



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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AUDIT REPORT OF
THE CITY OF RANSON
JEFFERSON COUNTY, WEST VIRGINIA
REGULAR AUDIT

For the Year Ended June 30, 2016
Fiscal Year Audited Under GAGAS: 2016

**CITY OF RANSON, WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General Fund
Coal Severance Fund
Capital Improvements Fund
Sales Tax Fund

PROPRIETARY FUND TYPES

MAJOR FUND

Sewer Fund

COMPONENT UNITS

Discretely Presented

City of Ranson Building Commission
City of Ranson Convention and Visitors Bureau, Inc.
City of Ranson Parks & Recreation, Inc.

INTRODUCTORY SECTION

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

OFFICE	NAME	TERM
	<u>Elective</u>	
Mayor:	Keith Pierson	02/16/16 / 06/30/17
Council Members:	Jay Watson	11/01/14 / 06/30/18
	David Cheshire	07-01-14 / 06/30/18
	Tony Grant	04/05/16 / 06/30/17
	Donnie Haines	07-01-14 / 06/30/18
	Scott Coulter	07-01-14 / 06/30/18
	Mike Anderson	07-13-13 / 06/30/17
 <u>Appointed Officials</u>		
City Manager	Andrew Blake	07/01/13 / 06/30/17

FINANCIAL SECTION



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Independent Auditor's Report

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia 25438

To the Mayor and Members of Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis and budgetary comparison schedules to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

Supplementary and Other Information

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

The introductory section presents additional analysis and is not a required part of the basic financial statements. We did not subject the introductory section to the audit procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
June 15, 2017

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

The discussion and analysis of the City of Ranson's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's net position increased by \$1.2 million as a result of this year's operations. Net position of the business-type activities remained constant at \$1.1 million compared to the previous year, net position of the governmental activities increased by \$1.2 million, or 10 percent.

During the year, the City had expenses for governmental programs that were \$4.1 million more than the \$1.1 million generated by governmental program revenues, which includes fees for services and intergovernmental aid. The remaining cost of governmental activities was financed with general revenues, which totaled \$5.3 million for the year.

The City implemented a local sales tax effective July 1, 2015, which generated \$1.0 million for 2016. Business and occupation taxes decreased by \$0.3 million compared to the previous year because of a rate reduction and significantly less revenue received from home builders and other construction contractors.

In the City's business-type activities, revenues increased \$0.1 million or 10% and expenses increased by \$0.2 million or 22%.

The City was a participant in an intergovernmental project to construct Fairfax Blvd. improvements. The City's cumulative investment in the project was \$1.6 million at June 30, 2016. Construction was in progress at June 30, 2016.

The general fund ended the year with a fund balance of \$3.5 million, a \$1.8 million decrease from the previous year as a result of funding capital improvement projects.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements present a shorter term view, and tell how governmental services were financed in the near term as well as funds remaining for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds.

Reporting the City as a Whole

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

USING THIS ANNUAL REPORT (CONTINUED)

Reporting the City as a Whole (continued)

These two statements report the City's net position and changes in it. You can think of the City's net position-the difference between assets and liabilities-as one way to measure whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base and the condition of the City's infrastructure, to assess the overall health of the City.

In the Statement of Net position and the Statement of Activities, the City is divided into two kinds of activities:

Governmental activities-Most of the City's basic services are reported here, including the police, streets, sanitation, and general administration. Property taxes, business and occupation taxes, sales taxes, and general revenues finance most of these activities.

Business-type activities-The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's sewer system is reported here.

Reporting the City's Most Significant Funds

The fund financial statements provide detailed information about the most significant funds-not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's two kinds of funds-governmental and proprietary-use different accounting approaches.

Governmental funds-Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in the reconciliations following each of the fund financial statements.

Proprietary funds-When the City charges customers for the services it provides-whether to outside customers or to other units of the City-these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, these funds are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows.

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

THE CITY AS A WHOLE

The City's combined net position increased \$1.2 million from a year ago-increasing from \$13.1 million to \$14.3 million. Reviewing the net position of governmental and business-type activities separately provides more detail about these changes. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Table 1
Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 8.3	\$ 7.0	\$ 0.4	\$ 0.4	\$ 8.7	\$ 7.4
Capital assets	5.9	5.7	0.8	\$ 0.9	\$ 6.7	\$ 6.6
Total assets	\$ 14.2	\$ 12.7	\$ 1.2	\$ 1.3	\$ 15.4	\$ 14.0
Long-term debt outstanding	\$ -	\$ -	\$ -	\$ 0.1	\$ -	\$ 0.1
Liabilities	\$ 1.0	\$ 0.7	\$ 0.1	\$ 0.1	\$ 1.1	\$ 0.8
Total liabilities	1.0	0.7	0.1	0.2	1.1	0.9
Net position:						
Net investment in capital assets	5.9	5.7	0.8	0.8	6.7	6.5
Restricted	-	-	-	-	-	-
Unrestricted	7.3	6.3	0.3	0.3	7.6	6.6
Total net position	13.2	12.0	1.1	1.1	14.3	13.1
Total liabilities and net position	\$ 14.2	\$ 12.7	\$ 1.2	\$ 1.3	\$ 15.4	\$ 14.0

Net position of the City's governmental activities increased by 10 percent (\$1.2 million). Unrestricted net position-the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements-increased from \$6.3 million at June 30, 2015, to \$7.3 million at the end of this year.

The net position of business-type activities remained constant at \$1.1 million compared to the previous year. Unrestricted net position remained constant at \$0.3 million compared to the previous year. The City generally can use unrestricted net position to finance the continuing operations of the sewer department.

