



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

RFP# 16-253  
Jefferson County

---

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

For the Year Ended June 30, 2017  
Fiscal Year Audited Under GAGAS: 2017

**CITY OF RANSON, WEST VIRGINIA  
TABLE OF CONTENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

TITLE	PAGE
<b>Introductory Section</b>	
Schedule of Funds Included in Report.....	1
Municipal Officials .....	2
<b>Financial Section</b>	
Independent Auditor’s Report.....	3
Management’s Discussion and Analysis.....	6
Basic Financial Statements:	
<i>Government-wide Financial Statements:</i>	
Statement of Net Position .....	13
Statement of Activities.....	14
<i>Fund Financial Statements:</i>	
Balance Sheet – Governmental Funds .....	15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual (Budgetary Basis) – General Fund .....	19
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget And Actual (Budgetary Basis) – Coal Severance Tax Fund.....	20
Statement of Net Position – Proprietary Funds.....	21
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds.....	23
Notes to the Financial Statements.....	24
<b>Accompanying Information</b>	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	42
Schedule of Findings and Responses.....	44
Schedule of Prior Audit Findings .....	45

## **INTRODUCTORY SECTION**

**CITY OF RANSON, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN THE REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

**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.

**CITY OF RANSON, WEST VIRGINIA  
MUNICIPAL OFFICIALS  
For the Fiscal Year Ended June 30, 2017**

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

## **FINANCIAL SECTION**



**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, each major fund, and the discretely presented components of the City of Ranson, Jefferson County, West Virginia (the City), as of and for the year ended June 30, 2017 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 consider 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 unit, and each major fund of the City of Ranson, Jefferson County, West Virginia, as of June 30, 2017, and the respective changes in financial position, and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund, 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 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about that methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

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

#### Other Information

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 auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on it.



Mayor and Members of Council  
City of Ranson  
Jefferson County, West Virginia  
Independent Auditor's Report  
Page 3

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2018, 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.



BHM CPA Group, Inc.  
Huntington, West Virginia  
April 6, 2018

**CITY OF RANSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

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, 2017. Please read it in conjunction with the City's financial statements.

**FINANCIAL HIGHLIGHTS**

The City's net position increased by \$1.9 million as a result of this year's operations. Net position of the business-type activities increased at \$0.1 million compared to the previous year or 9 percent, net position of the governmental activities increased by \$1.8 million, or 14 percent.

During the year, the City had expenses for governmental programs that were \$4.0 million more than the \$1.2 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 \$5.7 million for the year.

The City implemented a local sales tax effective July 1, 2015, which generated \$1.3 million for 2017 and \$1.0 million for 2016.

In the City's business-type activities, revenues increased \$0.2 million or 18% and expenses increased by \$0.1 million or 9%.

The City was a participant in an intergovernmental project to construct Fairfax Blvd. improvements. Phase 1 of the project was completed in March 2017 and the City placed in service \$2.4 million of improvements. Phase 2 of the project is in the design stage.

The general fund ended the year with a fund balance of \$2.6 million, a \$0.9 million decrease from the previous year as a result of capital improvements projects through the capital improvement fund.

**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, 2017**

**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, 2017**

**THE CITY AS A WHOLE**

The City's combined net position increased \$1.9 million from a year ago-increasing from \$14.3 million to \$16.2 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	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 9.0	\$ 8.3	\$ 0.5	\$ 0.4	\$ 9.5	\$ 8.7
Capital assets	6.7	5.9	0.8	0.8	7.5	6.7
<b>Total assets</b>	<b>\$ 15.7</b>	<b>\$ 14.2</b>	<b>\$ 1.3</b>	<b>\$ 1.2</b>	<b>\$ 17.0</b>	<b>\$ 15.4</b>
Long-term debt outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Liabilities	0.7	1.0	0.1	0.1	0.8	1.1
<b>Total liabilities</b>	<b>0.7</b>	<b>1.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.8</b>	<b>1.1</b>
<b>Net position:</b>						
Net investment in capital assets	6.7	5.9	0.8	0.8	7.5	6.7
Restricted	-	-	-	-	-	-
Unrestricted	8.3	7.3	0.4	0.3	8.7	7.6
<b>Total net position</b>	<b>15.0</b>	<b>13.2</b>	<b>1.2</b>	<b>1.1</b>	<b>16.2</b>	<b>14.3</b>
<b>Total liabilities and net position</b>	<b>\$ 15.7</b>	<b>\$ 14.2</b>	<b>\$ 1.3</b>	<b>\$ 1.2</b>	<b>\$ 17.0</b>	<b>\$ 15.4</b>

Net position of the City's governmental activities increased by 14 percent (\$1.8 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 \$7.3 million at June 30, 2016, to \$8.3 million at the end of this year.

