750 | 139,145 | 84,543 | 958,116 | 420,713 |
| 2026 | 545,000 | 219,400 | 144,237 | 79,450 | 984,446 | 390,757 |
| 2027 | 565,000 | 195,000 | 149,516 | 74,171 | 1,016,556 | 359,799 |
| 2028 | 590,000 | 173,800 | 154,989 | 68,698 | 1,049,470 | 327,733 |
| 2029 – 2033 | 1,940,000 | 397,200 | 864,300 | 254,136 | 4,715,630 | 1,136,037 |
| 2034 – 2038 | - | - | 959,578 | 84,660 | 3,538,239 | 317,654 |
| Less Bond Discount | (38,648) | - | - | - | (16,275) | - |
| Totals | \$ 4,621,352 | \$ 1,562,200 | \$ 2,534,994 | \$ 727,111 | \$ 13,573,715 | \$ 3,406,429 |

Pledged Revenues

The Municipal Development Authority has pledged future lease revenues, net of specified operating expenses, to repay \$3,650,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for renovations to the Civic Arena. The bonds were payable from lease net revenues through 2023. The bond was paid off in FY 2023. Principal and interest paid for the current year totaled \$327,200.

The Municipal Development Authority has pledged future lease revenues, net of specified operating expenses, to repay \$5,255,000 in lease revenue bonds issued in December 2010. Proceeds from the bonds provided financing for maintenance and upgrades to the Jean Dean Public Safety Building. The bonds are payable solely from lease net revenues and are payable through 2031. The total principal and interest remaining to be paid on the bonds is \$6,183,552. Principal and interest paid for the current year totaled \$530,163.

The Huntington Building Commission has pledged future lease revenues, net of specified operating expenses, to repay \$2,600,000 in lease revenue bonds issued in December 2022. Proceeds from the bonds is providing financing for renovations to the Municipal Garage (formerly Barbour Armory). The bonds are payable from lease net revenues and are payable through 2038. The total principal and interest remaining to be paid on the bonds is \$3,262,105. Principal and interest paid for the current year totaled \$111,844.

Utility Pledged Revenues

The Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay \$6,170,000 in sewer system revenue bonds issued in November, 2022. Proceeds from the bonds provided financing for the maintenance and system upgrades of the treatment facility. The bonds are payable solely from sewer customer net revenues and are payable through February 2038. Annual principal and interest payments on the bonds are expected to require less than four percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$8,245,027. Principal and interest paid for the current year and total customer net revenues were \$234,234 and \$3,975,622, respectively.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay \$4,022,945 in sewer system revenue bonds issued in January, 2010. Proceeds from the bonds provided financing for the maintenance and system upgrades of the treatment facility. The bonds are payable solely from sewer customer net revenues and are payable through March, 2030. Annual principal and interest payments on the bonds are expected to require less than eight percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,650,693. Principal and interest paid for the current year and total customer net revenues were \$244,547 and \$3,975,622, respectively.

The Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2,622,055 in sewer system revenue bonds issued in November, 2010. Proceeds from the bonds provided financing for the maintenance and system upgrades of the treatment facility. The bonds are payable solely from sewer customer net revenues and are payable through December, 2031. Annual principal and interest payments on the bonds are expected to require less than five percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,354,812. Principal and interest paid for the current year and total customer net revenues were \$159,391 and \$3,975,622, respectively.

The Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay \$5,530,000 in sewer system revenue bonds issued in November, 2015. Proceeds from the bonds provided financing for the maintenance and system upgrades of the treatment facility. The bonds are payable solely from sewer customer net revenues and are payable through 2036. Annual principal and interest payments on the bonds are expected to require less than five percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$5,341,848. Interest paid for the current year and total customer net revenues were \$409,231 and \$3,975,622, respectively.

The Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2,816,000 in sewer system revenue bonds issued in November, 2015. Proceeds from the bonds provided financing for the maintenance and system upgrades of the treatment facility. The bonds are payable solely from sewer customer net revenues and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than five percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$404,040. Principal and interest paid for the current year and total customer net revenues were \$404,039 and \$3,975,622, respectively.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Notes Payable – Component Units

| Purpose | Maturity Dates | Interest Rates | Issued | Retired | June 30, 2023 |
|-----------------------------|----------------|----------------|--------------|------------|---------------|
| Stormwater:: | | | | | |
| 2023 Stormwater BAN | 5/1/2026 | 2.03% | \$ 4,000,000 | \$ - - | \$ 4,000,000 |
| Equipment Loan | 2/4/2025 | 3.90% | 152,947 | 98,600 | 54,347 |
| Vehicle Loan | 1/10/2026 | 5.25% | 56,866 | 7,376 | 49,490 |
| Sanitary Board:: | | | | | |
| Equipment Loan | 12/3/2024 | 3.90% | 471,732 | 320,418 | 151,314 |
| Equipment Loan | 1/3/2025 | 3.90% | 498,392 | 329,905 | 168,487 |
| Water Quality Board: | | | | | |
| Building Mortgage | 10/30/2034 | 5.00% | 332,053 | 102,123 | 229,930 |
| Totals | | | \$ 5,511,990 | \$ 858,422 | \$ 4,653,568 |

Debt service requirements to maturity are as follows:

| Year Ended | Principal | Interest |
|---------------|--------------|------------|
| 2024 | \$ 271,348 | \$ 183,483 |
| 2025 | 174,560 | 172,885 |
| 2026 | 4,029,040 | 155,997 |
| 2027 | 18,147 | 8,603 |
| 2028 | 19,075 | 7,675 |
| 2029-2033 | 111,052 | 22,698 |
| 2034-2038 | 32,346 | 1,069 |
| Totals | \$ 4,655,568 | \$ 552,410 |

The Water Quality Board entered into a loan agreement with City National Bank to finance the purchase of the Water Quality Board Facility. The Water Quality Board entered into an agreement to finance \$332,053 at an interest rate of 4.4% with a maturity date of October 30, 2034. This note is secured by the Water Quality Board office building. This note contains a provision that in the event of default the repayment outstanding amounts become immediately due. Events that cause default include: the Board is unable to make payment when due, the Board makes false or misleading statements, insolvency of the Board, defective collateralization, creditor or forfeiture proceedings, adverse change, or the lender believes itself to insecure.

The Stormwater Utility Board entered into a loan agreement with United Bank to finance the purchase of two (2) 2022 Ford Ranger Pickup Trucks. The Stormwater Utility Board entered into an agreement to finance \$56,866 at an interest rate of 5.25% with a maturity date of January 10, 2026. This note is secured by the two (2) 2022 Ford Ranger Pickup Trucks. This note contains a provision that in the event of default the repayment outstanding amounts become immediately due.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Stormwater Utility Board entered into a loan agreement with the Municipal Bond Commission as the paying agent and United Bank appointed as registrar, to temporarily finance the expansion and maintenance project in anticipation of receiving a bond. The Stormwater Utility Board entered into an agreement to finance \$4,000,000, bearing interest at 3.99%, with a maturity date of May 1, 2026. The note contains provisions that in the event of default the repayment of outstanding amounts may become immediately due, the lender may accelerate indebtedness, assemble and sell the collateral, appoint receiver, and other remedies of a secured creditor under the provision of the Uniform Commercial Code. Events that cause default include; the Board does not make payments when due, the Board makes false or misleading statements, insolvency of the Board, creditor or forfeiture proceedings, and failure to comply with or perform any other term, obligation, covenant or condition within the note agreement or any other agreement between the lender and the borrower's, agreements or conditions contained in the note agreement, or the issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable of the United States of America.

The Sanitary Board entered into a loan agreement with Wesbanco Bank to finance the purchase of machinery and equipment. The Sanitary Board entered into an agreement to finance \$471,732, bearing interest at 3.9%, with a maturity dated of December 3, 2024. The note is secured by 2019 Case 580SN Loader, 2019-8-4 Aluminum Service Truck Bed, 2019 Dodge 5500 Service Truck. In the event of default, the registered owner of the note may bring suit for any unpaid principal and interest then due. Events that cause default include: the Board does not make punctual principal and interest payments, the Board fails to observe covenants, agreements or conditions contained in the note agreement, or the issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable of the United States of America.

The Sanitary Board entered into a loan agreement with Wesbanco Bank to finance the purchase of machinery and equipment. The Sanitary Board entered into an agreement to finance \$498,392, bearing interest at 3.9%, with a maturity date of January 3, 2025. The note is secured by 2019 Kenworth T470 with 900-ECO 9-year truck mounted combination sewer cleaner and all attachments and accessories. This note contains provisions that in the event of default the repayment of outstanding amounts may become immediately due, the lender may accelerate indebtedness, assemble and sell the collateral, appoint receiver, and other remedies of a secured creditor under the provisions of the Uniform Commercial Code. Events that cause default include: the Board does not make punctual principal and interest payments, the Board fails to observe covenants, agreements or conditions contained in the note agreement, or the issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable of the United States of America.

The Stormwater Utility Board entered into a loan agreement with Wesbanco Bank to finance the purchase of machinery and equipment. The Stormwater Utility Board entered into an agreement to finance \$152,947, bearing interest at 3.9%, with a maturity dated of February 2, 2025. The note is secured by 2019 Ford F550 Diesel 4x4 Bucket Truck with one Altee Model At48M Articulating Telescopic Aerial Device and all attachments and accessories. This note contains provisions that in the event of default the repayment of outstanding amounts may become immediately due, the lender may accelerate indebtedness, assemble and sell the collateral, appoint receiver, and other remedies of a secured creditor under the provisions of the Uniform Commercial Code. Events that cause default include: the Board does not make punctual principal and interest payments, the Board fails to observe covenants, agreements or conditions contained in the note agreement, or the issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable of the United States of America.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Changes to Long-term Liabilities

| | Governmental Activities | | | | |
|---|-------------------------|---------------------|---------------------|-----------------------|------------------------|
| | Beginning Balance | Additions | Reductions | End Balance | Due Within One Year |
| Bonds and notes payable | \$ 1,536,268 | \$ - | \$ 318,390 | \$ 1,217,878 | \$ 247,473 |
| Tax increment financing | 5,885,000 | - | 371,000 | 5,514,000 | 380,000 |
| Leases | 5,236,428 | 2,600,000 | 591,722 | 7,244,706 | 657,302 |
| SBITA's | - | 558,571 | 224,572 | 333,999 | 271,884 |
| Net pension liability – PERS | - | 573,634 | - | 573,634 | - |
| Net pension liability – DBP | 127,264,964 | 711,348 | - | 127,976,312 | - |
| Other post-employment benefits | 85,928,408 | - | 1,631,265 | 84,297,143 | - |
| Compensated absences | 1,569,214 | 1,972,754 | 1,569,214 | 1,972,754 | 1,972,754 |
| Accrued interest payable | 88,636 | 81,004 | 88,636 | 81,004 | 81,004 |
| Liability for landfill closure and post-closure costs | 27,068,017 | 803,697 | - | 27,871,714 | - |
| Governmental activities long-term liabilities | <u>\$ 254,576,935</u> | <u>\$ 7,301,008</u> | <u>\$ 4,794,799</u> | <u>\$ 257,083,144</u> | <u>\$ 3,610,417</u> |

| | Business-Type Activities | | | | |
|--|--------------------------|---------------------|-------------------|---------------------|------------------------|
| | Beginning Balance | Additions | Reductions | End Balance | Due Within One Year |
| Revenue bonds payable | \$ - | \$ 2,600,000 | \$ 65,006 | \$ 2,534,994 | \$ 123,229 |
| Other post-employment benefits | 1,506,736 | 80,459 | - | 1,587,195 | - |
| Compensated absences | 102,852 | 119,212 | 102,852 | 119,212 | 119,212 |
| Net pension liability – PERS | - | 132,540 | - | 132,540 | - |
| Business-Type activities long-term liabilities | <u>\$ 1,609,588</u> | <u>\$ 2,932,211</u> | <u>\$ 167,858</u> | <u>\$ 4,373,941</u> | <u>\$ 242,441</u> |

| | Component Units – HMDA | | | | |
|--------------------------------------|------------------------|-------------------|---------------------|---------------------|------------------------|
| | Beginning Balance | Additions | Reductions | End Balance | Due Within One Year |
| Revenue bonds payable | \$ 5,145,000 | \$ - | \$ 485,000 | \$ 4,660,000 | \$ 500,000 |
| Less: bond discounts | (50,475) | - | (11,827) | (38,648) | (11,826) |
| Total bonds payable | <u>5,094,525</u> | <u>-</u> | <u>473,173</u> | <u>4,621,352</u> | <u>488,174</u> |
| Note Payable – RLF | 300,000 | 100,000 | - | 400,000 | 400,000 |
| Note Payable – WVEDA | 2,756,250 | - | 528,859 | 2,227,391 | - |
| Other post-employment benefits | 17,692 | 1,786 | - | 19,478 | - |
| Compensated absences | 17,268 | 23,109 | 17,268 | 23,109 | 23,109 |
| Accrued interest payable | 247,343 | 59,966 | 247,343 | 59,966 | 59,966 |
| Net pension liability | - | 16,482 | - | 16,482 | - |
| Component unit long-term liabilities | <u>\$ 8,433,078</u> | <u>\$ 201,343</u> | <u>\$ 1,266,643</u> | <u>\$ 7,367,778</u> | <u>\$ 971,249</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Component Units – HMPB | | | | |
|--------------------------------------|------------------------|------------------|------------------|-------------------|------------------------|
| | Beginning Balance | Additions | Reductions | End Balance | Due Within One Year |
| Other post-employment benefits | \$ 119,084 | \$ 7,867 | \$ - | \$ 126,951 | \$ - |
| Compensated absences | 28,810 | 30,054 | 28,810 | 30,054 | 30,054 |
| Net pension liability | - | 33,419 | - | 33,419 | - |
| Component unit long-term liabilities | <u>\$ 147,894</u> | <u>\$ 71,340</u> | <u>\$ 28,810</u> | <u>\$ 190,424</u> | <u>\$ 30,054</u> |

| | Component Units – WQB | | | | |
|--------------------------------------|-----------------------|---------------------|---------------------|----------------------|------------------------|
| | Beginning Balance | Additions | Reductions | End Balance | Due Within One Year |
| Revenue bonds payable | \$ 8,519,544 | \$ 6,170,000 | \$ 1,099,554 | \$ 13,589,990 | \$ 1,327,533 |
| Less: Bond Discount | (60,775) | - | (44,500) | (16,275) | - |
| Total bonds payable | <u>8,458,769</u> | <u>6,170,000</u> | <u>1,055,054</u> | <u>13,573,715</u> | <u>1,327,533</u> |
| Notes payable | 8,123,198 | 1,770,347 | 5,239,977 | 4,653,568 | 271,112 |
| Compensated absences | 179,357 | - | 4,436 | 174,921 | - |
| Other post-employment benefits | 25,200 | 93,446 | - | 118,646 | - |
| Net pension liability | 23,400 | 447,579 | - | 470,979 | - |
| Accrued interest payable | 18,043 | 54,798 | 18,043 | 54,798 | 54,798 |
| Component unit long-term liabilities | <u>\$ 16,827,967</u> | <u>\$ 8,536,170</u> | <u>\$ 6,317,510</u> | <u>\$ 19,046,627</u> | <u>\$ 1,653,443</u> |

On January 28, 2020, Huntington Municipal Development Authority signed a \$2,756,250 Note payable to West Virginia Economic Development Authority to partially finance the acquisition of property. The loan bears interest at 2.66% per annum. Monthly interest-only payments were deferred until July 28, 2021. Final payment of all principal and accrued interest is due on January 30, 2035, unless the property is sold or leased, at which time the principal shall be due.