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016

THE CITY AS A WHOLE (CONTINUED)

Table 2
Changes in Net position
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues:						
Charges for services	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.0	\$ 2.2	\$ 2.1
Capital grants and contributions	-	0.1	-	-	-	0.1
General revenues:						
Property taxes	1.0	1.0	-	-	1.0	1.0
Business and occupation tax	1.5	1.8	-	-	1.5	1.8
Sales tax	1.0	-	-	-	1.0	-
Alcoholic beverage tax	0.1	0.1	-	-	0.1	0.1
Hotel/motel tax	0.4	0.4	-	-	0.4	0.4
Utility services tax	0.1	0.2	-	-	0.1	0.2
Video lottery/table gaming	1.1	1.1	-	-	1.1	1.1
Other general revenues	0.1	0.1	-	-	0.1	0.1
Total revenues	6.4	5.9	1.1	1.0	7.5	6.9
Expenses						
General government	1.7	1.6	-	-	1.7	1.6
Public safety	1.4	1.3	-	-	1.4	1.3
Streets and transportation	1.0	1.0	-	-	1.0	1.0
Health and sanitation	0.4	0.4	-	-	0.4	0.4
Culture and recreation	0.7	0.4	-	-	0.7	0.4
Sewer	-	-	1.1	0.9	1.1	0.9
Total expenses	5.2	4.7	1.1	0.9	6.3	5.6
Change in net position	\$ 1.2	\$ 1.2	\$ -	\$ 0.1	\$ 1.2	\$ 1.3

The City's total revenues increased by \$0.6 million during the year or 9 percent, primarily because of an increase in general tax revenues. The total cost of all programs and services increased by 13 percent (\$0.7 million) because of additional funding the City provided to parks and recreation and the convention and visitor's bureau. The increase also results from an increase in general government administration and an increase in purchased sewer treatment costs. The analysis separately considers the operations of governmental and business-type activities.

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

THE CITY AS A WHOLE (CONTINUED)

Governmental Activities

Revenues for the City's governmental activities increased by \$0.5 million, and total expenses increased \$0.5 million. The factors driving these results include the following:

- a) The City's governmental revenue increased because of an increase in general government tax revenues including an additional \$1.0 million of sales tax revenues.
- b) The City's governmental expenses increased as a result of greater funding of culture and recreation in 2016, and increased costs of government administration.

The cost of all governmental activities this year was \$5.2 million compared to \$4.7 million last year. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through City general revenues was \$4.1 million because some of the cost was paid by those who directly benefitted from the programs (\$1.1 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, remained constant at \$1.1 million. The City paid for the remaining "public benefit" portion of governmental activities with \$4.1 million in taxes (some of which could only be used for certain programs) and with general revenues, such as video lottery/table gaming revenues, and developer fees.

Business-Type Activities

Revenues of the City's business-type activities (see Table 2) increased \$0.1 million compared to the previous year and expenses increased \$0.2 million. The factors driving these results include:

- a) Revenues have increased as a result of increases in sewer rates and charges.
- b) Costs increased as a result of an increase in purchased treatment costs.

THE CITY'S FUNDS

As the City completed the year, the governmental funds reported a combined fund balance of \$7.4 million, which is an increase of 16 percent (\$1.0 million).

General Fund Budgetary Highlights

Over the course of the year, the City Council made occasional revisions to the City budget. These budget amendments were made to reflect anticipated funding changes in the City's operations.

Even with the above mentioned amendments, the City's actual revenues exceeded budgeted revenues by \$0.5 million and actual expenditures were \$0.6 million less than reflected budgeted expenditures. Actual ending general fund balance exceeded budgeted ending general fund balance by \$3.5 million.

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the City had \$6.8 million invested in a broad range of capital assets, including land, leasehold improvements, roads, equipment and vehicles, and sewer infrastructure. (See Table 3 below). This amount represents a net increase (including accumulated depreciation) of \$0.2 million, or 3 percent.

Construction in progress consists of planning, design and construction costs related to Fairfax Blvd. (streets and sidewalks) improvements.

Table 3
Changes in Capital Assets
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 0.8	\$ 0.7	\$ -	\$ -	\$ 0.8	\$ 0.7
Leasehold improvements	0.9	0.8	-	-	0.9	0.8
Roads	2.9	2.7	-	-	2.9	2.7
Equipment, vehicles, and software	2.7	2.5	-	-	2.7	2.5
Utility plant	-	-	2.1	2.1	2.1	2.1
Construction in progress	<u>1.6</u>	<u>1.6</u>	<u>0.1</u>	<u>-</u>	<u>1.7</u>	<u>1.6</u>
 Total	 8.9	 8.3	 2.2	 2.1	 11.1	 10.4
 Accumulated depreciation	 <u>(3.0)</u>	 <u>(2.6)</u>	 <u>(1.3)</u>	 <u>(1.2)</u>	 <u>(4.3)</u>	 <u>(3.8)</u>
 Capital assets, net of accumulated depreciation	 <u>\$ 5.9</u>	 <u>\$ 5.7</u>	 <u>\$ 0.9</u>	 <u>\$ 0.9</u>	 <u>\$ 6.8</u>	 <u>\$ 6.6</u>
 This year's major additions included (in millions)						
Land	\$ 0.1					
Leasehold improvements	0.1					
Equipment	0.1					
Vehicles	0.1					
Streets and sidewalks (including (construction in progress)	<u>0.3</u>					
 Total	 <u>\$ 0.7</u>					

**CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2016**

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Long-term Liabilities

At year-end, the City had minimal outstanding fixed debt. Other long-term liabilities represent accrued compensated absences for employees.

Table 4
Outstanding Long-Term Liabilities at Year-End (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Capital lease obligation	\$ -	\$ -	\$ -	\$ 0.1	\$ -	\$ 0.1
Accrued compensated absences	0.2	0.2	-	-	0.2	0.2
Total	\$ 0.2	\$ 0.2	\$ -	\$ 0.1	\$ 0.2	\$ 0.3

ECONOMIC FACTORS

The City's elected and appointed officials considered many factors when setting the fiscal year 2016 budget, tax rates, and fees. One of those factors is the general economy. A second factor is the County's increasing population.

The City of Ranson is optimistic about its potential for economic growth in the future. The increasing population, infrastructure improvements, annexation, and procurement of grants and other funding sources are all positive indicators for continued economic growth in the City of Ranson.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money its receives. If you have questions about this report or need additional financial information, contact the Director of Finance at City Hall 312 S. Mildred Street, Ranson, West Virginia.

