

**AUDIT REPORT OF
THE MUNICIPALITY OF RANSON, WEST VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FUNDS INCLUDED IN REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

GOVERNMENTAL FUND TYPES

MAJOR FUNDS

General
Coal Severance Tax
Capital Improvement
Sales Tax
Building Commission

PROPRIETARY FUND TYPE

MAJOR FUND

Sewerage

FIDUCIARY FUND TYPE

Pension Fund

Municipal Employee Pension and Relief

COMPONENT UNITS

Blended
Building Commission

Discretely Presented
Ranson Parks and Recreation Board
Ranson Convention and Visitor's Bureau

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INTRODUCTORY SECTION

**MUNICIPALITY OF RANSON, WEST VIRGINIA
MUNICIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2018**

OFFICE	NAME	TERM
	<u>Elective</u>	
Mayor:	Keith D. Pierson	07-01-17 / 06-30-21
Council Members:	Michael Anderson	07-01-17 / 06-30-21
	David Cheshire	07-01-14 / 06-30-18
	Scott Coulter	07-01-14 / 06-30-18
	Anthony Grant	07-01-17 / 06-30-21
	Donnie Haines	07-01-14 / 06-30-18
	Jay Watson	11-01-14 / 06-30-18
	<u>Appointive</u>	
City Manager:	Andrew Blake	

FINANCIAL SECTION



State of West Virginia

John B. McCuskey

**State Auditor and
Chief Inspector**

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Chief Inspector Division
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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Council
Municipality of Ranson
Ranson, West Virginia 25438

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Ranson, West Virginia (the Municipality), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Municipality of Ranson, West Virginia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Coal Severance Tax Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note III.I, the prior year financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The fund financial statements for the discretely presented component units and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

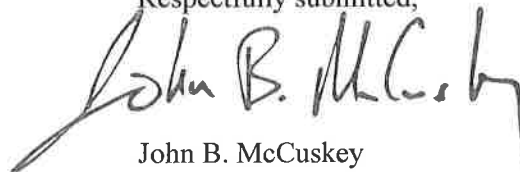
The fund financial statements for the discretely presented component units are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fund financial statements for the discretely presented component units are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2019, on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Municipality's internal control over financial reporting and compliance.

Respectfully submitted,



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

September 13, 2019

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

This 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, 2018. Please read it in conjunction with the City's financial statements.

FINANCIAL HIGHLIGHTS

The City's net position increased by \$2.6 million as a result of this year's operations. Net position of the business-type activities increased by \$0.1 million compared to the previous year or 8 percent, net position of the governmental activities increased by \$2.5 million, or 16 percent.

During the year, the City had expenses for governmental programs that were \$4.4 million more than the \$1.3 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 \$6.9 million for the year.

In the City's business-type activities, revenues decreased \$0.1 million (including a \$120,000 transfer to the general fund) or 8 percent and expenses decreased by \$0.1 million or 8 percent.

The City entered into an economic development agreement with a company locating within the City boundaries. The agreement requires the company to pay the City \$1.5 million in two installments. A \$.75 million installment was received in the year ended June 30, 2018, and has been allocated to revenues impacted by the agreement.

The City is a participant in an intergovernmental project to construct Fairfax Boulevard 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 and the City has incurred \$0.2 million of costs as of June 30, 2018. Total project costs are estimated to be \$1.9 million.

The City is making a significant upgrade to the Civic Center. Construction is in progress at June 30, 2018. The City has incurred \$0.3 million of costs at June 30, 2018. Total project costs are estimated to be \$0.5 million.

The General Fund ended the year with a fund balance of \$3.4 million, a \$0.8 million increase from the previous year. The increase results from increased general fund revenues.

The Charles Town Utility Board acquired the net assets of the Ranson Sewerage Department as of July 1, 2019, including the Ranson sewer customer base. The acquisition did not involve any financial consideration by the Charles Town Utility Board.