On March 11, 2020, HMDA signed \$300,000 promissory note for a City of Huntington Brownfield Revolving Loan Fund (RLF) Loan. The loan bears 0.0% interest through March 11, 2025 and 1.0% thereafter. An additional \$100,000 promissory note was signed in fiscal 2023, bringing the loan total to \$400,000 at June 30, 2023. Final payment of all principal and accrued interests is due March 31, 2050.

Downtown Investment, LLC (a component unit of the Huntington Municipal Development Authority) reports its interest in a loan payable with Community Trust related to its equitable share of Metropolitan Huntington. As of December 31, 2022, this share is \$6,310,293.

J. Restricted Assets

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

| | Huntington Building Commission | Municipal Development Authority | Water Quality Board |
|--|--------------------------------------|---------------------------------------|---------------------------|
| Revenue bond operations and maintenance accounts | \$ - | \$ - | \$ 1,717,028 |
| Restricted economic development | - | 400,303 | - |
| Reserve for insurance claims | - | - | 375,236 |
| Reserve for construction | 2,367,864 | - | 2,893,889 |
| Customer deposits | - | - | 699,358 |
| Total restricted assets | <u>\$ 2,367,864</u> | <u>\$ 400,303</u> | <u>\$ 5,685,511</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

K. Benefits Funded by the State of West Virginia

For the year ended June 30, 2023, the State of West Virginia contributed estimated payments on behalf of the government’s public safety employees as follows:

| Plan | Amount |
|-------------------------------------|--------------|
| Policemen’s Pension and Relief Fund | \$ 1,041,819 |
| Firemen’s Pension and Relief Fund | 999,476 |
| Total | \$ 2,041,295 |

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

IV. OTHER INFORMATION

A. Risk Management

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

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

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

B. Commitments and Contingencies and Subsequent Events

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

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

The Department of Environmental Protection forced the City to close its landfill in 1994 because it did not have an underlying liner. Some procedures which are required for closure have been completed, however, additional procedures are still required to complete the closure. After reevaluation for annual inflation or deflation, costs to complete the closure and subsequent post-closure costs have been estimated at approximately \$27,871,714. The actual cost incurred may differ due to inflation, changes in regulations or changes in technology. As of June 30, 2023, the Landfill Reserve Fund balance was \$1,781,833 and the General Fund contains \$578,885 in committed funds for landfill closure.

All other commitments, contingencies and subsequent events have been evaluated by management and have been properly disclosed through the date of this report.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

C. Deferred Compensation Plan

City employees are eligible to contribute to 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 via voluntary payroll deductions 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. Subsequent Event

During fiscal 2023, City of Huntington made application to the West Virginia Department of Economic Development and was approved to create the Highlawn Redevelopment District No. 3 (a tax increment financing district). Disbursements of tax increments on the new district began in July 2023.

V. EMPLOYEE RETIREMENT SYSTEMS AND PLANS

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

Plan Descriptions, Contribution Information, and Funding Policies

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

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. The PPRF's Board consists of a chair, who is the elected mayor, and four members, one of which is the pension secretary, from the municipal police department. The City is authorized in accordance with State Code §8-22 to establish and maintain this plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2022.

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, July 1, 2022.

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Memberships of the plans are as follows:

| Group | PPRF | FPRF | Totals |
|--|------------|------------|------------|
| Active Employees | 37 | 48 | 85 |
| Inactive employees entitled to but not yet receiving benefits | - | 6 | 6 |
| Inactive employees or beneficiaries currently receiving benefits | 152 | 160 | 312 |
| Total | <u>189</u> | <u>214</u> | <u>403</u> |

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

| | PPRF | FPRF |
|--|---|---|
| Determination of contribution requirements | Actuarially determined | Actuarially determined |
| Employer | 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 adjustments after two years of retirement. Adjustment calculated on the first \$15,000 of the total annual benefit in the first year and then the cumulative index for the preceeding year. The supplemental pension benefit shall not exceed four percent. | |
| Eligibility for Distribution | Members are eligible at the earlier of age 50 with 20 years of credited service or age 65. | |
| Provision for: | | |
| Disability Benefits | Yes | Yes |
| Death Benefits | Yes | Yes |
| Experience Study | July 1, 2014 – July 1, 2017 | July 1, 2014 – July 1, 2017 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Pension Liability

The net pension liabilities were measured as of June 30, 2023 for both plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022, projected to the measurement date of June 30, 2023.

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of July 1, 2022, rolled forward to June 30, 2023 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, 2014 through June 30, 2017. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

| Actuarial assumptions | Policemen's Pension & Relief Fund | Firemen's Pension & Relief Fund |
|---------------------------|---|---|
| General Inflation Rate | 2.50% | 2.50% |
| Wage Inflation Rate | 1.00% | 1.00% |
| Salary Increases | 1 yr. 9%, 2 yrs. 6.5%, 3 yrs. 6%, 4-28 yrs. 5%, 29-33 yrs. 4%, 34+ yrs 3.5% | 1 yr. 9%, 2 yrs. 6.5%, 3 yrs. 6%, 4-28 yrs. 5%, 29-33 yrs. 4%, 34+ yrs 3.5% |
| Investment Rate of Return | 5.75% | 5.50% |

Mortality rates were based on the SOA PubS-2010(B) Mortality Table with generational projection using Scale MP-2019.

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.21 percent for the PPRF and 7.21 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, 2023 are summarized in the following chart:

| | PPRF | | FPRF | |
|--------------|--|--------------------------------|--|--------------------------------|
| | Long-term Expected Real Rate of Return | Target Asset Allocations | Long-term Expected Real Rate of Return | Target Asset Allocations |
| Investment | | | | |
| Money Market | 0.00% | 0.00% | 0.00% | 0.00% |
| Equities | 9.00% | 65.00% | 9.00% | 65.00% |
| Fixed Income | 3.90% | 34.00% | 3.90% | 34.00% |
| Cash | 3.50% | 1.00% | 3.50% | 1.00% |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Net Pension Liability, Reserves and Discount Rate

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

Reserves

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

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 | \$ 108,046,294 | \$ 108,084,664 |
| Plan fiduciary net position | 48,098,792 | 40,055,854 |
| Net pension liability | \$ 59,947,502 | \$ 68,028,810 |
| Plan fiduciary net position as a percentage of the total pension liability | 44.52% | 37.06% |

Discount Rate

The discount rate used to measure the total pension liability was 5.75% for the PPRF and 5.50% for the FPRF, and the municipal bond rate was 3.86% 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 | \$ 73,885,079 | \$ 59,947,502 | \$ 48,555,924 |
| FPRF's net pension liability | \$ 82,343,669 | \$ 68,028,810 | \$ 56,353,842 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| | Increase (Decrease) | | |
|---|--------------------------------|-------------------------------------|-----------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Liability (b) | Net Pension Liability (a-b) |
| Balance at June 30, 2022 | \$ 104,316,229 | \$ 45,327,731 | \$ 58,988,498 |
| Changes for the year: | | | |
| Service Cost | 872,782 | - | 872,782 |
| Interest | 5,817,829 | - | 5,817,829 |
| Difference between expected and actual experience | 3,312,623 | - | 3,312,623 |
| Changes of assumptions | - | - | - |
| Contributions – employer | - | 4,371,588 | (4,371,588) |
| Contributions – employee | - | 230,778 | (230,778) |
| Net investment income | - | 4,454,520 | (4,454,520) |
| Benefit payments, including refunds of employee contributions | (6,273,169) | (6,273,169) | - |
| Administrative expense | - | (12,656) | 12,656 |
| Other changes | - | - | - |
| Net changes | <u>3,730,065</u> | <u>2,771,061</u> | <u>959,004</u> |
| Balance at June 30, 2023 | <u>\$ 108,046,294</u> | <u>\$ 48,098,792</u> | <u>\$ 59,947,502</u> |

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

| | Increase (Decrease) | | |
|---|--------------------------------|-------------------------------------|-----------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Liability (b) | Net Pension Liability (a-b) |
| Balance at June 30, 2022 | \$ 105,230,881 | \$ 36,954,415 | \$ 68,276,466 |
| Changes for the year: | | | |
| Service Cost | 1,283,780 | - | 1,283,780 |
| Interest | 5,632,958 | - | 5,632,958 |
| Difference between expected and actual experience | 1,563,947 | - | 1,563,947 |
| Changes of assumptions | - | - | - |
| Contributions – employer | - | 5,050,807 | (5,050,807) |
| Contributions – employee | - | 256,303 | (256,303) |
| Net investment income | - | 3,431,227 | (3,431,227) |
| Benefit payments, including refunds of employee contributions | (5,626,902) | (5,626,902) | - |
| Administrative expense | - | (9,996) | 9,996 |
| Net changes | <u>2,853,783</u> | <u>3,101,439</u> | <u>(247,656)</u> |
| Balance at June 30, 2023 | <u>\$ 108,084,664</u> | <u>\$ 40,055,854</u> | <u>\$ 68,028,810</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

For the year ended June 30, 2023, the government recognized the following pension expenses.

| | PPRF | FPRF |
|-----------------|--------------|--------------|
| Pension Expense | \$ 7,259,280 | \$ 2,527,713 |

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 |
|--|--------------------------------------|-------------------------------------|
| Net difference between expected and actual investment earnings | \$ 1,005,317 | \$ - |
| Total | \$ 1,005,317 | \$ - |

Firemen's Pension and Relief Fund

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between expected and actual investment earnings | \$ 353,493 | \$ - |
| Total | \$ 353,493 | \$ - |

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

| Year Ended June 30: | PPRF | FPRF |
|---------------------|--------------|-------------|
| 2024 | \$ 39,453 | \$ (56,088) |
| 2025 | (127,813) | (214,588) |
| 2026 | 1,472,992 | 905,729 |
| 2027 | (379,315) | (281,560) |
| Total | \$ 1,005,317 | \$ 353,493 |

Payables to the pension plan

At June 30, 2023, all contributions were current, and the City had no liabilities payable to the Policemen's and Firemen's Pension and Relief Funds.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Pension Trust Funds Financial Statements

| | Policemen's Pension and Relief | Firemen's Pension and Relief |
|---|--------------------------------------|------------------------------------|
| ASSETS | | |
| Non-pooled cash | \$ 735,230 | \$ 817,867 |
| Total cash | <u>735,230</u> | <u>817,867</u> |
| Investments, at fair value | | |
| Money market | 200,683 | 174,196 |
| Fixed income securities | 17,330,670 | 13,986,949 |
| Equities | <u>29,693,697</u> | <u>24,958,770</u> |
| Total investments | <u>47,225,050</u> | <u>39,119,915</u> |
| Receivables: | | |
| Accrued income | 138,777 | 126,059 |
| Due from other governments | <u>-</u> | <u>-</u> |
| Total receivables | <u>138,777</u> | <u>126,059</u> |
| Total assets | <u>48,099,057</u> | <u>40,063,841</u> |
| LIABILITIES | | |
| Accounts payable | - | 7,688 |
| Due to other funds | 265 | 299 |
| Other | <u>-</u> | <u>-</u> |
| Total liabilities | <u>265</u> | <u>7,987</u> |
| NET POSITION | | |
| Net position held in trust for pension benefits | <u>\$ 48,098,792</u> | <u>\$ 40,055,854</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | Policemen's Pension and Relief | Firemen's Pension and Relief |
|--|--------------------------------------|------------------------------------|
| ADDITIONS | | |
| Contributions: | | |
| Employer | \$ 3,329,769 | \$ 4,051,331 |
| Plan members | 230,778 | 256,303 |
| Insurance premium surtax | 1,041,819 | 999,476 |
| Total contributions | 4,602,366 | 5,307,110 |
| Investment and other income: | | |
| Net increase in fair value | 3,624,763 | 2,706,297 |
| Interest and dividends | 985,964 | 828,877 |
| Total investment and other income | 4,610,727 | 3,535,174 |
| Total additions | 9,213,093 | 8,842,284 |
| DEDUCTIONS | | |
| Benefits | 6,273,169 | 5,626,902 |
| Administrative expenses | 168,862 | 113,942 |
| Total deductions | 6,442,031 | 5,740,844 |
| Change in net position | 2,771,062 | 3,101,440 |
| Net position held in trust for pension benefits: | | |
| Beginning of year | 45,327,730 | 36,954,414 |
| End of year | \$ 48,098,792 | \$ 40,055,854 |

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.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 benefits | West Virginia State Code 5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the state of West Virginia. |
| Plan member's contribution rate hired before 7/1/2015 | 4.50% |
| City's contribution rate hired before 7/1/2015 | 9.00% |
| Plan member's contribution rate hired after 7/1/2015 | 6.00% |
| City's contribution rate hired after 7/1/2015 | 9.00% |
| Period required to vest | Five years for plan members hired before 7/1/2015. Ten years for plan members hired on or after 7/1/2015. |
| Benefits and eligibility for distribution | A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80 (age 62 and ten years of service for plan members hired on or after July 1, 2015). The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit. For those hired after July 1, 2015, the average salary is the average of the five consecutive highest annual earnings out of the last fifteen years. |
| Deferred retirement portion | No |
| Provision for: | |
| Cost of living | No |
| Death benefits | Yes |

Trend Information

Public Employees Retirement System (PERS)

| <u>Fiscal Year</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|--------------------|---|-----------------------------------|
| 2023 | \$ 797,128 | 100% |
| 2022 | 805,457 | 100% |
| 2021 | 634,428 | 100% |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 \$756,075 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to 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, 2022, the government's proportion was 0.507709%, which was an increase of 0.104184% from its proportion measured as of the prior period.