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

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Totals	Building Commission	Visitors and Convention Bureau	Parks & Recreation
ASSETS:						
Current Assets:						
Cash and Cash Equivalents	\$ 7,208,303	\$ 198,800	\$ 7,407,103	\$ 18,056	\$ 285,793	\$ 130,438
Accounts Receivable	89,887	237,120	327,007	-	-	500
Taxes Receivable	856,869	-	856,869	-	-	-
Grants Receivable	8,183	-	8,183	-	-	-
Due from associated entities	-	-	-	-	189,320	179,617
Internal Balances	19,517	(19,517)	-	-	-	-
Noncurrent Assets:						
Restricted Assets:						
Regular Account	131,762	-	131,762	54,639	-	-
Land	778,466	-	778,466	137,000	-	-
Land Improvements	-	-	-	-	-	18,229
Construction in Progress	1,648,134	39,413	1,687,547	-	-	-
Depreciable:						
Buildings	-	-	-	122,000	-	43,416
Structures and Improvements	837,270	-	837,270	1,493,116	-	-
Roads	2,875,715	-	2,875,715	-	-	-
Utility Plant Inservice	-	2,096,161	2,096,161	-	-	-
Machinery and Equipment	2,684,979	-	2,684,979	-	8,986	104,888
Less: Accumulated Depreciation	(2,972,104)	(1,280,806)	(4,252,910)	(413,792)	(7,118)	(49,258)
Total Assets	\$ 14,166,981	\$ 1,271,171	\$ 15,438,152	\$ 1,411,019	\$ 476,981	\$ 427,830
LIABILITIES:						
Current Liabilities:						
Accounts Payable	\$ 181,587	\$ 58,142	\$ 239,729	\$ -	\$ 715	\$ 1,232
Other Accrued Expense	129,788	22,247	152,035	3,679	3,963	5,571
Deferred Rent Revenue	-	-	-	18,016	-	-
Development bonds held	131,762	-	131,762	-	-	-
Due to Component Unit	368,937	-	368,937	-	-	-
Noncurrent Liabilities due within one year:						
Bonds Payable	-	-	-	174,698	-	-
Leases Payable	-	15,343	15,343	-	-	-
Noncurrent Liabilities due in more than one year:						
Accrued Expenses	156,787	7,293	164,080	-	2,740	7,341
Bonds Payable	-	-	-	1,174,316	-	-
Leases Payable	-	31,617	31,617	-	-	-
Total Liabilities	\$ 968,861	\$ 134,642	\$ 1,103,503	\$ 1,370,709	\$ 7,418	\$ 14,144
NET POSITION:						
Net Investment in Capital Assets	\$ 5,852,460	\$ 807,808	\$ 6,660,268	\$ (10,690)	\$ 1,868	\$ 117,275
Restricted for construction	-	-	-	54,639	-	-
Unrestricted	7,345,660	328,721	7,674,381	(3,639)	467,695	296,411
Total Net Position	\$ 13,198,120	\$ 1,136,529	\$ 14,334,649	\$ 40,310	\$ 469,563	\$ 413,686

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

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

	Program Revenues			Net (Expense) Revenues and Changes in Net Position						
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Parks & Recreation	Convention & Visitors Bureau	Building Commission
Primary Government:										
Governmental Activities:										
General government	\$ 1,740,821	\$ 372,848	\$ -	\$ -	\$ (1,367,973)	\$ -	\$ (1,367,973)	\$ -	\$ -	\$ -
Public safety	1,405,525	303,680	10,225	-	(1,091,620)	-	(1,091,620)	-	-	-
Streets and transportation	1,006,216	-	17,130	-	(989,086)	-	(989,086)	-	-	-
Health and sanitation	396,458	441,131	-	-	44,673	-	44,673	-	-	-
Culture and Recreation	658,877	-	-	-	(658,877)	-	(658,877)	-	-	-
Total governmental activities	<u>5,207,897</u>	<u>1,117,659</u>	<u>27,355</u>	<u>-</u>	<u>(4,062,883)</u>	<u>-</u>	<u>(4,062,883)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Sewer	1,062,042	1,052,421	-	-	-	(9,621)	(9,621)	-	-	-
Total business-type activities	<u>1,062,042</u>	<u>1,052,421</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,621)</u>	<u>(9,621)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 6,269,939</u>	<u>\$ 2,170,080</u>	<u>\$ 27,355</u>	<u>\$ -</u>	<u>(4,062,883)</u>	<u>(9,621)</u>	<u>(4,072,504)</u>	<u>-</u>	<u>-</u>	<u>-</u>
COMPONENT UNITS										
Building Commission	\$ 88,100	\$ 216,188	\$ -	\$ -				128,088	-	-
Convention and Visitors Bureau	151,118	319,418	8,250	-				-	176,550	-
Parks and Recreation	213,900	368,445	-	-				-	-	154,545
Total component units	<u>\$ 453,118</u>	<u>\$ 904,051</u>	<u>\$ 8,250</u>	<u>\$ -</u>				<u>128,088</u>	<u>176,550</u>	<u>154,545</u>
General revenues:										
Taxes:										
Property taxes, levied for general purposes					995,026	-	995,026	-	-	-
Business and occupation tax					1,466,305	-	1,466,305	-	-	-
Sales tax					977,560	-	977,560	-	-	-
Alcoholic beverage tax					114,697	-	114,697	-	-	-
Utility services tax					138,944	-	138,944	-	-	-
Hotel/motel tax					388,794	-	388,794	-	-	-
Other taxes					10,790	-	10,790	-	-	-
Miscellaneous					78,889	-	78,889	-	-	-
Developer fees					39,967	-	39,967	-	-	-
Interest income					7,491	600	8,091	29	-	-
Video lottery/table gaming					1,051,256	-	1,051,256	-	-	-
Total general revenues					<u>5,269,719</u>	<u>600</u>	<u>5,270,319</u>	<u>29</u>	<u>-</u>	<u>-</u>
Change in net position					1,206,836	(9,021)	1,197,815	128,117	176,550	154,545
Total net position at beginning of year					<u>11,991,284</u>	<u>1,145,550</u>	<u>13,136,834</u>	<u>(87,807)</u>	<u>293,013</u>	<u>259,141</u>
Total net position at end of year					<u>\$ 13,198,120</u>	<u>\$ 1,136,529</u>	<u>\$ 14,334,649</u>	<u>\$ 40,310</u>	<u>\$ 469,563</u>	<u>\$ 413,686</u>