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.

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

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.

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 sewerage 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 three kinds of funds-governmental, proprietary and fiduciary which 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.

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

USING THIS ANNUAL REPORT (continued)

Reporting the City's Most Significant Funds (continued)

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.

Fiduciary Funds – The City administers a pension trust fund for eligible municipal employees. Fiduciary 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 are excluded from the government-wide statements.

The City of Ranson reports five major funds and one fiduciary fund. The major funds include: General, Coal Severance Tax Fund, Capital Improvement, Sales Tax and Building Commission.

The Building Commission was reported as a discretely presented component unit in the previous year. However, since the Building Commission only serves debt for the City of Ranson, this entity is blended with the financial statements in accordance with Governmental Accounting Standards Board Statement No. 61 which created prior period adjustments to the financial statements for the governmental funds, government-wide capital assets and net position.

The City of Ranson included the financial statements of the City's Employee Pension and Relief fund which created a prior period adjustment to the financial statements for the fiduciary funds.

The City includes all the necessary financial information for two discretely presented component units: Convention and Visitor's Bureau and the Parks and Recreation Commission. These entities are legally separate from the primary government but are reported and audited with the City's financial statements.

THE CITY AS A WHOLE

The City's combined net position increased \$2.6 million from a year ago-increasing from \$16.3 million to \$18.8 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.

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

Table 1
Net position
(in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 11.1	\$ 9.0	\$ 0.6	\$ 0.5	\$ 11.7	\$ 9.5
Capital assets	8.4	6.7	0.8	0.8	9.2	7.5
Total assets	\$ 19.5	\$ 15.7	\$ 1.4	\$ 1.3	\$ 20.9	\$ 17.0
Debt outstanding	0.9	-	-	-	0.9	-
Other liabilities	1.1	0.7	0.1	0.1	1.2	0.8
Total liabilities	2.0	0.7	0.1	0.1	2.1	0.8
Net position:						
Net investment in capital assets	7.4	6.7	0.8	0.8	8.2	7.5
Restricted	0.1	-	-	-	0.1	-
Unrestricted	10.0	8.3	0.5	0.4	10.5	8.7
Total net position	17.5	15.0	1.3	1.2	18.8	16.2
Total liabilities and net position	\$ 19.5	\$ 15.7	\$ 1.4	\$ 1.3	\$ 20.9	\$ 17.0

Net position of the City's governmental activities increased by 16 percent (\$2.5 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 \$8.3 million at June 30, 2017, to \$10.0 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 8 percent. Unrestricted net position increased by \$0.1 million compared to the previous year or 25 percent. The City generally can use unrestricted net position to finance the continuing operations of the sewerage department.

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

Table 2
Changes in Net position
(in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 1.1	\$ 1.1	\$ 1.3	\$ 1.3	\$ 2.4	\$ 2.4
Operating grants and contributions	0.1	0.1	-	-	0.1	0.1
Capital grants and contributions	0.1	-	-	-	0.1	-
General revenues:						
Property taxes	1.2	1.1	-	-	1.2	1.1
Business and occupation tax	1.9	1.5	-	-	1.9	1.5
Sales tax	1.3	1.3	-	-	1.3	1.3
Alcoholic beverage tax	0.2	0.1	-	-	0.2	0.1
Hotel/motel tax	0.6	0.4	-	-	0.6	0.4
Utility services tax	0.2	0.1	-	-	0.2	0.1
Video lottery/table gaming	0.9	1.0	-	-	0.9	1.0
Other general revenues	0.6	0.2	(0.1)	-	0.5	0.2
Total revenues	8.2	6.9	1.2	1.3	9.4	8.2
Expenses						
General government	1.8	1.6	-	-	1.8	1.6
Public safety	1.6	1.6	-	-	1.6	1.6
Streets and transportation	1.2	1.1	-	-	1.2	1.1
Health and sanitation	0.5	0.4	-	-	0.5	0.4
Culture and recreation	0.6	0.5	-	-	0.6	0.5
Sewerage	-	-	1.1	1.2	1.1	1.2
Total expenses	5.7	5.2	1.1	1.2	6.8	6.4
Change in net position	2.5	1.7	0.1	0.1	2.6	1.8
Net position, beginning as restated*	15.1	13.1	1.2	1.1	16.3	14.2
Net position, ending	\$ 17.6	\$ 14.8	\$ 1.3	\$ 1.2	\$ 18.9	\$ 16.0