The net position of business-type activities increased by \$0.1 million compared to the previous year or 9%. Unrestricted net position increased at \$0.1 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, 2017**

**THE CITY AS A WHOLE (CONTINUED)**

Table 2  
Changes in Net position  
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1.1	\$ 1.1	\$ 1.3	\$ 1.1	\$ 2.4	\$ 2.2
Capital grants and contributions	0.1	-	-	-	0.1	-
General revenues:						
Property taxes	1.1	1.0	-	-	1.1	1.0
Business and occupation tax	1.5	1.5	-	-	1.5	1.5
Sales tax	1.3	1.0	-	-	1.3	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	0.1	-	-	0.1	0.1
Video lottery/table gaming	1.0	1.1	-	-	1.0	1.1
Other general revenues	0.1	0.1	-	-	0.1	0.1
<b>Total revenues</b>	<b>6.8</b>	<b>6.4</b>	<b>1.3</b>	<b>1.1</b>	<b>8.1</b>	<b>7.5</b>
<b>Expenses</b>						
General government	1.6	1.7	-	-	1.6	1.7
Public safety	1.6	1.4	-	-	1.6	1.4
Streets and transportation	1.1	1.0	-	-	1.1	1.0
Health and sanitation	0.4	0.4	-	-	0.4	0.4
Culture and recreation	0.5	0.7	-	-	0.5	0.7
Sewer	-	-	1.2	1.1	1.2	1.1
<b>Total expenses</b>	<b>5.2</b>	<b>5.2</b>	<b>1.2</b>	<b>1.1</b>	<b>6.4</b>	<b>6.3</b>
<b>Change in net position</b>	<b>\$ 1.6</b>	<b>\$ 1.2</b>	<b>\$ 0.1</b>	<b>\$ 0.0</b>	<b>\$ 1.7</b>	<b>\$ 1.2</b>

The City's total revenues increased by \$0.7 million during the year or 9 percent, primarily because of an increase in general tax revenues and charges for utility services. The total cost of all programs and services increased by 2 percent (\$0.1 million) because of an increase in purchased sewer treatment costs and other sewer services costs. The analysis separately considers the operations of governmental and business-type activities.

**CITY OF RANSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**THE CITY AS A WHOLE (CONTINUED)**

**Governmental Activities**

Revenues for the City's governmental activities increased by \$0.5 million, and total expenses remained constant at \$5.2 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 \$0.3 million of sales tax revenues.
- b) The City's governmental expenses remained constant at \$5.2 million as a result of cost controls implemented.

The cost of all governmental activities this year was \$5.2 million for both 2017 and 2016. However, as shown in the Statement of Activities, the amount that taxpayers ultimately financed for these activities through City general revenues was \$4.0 million because some of the cost was paid by those who directly benefitted from the programs (\$1.2 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, increased \$0.1 million to \$1.2 million. The City paid for the remaining "public benefit" portion of governmental activities with \$4.0 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 \$0.2 million compared to the previous year and expenses increased \$0.1 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 and other sewer operating costs.

**THE CITY'S FUNDS**

As the City completed the year, the governmental funds reported a combined fund balance of \$8.3 million, which is an increase of 12 percent (\$0.9 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 \$0.3 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 \$2.6 million.

**CITY OF RANSON**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2017**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At June 30, 2017, the City had \$7.5 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 \$0.7 million, or 10 percent.

Construction in progress consists of planning, design and construction costs related to Phase 2 Fairfax Blvd. (streets and sidewalks) improvements.

Table 3  
Changes in Capital Assets  
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 0.8	\$ 0.8	\$ -	\$ -	\$ 0.8	\$ 0.8
Leasehold improvements	0.9	0.9	-	-	0.9	0.9
Roads	5.4	2.9	-	-	5.4	2.9
Equipment, vehicles, and software	3.0	2.7	-	-	3.0	2.7
Utility plant	-	-	2.1	2.1	2.1	2.1
Construction in progress	-	1.6	0.1	0.1	0.1	1.7
	<u>10.1</u>	<u>8.9</u>	<u>2.2</u>	<u>2.2</u>	<u>12.3</u>	<u>11.1</u>
Accumulated depreciation	<u>(3.4)</u>	<u>(3.0)</u>	<u>(1.4)</u>	<u>(1.3)</u>	<u>(4.8)</u>	<u>(4.3)</u>
Capital assets, net of accumulated depreciation	<u>\$ 6.7</u>	<u>\$ 5.9</u>	<u>\$ 0.8</u>	<u>\$ 0.9</u>	<u>\$ 7.5</u>	<u>\$ 6.8</u>
This year's major additions included (in millions)						
Vehicles	0.2					
Streets and sidewalks (including (construction in progress)	<u>1.0</u>					
Total	<u>\$ 1.2</u>					