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

CITY OF RANSON, WEST VIRGINIA
Balance Sheet - Governmental Funds
June 30, 2016

	General	Coal Severance Tax	Capital Improvement	Sales Tax Fund	Totals
ASSETS					
Cash	\$ 3,621,523	\$ 184,388	\$ 3,010,950	\$ 391,442	\$ 7,208,303
Restricted cash	-	-	131,762	-	131,762
Receivables, net of allowances:					
Taxes	520,737	-	-	336,132	856,869
Accounts	87,255	2,632	-	-	89,887
Grants	8,183	-	-	-	8,183
Due from other funds/associated entities	19,517	-	-	-	19,517
Total assets	\$ 4,257,215	\$ 187,020	\$ 3,142,712	\$ 727,574	\$ 8,314,521
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 177,878	\$ -	\$ -	\$ -	\$ 177,878
Development bonds held	-	-	131,762	-	131,762
Due to other funds/associated entities	372,646	-	-	-	372,646
Other accrued expenses	129,788	-	-	-	129,788
Total liabilities	680,312	-	131,762	-	812,074
Deferred inflows of resources					
Unavailable revenue - property taxes	75,089	-	-	-	75,089
Total deferred inflows of resources	75,089	-	-	-	75,089
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	3,010,950	727,574	3,738,524
Assigned	3,501,814	187,020	-	-	3,688,834
Unassigned	-	-	-	-	-
Total fund balances	3,501,814	187,020	3,010,950	727,574	7,427,358
Total liabilities, deferred inflows of resources and fund balances	\$ 4,257,215	\$ 187,020	\$ 3,142,712	\$ 727,574	\$ 8,314,521

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

CITY OF RANSON, WEST VIRGINIA
Reconciliation of the Balance Sheet - Governmental Funds to
the Statement of Net Position
June 30, 2016

Total Governmental Fund Balances	\$ 7,427,358
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	5,852,460
Other long-term assets are not available to pay current period expenditures and therefore, are deferred inflows of resources in the funds.	75,089
Long-Term Liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(156,787)</u>
Net Position of Governmental Activities	<u><u>\$ 13,198,120</u></u>

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

CITY OF RANSON, WEST VIRGINIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Coal Severance Tax	Capital Improvements	Sales Tax	Total Governmental Funds
REVENUES:					
Taxes:					
Taxes (including interest and penalties)	\$ 3,083,603	\$ -	\$ -	\$ 977,560	\$ 4,061,163
Licenses, permits and miscellaneous fees	230,471	-	-	-	230,471
Intergovernmental:					
Federal	10,225	-	-	-	10,225
State	6,844	10,286	-	-	17,130
Charges for services	441,131	-	-	-	441,131
Fines and forfeits	303,680	-	-	-	303,680
Developer fees	-	-	39,967	-	39,967
Franchise fees	46,348	-	-	-	46,348
Interest	6,436	180	861	14.00	7,491
Video lottery/table gaming	1,051,256	-	-	-	1,051,256
Contributions from other entities	26,553	-	-	-	26,553
Charges to other funds	96,029	-	-	-	96,029
Miscellaneous	52,337	-	-	-	52,337
Total revenues	5,354,913	10,466	40,828	977,574	6,383,781
EXPENDITURES					
General government	1,780,667	-	2	-	1,780,669
Public safety	1,391,868	-	-	-	1,391,868
Streets and transportation	1,129,337	-	-	-	1,129,337
Health and sanitation	396,458	-	-	-	396,458
Culture and recreation	628,892	-	-	-	628,892
Total expenditures	5,327,222	-	2	-	5,327,224
Excess of revenues over expenditures	27,691	10,466	40,826	977,574	1,056,557
Other financing sources (uses):					
Transfers in	250,000	-	2,051,098	-	2,301,098
Transfers out	(2,051,098)	-	-	(250,000)	(2,301,098)
Total other financing sources (uses)	(1,801,098)	-	2,051,098	(250,000)	-
Net change in fund balance	(1,773,407)	10,466	2,091,924	727,574	1,056,557
Fund balance at beginning of year	5,275,221	176,554	919,026	-	6,370,801
Fund balance at end of year	<u>\$ 3,501,814</u>	<u>\$ 187,020</u>	<u>\$ 3,010,950</u>	<u>\$ 727,574</u>	<u>\$ 7,427,358</u>

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

CITY OF RANSON, WEST VIRGINIA
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 1,056,557

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

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which Capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	483,698	
Current year Depreciation	<u>(363,217)</u>	
Total		120,481

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	30,952
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Increase in Compensated Absences	<u>(1,154)</u>
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Net Change in Net Position of Governmental Activities \$ 1,206,836

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

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

	Business-Type Activities Enterprise Funds
	Sewer
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 198,800
Accounts receivable-net	237,120
Capital Assets:	
Construction in progress	39,413
Depreciable:	
Utility plant in service	2,096,161
Less: accumulated depreciation	(1,280,806)
<i>Total Assets</i>	\$ 1,290,688
LIABILITIES:	
Current Liabilities:	
Accounts payable	\$ 58,142
Accrued Expenses	21,854
Accrued Interest	393
Due to General Fund	19,517
Leases payable - due within one year	15,343
Noncurrent Liabilities:	
Accrued Compensated Absences	7,293
Leases payable - due in more than one year	31,617
<i>Total Liabilities</i>	\$ 154,159
NET POSITION:	
Net Investment in Capital Assets	\$ 807,808
Unrestricted	328,721
<i>Total Net Position</i>	\$ 1,136,529

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

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

	Business-Type Activities Enterprise Funds
	Sewer
OPERATING REVENUES:	
Sales and services to customers	\$ 1,052,421
Miscellaneous income	-
<i>Total Operating Revenues</i>	1,052,421
OPERATING EXPENSES:	
Collection	60,631
Pumping	99,621
Treatment and disposal	618,159
Billing and accounting	108,580
Administrative and general	108,484
Taxes	14,453
Depreciation and amortization	50,994
<i>Total Operating Expenses</i>	1,060,922
OPERATING INCOME (LOSS)	(8,501)
NON-OPERATING REVENUES (EXPENSES)	
Investment interest earned	600
Interest and fiscal charges	(1,120)
<i>Total Nonoperating Revenues (Expenses)</i>	(520)
<i>Income (Loss) before Operating Transfers and Contributions</i>	(9,021)
Capital contributions	-
Change in net position	(9,021)
Net position - beginning	1,145,550
Net Position - ending	\$ 1,136,529