* Beginning net position was restated to blend the financial information for the Building Commission

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

THE CITY AS A WHOLE (CONTINUED)

The City's total revenues increased by \$1.2 million during the year or 15 percent, primarily because of increases in general tax revenues, developer fees, and permits. The total cost of all programs and services increased by 6 percent (\$0.4 million) because of an increase in general government (planning and zoning) and public safety (compensation). The analysis separately considers the operations of governmental and business-type activities.

Governmental Activities

Revenues for the City's governmental activities increased by \$1.3 million, and total expenses increased by \$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 \$0.4 million of business and occupation tax revenues and an increase of \$0.2 million of hotel/motel tax revenues.
- b) The City's governmental expenses increased by \$0.5 million as a result of increases in planning and zoning and public safety.

The cost of all governmental activities was \$5.7 million for 2018. However, as shown in the Statement of Activities, the 2018 amount that taxpayers ultimately financed for these activities through City general revenues was \$4.4 million because some of the cost was paid by those who directly benefitted from the programs (\$1.3 million). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, increased \$0.1 million to \$1.3 million. The City paid for the remaining "public benefit" portion of governmental activities with \$4.4 million in taxes (some of which could only be used for certain programs) and 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) decreased \$0.1 million compared to the previous year and expenses decreased \$0.1 million. The factors driving these results include:

Revenues decreased as a result of a general fund transfer.

Costs decreased as a result of a decrease in operating costs.

THE CITY'S FUNDS

As the City completed the year, the governmental funds reported a combined fund balance of \$10.2 million, which is an increase of 21 percent (\$1.8 million).

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

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 budgeted revenues exceeded actual revenues by \$0.2 million and actual expenditures were \$0.8 million less than reflected budgeted expenditures. Actual ending general fund balance exceeded budgeted ending general fund balance by \$1.8 million.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the City had \$8.4 million invested in a broad range of capital assets, including land, leasehold improvements, roads, equipment and vehicles, and sewerage infrastructure. (See Table 3 below). This amount represents a net increase (including accumulated depreciation) of \$1.7 million, or 23 percent. The majority of this increase is due to the blending of the Building Commission.

Table 3
Capital Assets at Year-End
(Net of Depreciation, in Millions)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 0.9	\$ 0.8	\$ -	\$ -	\$ 0.9	\$ 0.8
Leasehold improvements	1.8	0.9	-	-	1.8	0.9
Roads	5.7	5.4	-	-	5.7	5.4
Equipment, vehicles, and software	3.9	3.0	-	-	3.9	3.0
Utility plant	-	-	2.1	2.1	2.1	2.1
Construction in progress	0.5	-	0.1	0.1	0.6	0.1
Total	12.8	10.1	2.2	2.2	15.0	12.3
Accumulated depreciation	(4.4)	(3.4)	(1.4)	(1.4)	(5.8)	(4.8)
Capital assets, net of accumulated depreciation	<u>\$ 8.4</u>	<u>\$ 6.7</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>	<u>\$ 9.2</u>	<u>\$ 7.5</u>

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

This year's major additions included
(in millions)

Governmental

Construction in progress - Fairfax Blvd. Phase II	\$	0.2
Construction in progress - Stormwater design		0.1
Construction in progress - Civic Center Upgrades		0.2
Public works land and improvements		0.1
Street improvements - repaving, sidewalks, lights, other		0.3
Vehicles and heavy equipment		0.2
 Total	 \$	 1.1

Business-type

None

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt and Long-term Liabilities

At year-end, the City had a line of credit outstanding of \$329,692. The line-of-credit provides interim, fully reimbursable financing of economic and infrastructure development projects administered by the City. Other long-term liabilities represent accrued compensated absences for employees and bonds payable. Bonds payable are reported in the governmental activities of 2018 due to blending the Building Commission.