**CITY OF RANSON  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2017**

**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	
	2017	2016	2017	2016	2017	2016
Accrued compensated absences	\$ 0.2	\$ 0.2	\$ -	\$ -	\$ 0.2	\$ 0.2
Total	<u>\$ 0.2</u>	<u>\$ 0.2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 0.2</u>	<u>\$ 0.2</u>

**ECONOMIC FACTORS**

The City's elected and appointed officials considered many factors when setting the fiscal year 2017 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, 2017

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total	Building Commission	Visitors and Convention Bureau	Parks & Recreation
<b>ASSETS:</b>						
<b>Current Assets:</b>						
Cash and Cash Equivalents	\$ 7,912,079	\$ 280,810	\$ 8,192,889	\$ 18,097	\$ 327,611	\$ 171,200
Accounts Receivable	74,225	273,596	347,821	-	-	-
Taxes Receivable	926,111	-	926,111	-	-	-
Grants Receivable	10,658	-	10,658	-	-	-
Due from Associated Entities	-	-	-	-	205,512	189,555
Internal Balances	46,306	(46,306)	-	-	-	-
<b>Noncurrent Assets:</b>						
<b>Restricted Assets:</b>						
Regular Account	14,459	-	14,459	54,694	-	-
Land	778,466	-	778,466	137,000	-	-
Land Improvements	-	-	-	-	-	18,229
Construction in Progress	15,010	45,671	60,681	-	-	-
<b>Depreciable:</b>						
Buildings	-	-	-	122,000	-	43,416
Structures and Improvements	-	-	-	1,493,116	-	-
Leasehold Improvements	837,270	-	837,270	-	-	-
Streets	5,468,712	-	5,468,712	-	-	-
Utility Plant Inservice	-	2,106,006	2,106,006	-	-	-
Machinery and Equipment	2,981,797	-	2,981,797	-	8,986	104,888
Less: Accumulated Depreciation	(3,402,221)	(1,332,329)	(4,734,550)	(454,277)	(7,558)	(61,563)
<b>Total Assets</b>	<b>\$ 15,662,872</b>	<b>\$ 1,327,448</b>	<b>\$ 16,990,320</b>	<b>\$ 1,370,630</b>	<b>\$ 534,551</b>	<b>\$ 465,725</b>
<b>LIABILITIES:</b>						
<b>Current Liabilities:</b>						
Accounts Payable	\$ 85,831	\$ 51,146	\$ 136,977	\$ -	\$ 2,241	\$ 3,290
Other Accrued Expense	87,270	13,258	100,528	1,343	1,774	2,903
Deferred Rent Revenue	-	-	-	18,016	-	-
Development Bonds Held	14,459	-	14,459	-	-	-
Due to Associated Entities	395,067	-	395,067	-	-	-
<b>Noncurrent Liabilities Due within One Year:</b>						
Bonds Payable	-	-	-	180,473	-	-
Leases Payable	-	15,651	15,651	-	-	-
<b>Noncurrent Liabilities Due in More than One Year:</b>						
Accrued Expenses	162,448	12,695	175,143	-	1,832	5,232
Bonds Payable	-	-	-	994,467	-	-
Leases Payable	-	15,966	15,966	-	-	-
<b>Total Liabilities</b>	<b>\$ 745,075</b>	<b>\$ 108,716</b>	<b>\$ 853,791</b>	<b>\$ 1,194,299</b>	<b>\$ 5,847</b>	<b>\$ 11,425</b>
<b>NET POSITION:</b>						
Net Investment in Capital Assets	\$ 6,679,034	\$ 787,731	\$ 7,466,765	\$ 122,899	\$ 1,428	\$ 104,970
Restricted for Construction	-	-	-	54,694	-	-
Unrestricted	8,238,763	431,001	8,669,764	(1,262)	527,276	349,330
<b>Total Net Position</b>	<b>\$ 14,917,797</b>	<b>\$ 1,218,732</b>	<b>\$ 16,136,529</b>	<b>\$ 176,331</b>	<b>\$ 528,704</b>	<b>\$ 454,300</b>