For the year ended June 30, 2023, the government recognized the following pension expense.

| | Governmental Activities | Business-type Activities | Development Authority | Parking Board | Total |
|-----------------|----------------------------|-----------------------------|--------------------------|------------------|------------|
| Pension expense | \$ 305,753 | \$ 70,645 | \$ 17,813 | \$ 8,785 | \$ 402,996 |

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

Public Employees Retirement System

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 455,907 | \$ - |
| Difference between expected and actual experience | 290,054 | - |
| Changes in assumptions | 497,631 | - |
| Changes in proportion and differences between government contributions and proportionate share of contributions | 40,263 | 7,489 |
| Contributions subsequent to the measurement date | 797,128 | - |
| Total | \$ 2,080,983 | \$ 7,489 |

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Year Ended June 30:

| | | |
|-------|----|-----------|
| 2024 | \$ | 517,552 |
| 2025 | | 46,370 |
| 2026 | | (480,961) |
| 2027 | | 1,193,405 |
| Total | \$ | 1,276,366 |

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial assumptions

| | | |
|---------------------------|--|---------------|
| Inflation rate | | 2.75% |
| Salary increases | | 2.75% – 6.75% |
| Investment Rate of Return | | 7.25% |

Mortality rates were based on the Pub-2010 general employees table, below median, head count weighted, projected with scale MP-2018.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the five-year period ended July 1, 2021.

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 geometric real rates of return for each major asset class included are summarized in the following chart:

| <u>Investment</u> | <u>Long-term Expected Real Rate fo Return</u> | <u>Target Asset Allocation</u> |
|----------------------|---|------------------------------------|
| US Equity | 5.50% | 27.50% |
| International Equity | 6.10% | 27.50% |
| Fixed Income | 2.20% | 15.00% |
| Real Estate | 6.50% | 10.00% |
| Private Equity | 9.50% | 10.00% |
| Hedge Funds | 3.80% | 10.00% |
| Inflation (CPI) | 1.80% | |
| | | 100.00% |

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent for PERS. The projection of cash flows used to determine the discount rate assumed that employer contributions will the current funding policies. 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 liability.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------|--------------------|
| City’s proportionate share of PERS pension liability/(asset) | \$ 5,349,841 | \$ 756,075 | \$ (3,175,527) |

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

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

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

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

Municipal Police Officers and Firefighters Retirement System

| | |
|--|---|
| Eligibility to participate | City public safety employees not covered under other pension plans. |
| Authority establishing contribution obligations and benefit provisions | Chapter 8, Article 22A of the West Virginia State Code assigns the authority to establish and amend the provisions of the plan to the State Legislature. |
| Plan member's contribution rate | 8.50% |
| City's contribution rate | 8.50% |
| Period required to vest | Five years |
| Benefits and eligibility for distribution | A member who has attained age 60 and has earned 10 years or more of contributing service or age 50 if the sum of his/her age plus years of credited service is equal to or greater than 70 or age 62 with 5 years of service. The final average salary (five highest consecutive years in the last 10) times the years of service times applicable benefit percentage (2.6%, 2%, or 1%) equals the annual retirement benefit. |
| Deferred retirement portion | No |
| Provisions for: | |
| Cost of Living | No |
| Death Benefits | Yes |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Trend Information

| Fiscal Year | Annual Pension Cost | Percentage Contributed |
|-------------|------------------------|---------------------------|
| 2023 | \$ 462,988 | 100% |
| 2022 | 427,177 | 100% |
| 2021 | 367,662 | 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.

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 \$1,560,905 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021 rolled forward to June 30, 2022, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2021. 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, 2022, the government's proportion was 15.973240%, which was a decrease of 0.862281% from its proportion measured as of the prior period.

For the year ended June 30, 2023, the government recognized the following pension expense.

| | MPFRS |
|-----------------|----------------------------|
| | Governmental Activities |
| Pension expense | \$ 126,046 |

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

Municipal Police Officers & Firefighters Retirement System (MPFRS)

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 147,912 | \$ - |
| Difference between expected and actual experience | 112,292 | 30,828 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 239,531 | 5,655 |
| Changes in assumptions | 161,489 | 2,236 |
| Contributions subsequent to measurement date | 462,988 | - |
| Total | \$ 1,124,212 | \$ 38,719 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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, 2024. 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> | |
|----------------------------|-------------------|
| 2024 | \$ 149,909 |
| 2025 | 123,248 |
| 2026 | 71,292 |
| 2027 | 177,452 |
| 2028 | 54,329 |
| Thereafter | <u>46,275</u> |
| | <u>\$ 622,505</u> |

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial assumptions

| | |
|---------------------------|---------------|
| Inflation rate | 2.75% |
| Salary increases | 3.25% - 4.75% |
| Investment Rate of Return | 7.25% |

Mortality rates:

- Active – 100% of Pub-2010 Safety Employee Table, Amount weighted, projected generationally with Scale MP-2020;
- Healthy Male Retirees – 98% of Pub-2010 Safety Retiree Male Table, Amount weighted, projected generationally with Scale MP-2020;
- Healthy Female Retirees – 99% of Pub-2010 Safety Retiree Female Table, Amount weighted, projected generationally with Scale MP-2020;
- Disabled Males – 124% of Pub-2010 Safety Disabled Male Table, Amount weighted, projected generationally with Scale MP-2020;
- Disabled Females – 100% of Pub-2010 Safety Disabled Female Table, Amount-weighted, projected generationally with Scale MP-2020.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021.

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 geometric 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, 2023**

| | Long-term Expected | Target |
|----------------------|--------------------------------|-----------------------------|
| <u>Investment</u> | <u>Real Rate of Return</u> | <u>Asset Allocation</u> |
| US Equity | 5.50% | 27.50% |
| International Equity | 6.10% | 27.50% |
| Fixed Income | 2.20% | 15.00% |
| Real Estate | 6.50% | 10.00% |
| Private Equity | 9.50% | 10.00% |
| Hedge Funds | 3.80% | 10.00% |
| Inflation (CPI) | 1.80% | 100.00% |

Discount rate. The discount rate used to measure the total pension asset was 7.25 percent for MPFRS. The projection of cash flows used to determine the discount rate assumed that the employer contributions will continue to follow the current funding policies. 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:

| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------|---------------------|
| City's proportionate share of MPFRS pension asset | <u>\$ 809,524</u> | <u>\$ 1,560,905</u> | <u>\$ 2,127,636</u> |

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

VI. OTHER POST-EMPLOYMENT BENEFIT PLAN

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

A. Plan Descriptions, Contribution Information, and Funding Policies

The City of Huntington, West Virginia provides continuation of medical insurance to employees that retire under the WV Public Employees Retirement System and the City of Huntington's Policemen's Pension & Relief Fund and the Firemen's Pension & Relief Fund. The City maintains a single employer self-insured defined benefit health plan administered by Highmark, a third-party administrator. The plan benefits, benefit levels, employee contributions and employer contributions were authorized by the City Council and any amendments to the plan must be approved and authorized by the Council. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report. The activity of the plan is reported in the General Fund, Sanitation and Trash Fund, Community Development Block Grant Fund, Municipal Parking Board and the Municipal Development Authority.⁽¹⁾

Non-uniform employees that were members of PERS prior to 7/1/2015 (Tier I) are eligible to receive full retiree health coverage at the earlier of age 55 with 25 years of service; or age 60 with 5 years of service.

Non-uniform employees that were members of PERS on or after 7/1/2015 (Tier II) are eligible to receive full retiree health coverage at age 62 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 60 with 10 years of service.

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

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

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

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

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

**CITY OF HUNTINGTON, WEST VIRGINIA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

B. Actuarial Methods and Assumptions

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

| | |
|--------------------------|---|
| Measurement Date | For fiscal year ending June 30, 2023, a June 30, 2023 measurement date was used. |
| Actuarial Valuation Date | July 1, 2022 with results actuarially projected on a “no gain/no loss” basis to get to the June 30, 2023 measurement date. Liabilities as of July 1, 2022 are based on an actuarial valuation date of July 1, 2021 projected to July 1, 2022 with no adjustments. |
| Discount Rate | 4.13% as of June 30, 2023 and 4.09% as of July 1, 2022. |
| Payroll Growth | 3.00% general wage inflation per year plus the annual merit scale shown below based on the West Virginia Public Employees’ Retirement System actuarial valuation as of June 30, 2020. |

| <u>Age</u> | <u>Rate</u> |
|------------|-------------|
| 20 | 3.50% |
| 30 | 1.60% |
| 40 | 1.10% |
| 50 | 0.85% |
| 60+ | 0.35% |

| | |
|-------------------------|---|
| Inflation Rate | 3.00% per year |
| Employer Funding Policy | Pay-as-you-go cash basis |
| Cost Method | Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant’s benefit at retirement; and Annual Service Cost is a constant percentage of the participant’s salary that is assumed to increase according to the Payroll Growth. |
| Experience Study | The actuarial assumptions for the City have not been updated since at least the 2009 valuation. |
| Census Data | Census information was provided by the City as of June 2022. |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Mortality General Participants: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021; Public Safety Participants: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021; Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021; Disabled Participants: SOA Pub-2010 Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2021

| | | | | |
|-------------------------|------|------------|-------|------------|
| Health Care Trend Rates | FYE | Medical/RX | FYE | Medical/RX |
| | 2023 | Actual | 2027 | 5.5% |
| | 2024 | 7.0% | 2028 | 5.0% |
| | 2025 | 6.5% | 2029+ | 4.5% |
| | 2026 | 6.0% | | |

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

At fiscal year-end, the City reported \$86,022,029 for its net OPEB liability related to its single employer self-insured defined benefit health plan. The net OPEB liability was measured as of June 30, 2023 for the City’s fiscal year ended June 30, 2023, using the actuarial assumptions and methods described in the appropriate section of this note.

For the year ended June 30, 2023, the City recognized OPEB expense of \$4,421,753 related to its single employer self-insured defined benefit health plan.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2023:

| | Deferred Outflows | Deferred Inflows |
|---|----------------------|----------------------|
| Difference between expected and actual experience | \$ - | \$ 11,167,021 |
| Change in assumptions | 5,088,680 | 15,000,925 |
| | <u>\$ 5,088,680</u> | <u>\$ 26,167,946</u> |

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability on June 30, 2023. 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: | |
| 2024 | \$ (4,077,728) |
| 2025 | (5,076,528) |
| 2026 | (5,076,527) |
| 2027 | (6,100,599) |
| 2028 | (747,884) |
| Total | <u>\$ (21,079,266)</u> |

Discount Rate

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discount rate used to measure the OPEB liability was 4.13 percent. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The following chart presents the sensitivity of the net OPEB liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net OPEB 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:

Sensitivity of Net OPEB Liability to the Single Discount Rate

| 1% Decrease | Current Single Discount Rate Assumption | 1% Increase |
|---------------|---|---------------|
| 3.13% | 4.13% | 5.13% |
| \$ 96,915,839 | \$ 86,022,029 | \$ 76,989,451 |

Healthcare Cost Trend Rate

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

Sensitivity of Net OPEB Liability to the Health Care Trend Rate

| 1% Decrease | Current Single Discount Rate Assumption | 1% Increase |
|----------------|---|----------------|
| 6.00% to 3.50% | 7.00% to 4.50% | 8.00% to 5.50% |
| \$ 75,508,231 | \$ 86,022,029 | \$ 98,859,956 |

West Virginia Retiree Health Benefit Trust Fund (RHBT)

Plan description:

The City participates in the West Virginia Other Postemployment Benefit Plan (the Plan) a cost-sharing, multiple employer, defined benefit other post-employment benefit plan and covers the retirees of State agencies, colleges and universities, county boards of education, and other government entities as set forth in the West Virginia Code Section 5-16D-2 (the Code). The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board.

The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as the Chairman of the Board. Four members represent labor, education, public employees and public retirees. Four remaining members represent the public-at-large.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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RHBT issues publicly available reports that include a full description of the other post-employment benefit plan regarding benefit provisions, assumptions and membership information that can be obtained by contacting Public Employees Insurance Agency, 601 57th Street SE, Suite 2, Charleston, West Virginia 25304-2345, by calling (888) 680-7342 or can be found on the PEIA website at www.peia.wv.gov.

Benefits Provided:

The City's employees who retire are eligible for PEIA health and life benefits, provided they meet the minimum eligibility requirements of the PERS or meet certain other eligibility requirements of other CPRB sponsored retirement plans. RHBT provides medical and prescription drug insurance and life insurance benefits to those qualified participants. Life insurance is provided through a vendor and is fully funded by member contributions. The medical and prescription drug insurance is provided through two options; Self-Insured Preferred Provider Benefit Plan – primarily for non-Medicare-eligible retirees and spouses or External Managed Care Organizations – primarily for Medicare-eligible retirees and spouses.

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

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

Contribution requirements:

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

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute to the RHBT this premium at the established rate for every active policyholder per month. The paygo rate was \$116 for July 1, 2021 to January 31, 2022 and \$48 from February 1, 2022 to June 30, 2022.

The City's contributions to the West Virginia Retiree Health Benefit Trust Fund for the year ended June 30, 2023 was \$5,676. No amount was payable at year-end.

Members retired before July 1, 1997, pay retiree healthcare contributions at the highest sponsor subsidized rate, regardless of their actual years of service. Members retired between July 1, 1997 and June 30, 2010, pay a subsidized rate depending on the member's years of service. Members hired on or after July 1, 2010, pay retiree healthcare contributions with no sponsor provided implicit or explicit subsidy.