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

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

	Business-Type Activities Enterprise Funds
	Sewer
Cash flows from operating activities:	
Cash received from customers	\$ 997,889
Cash paid for goods and services	(967,360)
Cash paid for taxes other than income taxes	(14,453)
	16,076
Net cash provided (used) by operating activities	16,076
Cash flows from non capital financing activities:	
Interest received	600
Advances from (to) general fund	16,834
	17,434
Net cash provided (used) by non capital financing activities	17,434
Cash flows used by capital and related financing activities:	
Purchases and construction of capital assets	(8,754)
Payments on lease payable	(15,041)
Collection of capacity improvement/development fund	54,542
Payment of capacity improvement/developer fees	(74,935)
Interest paid on capital debt	(1,246)
	(45,434)
Net cash provided (used) by capital and related financing activities	(45,434)
Net increase (decrease) in cash and equivalents	(11,924)
Cash and equivalents, beginning of year	210,724
Cash and equivalents, end of year	\$ 198,800
Net Cash provided (used) by operating activities:	
Operating income (loss)	\$ 515
Changes in assets and liabilities -	
Depreciation expense	50,994
(Increase) decrease in AR	(54,533)
(Increase) decrease in accrued expenses	13,636
Increase (decrease) in accounts payable	5,464
	16,076
Net cash provided (used) by operating activities	\$ 16,076

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

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Ranson, West Virginia (“City”) is a municipal corporation in which citizens elect the mayor at large and six council members. The City engages in a comprehensive range of services, including general government administration, public safety and administration of justice, street maintenance, sanitation services, sewer services, recreation, and cultural and historic activities.

The accounting policies and the presentation of the financial report of the City have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

The City follows the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments* for financial reporting. Certain significant components of the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City’s activities.
- Fund financial statements that focus on major funds.

These financial statements present all fund types of the City and its discretely presented component units.

Individual Component Unit Disclosure

The criteria for including component units consists of identification of legally separate organizations for which the elected officials of the City are financially accountable. This criteria also includes identification of organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. Blended component units, although legally separate entities, are in substance, part of the government’s operations and so data from these units are combined with data of the primary government. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the government.

The City had no blended component units as of and for the year ended June 30, 2016.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Individual Component Unit Disclosure (continued)

The City of Ranson Building Commission is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Building Commission. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the Building Commission. Separate financial information can be obtained from the City of Ranson Building Commission.

The City of Ranson Convention and Visitor's Bureau is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Convention and Visitor's Bureau. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Convention and Visitor's Bureau. Separate financial information can be obtained from the City of Ranson Convention and Visitor's Bureau.

The City of Ranson Parks and Recreation is governed by a board appointed by the City's Council. While legally separate from the City, it is reported as part of the reporting entity under the discretely presented method because the City's elected officials are financially accountable for the City of Ranson Parks and Recreation. The City Council has the power to approve, disapprove, or modify the budget and financial operations of the City of Ranson Parks and Recreation. Separate financial information can be obtained from the City of Ranson Parks and Recreation.

Related Organizations

The City's officials are also responsible for appointing the members of the board of various organizations, but the City's accountability for these organizations does not significantly extend beyond making the appointments. The City is not financially accountable for the organizations to which these appointments are made.

Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. Under this reporting model, the focus is on both the City as a whole and the fund financial statements, including the major funds of the governmental and business-type categories, as well as the component units. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected in a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Each presentation provides valuable information that can be analyzed and compared (between years and between governments) to enhance the usefulness of the information.

The government-wide Statement of Activities reflects both the gross and net cost per functional category (general government, public safety, highways and streets, sanitation, culture and recreation, etc.) that are otherwise being supported by general government revenues (property, business and occupation taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants and contributions. The program revenues must be directly associated with the function (general government, public safety, highways and streets, culture and recreation, etc.) or a business-type activity. Program revenues include 1) charges to customers for 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 operation or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported as general revenues. The City does not allocate indirect expenses. The operating grants include operating - specific and discretionary (either operating or capital) grants while the capital grants column reflects capital - specific grants and contributions.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements.

The emphasis in fund financial statements is on major funds in the governmental categories. Non-major funds by category are summarized into a single column, if applicable. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental categories combined) for the determination of major funds.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

City management may electively add funds as major funds, when it is determined the funds have specific community or management focus.

The following is a brief description of the specific funds used by the City:

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds are reported using the current financial resource measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal year. 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.

General Fund

The general fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service and interest income.

Coal Severance Fund

The coal severance fund is a special revenue fund used to account for the receipts and expenditures from a coal severance tax collected by the state and distributed to governmental entities throughout the state.

Capital Projects and Improvements Fund

The capital projects and improvements fund is used to account for receipts and expenditures related to capital projects and improvements throughout the city.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (continued)

Sales Tax Fund

The sales tax fund is used to account for the receipts and disbursements of a local sales tax. These revenues are accumulated in the sales tax fund and transferred to the general fund to supplement general governmental operations.

Proprietary Funds

Proprietary funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost of providing goods and services to the general public, on a continuing basis, be financed or recovered primarily through user charges. The City's proprietary fund accounts for the operation of sewer activities.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet in the funds statements. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of the governmental funds present increases (i.e. revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The government-wide statements of net position and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus.

The statement of net position, statement of activities, and financial statements of the proprietary fund are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned, and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

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

Budgets and Budgetary Accounting

All municipalities within West Virginia are required by statute to prepare annual budgets (levy estimates) on prescribed forms and submit these for approval to the State Tax Commissioner. These budgets are prepared in accordance with the following procedures:

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1. 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.
2. The budget is then forthwith submitted to the State Tax Commissioner for approval.
3. The governing body then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The annual budgets for the General Fund and Coal Severance Fund are prepared on a basis generally consistent with U.S. generally accepted accounting principles.