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, 2017

	Program Revenues				Net (Expense) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	Parks & Recreation	Convention & Visitors Bureau	Building Commission
<b>Primary Government:</b>										
<b>Governmental Activities:</b>										
General Government	\$ 1,645,654	\$ 301,596	\$ -	\$ -	\$ (1,344,058)	\$ -	\$ (1,344,058)	\$ -	\$ -	\$ -
Public Safety	1,556,242	280,397	40,333	20,654	(1,214,858)	-	(1,214,858)	-	-	-
Streets and Transportation	1,055,668	-	11,253	-	(1,044,415)	-	(1,044,415)	-	-	-
Health and Sanitation	437,229	468,388	-	-	31,159	-	31,159	-	-	-
Culture and Recreation	447,672	-	-	-	(447,672)	-	(447,672)	-	-	-
Total Governmental Activities	<u>5,142,465</u>	<u>1,050,381</u>	<u>51,586</u>	<u>20,654</u>	<u>(4,019,844)</u>	<u>-</u>	<u>(4,019,844)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Business-type Activities:</b>										
Sewer	1,196,277	1,278,553	-	(1,127)	-	81,149	81,149	-	-	-
Total Business-type Activities	<u>1,196,277</u>	<u>1,278,553</u>	<u>-</u>	<u>(1,127)</u>	<u>-</u>	<u>81,149</u>	<u>81,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 6,338,742</u>	<u>\$ 2,328,934</u>	<u>\$ 51,586</u>	<u>\$ 19,527</u>	<u>(4,019,844)</u>	<u>81,149</u>	<u>(3,938,695)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>COMPONENT UNITS</b>										
Building Commission	\$ 80,217	\$ 216,188	\$ -	\$ -				135,971	-	-
Convention and Visitors Bureau	183,535	231,125	11,551	-				-	59,141	-
Parks and Recreation	225,018	265,632	-	-				-	-	40,614
Total Component Units	<u>\$ 488,770</u>	<u>\$ 712,945</u>	<u>\$ 11,551</u>	<u>\$ -</u>				<u>135,971</u>	<u>59,141</u>	<u>40,614</u>
<b>General revenues:</b>										
<b>Taxes:</b>										
Property Taxes, Levied for General Purposes					1,071,542	-	1,071,542	-	-	-
Business and Occupation Tax					1,542,470	-	1,542,470	-	-	-
Sales Tax					1,317,201	-	1,317,201	-	-	-
Alcoholic Beverage Tax					130,650	-	130,650	-	-	-
Utility Services Tax					146,098	-	146,098	-	-	-
Hotel/Motel Tax					445,636	-	445,636	-	-	-
Other Taxes					7,494	-	7,494	-	-	-
Miscellaneous					84,898	-	84,898	-	-	-
Developer Fees					10,350	-	10,350	-	-	-
Interest Income					8,031	1,054	9,085	50	-	-
Video Lottery/Table Gaming					975,151	-	975,151	-	-	-
Total General Revenues					<u>5,739,521</u>	<u>1,054</u>	<u>5,740,575</u>	<u>50</u>	<u>-</u>	<u>-</u>
Change in Net Position					1,719,677	82,203	1,801,880	136,021	59,141	40,614
Total Net Position at Beginning 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>
Total Net Position at End of Year					<u>\$ 14,917,797</u>	<u>\$ 1,218,732</u>	<u>\$ 16,136,529</u>	<u>\$ 176,331</u>	<u>\$ 528,704</u>	<u>\$ 454,300</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, 2017

	General	Coal Severance Tax	Capital Improvement	Sales Tax Fund	Totals
<b>ASSETS</b>					
Cash	\$ 2,527,615	\$ 194,693	\$ 4,340,068	\$ 849,703	\$ 7,912,079
Restricted cash	-	-	14,459	-	14,459
Receivables, Net of Allowances:					
Taxes	580,966	-	-	345,145	926,111
Accounts	38,935	3,770	31,520	-	74,225
Grants	10,658	-	-	-	10,658
Due from Other Funds/Associated Entities	65,800	-	-	-	65,800
 Total Assets	 <u>\$ 3,223,974</u>	 <u>\$ 198,463</u>	 <u>\$ 4,386,047</u>	 <u>\$ 1,194,848</u>	 <u>\$ 9,003,332</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts Payable	\$ 83,631	\$ -	\$ 2,200	\$ -	\$ 85,831
Development Bonds Held	-	-	14,459	-	14,459
Due to Other Funds/Associated Entities	395,067	-	19,494	-	414,561
Other Accrued Expenses	87,270	-	-	-	87,270
 Total Liabilities	 <u>565,968</u>	 <u>-</u>	 <u>36,153</u>	 <u>-</u>	 <u>602,121</u>
Deferred Inflows of Resources					
Unavailable Revenue - Property Taxes	68,576	-	-	-	68,576
 Total Deferred Inflows of Resources	 <u>68,576</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>68,576</u>
Fund Balances					
Committed	-	-	4,349,894	1,194,848	5,544,742
Assigned	2,589,430	198,463	-	-	2,787,893
 Total Fund Balances	 <u>2,589,430</u>	 <u>198,463</u>	 <u>4,349,894</u>	 <u>1,194,848</u>	 <u>8,332,635</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 3,223,974</u>	 <u>\$ 198,463</u>	 <u>\$ 4,386,047</u>	 <u>\$ 1,194,848</u>	 <u>\$ 9,003,332</u>