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

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Accrued compensated absences	\$ 0.2	\$ 0.2	\$ -	\$ -	\$ 0.2	\$ 0.2
Bonds payable	1.0	-	-	-	1.0	-
 Total	\$ 1.2	\$ 0.2	\$ -	\$ -	\$ 1.2	\$ 0.2

CITY OF RANSON
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
June 30, 2018

ECONOMIC FACTORS

The City's elected and appointed officials considered many factors when setting the fiscal year 2018 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.

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Parks and Recreation</u>	<u>Convention and Visitor's Bureau</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 8,946,206	\$ 391,196	\$ 9,337,402	\$ 353,706	\$ 549,627
Receivables:					
Accounts	76,695	263,815	340,510	--	--
Taxes	1,044,842	--	1,044,842	--	--
Grants	11,898	--	11,898	--	--
Internal balances	66,641	(66,641)	--	--	--
Due from:					
Primary government	--	--	--	67,730	57,563
Other governments	861,462	--	861,462	--	--
Prepaid expenses	18,627	--	18,627	--	--
Noncurrent assets:					
Restricted cash	86,127	--	86,127	--	--
Capital assets:					
Nondepreciable:					
Land	991,444	--	991,444	--	--
Construction in progress	548,879	45,671	594,550	--	--
Depreciable:					
Buildings	122,000	--	122,000	43,416	--
Structures and improvements	2,383,052	--	2,383,052	18,229	--
System infrastructure	5,726,535	--	5,726,535	--	--
Utility Plant	--	2,106,006	2,106,006	--	--
Machinery and equipment	2,940,693	--	2,940,693	136,805	--
Furniture and fixtures	--	--	--	--	8,986
Intangibles	217,029	--	217,029	--	--
Less: accumulated depreciation	<u>(4,450,152)</u>	<u>(1,384,277)</u>	<u>(5,834,429)</u>	<u>(76,782)</u>	<u>(7,998)</u>
Total assets	<u>19,591,978</u>	<u>1,355,770</u>	<u>20,947,748</u>	<u>543,104</u>	<u>608,178</u>
LIABILITIES					
Current liabilities payable					
from current assets:					
Accounts payable	248,245	53,397	301,642	971	36,424
Refunds payable	31,326	--	31,326	--	--
Other accrued expenses	80,266	18,461	98,727	3,091	1,876
Line of credit	329,692	--	329,692	--	--
Due to:					
Component units	125,293	--	125,293	--	--
Unexpended insurance advances	<u>34,065</u>	<u>--</u>	<u>34,065</u>	<u>--</u>	<u>--</u>
Total current liabilities	<u>848,887</u>	<u>71,858</u>	<u>920,745</u>	<u>4,062</u>	<u>38,300</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Parks and Recreation</u>	<u>Convention and Visitor's Bureau</u>
Noncurrent liabilities due within one year:					
Bonds payable	\$ 181,535	\$ --	\$ 181,535	\$ --	\$ --
Noncurrent liabilities due in more than one year:					
Bonds payable	813,457	--	813,457	--	--
Compensated absences payable	176,587	12,957	189,544	7,710	2,398
Total noncurrent liabilities	<u>1,171,579</u>	<u>12,957</u>	<u>1,184,536</u>	<u>3,855</u>	<u>2,398</u>
Total liabilities	<u>2,020,466</u>	<u>84,815</u>	<u>2,105,281</u>	<u>7,917</u>	<u>40,698</u>
NET POSITION					
Net investment in capital assets	7,484,488	767,400	8,251,888	121,668	988
Restricted for:					
Debt service	86,127	--	86,127	--	--
Unrestricted	10,000,897	503,555	10,504,452	413,519	566,492
Total net position	<u>\$ 17,571,512</u>	<u>\$ 1,270,955</u>	<u>\$ 18,842,467</u>	<u>\$ 535,187</u>	<u>\$ 567,480</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	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	
Functions / Programs								
Primary government:								
Governmental activities:								
General government	\$ 1,836,979	\$ 746,734	\$ 36,265	\$ --	\$ (1,053,980)	\$ --	\$ (1,053,980)	
Public safety	1,639,276	373,828	45,223	--	(1,220,225)	--	(1,220,225)	
Streets and transportation	1,213,017	--	--	--	(1,213,017)	--	(1,213,017)	
Health and sanitation	462,182	--	--	--	(462,182)	--	(462,182)	
Culture and recreation	637,293	--	--	179,219	(458,074)	--	(458,074)	
Total governmental activities	5,788,747	1,120,562	81,488	179,219	(4,407,478)	--	(4,407,478)	
Business-type activities:								
Sewerage	1,139,660	1,309,235	--	--	--	169,575	169,575	
Total business-type activities	1,139,660	1,309,235	--	--	--	169,575	169,575	
Total primary government	\$ 6,928,407	\$ 2,429,797	\$ 81,488	\$ 179,219	\$ (4,407,478)	\$ 169,575	\$ (4,237,903)	
Component units:								
Parks and Recreation	302,743	383,630	--	--	--	--	\$ 80,887	\$ --
Convention and Visitor's Bureau	285,246	10,058	5,940	--	--	--	--	(269,248)
Total component units	\$ 587,989	\$ 393,688	\$ 5,940	\$ --	\$ --	\$ --	\$ 80,887	\$ (269,248)