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

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

At fiscal year-end, the City reported the following liability/(asset) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2022 for the City's fiscal year ended June 30, 2023, using the actuarial assumptions and methods described in the appropriate section of this note. The government's proportion of the net OPEB liability/(asset) was based on a projection of the government's long-term share of contributions to the OPEB plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2023, the City reported the following proportions and increase/decreases from its proportion as of June 30, 2022:

| | |
|--|-----------|
| | 2023 |
| City's proportionate share of the net OPEB liability/(asset) | \$ 8,738 |
| State's proportionate share of the net OPEB liability/(asset) associated with the City | 1,841 |
| Total portion of the net OPEB liability /(asset) associated with the City | \$ 10,579 |

For the year ended June 30, 2023, the City recognized the following OPEB expense and support provided by the State:

| | |
|----------------------------|-------------|
| | 2023 |
| OPEB expense City | \$ (32,002) |
| OPEB expense State support | 5,924 |
| Total OPEB expense | \$ (26,078) |
| State support revenue | \$ 5,924 |

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources for the year ended June 30, 2023:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Net difference between projected and actual investment earnings | \$ 1,356 | \$ - |
| Differences between expected and actual experience | - | 11,147 |
| Changes in assumptions | 5,604 | 22,202 |
| Changes in proportion and differences between contributions and proportionate share of | 34,355 | 9,141 |
| Changes in proportion for opt-out allocation | - | 1,223 |
| Contributions subsequent to the measurement date | 5,676 | - |
| Total | \$ 46,991 | \$ 43,713 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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The amount reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. 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: | | | |
| | 2024 | \$ | (20,470) |
| | 2025 | | 8,011 |
| | 2026 | | 6,663 |
| | 2027 | | 3,398 |
| Total | | \$ | <u>(2,398)</u> |

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement.

| OPEB | June 30, 2022 |
|--|---|
| Actuarial Cost Method | Entry age normal cost method |
| Asset Valuation Method | Market value |
| Amortization Method | Level percentage of payroll over a 20-year closed period |
| Amortization Period | Closed as of June 30, 2017 |
| Actuarial Assumptions: | |
| Investment Rate of Return | 6.65% net of OPEB plan investment expense, including inflation |
| Projected Salary Increases | Dependent upon pension system. Ranging from 2.75% to 5.18% including inflation |
| Inflation Rate | 2.25% |
| Discount Rate | 6.65% |
| Healthcare Cost Trends | Trend rate for pre-Medicare per capita costs of 7.0% for plan year end 2023, decreasing by 0.50% each year thereafter, until ultimate trend rate of 4.25% is reached in plan year 2032. Trend rate for Medicare per capita costs of 8.83% for plan year end 2023, decreasing ratably each year thereafter, until ultimate trend rate of 4.25% is reached in the plan year end 2032. |
| Mortality Rates | Postretirement: Pub-2010 General Below Median Healthy Retiree Tables (106% males, 113% females) projected with MP-2021 for PERS. Preretirement: Pub-2010 Below-Median Income General Employee Mortality Tables projected with Scale MP-2021 for PERS. |
| Date Range in Most Recent Experience Study | July 1, 2015 to June 30, 2020 |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The long term expected rate of return of 6.65% on the OPEB plan investments was determined by a combination of an expected long-term rate of return of 7.00% for long-term assets invested with the WV Investment Management Board and an expected short-term rate of return of 2.50% for assets invested with the West Virginia Board of Treasury Investments.

Long-term pre-funding assets are invested the WVIMB. The strategic asset allocation consists of 55% equity, 15% fixed income, 10% private equity, 10% hedge fund and 10% real estate invested. Short-term assets used to pay current year benefits and expenses are invested with the WVBTI.

The long-term rates of return on OPEB plan investments are determined using a building block method in which estimates of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Target asset allocations, capital market assumptions (“CMA”), and forecast returns were provided by the Plan’s investment advisors, including West Virginia Investment Management Board (“WV-IMB”). The projected return for the Money Market Pool held with the West Virginia Board of Treasury Investments (“WV-BTI”) was estimated based on WV-IMB assumed inflation of 2.0% plus a 25-basis point spread. The best estimates of long-term geometric rates of return for each asset class are summarized in the following table:

| Asset Class | Long-term Expected Real Rate of Return |
|------------------------|---|
| Global Equity | 4.8% |
| Core Plus Fixed Income | 2.1% |
| Core Real Estate | 4.1% |
| Hedge Fund | 2.4% |
| Private Equity | 6.8% |

Real returns by asset class, shown in the above table, were estimated using a static inflation assumption of 2.25%. Consequently, real returns may not reflect the potential volatility of inflation by asset class.

Discount Rate

The discount rate used to measure the OPEB liability was 6.65 percent. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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 (5.65%) | Current Discount Rate (6.65%) | 1% Increase (7.65%) |
|--|------------------------|----------------------------------|------------------------|
| Proportionate share of net OPEB liability/(asset) | \$ 22,461 | \$ 8,738 | \$ (3,034) |

Healthcare Cost Trend Rate

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

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|--|-------------|--------------------------------|-------------|
| Proportionate share of net OPEB liability/(asset) | \$ (4,968) | \$ 8,738 | \$ 24,956 |

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| Total OPEB Liability | | | | | | |
| Service Cost | \$ 2,629,007 | \$ 4,687,369 | \$ 4,104,643 | \$ 3,608,679 | \$ 2,965,426 | \$ 3,024,313 |
| Interest | 3,622,131 | 2,601,175 | 2,880,070 | 3,461,730 | 3,216,444 | 2,964,542 |
| Difference between Expected and Actual Experience | (4,090,532) | (10,110,871) | (949,480) | (2,714,624) | 6,689,550 | - |
| Assumption Changes | (396,757) | (22,005,442) | 7,093,913 | 7,708,616 | 4,552,183 | (3,374,344) |
| Benefit Payments | (3,313,740) | (3,357,881) | (3,060,388) | (2,759,589) | (2,350,525) | (2,156,446) |
| Net Change in OPEB Liability | (1,549,891) | (28,185,650) | 10,068,758 | 9,304,812 | 15,073,078 | 458,065 |
| Total OPEB Liability - Beginning | 87,571,920 | 115,757,570 | 105,688,812 | 96,384,000 | 81,310,922 | 80,852,857 |
| Total OPEB Liability - Ending | \$ 86,022,029 | \$ 87,571,920 | \$ 115,757,570 | \$ 105,688,812 | \$ 96,384,000 | \$ 81,310,922 |
| Plan Fiduciary Net Position | | | | | | |
| Employer Contributions | \$ 3,313,740 | \$ 3,357,881 | \$ 3,060,388 | \$ 2,759,589 | \$ 2,350,525 | \$ 2,156,446 |
| Benefit Payments | (3,313,740) | (3,357,881) | (3,060,388) | (2,759,589) | (2,350,525) | (2,156,446) |
| Net Change in Plan Fiduciary Net Position | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Beginning | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Ending | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net OPEB Liability | \$ 86,022,029 | \$ 87,571,920 | \$ 115,757,570 | \$ 105,688,812 | \$ 96,384,000 | \$ 81,310,922 |
| Plan Fiduciary Net Position as a Percentage | | | | | | |
| of Total OPEB Liability | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Covered Employee Payroll | \$ 19,294,147 | \$ 18,638,543 | \$ 15,155,628 | \$ 14,714,202 | \$ 11,028,839 | \$ 10,707,611 |
| Net OPEB Liability as a Percentage | | | | | | |
| of Covered Employee Payroll | 445.85% | 469.84% | 763.79% | 718.28% | 873.93% | 759.38% |

Notes to Schedule:

Only six 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, 2023**

SCHEDULE OF CONTRIBUTIONS – MULTIYEAR FOR OTHER POST-EMPLOYMENT BENEFITS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution (a) | \$ 3,313,740 | \$ 3,357,881 | \$ 3,060,388 | \$ 2,759,589 | \$ 2,350,525 | \$ 2,156,446 |
| Employer contribution (b) | (3,313,740) | (3,357,881) | (3,060,388) | (2,759,589) | (2,350,525) | (2,156,446) |
| Contribution (excess) deficiency | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Percentage contributed | 100% | 100% | 100% | 100% | 100% | 100% |
| Covered payroll (f) | \$ 19,294,147 | \$ 18,638,543 | \$ 15,155,628 | \$ 14,714,202 | \$ 11,028,839 | \$ 10,707,611 |
| Actual contribution as a percent of covered payroll [(b)+(c)]/f | 17% | 18% | 20% | 19% | 21% | 20% |

Notes to Schedules of Contributions:

Only six 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, 2023**

II. SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Retiree Health Benefit Trust

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|
| City's proportion of the net OPEB liability (asset) (percentage) | 0.007851121% | 0.003112554% | 0.004106304% | 0.004304265% | 0.004339626% | 0.005094491% | 0.006116921% |
| City's proportionate share of the net OPEB liability (asset) | \$ 8,738 | \$ (926) | \$ 18,137 | \$ 71,413 | \$ 93,104 | \$ 125,273 | \$ 151,903 |
| State's proportionate share of the net OPEB liability (asset) associated with the City | <u>1,841</u> | <u>(296)</u> | <u>4,011</u> | <u>14,614</u> | <u>19,242</u> | <u>37,931</u> | <u>-</u> |
| Total | <u>\$ 10,579</u> | <u>\$ (1,222)</u> | <u>\$ 22,148</u> | <u>\$ 86,027</u> | <u>\$ 112,346</u> | <u>\$ 163,204</u> | <u>\$ 151,903</u> |
| City's covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| City's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 93.59% | 101.81% | 73.49% | 39.69% | 30.98% | 25.10% | 21.64% |

Information prior to 2016 is not available.

This schedule will be built prospectively.

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULE OF OPEB CONTRIBUTIONS

| | Retiree Health Benefit Trust | | | | | | | |
|--|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
| Contractually required contribution | \$ 5,676 | \$ 9,231 | \$ 5,676 | \$ 7,937 | \$ 8,868 | \$ 8,868 | \$ 10,464 | \$ 10,464 |
| Contributions in relation to contractually required contribution | <u>(5,676)</u> | <u>(9,231)</u> | <u>(5,676)</u> | <u>(7,937)</u> | <u>(8,868)</u> | <u>(8,868)</u> | <u>(10,464)</u> | <u>(10,464)</u> |
| Contribution deficit (surplus) | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> | <u><u>-</u></u> |
| City's covered-employee payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered-employee payroll | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

The schedule will be built prospectively.

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| Policemen's Pension and Relief Fund (PPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 872,782 | \$ 960,545 | \$ 1,314,602 | \$ 1,479,995 | \$ 1,600,345 | \$ 1,677,226 | \$ 1,766,856 | \$ 1,327,865 | \$ 1,570,562 | \$ 1,639,476 |
| Interest | 5,817,829 | 5,694,266 | 5,802,509 | 5,633,626 | 5,342,286 | 5,265,220 | 5,168,503 | 4,995,831 | 4,650,084 | 4,638,808 |
| Difference between expected and actual experience | 3,312,623 | 1,641,967 | 1,101,389 | 1,399,681 | 3,455,363 | (639,606) | (1,547,354) | 2,053,752 | (1,214,505) | - |
| Changes in assumptions | - | - | (8,892,309) | - | - | - | - | 10,127,518 | (5,215,194) | (3,920,804) |
| Benefits payments | (6,273,169) | (6,022,540) | (5,568,701) | (5,316,734) | (4,885,081) | (4,520,158) | (4,435,120) | (4,316,567) | (4,077,860) | (10,482) |
| Refunds | - | - | - | - | - | - | (29,643) | (47,520) | - | - |
| Net change in total pension liability | 3,730,065 | 2,274,238 | (6,242,510) | 3,196,568 | 5,512,913 | 1,782,682 | 923,242 | 14,140,879 | (4,286,913) | 2,346,998 |
| Total pension liability – beginning | 104,316,229 | 102,041,991 | 108,284,501 | 105,087,933 | 99,575,020 | 97,792,338 | 96,869,096 | 82,728,217 | 87,015,130 | 84,668,132 |
| Total pension liability – ending (a) | \$ 108,046,294 | \$ 104,316,229 | \$ 102,041,991 | \$ 108,284,501 | \$ 105,087,933 | \$ 99,575,020 | \$ 97,792,338 | \$ 96,869,096 | \$ 82,728,217 | \$ 87,015,130 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions – employer | \$ 4,371,588 | \$ 4,428,631 | \$ 5,657,305 | \$ 5,607,224 | \$ 5,540,993 | \$ 5,777,937 | \$ 5,685,075 | \$ 4,822,623 | \$ 5,271,650 | \$ 5,359,218 |
| Contributions – members | 230,778 | 247,237 | 244,427 | 277,648 | 283,815 | 297,125 | 335,264 | 313,939 | 365,787 | 359,819 |
| Net investment income | 4,454,520 | (6,256,306) | 10,338,534 | 1,394,132 | 2,239,135 | 2,203,504 | 1,997,497 | 852,569 | 654,764 | 2,438,222 |
| Benefits payments | (6,273,169) | (6,022,540) | (5,568,701) | (5,316,734) | (4,885,081) | (4,520,158) | (4,435,120) | (4,316,567) | (4,077,860) | (3,920,804) |
| Refunds | - | - | - | - | - | - | (29,643) | (47,520) | - | - |
| Administrative expenses | (12,656) | (15,261) | (9,205) | (9,210) | (134,958) | (8,517) | (9,095) | (176,416) | (190,402) | (122,396) |
| Other | - | - | 41 | 2,917 | - | - | - | (5,381) | 5,441 | (10,482) |
| Net change in plan fiduciary net position | 2,771,061 | (7,618,239) | 10,662,401 | 1,955,977 | 3,043,904 | 3,749,891 | 3,543,978 | 1,443,247 | 2,029,380 | 4,103,577 |
| Plan fiduciary net position – beginning | 45,327,731 | 52,945,970 | 42,283,569 | 40,327,592 | 37,283,688 | 33,533,797 | 29,989,819 | 28,546,572 | 26,517,192 | 22,413,615 |
| Plan fiduciary net position – ending (b) | \$ 48,098,792 | \$ 45,327,731 | \$ 52,945,970 | \$ 42,283,569 | \$ 40,327,592 | \$ 37,283,688 | \$ 33,533,797 | \$ 29,989,819 | \$ 28,546,572 | \$ 26,517,192 |
| Net pension liability – ending (a) – (b) | \$ 59,947,502 | \$ 58,988,498 | \$ 49,096,021 | \$ 66,000,932 | \$ 64,760,341 | \$ 62,291,332 | \$ 64,258,541 | \$ 66,879,277 | \$ 54,181,645 | \$ 60,497,938 |
| Plan fiduciary net position as a percentage of the total pension liability | 44.52% | 43.45% | 51.89% | 39.05% | 38.38% | 37.44% | 34.29% | 30.96% | 34.50% | 30.47% |
| Covered employee payroll | \$ 2,965,981 | \$ 3,240,023 | \$ 3,303,872 | \$ 3,783,881 | \$ 4,046,524 | \$ 4,225,541 | \$ 4,483,206 | \$ 4,573,783 | \$ 4,771,286 | \$ 4,955,880 |
| Net pension liability as a percentage of covered employee payroll | 2021.17% | 1820.62% | 1486.01% | 1744.27% | 1600.47% | 1474.16% | 1433.32% | 1462.11% | 1135.69% | 1220.73% |