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, 2017

---

<b>Total Governmental Fund Balances</b>	\$ 8,332,635
<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.	6,679,034
Other long-term assets are not available to pay current period expenditures and therefore, are deferred inflows of resources in the funds.	68,576
Long-Term Liabilities, including leases payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(162,448)</u>
<b>Net Position of Governmental Activities</b>	<u><u>\$ 14,917,797</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, 2017

	General	Coal Severance Tax	Capital Improvements	Sales Tax	Total Governmental Funds
<b>REVENUES:</b>					
Taxes:					
Taxes (Including Interest and Penalties)	\$ 3,350,403	\$ -	\$ -	\$ 1,317,201	\$ 4,667,604
Licenses, Permits and Miscellaneous Fees	151,962	-	-	-	151,962
Intergovernmental:					
Federal	60,987	-	-	-	60,987
State	-	11,253	-	-	11,253
Charges for Services	468,388	-	-	-	468,388
Fines and Forfeits	280,397	-	-	-	280,397
Developer Fees	-	-	10,350	-	10,350
Franchise Fees	61,051	-	-	-	61,051
Interest	5,988	190	1,780	73	8,031
Video Lottery/Table Gaming	-	-	975,151	-	975,151
Contributions from Other Entities	27,872	-	-	-	27,872
Charges to Other Funds	88,583	-	-	-	88,583
Miscellaneous	56,009	-	1,017	-	57,026
<b>Total Revenues</b>	<b>4,551,640</b>	<b>11,443</b>	<b>988,298</b>	<b>1,317,274</b>	<b>6,868,655</b>
<b>EXPENDITURES</b>					
General Government	1,531,436	-	83,883	-	1,615,319
Public Safety	1,461,445	-	148,523	-	1,609,968
Streets and Transportation	815,832	-	1,062,918	-	1,878,750
Health and Sanitation	437,229	-	-	-	437,229
Culture and Recreation	422,112	-	-	-	422,112
<b>Total Expenditures</b>	<b>4,668,054</b>	<b>-</b>	<b>1,295,324</b>	<b>-</b>	<b>5,963,378</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,414)	11,443	(307,026)	1,317,274	905,277
Other Financing Sources (Uses):					
Transfers in	900,000	-	1,695,970	-	2,595,970
Transfers out	(1,695,970)	-	(50,000)	(850,000)	(2,595,970)
<b>Total Other Financing Sources (Uses)</b>	<b>(795,970)</b>	<b>-</b>	<b>1,645,970</b>	<b>(850,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(912,384)</b>	<b>11,443</b>	<b>1,338,944</b>	<b>467,274</b>	<b>905,277</b>
Fund Balance at Beginning of Year	3,501,814	187,020	3,010,950	727,574	7,427,358
<b>Fund Balance at End of Year</b>	<b>\$ 2,589,430</b>	<b>\$ 198,463</b>	<b>\$ 4,349,894</b>	<b>\$ 1,194,848</b>	<b>\$ 8,332,635</b>

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, 2017

---

**Net Change in Fund Balances - Total Governmental Funds** \$ 905,277

*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	1,256,691	
Current year Depreciation	<u>(430,117)</u>	
Total		826,574

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (6,513)

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>(5,661)</u>	
----------------------------------	----------------	--