Revisions are authorized only with the prior written approval of the West Virginia State Auditor's office. The budgeted amounts reflected in the accompanying financial statements represent those adopted by the City's Council and approved by the West Virginia State Auditor's office.

Encumbrances

Encumbrance accounting, under which purchase orders are issued but are not considered expenditures until liabilities for payments are incurred, is not employed as an extension of the formal budgetary process.

Customer Receivables

The City uses the reserve method of providing for possible losses in the collection of its accounts receivable. The sewer department allowance for doubtful accounts of \$25,000 at June 30, 2016, is deemed adequate by management to provide for collection losses.

Inventories

The City considers inventories of materials and supplies as expended at the time of purchase. Therefore, they do not appear in the City's financial statements.

Restricted Cash

Restricted cash of the Primary Government consists of development bond funds that will be either refunded to the developers or expended as phases of the related development projects are completed. These funds had an outstanding balance of \$131,762 at June 30, 2016.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted cash of the Building Commission consists of construction funds which are restricted by debt covenants to construction of city improvements. Restricted cash of the Building Commission amounted to \$54,639 at June 30, 2016.

Capital Assets

Capital outlays are recorded as expenditures of the general and special revenue funds and as assets in the government-wide financial statements to the extent the City's capitalization threshold of \$5,000 is met. Depreciation is recorded on general fixed assets on a government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-40 years
Improvements	10-40 years
Equipment/Software	3 - 10 years
Vehicles	5 years

To the extent that the City's capitalization threshold of \$5,000 is met, capital outlays of the proprietary funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis using the straight-line method and the following estimated useful lives:

Buildings	25-40 years
Improvements	10-40 years
Utility Plant	10-50 years
Equipment	3 - 10 years
Vehicles	5 years

All fixed assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and or balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City had no items that qualify for reporting in this category.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statements of net position and or balance sheets 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. The City's only deferred inflow of resources is for unavailable property taxes as reported in the governmental funds balance sheet.

Capitalized Interest

The City capitalizes net interest costs as part of constructing various projects when material. There was no capitalized interest for the year ended June 30, 2016.

Compensated Absences

The City's policy is to permit employees to accumulate earned but unused vacation benefits. The City fully recognizes the liability related to compensated absences in the government-wide financial statements and proprietary fund financial statements.

Interfund/Associated Entity Charges

The City allocates to the Sewer Fund, the Parks and Recreation component unit, and the Convention and Visitor's Bureau component unit certain costs that are paid out of the general fund. These costs are billed on a periodic basis to the applicable fund or component units.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues, and expenses. Actual results could differ from those estimates.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental/business type activities.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances within the following categories: Nonspendable fund balance, which includes amounts that cannot be spent because it is not in spendable form; restricted fund balance, which includes amounts constrained for specific purposes that are externally imposed by the resource providers; committed fund balance, which includes amounts constrained for specific purposes that are internally imposed through formal action of the City Council; assigned fund balance, which includes amounts intended to be used for specific purposes that are neither restricted or committed, however, assigned by non-formal action by City Council or finance department; and unassigned fund balance, which is the residual classification for amounts in the general fund that have not been classified within the other categories.

Net Position

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position - This amount is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Statement of Cash Flows

For purposes of the Statement of Cash Flows, all highly liquid investments (including restricted assets) with a maturity of 3 months or less when purchased are considered to be cash equivalents.

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are Not Within the Scope of GASB 68, and Amendments of GASB 67 and 68* (Statement 73) extends the approach and financial reporting established in Statement 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and non-employer contributing entities.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS (continued)

It also clarifies the application of certain provisions of GASB 67 and 68. Statement 73 will be effective for the City beginning with its fiscal year ending June 30, 2017.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions* (Statement 74) replaces GASB 43 and GASB 57 and aims to improve the usefulness of information about postemployment benefits other than pensions. It establishes new accounting and financial reporting requirements for governments whose employees are provided with other postemployment benefits. Statement 74 will be effective for the City beginning with its fiscal year ending June 30, 2017.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (Statement 75) addresses accounting and financial reporting issues related to other postemployment benefits provided to employees of state and local government employers. Statement 75 will be effective for the City beginning with its fiscal year ending June 30, 2018.

NOTE 3: PROPERTY TAXES

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property. However, statutes provide that the sheriff of a county may distrain for delinquent taxes any goods and chattels belonging to a person assessed.

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 of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are due, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on 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 paid.

All municipalities within the state are authorized to levy taxes not in excess of the maximum levies per \$100 of assessed valuation. In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 5: COLLATERALIZATION OF DEPOSITS

The City maintains its cash accounts at two financial institutions. City deposits held by financial institutions are insured up to \$250,000 at each financial institution by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2016, the carrying amount of the City deposits was \$8,027,791 and the bank balance was \$8,117,681. The bank balance in excess of FDIC insurance of \$7,813,042 was collateralized with securities held by the financial institution.

NOTE 6: INTERNAL BALANCES, INTERFUND TRANSFERS AND DUE TO/FROM ASSOCIATED ENTITIES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	<u>\$ 19,517</u>
Total		<u><u>\$ 19,517</u></u>

This balance represents timing differences due to routine advances between the City's General Fund and Sewer Fund. Internal receivables and payables are expected to be substantially extinguished on a quarterly basis.

Interfund transfers for the year ended June 30, 2016 are as follows:

<u>Transferor Fund</u>	<u>Transferee Fund</u>	<u>Amount</u>
Sales Tax	General	\$ 250,000
General	Capital Improvement	<u>2,051,098</u>
Total		<u><u>\$ 2,301,0968</u></u>

The sales tax fund transfers to the general fund were made to help fund the operations of the general fund. General fund transfers made to the capital projects/improvement fund were to fund anticipated capital projects.