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

| Firemen's Pension and Relief Fund (FPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total pension liability | | | | | | | | | | |
| Service cost | \$ 1,283,780 | \$ 1,383,095 | \$ 1,414,053 | \$ 1,556,769 | \$ 1,630,487 | \$ 2,012,547 | \$ 1,921,250 | \$ 1,570,937 | \$ 1,569,989 | \$ 1,598,605 |
| Interest | 5,632,958 | 5,419,188 | 5,804,386 | 5,656,769 | 5,562,251 | 5,334,849 | 5,241,817 | 5,082,040 | 4,899,228 | 4,937,861 |
| Difference between expected and actual experience | 1,563,947 | (562,531) | (361,805) | 1,508,438 | 457,926 | 562,398 | (188,766) | 2,571,967 | (1,282,535) | - |
| Change in assumptions | - | (6,595,321) | (8,880,845) | (5,730,252) | (5,746,321) | (7,901,702) | - | 13,787,848 | - | - |
| Benefits payments | (5,626,902) | (5,594,617) | (5,764,904) | - | - | (5,696,306) | (5,660,582) | (5,474,416) | (5,265,052) | (5,160,941) |
| Refunds | - | - | - | (44,073) | - | (50,573) | - | (31,367) | - | - |
| Net change in total pension liability | 2,853,783 | (5,950,186) | (7,789,115) | 2,947,651 | 1,904,343 | (5,738,787) | 1,313,719 | 17,507,009 | (78,370) | 1,375,525 |
| Total pension liability – beginning | 105,230,881 | 111,181,067 | 118,970,182 | 116,022,531 | 114,118,188 | 119,856,975 | 118,543,256 | 101,036,247 | 101,114,617 | 99,739,092 |
| Total pension liability – ending (a) | \$ 108,084,664 | \$ 105,230,881 | \$ 111,181,067 | \$ 118,970,182 | \$ 116,022,531 | \$ 114,118,188 | \$ 119,856,975 | \$ 118,543,256 | \$ 101,036,247 | \$ 101,114,617 |
| Plan fiduciary net position | | | | | | | | | | |
| Contributions – employer | \$ 5,050,807 | \$ 5,775,354 | \$ 6,809,065 | \$ 6,838,651 | \$ 6,860,009 | \$ 7,389,517 | \$ 7,401,751 | \$ 6,355,707 | \$ 6,428,342 | \$ 6,491,137 |
| Contributions – members | 256,303 | 243,669 | 216,101 | 236,773 | 251,044 | 246,681 | 273,029 | 283,660 | 306,473 | 290,819 |
| Net investment income | 3,431,227 | (3,903,909) | 7,231,031 | 737,037 | 1,623,796 | 1,439,198 | 1,207,975 | 815,748 | 538,263 | 1,573,446 |
| Benefits payments | (5,626,902) | (5,594,617) | (5,764,904) | (5,774,325) | (5,746,321) | (5,696,306) | (5,660,582) | (5,474,416) | (5,265,052) | (5,160,941) |
| Refunds | - | - | - | - | - | (50,573) | - | (31,367) | - | - |
| Administrative expenses | (9,996) | (9,354) | (13,303) | (26,999) | (3,736) | (68,224) | (9,208) | (58,928) | (58,286) | (54,823) |
| Other | - | - | - | 484 | (7,625) | - | - | 585 | 14 | - |
| Net change in plan fiduciary net position | 3,101,439 | (3,488,857) | 8,477,990 | 2,011,621 | 2,977,167 | 3,260,293 | 3,212,965 | 1,890,989 | 1,949,754 | 3,139,638 |
| Plan fiduciary net position – beginning | 36,954,415 | 40,443,272 | 31,965,282 | 26,976,494 | 26,976,494 | 23,716,201 | 20,503,236 | 18,612,247 | 16,662,493 | 13,522,855 |
| Plan fiduciary net position – ending (b) | \$ 40,055,854 | \$ 36,954,415 | \$ 40,443,272 | \$ 28,988,115 | \$ 29,953,661 | \$ 26,976,494 | \$ 23,716,201 | \$ 20,503,236 | \$ 18,612,247 | \$ 16,662,493 |
| Net pension liability – ending (a) – (b) | \$ 68,028,810 | \$ 68,276,466 | \$ 70,737,795 | \$ 89,982,067 | \$ 86,068,870 | \$ 87,141,694 | \$ 96,140,774 | \$ 98,040,020 | \$ 82,424,000 | \$ 84,452,124 |
| Plan fiduciary net position as a percentage of the total pension liability | 37.06% | 35.12% | 36.38% | 26.87% | 25.82% | 23.64% | 19.79% | 17.30% | 18.42% | 16.48% |
| Covered employee payroll | \$ 3,314,860 | \$ 3,094,186 | \$ 3,054,751 | \$ 3,402,515 | \$ 3,488,570 | \$ 3,782,913 | \$ 3,623,803 | \$ 4,135,510 | \$ 4,037,697 | \$ 4,063,878 |
| Net pension liability as a percentage of covered employee payroll | 2052.24% | 2206.61% | 2315.66% | 2557.08% | 2467.20% | 2303.56% | 2653.04% | 2370.69% | 2041.36% | 2078.12% |

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

IV. SCHEDULES OF INVESTMENT RETURNS

| Policemen's Pension and Relief Fund (PPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money – weighted rate of return, net of investment | 7.21% | 7.02% | 6.27% | 5.83% | 6.22% | 8.72% | 8.32% | 2.91% | 10.00% | 10.00% |

| Firemen's Pension and Relief Fund (FPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money – weighted rate of return, net of investment | 7.21% | 7.02% | 6.27% | 5.83% | 7.07% | 9.06% | 7.59% | 5.29% | 3.75% | 9.60% |

V. SCHEDULES OF CONTRIBUTIONS – MULTIYEAR

| Policemen's Pension and Relief Fund (PPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|----------------|--------------|--------------|----------------|----------------|
| Actuarially determined contribution (a) | \$ 4,313,300 | \$ 4,388,464 | \$ 5,599,399 | \$ 5,605,198 | \$ 5,533,885 | \$ 4,706,545 | \$ 4,757,747 | \$ 4,666,572 | \$ 3,717,462 | \$ 4,098,151 |
| Employer contribution (b) | (3,329,769) | (3,307,224) | (4,527,758) | (4,515,894) | (4,487,498) | (4,679,161) | (4,590,520) | (3,775,581) | (4,237,318) | (4,398,765) |
| State contribution (c) | (1,041,819) | (1,121,407) | (1,129,547) | (1,091,330) | (1,053,495) | (1,098,776) | (1,094,555) | (1,047,042) | (1,034,332) | (960,453) |
| Contribution (excess) deficiency | \$ (58,288) | \$ (40,167) | \$ (57,906) | \$ (2,026) | \$ (7,108) | \$ (1,071,392) | \$ (927,328) | \$ (156,051) | \$ (1,554,188) | \$ (1,261,067) |
| Percentage contributed | 100% | 100% | 100% | 100% | 100% | 123% | 119% | 103% | 142% | 131% |
| Covered payroll (f) | \$ 2,965,981 | \$ 3,240,023 | \$ 3,303,872 | \$ 3,783,881 | \$ 4,046,524 | \$ 4,225,541 | \$ 4,483,206 | \$ 4,771,286 | \$ 4,771,286 | \$ 4,955,880 |
| Actual contribution as a percent of covered payroll [(b)+(c)]/f | 147% | 137% | 171% | 148% | 137% | 137% | 127% | 105% | 110% | 108% |

| Firemen's Pension and Relief Fund (PPRF) | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|----------------|----------------|
| Actuarially determined contribution (a) | \$ 4,919,242 | \$ 5,761,384 | \$ 6,816,641 | \$ 6,800,972 | \$ 6,958,630 | \$ 5,899,587 | \$ 6,100,163 | \$ 6,111,224 | \$ 4,908,882 | \$ 4,945,075 |
| Employer contribution (b) | (4,051,331) | (4,643,596) | (5,633,481) | (5,658,818) | (5,750,203) | (6,282,284) | (6,266,667) | (5,233,536) | (5,326,897) | (5,454,415) |
| State contribution (c) | (999,476) | (1,131,758) | (1,175,584) | (1,179,833) | (1,109,806) | (1,107,233) | (1,135,084) | (1,122,171) | (1,101,445) | (1,036,722) |
| Contribution (excess) deficiency | \$ (131,565) | \$ (13,970) | \$ 7,576 | \$ (37,679) | \$ 98,621 | \$ (1,489,930) | \$ (1,301,588) | \$ (244,483) | \$ (1,519,460) | \$ (1,546,062) |
| Percentage contributed | 100% | 100% | 100% | 101% | 99% | 125% | 121% | 104% | 131% | 131% |
| Covered payroll (f) | \$ 3,314,860 | \$ 3,094,186 | \$ 3,054,751 | \$ 3,402,515 | \$ 3,488,570 | \$ 3,782,913 | \$ 3,623,803 | \$ 4,135,510 | \$ 4,037,697 | \$ 4,063,878 |
| Actual contribution as a percent of covered payroll [(b)+(c)]/f | 152% | 187% | 223% | 201% | 197% | 195% | 204% | 154% | 159% | 160% |

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULES OF THE GOVERNMENT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITIES

| | Public Employees Retirement System | | | | | | | | | |
|---|---|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Last 10 Fiscal Years | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Government’s proportion of the net pension liability (asset) (Percentage) | 0.51% | 0.40% | 0.37% | 0.37% | 0.36% | 0.39% | 0.37% | 0.39% | 0.42% | 0.37% |
| Government’s proportionate share of the net pension liability (asset) | \$ 756,075 | \$ (3,542,691) | \$ 1,982,130 | \$ 793,314 | \$ 933,910 | \$ 1,688,871 | \$ 3,364,705 | \$ 2,214,475 | \$ 1,562,223 | \$ 3,389,265 |
| Government’s covered-employee payroll | \$ 8,054,570 | \$ 6,344,281 | \$ 5,739,558 | \$ 5,559,160 | \$ 5,938,282 | \$ 5,183,025 | \$ 5,430,050 | \$ 5,380,616 | \$ 5,670,986 | \$ 4,976,029 |
| Government’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 9.39% | 55.84% | 34.53% | 14.29% | 15.73% | 32.58% | 61.96% | 41.16% | 27.55% | 68.11% |
| Plan fiduciary net position as a percentage of the total pension liability | 98.24% | 111.07% | 92.89% | 96.99% | 96.33% | 93.67% | 86.11% | 91.29% | 93.98% | 79.70% |
| | Municipal Police Officers & Firefighters Retirement System (MPFRS) | | | | | | | | | |
| | Last 10 Fiscal Years | | | | | | | | | |
| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| Government’s proportion of the net pension asset (Percentage) | 15.97% | 16.84% | 17.14% | 18.60% | 20.59% | 26.72% | 30.31% | 40.72% | 44.71% | 52.29% |
| Government’s proportionate share of the net pension asset | \$ 1,560,905 | \$ 1,837,429 | \$ 1,071,922 | \$ 853,135 | \$ 761,363 | \$ 750,274 | \$ 428,554 | \$ 392,648 | \$ 303,557 | \$ 138,564 |
| Government’s covered-employee payroll | \$ 5,025,612 | \$ 4,325,435 | \$ 3,792,612 | \$ 3,147,329 | \$ 2,458,024 | \$ 2,364,541 | \$ 2,297,375 | \$ 1,998,916 | \$ 1,465,130 | \$ 915,691 |
| Government’s proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 31.06% | 42.48% | 28.26% | 27.10% | 30.97% | 31.73% | 18.65% | 19.64% | 20.72% | 15.13% |
| Plan fiduciary net position as a percentage of the total pension liability | 156.08% | 182.78% | 172.43% | 168.31% | 184.45% | 200.46% | 174.30% | 189.27% | 200.40% | 224.40% |

**CITY OF HUNTINGTON, WEST VIRGINIA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

SCHEDULE OF THE GOVERNMENTAL CONTRIBUTIONS

Public Employees Retirement System

Last 10 Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 797,128 | \$ 805,457 | \$ 634,428 | \$ 573,956 | \$ 555,916 | \$ 653,211 | \$ 621,963 | \$ 733,057 | \$ 753,286 | \$ 822,293 |
| Contributions in relation to the contractually required contribution | (797,128) | (805,457) | (634,428) | (573,956) | (555,916) | (653,211) | (621,963) | (733,057) | (752,950) | (822,293) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 336 | \$ - |
| Government's covered-employee payroll | \$ 8,856,978 | \$ 8,054,570 | \$ 6,344,281 | \$ 5,739,558 | \$ 5,559,156 | \$ 5,938,282 | \$ 5,183,025 | \$ 5,430,050 | \$ 5,380,616 | \$ 5,670,986 |
| Actual contribution as a percentage of covered-employee payroll | 9.00% | 10.00% | 10.00% | 10.00% | 10.00% | 11.00% | 12.00% | 13.50% | 14.00% | 14.50% |

Municipal Police Officers & Firefighters Retirement System (MPFRS)

Last 10 Fiscal Years

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 462,988 | \$ 427,177 | \$ 367,662 | \$ 322,372 | \$ 267,523 | \$ 208,932 | \$ 200,986 | \$ 195,277 | \$ 169,908 | \$ 124,536 |
| Contributions in relation to the contractually required contribution | (462,988) | (427,177) | (367,662) | (322,372) | (267,523) | (208,932) | (200,986) | (195,277) | (169,908) | (124,536) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Government's covered-employee payroll | \$ 5,446,918 | \$ 5,025,612 | \$ 4,325,435 | \$ 3,792,612 | \$ 3,147,329 | \$ 2,458,024 | \$ 2,364,541 | \$ 2,297,375 | \$ 1,998,916 | \$ 1,465,130 |
| Actual contribution as a percentage of covered-employee payroll | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Note 1 – Changes in Assumptions/Benefit Terms PERS

Changes in the assumptions between the 2021 and 2020 valuations:

Projected salary increases went from 3.1-5.3% (state) and 3.35-6.5% (nonstate) in 2020 to 2.75-5.55% (state) and 3.60-6.75% (nonstate) in 2021; the inflation rate dropped from 3% in 2020 to 2.75% in 2021. These changes in assumptions lead to deferred outflows of \$236,067,000 in 2021.