**Net Change in Net Position of Governmental Activities** \$ 1,719,677

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

**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, 2017

	Original Budget	Final Budget	Actual Amounts Budget Basis	Variance with Final Budget
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 1,019,318	\$ 1,019,318	\$ 1,078,055	\$ 58,737
Business & Occupation Tax	1,500,000	1,500,000	1,542,470	42,470
Alcoholic Beverage Tax	100,000	100,000	130,650	30,650
Other Taxes	6,000	6,000	7,494	1,494
Hotel Occupancy Tax	300,000	400,000	445,636	45,636
Utility Service Tax	160,000	160,000	146,098	(13,902)
Licenses, Permits and Miscellaneous	83,000	83,000	151,962	68,962
Federal Revenues	61,000	61,000	60,987	(13)
Charges for Services	380,000	380,000	468,388	88,388
Fines and Forfeitures	220,400	220,400	280,397	59,997
Interest Earnings	5,000	5,000	5,988	988
Franchise Fees	20,000	20,000	61,051	41,051
Reimbursements	22,836	25,296	27,872	2,576
Charges to Other Funds	200,000	200,000	88,583	(111,417)
Miscellaneous	81,925	81,925	56,009	(25,916)
<b>Total Revenues</b>	<u>4,159,479</u>	<u>4,261,939</u>	<u>4,551,640</u>	<u>289,701</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General Government	1,921,666	1,987,066	1,531,436	455,630
Public Safety	1,502,900	1,540,360	1,461,445	78,915
Streets and Transportation	904,913	960,321	815,832	144,489
Health and Sanitation	380,000	400,000	437,229	(37,229)
Culture and Recreation	300,000	400,000	422,122	(22,122)
<b>Total Expenditures</b>	<u>5,009,479</u>	<u>5,287,747</u>	<u>4,668,064</u>	<u>619,683</u>
Excess (Deficiency) of Revenues Under (Over) Expenditures	(850,000)	(1,025,808)	(116,424)	909,384
<b>Other Financial Sources (uses):</b>				
Transfers in	850,000	850,000	900,000	50,000
Transfers out	<u>-</u>	<u>(1,498,238)</u>	<u>(1,695,970)</u>	<u>(197,732)</u>
<b>Net Change in Fund Balance</b>	-	(1,674,046)	(912,394)	761,652
<b>Fund Balance at Beginning of Year</b>	<u>-</u>	<u>1,674,046</u>	<u>3,501,814</u>	<u>1,827,768</u>
<b>Fund Balance at End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,589,420</u>	<u>\$ 2,589,420</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, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Modified Accrual Basis</u>	<u>Variance with Final Budget</u>
Revenues:				
Coal Severance Tax	\$ 6,000	\$ 6,000	\$ 11,253	\$ 5,253
Interest Income			190	190
Total Revenues	<u>6,000</u>	<u>6,000</u>	<u>11,443</u>	<u>5,443</u>
Expenditures:				
Streets and Transportation	<u>6,000</u>	<u>182,554</u>	<u>-</u>	<u>182,554</u>
Total Expenditures	<u>6,000</u>	<u>182,554</u>	<u>-</u>	<u>182,554</u>
Net Change in Fund Balance	-	(176,554)	11,443	187,997
Fund Balance at Beginning of Year	<u>-</u>	<u>176,554</u>	<u>187,020</u>	<u>10,466</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,463</u>	<u>\$ 198,463</u>

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



**CITY OF RANSON, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2017

	Business-Type Activities Enterprise Funds
	Sewer
<b>ASSETS:</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 280,810
Accounts Receivable-Net	273,596
Capital Assets:	
Construction in Progress	45,671
Depreciable:	
Utility Plant in Service	2,106,006
Less: Accumulated Depreciation	(1,332,329)
<i>Total Assets</i>	\$ 1,373,754
<b>LIABILITIES:</b>	
Current Liabilities:	
Accounts Payable	\$ 51,146
Accrued Expenses	12,993
Accrued Interest	265
Due to General Fund	46,306
Leases Payable - Due within One Year	15,651
Noncurrent Liabilities:	
Accrued Compensated Absences	12,695
Leases Payable - Due in More than One Year	15,966
<i>Total Liabilities</i>	\$ 155,022
<b>NET POSITION:</b>	
Net Investment in Capital Assets	\$ 787,731
Unrestricted	431,001
<i>Total Net Position</i>	\$ 1,218,732

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, 2017

	Business-Type Activities Enterprise Funds
	Sewer
<b>OPERATING REVENUES:</b>	
Sales and Services to Customers	\$ 1,278,553
<i>Total Operating Revenues</i>	1,278,553
<b>OPERATING EXPENSES:</b>	
Collection	62,248
Pumping	161,760
Treatment and Disposal	647,630
Billing and Accounting	105,797
Administrative and General	145,641
Taxes	20,863
Depreciation and Amortization	51,523
<i>Total Operating Expenses</i>	1,195,462
<b>OPERATING INCOME</b>	83,091
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Investment Interest Earned	1,054
Interest and Fiscal Charges	(815)
<i>Total Nonoperating Revenues (Expenses)</i>	239
<i>Income before Operating Transfers and Contributions</i>	83,330
Capital Contributions	(1,127)
Change in Net Position	82,203
Net Position - Beginning	1,136,529
Net Position - Ending	\$ 1,218,732

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, 2017

	Business-Type Activities Enterprise Funds
	Sewer
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,242,077
Cash Paid for Goods and Services	(1,133,531)
Cash Paid for Taxes Other than Income Taxes	(20,863)
	87,683
Net Cash Provided by Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Interest Received	1,054
Advances from (to) General Fund	26,789
	27,843
Net Cash Provided by Noncapital Financing Activities	
Cash Flows Used by Capital and Related Financing Activities:	
Purchases and Construction of Capital Assets	(16,103)
Payments on Lease Payable	(15,343)
Collection of Capacity Improvement/Development Fund	6,762
Payment of Capacity Improvement/Developer Fees	(7,889)
Interest Paid on Capital Lease	(943)
	(33,516)
Net Cash Used by Capital and Related Financing Activities	
Net Increase in Cash and Equivalents	82,010
Cash and Equivalents, Beginning of Year	198,800
Cash and Equivalents, End of Year	\$ 280,810
Net Cash Provided by Operating Activities:	
Operating Income	\$ 83,091
Changes in Assets and Liabilities -	
Depreciation Expense	51,523
(Increase) Decrease in Accounts Receivable	(36,476)
Increase (Decrease) in Accrued Expenses	(3,459)
Increase (Decrease) in Accounts Payable	(6,996)
	(6,996)
Net Cash Provided by Operating Activities	\$ 87,683

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, 2017**

**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, 2017.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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, 2017**

**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 budget for the General Fund and Coal Severance Fund is 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, 2017, 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 \$14,459 at June 30, 2017.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**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 \$54,694 at June 30, 2017.