Amounts due to/from associated entities at June 30, 2016 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Convention and Visitors Bureau	General	\$ 189,320
Parks and Recreation	General	<u>179,617</u>
Total		<u><u>\$ 368,937</u></u>

The associated entity balances were extinguished during the year ending June 30, 2017.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 7: CHANGES IN CAPITAL ASSETS

The following is a summary of the changes in governmental and business-type capital assets:

	Balance at June 30, 2015	Additions	Disposals	Balance at June 30, 2016
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 731,932	\$ 46,534	\$ -	\$ 778,466
Construction in progress	1,621,255	26,879	-	1,648,134
Total capital assets not being depreciated	<u>2,353,187</u>	<u>73,413</u>	<u>-</u>	<u>2,426,600</u>
Capital assets being depreciated:				
Leasehold improvements	807,812	29,458	-	837,270
Roads	2,695,885	179,830	-	2,875,715
Equipment	1,028,045	114,805	-	1,142,850
Software	217,029	-	-	217,029
Vehicles	1,238,909	86,191	-	1,325,100
Total	5,987,680	410,284	-	6,397,964
Less: Accumulated depreciation	<u>(2,608,887)</u>	<u>(363,217)</u>	<u>-</u>	<u>(2,972,104)</u>
Capital assets being depreciated, net	<u>3,378,793</u>	<u>47,067</u>	<u>-</u>	<u>3,425,860</u>
Total governmental activities capital	<u>\$ 5,731,980</u>	<u>\$ 120,480</u>	<u>\$ -</u>	<u>\$ 5,852,460</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 85,796
Public safety	63,210
Streets & Transportation	184,226
Culture and recreation	29,985

Total governmental activities
depreciation expense

\$ 363,217

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 7: CHANGES IN CAPITAL ASSETS (Continued)

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2016</u>
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ 39,413	\$ -	\$ -	\$ 39,413
Total capital assets not being depreciated	<u>39,413</u>	<u>-</u>	<u>-</u>	<u>39,413</u>
Capital assets being depreciated:				
Utility plant in service	2,087,407	8,754	-	2,096,161
Less:				
Accumulated depreciation	<u>(1,229,812)</u>	<u>(50,994)</u>	<u>-</u>	<u>(1,280,806)</u>
Capital assets being depreciated,	<u>857,595</u>	<u>(42,240)</u>	<u>-</u>	<u>815,355</u>
Total business-type activities capital	<u>\$ 897,008</u>	<u>\$ (42,240)</u>	<u>\$ -</u>	<u>\$ 854,768</u>
Depreciation was charged to functions as follows:				
Business-type activities				
Sewer	<u>\$ 50,994</u>			
Total business-type activities depreciation expense	<u>\$ 50,994</u>			

NOTE 8: CAPITAL IMPROVEMENT FUND DEVELOPER BOND

The City obtained the proceeds of a developer bond in the amount of \$288,904 which is to be utilized to complete certain phases of the Wild Rose development project. The City has expended \$178,903 as of June 30, 2016. In addition, the City requires certain developer bonds to assure that projects are completed in accordance with City policies and procedures. These bonds are refunded upon completion of satisfactory project construction. Total outstanding developer bonds amounted to \$131,762 at June 30, 2016.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 9: LONG-TERM DEBT

Lease Revenue Bond Payable Ranson Building Commission (Component Unit)

Series 2008 City of Ranson Building Commission Lease Revenue Improvement and Refunding Bonds in the original amount of \$2,500,000 with an outstanding balance of \$1,349,014 at June 30, 2016. The bond bears interest at 3.2684% and matures 2023.

Scheduled maturities of the bonds for years succeeding June 30, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 174,698	\$ 41,489	\$ 216,187
2018	180,494	35,693	216,187
2019	186,483	29,704	216,187
2020	192,670	23,517	216,187
2021	199,062	17,125	216,187
2022	205,667	10,520	216,187
2023	<u>209,940</u>	<u>3,698</u>	<u>213,638</u>
Total	\$ <u>1,349,014</u>	\$ <u>161,746</u>	\$ <u>1,510,760</u>

Bond debt service is payable solely from lease rental payments pursuant to an agreement and lease between the Building Commission and the City. Lease rentals are subject to annual appropriation by the City. The bonds are secured by a lease assignment and deed of trust.

Changes in the Building Commission long-term debt for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Due Within</u> <u>One Year</u>
2008 Bond	<u>\$ 1,517,303</u>	<u>\$ -</u>	<u>\$168,289</u>	<u>\$ 1,349,014</u>	<u>\$174,698</u>

NOTE 10: COMPENSATED ABSENCES

The city of Ranson permits employees to accumulate and carryover up to 240 hours of vacation time. The amounts recorded for this liability is \$156,787.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 11: LEASE AGREEMENTS

Operating Lease

The City and the Building Commission entered into Leases whereby the City leases from the Building Commission certain improved real estate in consideration for the issuance by the Building Commission of Lease Revenue Bonds.

The lease term corresponds to the related bond terms. The City has pledged to pay lease rentals to the Building Commission consisting of amounts sufficient to promptly pay principal and interest due on the Building Commission's Lease Revenue Bonds, Series 2008. The City is responsible for all operation and maintenance costs associated with the leased property.

Capital Lease

The City of Ranson Sewer Department leases a backhoe under a capital lease expiring January 23, 2019. The lease was entered into on January 23, 2014, and requires annual lease payments of \$16,287. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments, which amounts to \$76,745.

The lease obligation is secured by the leased equipment. Depreciation of assets under capital lease is included in depreciation expense for the year ended June 30, 2016.

Estimated minimum future lease payments under the capital lease as of June 30, 2016 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 15,343	\$ 944	\$ 16,287
2018	15,651	636	16,287
2019	<u>15,966</u>	<u>321</u>	<u>16,287</u>
Total	\$ <u>46,960</u>	\$ <u>1,901</u>	\$ <u>48,861</u>

NOTE 12: EMPLOYEES' RETIREMENT SYSTEM

The City has established a combined 401/457 retirement plan. All full time employees are eligible to participate in the plan. The City makes a contribution to the plan equal to 5% of eligible employee compensation. In addition, the City matches employee contributions to the plan up to 5% of eligible compensation. The City's contributions for the years ended June 30, 2016, 2015, and 2014 amounted to \$152,355, \$137,755, and \$144,404, respectively.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 13: COMMITMENTS AND CONTINGENCIES

Litigation

The City is routinely a party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the City, when considered in relation to insurance coverage in force.

Federal and State Grants

In the normal course of operations, the City receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as a result of these audits is not believed to be material.