Changes in the assumptions between the 2018 and 2019 valuations:

Mortality, withdrawal rates, disability rates, retirement rates, salary scales, and non-contributory service loads were changed to reflect the most recent experience study for June 1, 2013 through June 30, 2018.

Changes in the assumptions between the 2015 and 2014 valuations:

Projected salary increases went from 4.25-6% in 2014 to 3-6% in 2015; the inflation rate went from 2.2% in 2014 to 1.9% in 2015; mortality rates changed due to from the Gam model to RP-2000 model; withdrawal rates went from 1-31.2% in 2014 to 1.75-35.8% in 2015; disability rates went from 0-.8% in 2014 to 0-.675% in 2015;. The range of the experience study was 2004-2009 in 2014 and 2009-2014 in 2015. These changes in assumptions lead to deferred inflows of \$89,556,000 in 2015.

Changes in benefit terms between the 2018 and 2019 valuations:

Under HB 3095, a minimum monthly benefit of \$750 was established for current pensioners as of June 3, 2019 who had completed at least 25 years of service. A corresponding minimum of \$375 was set for beneficiaries in pay status under the 50% joint-and-survivor annuity options were the original member had completed at least 25 years of services.

Note 2 – Changes in Assumptions OPEB – West Virginia RHBT

Changes in the assumptions between the 2021 and 2022 valuations:

The revisions encompass key assumptions: projected capped subsidies, per capita claim costs, healthcare trend rates, coverage and continuance, percentage eligible for tobacco-free premium discounts, and retired employee assistance program participation.

Changes in the assumptions between the 2020 and 2018 valuations:

Certain assumptions have been changed since the prior actuarial valuation as of June 30, 2018 and a measurement date of June 30, 2020. The net effect of the assumption changes was approximately \$1,147 million. The major changes include:

- General/Price inflation –Decrease price inflation rate from 2.75% to 2.25%.
- Discount Rate – Decrease discount rate from 7.15% to 6.65%.
- Wage inflation – Decrease wage inflation rate from 4.00% to 2.75% for PERS.
- Salary increase – Develop salary increase assumptions based on experience specific to the OPEB covered group.

CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Changes in the assumptions between the 2019 and 2018 valuations:

Certain assumptions have been changed since the prior measurement date. The net effect of assumption changes was approximately \$236 million. The assumption changes that most significantly impacted the Total OPEB Liability was an approximate \$11.8 million decrease in the per capita claims cost for Pre-Medicare and Medicare, as well as an approximate \$224.2 million decrease due to capped subsidy costs implemented in December 2019. Certain other assumption changes were noted but did not materially impact the Total OPEB Liability.

Changes in the assumptions between the 2018 and 2017 valuations:

Certain assumptions have been changed since the prior measurement date. The assumption changes that most significantly impacted the Net OPEB Liability are as follows: the inclusion of waived annuitants increased the liability by approximately \$17 million; a 15% reduction in the retirement rate assumption decreased the liability by approximately \$68 million; a change in certain healthcare-related assumptions decreased the liability by approximately \$232 million; and an update to the mortality tables increased the liability by approximately \$25 million. Certain other assumption changes were noted but did not materially impact the Net OPEB Liability.

Changes in the assumptions between the 2016 and 2015 valuations:

Certain economic and behavioral assumptions are unique to healthcare benefits. These assumptions include the healthcare trend, per capita claims costs, the likelihood that a member selects healthcare coverage and the likelihood that a retiree selects one-person, two person or family coverage. These assumptions were updated based on a recent experience study performed by the RHBT actuaries using five-year experience data through June 30, 2015. The updated per capita claims costs were also based on recent claims, enrollment and premium information as of the valuation date.

For the June 30, 2016 valuation, the retiree healthcare participation assumption for each retirement plan is slightly higher than the previous assumption used in the June 30, 2015 OPEB valuation. More members who were covered as actives will be assumed to participate as retirees.

The 2016 and 2015 valuations include consideration of the \$30 million annual appropriations under Senate Bill 419, through July 1, 2037, or if earlier, the year the benefit obligation is fully funded. Additionally, the presentation of covered payroll was changed for the June 30, 2015, actuarial valuation. Participating employees hired before July 1, 2010, pay retiree premiums that are subsidized based on years of service at retirement. Participating employees hired on or after July 1, 2010, are required to fully fund premium contributions upon retirement. Consequently, beginning June 30, 2015, actuarial valuation covered payroll represents only the payroll for those OPEB eligible participating employees that were hired before July 1, 2010, allowing a better representation of the UAAL as a percentage of covered payroll, whereas, for the prior years, covered payroll is in total for all participating employees.

Note 3 – Changes in Assumptions Policemen’s Pension Plan

Changes in the assumptions between the 2021 and 2020 valuations: The discount rate changed from 5.50% to 5.75%. Changes were made to salary scale assumptions, pay spiking assumptions, inflation, cost-of-living increases, mortality rates, retirement rates, termination rates, disability rates marital status, and non-spouse beneficiary loads.

Note 4 – Changes in Assumptions Firemen’s Pension Plan

Changes in the assumptions between the 2021 and 2020 valuations: Changes were made to salary scale assumptions, pay spiking assumptions, inflation, cost-of-living increases, mortality rates, retirement rates, termination rates, disability rates marital status, and non-spouse beneficiary loads.

Note 5 – Changes in Assumptions City of Huntington OPEB

Changes in the assumptions between the 2022 and 2021 valuations: The discount rate increased from 2.19% to 4.09%.

SUPPLEMENTARY INFORMATION

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023

| | <u>Special Revenue</u> | <u>Capital Projects</u> | <u>Debt Service Tax Increment Financing</u> | <u>Total Nonmajor Governmental Funds</u> |
|--|----------------------------|-----------------------------|---|--|
| ASSETS AND DEFERRED OUTFLOWS | | | | |
| Assets: | | | | |
| Current: | | | | |
| Cash and cash equivalents | \$ 1,043,548 | \$ 128 | \$ 974,096 | \$ 2,017,772 |
| Taxes receivable | - | - | 6,024 | 6,024 |
| Investments | - | 1,775,595 | - | 1,775,595 |
| Due from: | | | | |
| Other funds | 2,970 | 6,110 | - | 9,080 |
| Total assets | <u>1,046,518</u> | <u>1,781,833</u> | <u>980,120</u> | <u>3,808,471</u> |
| Deferred Outflows: | | | | |
| Total deferred outflows of resources | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 1,046,518</u> | <u>\$ 1,781,833</u> | <u>\$ 980,120</u> | <u>\$ 3,808,471</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 10,017 | \$ - | \$ - | \$ 10,017 |
| Due to: | | | | |
| Other funds | 19,189 | - | - | 19,189 |
| Unclaimed property | 1,942 | - | - | 1,942 |
| Total liabilities | <u>31,148</u> | <u>-</u> | <u>-</u> | <u>31,148</u> |
| Deferred Inflows: | | | | |
| Total deferred inflows of resources | - | - | 6,024 | 6,024 |
| Total liabilities and deferred inflows of resources | <u>31,148</u> | <u>-</u> | <u>6,024</u> | <u>37,172</u> |
| Fund Balances: | | | | |
| Restricted | - | - | 974,096 | 974,096 |
| Assigned | 1,015,370 | 1,781,833 | - | 2,797,203 |
| Total fund balances | <u>1,015,370</u> | <u>1,781,833</u> | <u>974,096</u> | <u>3,771,299</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 1,046,518</u> | <u>\$ 1,781,833</u> | <u>\$ 980,120</u> | <u>\$ 3,808,471</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Special</u> <u>Revenue</u> | <u>Capital</u> <u>Projects</u> | <u>Debt Service</u> <u>Tax</u> <u>Increment</u> <u>Financing</u> | <u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u> |
|---|----------------------------------|-----------------------------------|---|--|
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem property taxes | \$ - | \$ - | \$ 664,072 | \$ 664,072 |
| Charges for services | - | 67,035 | - | 67,035 |
| Fines and forfeits | 21,700 | - | - | 21,700 |
| Interest and investment earnings | 9,520 | 31,718 | 35,835 | 77,073 |
| Contributions and donations | 958,679 | - | - | 958,679 |
| Other | - | - | - | - |
| Total revenues | <u>989,899</u> | <u>98,753</u> | <u>699,907</u> | <u>1,788,559</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | 4,750 | 4,750 |
| Public safety | 214,214 | - | - | 214,214 |
| Health and sanitation | - | 400 | - | 400 |
| Capital outlay | 87,944 | - | 9,033 | 96,977 |
| Debt service: | | | | |
| Principal | - | - | 371,000 | 371,000 |
| Interest | - | - | 144,015 | 144,015 |
| Total expenditures | <u>302,158</u> | <u>400</u> | <u>528,798</u> | <u>831,356</u> |
| Excess (deficiency) of revenues over expenditures | <u>687,741</u> | <u>98,353</u> | <u>171,109</u> | <u>957,203</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) | - | - | (140,919) | (140,919) |
| Proceeds from sale of bonds | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(140,919)</u> | <u>(140,919)</u> |
| Net change in fund balance | 687,741 | 98,353 | 30,190 | 816,284 |
| Fund balances – beginning | 327,629 | 1,683,480 | 943,906 | 2,955,015 |
| Fund balances – ending | <u>\$ 1,015,370</u> | <u>\$ 1,781,833</u> | <u>\$ 974,096</u> | <u>\$ 3,771,299</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET – NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2023**

| | <u>Safety Town</u> | <u>Federal Drug</u> | <u>Westmoreland Fire Protection</u> | <u>Jean Dean Public Safety</u> | <u>Total Nonmajor Special Revenue Fund</u> |
|--|------------------------|-------------------------|---|------------------------------------|--|
| ASSETS AND DEFERRED OUTFLOWS | | | | | |
| Assets Current: | | | | | |
| Cash and cash equivalents | \$ 292,287 | \$ 180,773 | \$ 554,147 | \$ 16,341 | \$ 1,043,548 |
| Due from: | | | | | |
| Other funds | - | - | - | 2,970 | 2,970 |
| Total assets | <u>292,287</u> | <u>180,773</u> | <u>554,147</u> | <u>19,311</u> | <u>1,046,518</u> |
| Deferred Outflows: | | | | | |
| Deferred outflows of resources | - | - | - | - | - |
| Total assets and deferred outflows of resources | <u>\$ 292,287</u> | <u>\$ 180,773</u> | <u>\$ 554,147</u> | <u>\$ 19,311</u> | <u>\$ 1,046,518</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 3,011 | \$ 750 | \$ - | \$ 6,256 | \$ 10,017 |
| Due to: | | | | | |
| Other funds | 19,189 | - | - | - | 19,189 |
| Unclaimed property | - | 1,942 | - | - | 1,942 |
| Total liabilities | <u>22,200</u> | <u>2,692</u> | <u>-</u> | <u>6,256</u> | <u>31,148</u> |
| Deferred Inflows: | | | | | |
| Deferred inflows of resources | - | - | - | - | - |
| Total liabilities and deferred inflows of resources | <u>22,200</u> | <u>2,692</u> | <u>-</u> | <u>6,256</u> | <u>31,148</u> |
| Fund balances: | | | | | |
| Assigned | 270,087 | 178,081 | 554,147 | 13,055 | 1,015,370 |
| Total fund balances | <u>270,087</u> | <u>178,081</u> | <u>554,147</u> | <u>13,055</u> | <u>1,015,370</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 292,287</u> | <u>\$ 180,773</u> | <u>\$ 554,147</u> | <u>\$ 19,311</u> | <u>\$ 1,046,518</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, 2023**

| | <u>Safety Town</u> | <u>Federal Drug</u> | <u>Westmoreland Fire Protection</u> | <u>Jean Dean Public Safety</u> | <u>Total Nonmajor Special Revenue Fund</u> |
|-----------------------------------|------------------------|-------------------------|---|------------------------------------|--|
| REVENUES | | | | | |
| Fines and forfeits | \$ - | \$ - | \$ - | \$ 21,700 | \$ 21,700 |
| Interest and investment earnings | 6,040 | 202 | 2,964 | 314 | 9,520 |
| Grants and contributions | 318,245 | 140,434 | 500,000 | - | 958,679 |
| Other | - | - | - | - | - |
| Total revenues | <u>324,285</u> | <u>140,636</u> | <u>502,964</u> | <u>22,014</u> | <u>989,899</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety | 119,333 | 51,345 | 4,450 | 39,086 | 214,214 |
| Capital projects | 60,550 | 27,394 | - | - | 87,944 |
| Total expenditures | <u>179,883</u> | <u>78,739</u> | <u>4,450</u> | <u>39,086</u> | <u>302,158</u> |
| Net change in fund balance | 144,402 | 61,897 | 498,514 | (17,072) | 687,741 |
| Fund balances – beginning | 125,685 | 116,184 | 55,633 | 30,127 | 327,629 |
| Fund balances – ending | <u>\$ 270,087</u> | <u>\$ 178,081</u> | <u>\$ 554,147</u> | <u>\$ 13,055</u> | <u>\$ 1,015,370</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
 COMBINING BALANCE SHEET – NONMAJOR CAPITAL PROJECTS FUNDS
 JUNE 30, 2023**

| | | <u>Landfill Reserve</u> |
|---|----|-----------------------------|
| ASSETS AND DEFERRED OUTFLOWS | | |
| Assets: | | |
| Current: | | |
| Cash and cash equivalents | \$ | 128 |
| Investments | | 1,775,595 |
| Due from: | | |
| Other funds | | <u>6,110</u> |
| Total assets | | <u>1,781,833</u> |
| Deferred Outflows: | | |
| Total deferred outflows of resources | | <u>-</u> |
| Total assets and deferred outflows of resources | \$ | <u><u>1,781,833</u></u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | |
| Liabilities: | | |
| Total liabilities | \$ | <u>-</u> |
| Deferred Inflows: | | |
| Total deferred inflows of resources | | <u>-</u> |
| FUND BALANCES | | |
| Assigned | | <u>1,781,833</u> |
| Total fund balances | | <u>1,781,833</u> |
| Total liabilities, deferred inflows of resources and fund balances | \$ | <u><u>1,781,833</u></u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
 BALANCES – NONMAJOR CAPITAL PROJECTS FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| | | Landfill Reserve |
|----------------------------------|----|-------------------------|
| REVENUES | | |
| Charges for Services | \$ | 67,035 |
| Interest and investment earnings | | 31,718 |
| Total revenues | | <u>98,753</u> |
| EXPENDITURES | | |
| Current: | | |
| Health and sanitation | | <u>400</u> |
| Total expenditures | | <u>400</u> |
| Net change in fund balance | | 98,353 |
| Fund balances – beginning | | <u>1,683,480</u> |
| Fund balances – ending | \$ | <u><u>1,781,833</u></u> |