**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, 2017**

**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, 2017.

**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, 2017**

**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. 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.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**NOTE 2: NEW ACCOUNTING PRONOUNCEMENTS (continued)**

GASB Statement No. 82, Pension Issues – an amendment of GASB Statements No. 67, 68, and 73 addresses certain issues that have been raised with respect to Statements No. 67, 68, and 73. Statement 82 will be effective for the City for 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.

The rates levied by the City per \$100 of assessed valuation for each class of property for the year ended June 30, 2017, were as follows:

<u>Class of Property</u>	<u>Assessed Valuations for Tax Purposes</u>	<u>Current Expense</u>
Class I	\$ -	12.26 cents
Class II	\$ 116,596,730	24.52 cents
Class IV	\$ 168,834,414	49.04 cents

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**NOTE 4: CASH AND TEMPORARY INVESTMENTS**

Cash and temporary investments represent amounts being held at banks and consist of the following accounts and amounts at June 30, 2017:

	<u>Primary Government</u>	<u>Component Units</u>
Unrestricted accounts		
Bank accounts	\$ 8,192,889	\$ 434,287
Total unrestricted accounts	<u>\$ 8,192,889</u>	<u>\$ 434,287</u>
Restricted accounts		
Development bond funds	\$ 14,459	\$ - 0
Construction fund	<u>-</u>	<u>54,694</u>
Total restricted accounts	<u>\$ 14,459</u>	<u>\$ 54,694</u>

Municipalities are authorized by statute to provide excess funds to the Municipal Bond Commission for investment purposes, or to invest such funds in the following classes of securities: obligations of the United States or any agency thereof, certificates of deposit and repurchase agreements.

The market value of the above cash and temporary investments approximates cost at June 30, 2017.

**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, 2017, the carrying amount of the City deposits was \$8,778,950 and the bank balance was \$8,917,960. The bank balance in excess of FDIC insurance of \$8,613,266 was collateralized with securities held by the financial institution.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

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

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Sewer	\$ 46,306
General	Capital Improvement	<u>19,494</u>
Total		<u><u>\$ 65,800</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, 2017 are as follows:

<u>Transferor Fund</u>	<u>Transferee Fund</u>	<u>Amount</u>
Sales Tax	General	\$ 850,000
Capital Improvement	General	50,000
General	Capital Improvement	<u>1,695,970</u>
Total		<u><u>\$ 2,595,970</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, 2017 are as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>
Convention and Visitors Bureau	General	\$ 205,512
Parks and Recreation	General	<u>189,555</u>
Total		<u><u>\$ 395,067</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, 2017**

**NOTE 7: CHANGES IN CAPITAL ASSETS**

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

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2017</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 778,466	\$ -	\$ -	\$ 778,466
Construction in progress	1,648,134	749,693	(2,382,817)	15,010
	<u>2,426,600</u>	<u>749,693</u>	<u>2,382,817</u>	<u>793,476</u>
Total capital assets not being depreciated				
	<u>2,426,600</u>	<u>749,693</u>	<u>2,382,817</u>	<u>793,476</u>
Capital assets being depreciated:				
Leasehold improvements	837,270	-	-	837,270
Roads	2,875,715	2,592,997	-	5,468,712
Equipment	1,142,850	49,377	-	1,192,227
Software	217,029	-	-	217,029
Vehicles	1,325,100	247,441	-	1,572,541
	<u>6,397,964</u>	<u>2,889,815</u>	<u>-</u>	<u>9,287,779</u>
Total				
	<u>6,397,964</u>	<u>2,889,815</u>	<u>-</u>	<u>9,287,779</u>
Less: Accumulated depreciation	<u>(2,972,104)</u>	<u>(430,117)</u>	<u>-</u>	<u>(3,402,221)</u>
Capital assets being depreciated, net				
	<u>3,425,860</u>	<u>2,459,698</u>	<u>-</u>	<u>5,885,558</u>
Total governmental activities capital				
	<u>\$ 5,852,460</u>	<u>\$ 3,209,391</u>	<u>\$(2,382,817)</u>	<u>\$ 6,679,034</u>