Fairfax Boulevard Improvement Project

The City is a participant in an intergovernmental project to construct improvements to Fairfax Boulevard. Phase 1 construction was in progress at June 30, 2016. The City has incurred \$1,648,134 of Phase 1 construction costs through June 30, 2016. The City incurred \$693,511 of additional costs during 2017, with project completion occurring in March 2017. The City is currently in the design stage of Phase 2 of the project.

NOTE 14: RISK MANAGEMENT

The City 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 umbrella (general liability) insurance for these various risks.

The City provides insurance coverage to employees for job-related injuries through Brickstreet Mutual Insurance Company and offers health insurance to all eligible employees through Public Employees Insurance Agency (PEIA).

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

NOTE 15: CUSTOMER ADVANCES FOR CONSTRUCTION

Certain customers of City sewer service routinely advance and contribute funds to offset the costs of construction of sewer utility plant. Certain customer assessments are passed-through to a developer in consideration for the developer's construction of a sewer pumping station.

CITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS (continued)
June 30, 2016

NOTE 16: FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Coal Severance</u>	<u>Capital Improvement</u>	<u>Sales Tax</u>
Committed for:				
Capital outlays/debt service on capital projects	\$ -	\$ -	\$ 3,010,950	\$ 727,574
Assigned for:				
Carryover in fiscal year June 30, 2017 budget	3,501,814	-	-	-
Streets and transportation operations/capital	<u>-</u>	<u>187,020</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 3,501,814</u>	<u>\$187,020</u>	<u>\$ 3,010,950</u>	<u>\$ 727,574</u>

NOTE 17: SUBSEQUENT EVENTS

The City has evaluated all subsequent events through June 15, 2017, the date the financial statements were available to be issued. The City has determined there are no additional subsequent events that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget
Revenues:				
Ad valorem taxes	\$ 955,432	\$ 955,432	\$ 964,073	\$ 8,641
Business & occupation tax	1,350,000	1,350,000	1,466,305	116,305
Alcoholic beverage tax	100,000	100,000	114,697	14,697
Other taxes	2,000	10,500	10,790	290
Hotel occupancy tax	200,000	300,000	388,794	88,794
Utility service tax	160,000	160,000	138,944	(21,056)
Licenses, permits and miscellaneous	75,350	120,350	230,471	110,121
Gaming income			-	-
Video lottery/table gaming	915,000	915,000	1,051,256	136,256
State revenues	25,000	25,000	6,844	(18,156)
Federal revenues	25,000	30,000	10,225	(19,775)
Local revenues	30,000	30,000	-	(30,000)
Charges for services	380,000	380,000	441,131	61,131
Fines and forfeitures	200,400	200,400	303,680	103,280
Interest earnings	10,000	10,000	6,436	(3,564)
Franchise fees	20,000	20,000	46,348	26,348
Reimbursements	17,000	44,000	26,553	(17,447)
Charges to other funds	180,000	180,000	96,029	(83,971)
Miscellaneous	59,900	64,400	52,337	(12,063)
Total revenues	<u>4,705,082</u>	<u>4,895,082</u>	<u>5,354,913</u>	<u>459,831</u>
Expenditures:				
Current:				
General Government	1,780,122	2,020,708	1,780,667	240,041
Public Safety	1,407,876	1,688,621	1,391,868	296,753
Streets and transportation	893,346	1,240,874	1,129,337	111,537
Health and sanitation	380,000	398,000	396,458	1,542
Culture and recreation	200,000	531,482	628,892	(97,410)
Social services			-	-
Total expenditures	<u>4,661,344</u>	<u>5,879,685</u>	<u>5,327,222</u>	<u>552,463</u>
Excess (deficiency) of revenues over expenditures	43,738	(984,603)	27,691	1,012,294
Other financisn sources (uses):				
Transfers in	250,000	250,000	250,000	-
Transfers out	(293,738)	(2,456,734)	(2,051,098)	405,636
Net Change in Fund Balance	-	(3,191,337)	(1,773,407)	1,417,930
Fund Balance at Beginning of Year	<u>-</u>	<u>3,191,337</u>	<u>5,275,221</u>	<u>2,083,884</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,501,814</u>	<u>\$ 3,501,814</u>

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

CITY OF RANSON, WEST VIRGINIA
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
Coal Severance Tax Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Modified Accrual Basis	Variance with Final Budget
Revenues:				
Coal severance tax	\$ 6,000	\$ 6,000	\$ 10,286	\$ 4,286
Interest income	-	-	180	180
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>10,466</u>	<u>4,466</u>
Expenditures:				
Streets and transportation	6,000	183,739		183,739
Total expenditures	<u>6,000</u>	<u>183,739</u>	<u>-</u>	<u>183,739</u>
Net Change in Fund Balance	-	(177,739)	10,466	188,205
Fund Balance at Beginning of Year	-	177,739	176,554	(1,185)
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,020</u>	<u>\$ 187,020</u>

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

ACCOMPANYING INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

City of Ranson
Jefferson County, West Virginia
312 South Mildred Street
Ranson, West Virginia 25438

To the Mayor and Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, and each major fund of the City of Ranson, Jefferson County, West Virginia (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 15, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider finding 2016-001 to be a material weakness.

Compliance and Other Matters

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

Entity's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
June 15, 2017

City of Ranson
Jefferson County, West Virginia
Schedule of Findings and Responses
June 30, 2016

Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS
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FINDING NUMBER 2016-001

Material Weakness – Reconciliation of Bank Accounts

The City of Ranson failed to reconcile its bank accounts until well after the year end.

Proper internal control procedures dictate that bank account activity be monitored and the accounts reconciled on a monthly basis. Failure to timely reconcile the bank accounts could allow errors and/or irregularities to go undetected without the knowledge of the Mayor and the Council.

The City of Ranson has adequate personnel to allow for the timely reconciliation of the bank accounts and a review of all activity within. We recommend that each bank account be reviewed and reconciled monthly.

Officials Response:

The Municipality has implemented procedures to reconcile its bank accounts in a timely manner.

City of Ranson
Jefferson County, West Virginia
Schedule of Prior Audit Findings
June 30, 2016

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
	No Findings	NA	NA