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING BALANCE SHEET – NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2023

| | Downtown Tax Increment Financing (TIF #1) | Kinetic Park Tax Increment Financing (TIF #2) | Total Debt Service Funds |
|--|--|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| ASSETS AND DEFERRED OUTFLOWS | | | |
| Assets | | | |
| Cash and cash equivalents | \$ 612,422 | \$ 361,674 | \$ 974,096 |
| Taxes receivable | - | 6,024 | 6,024 |
| Total assets | <u>612,422</u> | <u>367,698</u> | <u>980,120</u> |
| Deferred Outflows | | | |
| Total deferred outflows of resources | <u>-</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 612,422</u> | <u>\$ 367,698</u> | <u>\$ 980,120</u> |
| LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES | | | |
| Liabilities | | | |
| Total liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Deferred Inflows | | | |
| Total deferred inflows of resources – property taxes | <u>-</u> | <u>6,024</u> | <u>6,024</u> |
| FUND BALANCE | | | |
| Restricted for debt service | 351,053 | 361,674 | 712,727 |
| Restricted for capital projects | 261,369 | - | 261,369 |
| Total fund balance | <u>612,422</u> | <u>361,674</u> | <u>974,096</u> |
| Total liabilities, deferred inflows and fund balance | <u>\$ 612,422</u> | <u>\$ 367,698</u> | <u>\$ 980,120</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES – NONMAJOR DEBT SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Downtown Tax Increment Financing (TIF #1) | Kinetic Park Tax Increment Financing (TIF #2) | Total Debt Service Funds |
|---|--|--|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| REVENUES | | | |
| Taxes: | | | |
| Ad valorem property taxes | \$ 327,659 | \$ 336,413 | \$ 664,072 |
| Interest and investment earnings | 18,931 | 16,904 | 35,835 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total revenues | 346,590 | 353,317 | 699,907 |
| | <u> </u> | <u> </u> | <u> </u> |
| EXPENDITURES | | | |
| Current: | | | |
| General government | 2,500 | 2,250 | 4,750 |
| Capital outlay | 9,033 | - | 9,033 |
| Debt service: | | | |
| Principal | 172,000 | 199,000 | 371,000 |
| Interest | 70,935 | 73,080 | 144,015 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | 254,468 | 274,330 | 528,798 |
| | <u> </u> | <u> </u> | <u> </u> |
| Excess (deficiency) revenues over expenditures | 92,122 | 78,987 | 171,109 |
| | <u> </u> | <u> </u> | <u> </u> |
| Other financing sources (uses) | | | |
| Transfers out | (113,331) | (27,588) | (140,919) |
| Proceeds from sale of bonds | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| Total other financing sources (uses) | (113,331) | (27,588) | (140,919) |
| | <u> </u> | <u> </u> | <u> </u> |
| Net change in fund balance | (21,209) | 51,399 | 30,190 |
| Fund balance – beginning | 633,631 | 310,275 | 943,906 |
| | <u> </u> | <u> </u> | <u> </u> |
| Fund balance – ending | \$ 612,422 | \$ 361,674 | \$ 974,096 |
| | <u> </u> | <u> </u> | <u> </u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – COMPONENT UNITS
JUNE 30, 2023

| | Business-type Activities – | | |
|--|---------------------------------------|--|--------------------------------------|
| | Municipal Development Authority | Enterprise Funds Municipal Parking Board | Huntington Water Quality Board |
| ASSETS | | | |
| Current: | | | |
| Cash and cash equivalents | \$ 4,686,108 | \$ 163,190 | \$ 15,078,901 |
| Receivables: | | | |
| Accounts | 169,140 | 4,711 | 1,304,483 |
| Other | 7,171 | - | - |
| Assets held for resale | 4,281,404 | - | - |
| Inventory, at cost | - | - | 21,528 |
| Prepaid expenses | 136,915 | 688 | 71,217 |
| Due from other funds | 147,455 | - | - |
| Due from other governments | - | - | 21,484 |
| Leases receivable | 4,660,000 | 153,512 | - |
| Total current assets | <u>14,088,193</u> | <u>322,101</u> | <u>16,497,613</u> |
| Noncurrent assets: | | | |
| Regular account | - | - | 770,302 |
| Reserve account | - | - | 4,215,851 |
| Restricted account | 400,303 | - | - |
| Customer deposits | - | - | 699,358 |
| Total restricted assets | <u>400,303</u> | <u>-</u> | <u>5,685,511</u> |
| Capital assets: | | | |
| Nondepreciable: | | | |
| Land | 6,932,323 | 942,877 | 402,220 |
| Construction in process | - | - | 9,394,830 |
| Depreciable: | | | |
| Buildings | 23,495,867 | 4,792,439 | 103,702,856 |
| Structures and improvements | 6,098,485 | 490,173 | - |
| Vehicles | - | - | 3,171,390 |
| Machinery and equipment | 2,354,884 | 788,455 | 3,105,834 |
| Furniture and fixtures | 2,893,878 | - | - |
| Less: accumulated depreciation | <u>(22,715,308)</u> | <u>(5,530,358)</u> | <u>(72,340,028)</u> |
| Total capital assets (net of accumulated depreciation) | <u>19,060,129</u> | <u>1,483,586</u> | <u>47,437,102</u> |
| Total noncurrent assets | <u>19,460,432</u> | <u>1,483,586</u> | <u>53,122,613</u> |
| Total assets | <u>33,548,625</u> | <u>1,805,687</u> | <u>69,620,226</u> |
| DEFERRED OUTFLOWS | | | |
| Contributions made after measurement date | 18,052 | 34,135 | 418,915 |
| Changes in contributions | 878 | 1,780 | 15,070 |
| Changes in assumptions | 10,848 | 21,995 | 294,585 |
| Difference between expected and actual experience | 6,323 | 12,820 | 171,704 |
| Difference between expected and actual investment earnings | 9,939 | 20,151 | 269,886 |
| Other post employment benefits | 1,152 | 7,510 | 505,358 |
| Deferred Charges | 93,477 | - | - |
| Deferred amortization of investment loss | 5,040,780 | - | - |
| Total deferred outflows of resources | <u>5,181,449</u> | <u>98,391</u> | <u>1,675,518</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF NET POSITION – COMPONENT UNITS (CONTINUED)
JUNE 30, 2023

| | Business-Type Activities – Enterprise Funds | | |
|--|---|-------------------------------|---|
| | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| LIABILITIES | | | |
| Current liabilities payable from current assets: | | | |
| Accounts payable | \$ 207,652 | \$ 9,000 | \$ 1,812,986 |
| Refunds payable | - | - | 10,104 |
| Reserve for health claims | 5,447 | 6,806 | - |
| Accrued payroll | 8,740 | 18,521 | 34,433 |
| Accrued revenue bond/note interest payable | 59,966 | - | 54,798 |
| Other accrued expenses | - | - | 188,330 |
| Due to: | | | |
| Primary government | 20,968 | 28,082 | - |
| Customer deposits | - | - | 626,479 |
| Revenue bonds payable and notes payable | 888,174 | - | 1,598,645 |
| | 1,190,947 | 62,409 | 4,325,775 |
| Unearned revenues: | | | |
| Charges for services | 33,495 | 5,245 | - |
| Total unearned revenues | 33,495 | 5,245 | - |
| Noncurrent liabilities | | | |
| Bonds and notes payable | 12,670,862 | - | 16,628,638 |
| Other postemployment benefits liability | 19,478 | 126,951 | 118,646 |
| Net pension obligation payable | 16,482 | 33,419 | 470,979 |
| Compensated absences payable | 23,109 | 30,054 | 174,921 |
| Total noncurrent liabilities | 12,729,931 | 190,424 | 17,393,184 |
| Total liabilities | 13,954,373 | 258,078 | 21,718,959 |
| DEFERRED INFLOWS | | | |
| Changes in contributions | 163 | 331 | 16,572 |
| Other post employment benefits | 5,925 | 38,618 | 357,179 |
| Lease deferred inflows | 4,660,000 | 153,512 | - |
| Total deferred inflows of resources | 4,666,088 | 192,461 | 373,751 |
| NET POSITION | | | |
| Net investment in capital assets | 8,128,484 | 1,483,586 | 29,209,819 |
| Restricted for economic development | 400,303 | - | - |
| Restricted for customer deposits | - | - | 89,726 |
| Restricted for construction | - | - | 2,893,889 |
| Restricted for insurance claims | - | - | 375,236 |
| Restricted for debt service | - | - | 1,717,028 |
| Unrestricted | 11,580,826 | (30,047) | 14,917,336 |
| Total net position | \$ 20,109,613 | \$ 1,453,539 | \$ 49,203,034 |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION – COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | |
|---|---|----------------------------|--------------------------------------|
| | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| Operating revenues: | | | |
| Sales and services to customers | \$ 7,677 | \$ 582,341 | \$ 17,606,089 |
| Fines and forfeits | - | 60,630 | 311,420 |
| Rental fees | 1,399,430 | 72,729 | 25,895 |
| Repairs and maintenance fees | 102,099 | - | - |
| Miscellaneous | 112,624 | 6,530 | 1,104,403 |
| Total revenues | <u>1,621,830</u> | <u>722,230</u> | <u>19,047,807</u> |
| Operating expenses: | | | |
| Personal services | 337,851 | 568,872 | 6,646,466 |
| Contractual services | 624,086 | 27,251 | 1,420,278 |
| Administrative and general | 101,068 | 103,443 | 1,150,018 |
| Rents | 60,417 | - | 33,652 |
| Taxes | 48,474 | - | 455,257 |
| Fuel and oil | - | - | 110,732 |
| Liability insurance | 44,467 | 20,008 | 321,007 |
| Materials and supplies | 3,646 | 12,555 | 2,200,014 |
| Utilities | 85,641 | 30,857 | 1,048,097 |
| Marketing | 59,772 | - | - |
| Depreciation | 434,678 | 33,774 | 1,698,798 |
| Amortization | 27,879 | - | 44,500 |
| Maintenance | 95,296 | 30,620 | 400,230 |
| Miscellaneous | 2,424 | - | 12,833 |
| Total operating expenses | <u>1,925,699</u> | <u>827,380</u> | <u>15,541,882</u> |
| Operating income (loss) | <u>(303,869)</u> | <u>(105,150)</u> | <u>3,505,925</u> |
| Non-operating revenues (expenses): | | | |
| Gain on sale assets | 443,230 | - | - |
| Amortization of intangible assets | (560,087) | - | - |
| Contributions | 107,640 | - | - |
| Investment earnings | 42,562 | 2,933 | 343,369 |
| Interest and fiscal charges | (578,351) | - | (550,652) |
| Grant Revenue | 7,100,000 | - | 3,064,352 |
| Grant Expense | (7,000,000) | - | - |
| Miscellaneous | - | - | 233,041 |
| State OPEB support revenue | - | - | (70,649) |
| Transfers | 11,000,282 | - | - |
| Total non-operating revenues (expenses) | <u>10,555,276</u> | <u>2,933</u> | <u>3,019,461</u> |
| Income (loss) | 10,251,407 | (102,217) | 6,525,386 |
| Net position at beginning of year | <u>9,858,206</u> | <u>1,555,756</u> | <u>42,677,648</u> |
| Net position at end of year | <u>\$ 20,109,613</u> | <u>\$ 1,453,539</u> | <u>\$ 49,203,034</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – COMPONENT UNITS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | |
|--|---|-------------------------------|--------------------------------------|
| | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 1,605,043 | \$ 714,540 | \$ 18,739,851 |
| Cash paid for goods and services | (6,157,520) | (216,182) | (13,093,994) |
| Cash paid to employees | (336,495) | (564,760) | - |
| Other cash receipts | 129,022 | 6,530 | - |
| Other cash payments | - | (29,598) | - |
| Net cash (used) provided by operating activities | <u>(4,759,950)</u> | <u>(89,470)</u> | <u>5,645,857</u> |
| Cash flows from noncapital financing activities: | | | |
| Grants and contributions | 7,207,640 | - | - |
| Transfers | 11,000,282 | - | (80,738) |
| Net cash provided by noncapital financing activities | <u>18,207,922</u> | <u>-</u> | <u>(80,738)</u> |
| Cash flows from capital and related financing activities: | | | |
| Gain on sale assets | 443,230 | - | - |
| Purchases of capital assets | (678,014) | (2,679) | (449,637) |
| Acquisition and construction of capital assets | - | - | (4,444,195) |
| Amortization of intangible assets | 560,087 | - | - |
| Loan proceeds | 6,410,294 | - | 2,932,235 |
| Principal paid on capital debt | (10,356,312) | - | (1,331,146) |
| Interest paid on capital debt | (765,728) | - | (550,653) |
| Net cash provided by capital and related financing activities | <u>(4,386,443)</u> | <u>(2,679)</u> | <u>(3,843,396)</u> |
| Cash flows from investing activities: | | | |
| Purchase investment property | (7,000,000) | - | - |
| Operating grant | - | - | 3,064,352 |
| Miscellaneous | 29,475 | - | 96,113 |
| Investment earnings | 1,043,379 | - | - |
| Interest received | 42,546 | 2,933 | 409,646 |
| Net cash provided by investing activities | <u>(5,884,600)</u> | <u>2,933</u> | <u>3,570,111</u> |
| Net increase (decrease) in cash and cash equivalents | 3,176,929 | (89,216) | 5,291,834 |
| Cash and cash equivalents, July 1, 2022 (including \$7,095,028 in restricted accounts) | <u>1,909,482</u> | <u>252,406</u> | <u>15,472,578</u> |
| Cash and cash equivalents, June 30, 2023 (including \$6,085,814 in restricted accounts) | <u>\$ 5,086,411</u> | <u>\$ 163,190</u> | <u>\$ 20,764,412</u> |