Depreciation was charged to functions as follows:

Governmental activities:

General government	\$ 89,804
Public safety	76,493
Streets & Transportation	238,260
Culture and recreation	25,560
	<u>430,117</u>
Total governmental activities	
depreciation expense	<u>\$ 430,117</u>



**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**NOTE 7: CHANGES IN CAPITAL ASSETS (Continued)**

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2017</u>
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Construction in progress	\$ 39,413	\$ 6,258	\$ -	\$ 45,671
Total capital assets not being depreciated	<u>39,413</u>	<u>6,258</u>	<u>-</u>	<u>45,671</u>
Capital assets being depreciated:				
Utility plant in service	2,096,161	9,845	-	2,106,006
Less:				
Accumulated depreciation	<u>(1,280,806)</u>	<u>(51,523)</u>	<u>-</u>	<u>(1,332,329)</u>
Capital assets being depreciated,	<u>815,355</u>	<u>(41,678)</u>	<u>-</u>	<u>773,677</u>
Total business-type activities capital	<u>\$ 854,768</u>	<u>\$ (35,420)</u>	<u>\$ -</u>	<u>\$ 819,348</u>
Depreciation was charged to functions as follows:				
Business-type activities				
Sewer	<u>\$ 51,523</u>			
Total business-type activities depreciation expense	<u>\$ 51,523</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 \$110,562 as of June 30, 2017. 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 \$14,459 at June 30, 2017.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**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 \$1,174,940 at June 30, 2017. The bond bears interest at 3.2684% and matures 2023.

Scheduled maturities of the bonds for years succeeding June 30, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 180,473	\$ 35,714	\$ 216,187
2019	186,461	29,726	216,187
2020	192,648	23,539	216,187
2021	199,039	17,148	216,187
2022	205,643	10,544	216,187
2023	<u>210,676</u>	<u>3,722</u>	<u>214,398</u>
Total	<u>\$ 1,174,940</u>	<u>\$ 120,393</u>	<u>\$ 1,295,333</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, 2017 was as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2017</u>	<u>Due Within</u> <u>One Year</u>
2008 Bond	<u>\$ 1,349,014</u>	<u>\$ -</u>	<u>\$174,074</u>	<u>\$ 1,174,940</u>	<u>\$180,473</u>

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**NOTE 10: 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, 2017.

Estimated minimum future lease payments under the capital lease as of June 30, 2017 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 15,651	\$ 636	\$ 16,287
2019	<u>15,966</u>	<u>321</u>	<u>16,287</u>
Total	\$ <u>31,617</u>	\$ <u>957</u>	\$ <u>32,574</u>

**NOTE 11: 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, 2017, 2016, and 2015 amounted to \$157,246, \$148,077, and \$137,755, respectively.

**CITY OF RANSON, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**June 30, 2017**

**NOTE 12: 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 completed in March 2017. The City has incurred \$2,382,817 of Phase 1 construction costs and the improvements have been placed into service as of March 29, 2017. The City is currently in the design stage of Phase 2 of the project.

**NOTE 13: 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 14: 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, 2017**

**NOTE 15: 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	\$ -	\$ -	\$ 4,349,894	\$ 1,194,848
Assigned for:				
Carryover in fiscal year June 30, 2018 budget	2,589,430	-	-	-
Streets and transportation operations/capital	<u>-</u>	<u>198,463</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>\$ 2,589,430</u>	<u>\$ 198,463</u>	<u>\$ 4,349,894</u>	<u>\$ 1,194,848</u>

**NOTE 16: SUBSEQUENT EVENTS**

The City has evaluated all subsequent events through April 6, 2017, the date the financial statements were available to be issued. In FY 2018, the City will be constructing highways and water and sewer lines as part of a project to bring in a manufacturing business. This project was approved by the state of West Virginia and all monies for the project will be provided by the State.

**ACCOMPANYING INFORMATION**



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

---

**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, each major fund, and the discretely presented component units of the City of Ranson, Jefferson County, West Virginia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated April 6, 2018.

***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. Given these limitations, we did identify a deficiency in internal control that we consider a material weakness and is reported in the Schedule of Findings as Item 2017-001.

Mayor and Members of Council  
City of Ranson  
Jefferson County, West Virginia  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by Government Auditing Standards  
Page 2

### ***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*.

### ***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.

*BHM CPA Group*

BHM CPA Group, Inc.  
Huntington, West Virginia  
April 6, 2018



**City of Ranson**  
**Jefferson County, West Virginia**  
Schedule of Findings and Responses  
June 30, 2017

---

Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS
--

**FINDING NUMBER 2017-001**

**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 City 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, 2017

---

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2016-001	Material Weakness – Reconciliation of Bank Accounts	No	Reissued as Item 2017-001