CITY OF HUNTINGTON, WEST VIRGINIA
STATEMENT OF CASH FLOWS – COMPONENT UNITS (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | Business-type Activities – Enterprise Funds | | |
|--|---|-------------------------------|--------------------------------------|
| | Municipal Development Authority | Municipal Parking Board | Huntington Water Quality Board |
| Reconciliation of operating income to net cash provided (used) by operating activities: | | | |
| Operating (loss) income | \$ (303,869) | \$ (105,150) | \$ 3,505,925 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation expense | 434,678 | 33,774 | 1,698,798 |
| Amortization expense | 27,879 | - | 44,500 |
| Decrease (increase) in accounts receivable | (143,111) | (2,710) | (307,958) |
| Decrease (increase) in leases receivable | 485,000 | 50,458 | - |
| Decrease (increase) in other receivable | 352,908 | - | - |
| Decrease (increase) in inventory | - | - | 3,940 |
| Decrease (increase) due from other funds | (135,126) | - | 373,353 |
| Decrease (increase) due from other governments | - | - | (10,835) |
| Decrease (increase) in prepaid expense | 6,774 | (63) | (8,977) |
| Decrease (increase) in customer deposits | - | - | 6,216 |
| Decrease (increase) in net pension asset | 92,110 | 191,305 | - |
| Decrease (increase) in deferred outflows | (5,131,856) | 13,291 | 421,823 |
| Increase (decrease) in other postemployment benefits | 1,786 | 7,867 | 118,338 |
| Increase (decrease) in accounts payable | 131,694 | 8,615 | 844,732 |
| Increase (decrease) in accrued payroll | 1,629 | 4,736 | (29,456) |
| Increase (decrease) in refunds payable | - | - | (9,322) |
| Increase (decrease) in other accrued expenses | (36,440) | - | 14,688 |
| Increase (decrease) in accrued interest payable | - | - | 36,755 |
| Increase (decrease) in insurance payable | - | - | - |
| Increase (decrease) in due to primary government | 4,069 | (29,598) | - |
| Increase (decrease) in due to other funds | - | - | (292,617) |
| Increase (decrease) in net pension and OPEB payable | - | - | - |
| Increase (decrease) in compensated absences | 5,841 | 1,244 | (4,436) |
| Increase (decrease) in unearned revenue | 33,495 | 1,550 | - |
| Increase (decrease) in health care claims payable | (154) | (660) | - |
| Increase (decrease) in net pension liability | 16,482 | 33,419 | 2,728,404 |
| Increase (decrease) in deferred inflows | (603,739) | (297,548) | (3,488,014) |
| Net cash (used) provided by operations | \$ <u>(4,759,950)</u> | \$ <u>(89,470)</u> | \$ <u>5,645,857</u> |

ACCOMPANYING INFORMATION

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2023**

| Federal Grantor/Pass-Through Grantor Program Title | Assistance Listing # | Pass-Through Entity Identity Number | Expenditures | Passed Through to Subrecipients |
|---|----------------------|-------------------------------------|-----------------------------|---------------------------------|
| Primary Government | | | | |
| U.S. Department of Housing and Urban Development | | | | |
| <i>Direct Programs:</i> | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grant | 14.218 | N/A | \$ 2,744,290 | \$ 49,313 |
| COVID-19 Community Development Block Grant-CV | 14.218 | N/A | 639,502 | 639,502 |
| Cluster Total | | | <u>3,383,792</u> | <u>688,815</u> |
| Emergency Solutions Grant Program | 14.231 | N/A | 121,107 | 98,528 |
| COVID-19 Emergency Solutions Grant Program-CV | 14.231 | N/A | 199,881 | 199,881 |
| Total - Emergency Solutions Grant Program | | | <u>320,988</u> | <u>298,409</u> |
| Home Investment Partnerships Program | 14.239 | N/A | 282,208 | 178,188 |
| COVID-19 Home Investment Partnerships Program-CV | 14.239 | N/A | 20,168 | - |
| Total - Home investment Partnerships Program | | | <u>302,376</u> | <u>178,188</u> |
| Total U.S. Department of Housing and Urban Development | | | <u>4,007,156</u> | <u>1,165,412</u> |
| U.S. Environmental Protection Agency | | | | |
| <i>Direct Programs:</i> | | | | |
| Brownfields Assessments and Cleanup Cooperative Agreements | 66.818 | N/A | 94,594 | 100,000 |
| Brownfields Assessments and Cleanup Cooperative Agreements (Loan) | 66.818 | N/A | 100,000 | 100,000 |
| Total U.S. Environmental Protection Agency | | | <u>194,594</u> | <u>200,000</u> |
| U.S. Department of Justice - Bureau of Justice Assistance | | | | |
| <i>Direct Programs:</i> | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program-2019 | 16.738 | N/A | 14,860 | 14,860 |
| Edward Byrne Memorial Justice Assistance Grant Program-2020 | 16.738 | N/A | 25,548 | 20,287 |
| Edward Byrne Memorial Justice Assistance Grant Program-2021 | 16.738 | N/A | 71,607 | 23,869 |
| Total - Edward Byrne Memorial Justice Assistance Grant Program | | | <u>112,015</u> | <u>59,016</u> |
| Second Chance Act Reentry Initiative | 16.812 | N/A | 6,442 | 6,442 |
| Pass-Through WV Division of Administrative Services | | | | |
| Project Safe Neighborhoods Grant-2019 | 16.609 | 19-PSN-001 | 9,325 | - |
| Project Safe Neighborhoods Grant-2021 | 16.609 | 21-PSN-001 | 1,959 | - |
| Project Safe Neighborhoods Grant-2022 | 16.609 | 22-PSN-001 | 6,004 | - |
| Total - Project Safe Neighborhoods Grant | | | <u>17,288</u> | <u>-</u> |
| Total U.S. Department of Justice - Bureau of Justice Assistance | | | <u>135,745</u> | <u>65,458</u> |
| U. S. Department of Homeland Security | | | | |
| Pass-Through WV Department of Homeland Security and Emergency Management | | | | |
| Hazard Mitigation Grant | 97.039 | FEMA-4273-DR-WV-0037 | 204,922 | 204,922 |
| 2019 Homeland Security Grant Program | 97.067 | EMW-2019-SS-00006-S01 | 100,007 | - |
| Total U. S. Department of Homeland Security | | | <u>304,929</u> | <u>204,922</u> |
| U.S. Small Business Administration | | | | |
| <i>Direct Programs:</i> | | | | |
| COVID-19 Shuttered Venue Operators Grant | 59.075 | N/A | 1,865,200 | - |
| Total U.S. Small Business Administration | | | <u>1,865,200</u> | <u>-</u> |
| U.S. Department of the Treasury | | | | |
| <i>Direct Programs:</i> | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) | 21.027 | N/A | 11,877,497 | 2,052,793 |
| Total U.S. Department of the Treasury | | | <u>11,877,497</u> | <u>2,052,793</u> |
| U.S. Office of National Drug Control Policy | | | | |
| Pass-Through Financial Commission for Appalachia | | | | |
| High Intensity Drug Trafficking Area Programs | 95.001 | G22AP0001A | 32,178 | - |
| High Intensity Drug Trafficking Area Programs | 95.001 | G23AP0001A | 41,998 | - |
| Total U.S. Office of National Drug Control Policy | | | <u>74,176</u> | <u>-</u> |
| U.S. Department of Transportation | | | | |
| Pass-Through WV Department of Transportation | | | | |
| Highway Safety Cluster: | | | | |
| Safe Communities Grant Program | 20.600 | F22-HS-02-402 | 56,558 | 20,621 |
| Safe Communities Grant Program | 20.600 | F23-HS-02-402 | 120,906 | 45,051 |
| Total - State and Community Highway Safety | | | <u>177,464</u> | <u>65,672</u> |
| Occupant Protection Grant Program | 20.616 | F22-HS-02-405b | 17,223 | 7,365 |
| Traffic Records Grant Program | 20.616 | F22-HS-02-405c | 17,744 | - |
| Impaired Driving Grant Program | 20.616 | F22-HS-02-405d | 36,562 | 7,634 |
| Distracted Driving Grant Program | 20.616 | F22-HS-02-405e | 2,862 | 2,862 |
| Occupant Protection Grant Program | 20.616 | F23-HS-02-405b | 46,658 | 23,421 |
| Traffic Records Grant Program | 20.616 | F23-HS-02-405c | 80,587 | - |
| Impaired Driving Grant Program | 20.616 | F23-HS-02-405d | 66,952 | 16,895 |
| Distracted Driving Grant Program | 20.616 | F23-HS-02-405e | 49,082 | 26,912 |
| Total - National Priority Safety Programs | | | <u>317,670</u> | <u>85,089</u> |
| Cluster Total | | | <u>495,134</u> | <u>150,761</u> |
| Highway Planning and Construction Cluster: | | | | |
| DOH Work Zone Grant Program | 20.205 | F22-HS-02-DOHWZ | 1,186 | 1,186 |
| DOH Work Zone Grant Program | 20.205 | F23-HS-02-DOHWZ | 9,788 | 9,788 |
| Surface Transportation Block Grant Program (STBGP) | 20.205 | U306-CITY/S-1.00 | 8,400 | - |
| Cluster Total | | | <u>19,374</u> | <u>10,974</u> |
| Federal Land Acces Program (FLAP) | 20.224 | U306-HUN/TI-19.02 | 10,575 | - |
| Total U.S. Department of Transportation | | | <u>525,083</u> | <u>161,735</u> |
| U.S. Department of Health and Human Services | | | | |
| <i>Direct Programs:</i> | | | | |
| Substance Abuse and Mental Health Services - Projects of Regional and National Significance | 93.243 | N/A | 172,637 | 147,169 |
| Total U.S. Department of Health and Human Services | | | <u>172,637</u> | <u>147,169</u> |
| Total Federal Assistance | | | <u>\$ 19,157,017</u> | <u>\$ 3,997,489</u> |

**CITY OF HUNTINGTON, WEST VIRGINIA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – LOANS OUTSTANDING

The loan programs listed below are administered directly by the City of Huntington and balances and transactions relating to these programs are included in the City of Huntington’s Community Development Block Grant (CDBG) and General Fund financial statements. Loans made during the year are included in the federal expenditures presented in the Schedule of Federal Awards. The balances of loans outstanding, net of estimated allowances for uncollectible amounts at June 30, 2023, consist of:

| Program Title | Assistance Listing Number | Amount Outstanding |
|--|---------------------------------|-----------------------|
| Community Development Block Grants/Entitlement Grant | 14.218 | \$ 3,688,813 |
| Home Investment Partnerships Program | 14.239 | 2,114,520 |
| Brownfield Revolving Loan Fund | 66.818 | 400,000 |

NOTE 3 – MATCHING REQUIREMENTS

Certain federal programs require the City to contribute Federal (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE 4 – FEDERAL SUBSIDIES

Federal interest rate subsidies related to the City’s Build America Bonds totaling \$155,380 are included in revenues in the General Fund, but are not subject to the Single Audit Act nor reportable on the Schedule of Expenditures of Federal Awards.

NOTE 5 – INDIRECT COST RATE

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

**CITY OF HUNTINGTON, WEST VIRGINIA
SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| <u>Name of State Grant</u> | <u>Grant #</u> | <u>State Agency</u> | <u>D- Direct P- Pass-Through</u> | <u>Grant provided to a sub-recipient</u> | <u>Award Amount</u> | <u>Under (Over) Expended Beginning of Year</u> | <u>Total Current Year State Award Revenues</u> | <u>Total Current Year State Award Expenditures</u> | <u>Under (Over) Expended End of Year</u> |
|--|----------------|---|--------------------------------------|--|-------------------------|--|--|--|--|
| Affordable Housing Fund Program- Permanent Gap Homeownership Loan | N/A | West Virginia Housing Development Fund | Direct | N/A | \$ 100,000 | \$ - | \$ 100,000 | \$ 100,000 | \$ - |
| FEMA Public Assistance (4603-PA-WV) State Share | N/A | West Virginia Emergency Management Division | Direct | N/A | <u>61,236</u> | <u>(15,309)</u> | <u>-</u> | <u>-</u> | <u>(15,309)</u> |
| Total | | | | | <u>\$ 161,236</u> | <u>\$ (15,309)</u> | <u>\$ 100,000</u> | <u>\$ 100,000</u> | <u>\$ (15,309)</u> |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

City of Huntington
800 Fifth Avenue
Huntington, WV 25717

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component units, and the aggregate remaining fund information of the **City of Huntington**, West Virginia (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 20, 2024 wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

March 20, 2024

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

City of Huntington
800 Fifth Avenue
Huntington, WV 25717

To the Members of Council:

Report on Compliance for the Major Federal Program

Opinion on Compliance for the Major Federal Program

We have audited the **City of Huntington's**, West Virginia (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2023. The City's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of audit findings.

In our opinion, the City of Huntington complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The City's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



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

March 20, 2024

City of Huntington, West Virginia
Schedule of Audit Findings
2 CFR § 200.515
For the Year Ended June 30, 2023

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| 1. SUMMARY OF AUDITOR'S RESULTS |
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|---------------------|---|--|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material weaknesses in internal control reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing #21.027) |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee under 2 CFR §200.520? | Yes |

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| 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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None.

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|---------------------------------------|
| 3. FINDINGS FOR FEDERAL AWARDS |
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None.