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2018

	Net (Expense) Revenues and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Parks and Recreation	Convention and Visitors Bureau
General revenues:					
Ad valorem property taxes	\$ 1,152,399	\$ --	\$ 1,152,399	\$ --	\$ --
Business & occupation tax	1,939,613	--	1,939,613	--	--
Alcoholic beverages tax	154,447	--	154,447	--	--
Utility services tax	163,396	--	163,396	--	--
Hotel occupancy tax	635,956	--	635,956	--	307,939
Animal tax	1,339	--	1,339	--	--
Gas and oil severance tax	5,826	--	5,826	--	--
Sales tax	1,346,971	--	1,346,971	--	--
Video lottery/table gaming	910,506	--	910,506	--	--
Other revenues	244,700	--	244,700	--	--
Coal severance tax	11,901	--	11,901	--	--
Unrestricted investment earnings	16,088	2,648	18,736	--	--
Reimbursement	109,165	--	109,165	--	--
Miscellaneous	72,553	--	72,553	--	85
Transfers	120,000	(120,000)	--	--	--
Total general revenues and transfers	<u>6,884,860</u>	<u>(117,352)</u>	<u>5,857,002</u>	<u>--</u>	<u>308,024</u>
Change in net position	2,477,382	52,223	2,529,605	80,887	38,776
Net position - beginning, as restated (Note III.I)	<u>15,094,130</u>	<u>1,218,732</u>	<u>16,312,862</u>	<u>454,300</u>	<u>528,704</u>
Net position - ending	<u>\$ 17,571,512</u>	<u>\$ 1,270,955</u>	<u>\$ 18,842,467</u>	<u>\$ 535,187</u>	<u>\$ 567,480</u>

MUNICIPALITY OF RANSON, WEST VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	General	Coal Severance Tax	Capital Improvement	Sales Tax	Building Commission	Total Governmental Funds
ASSETS AND DEFERRED OUTFLOWS						
Assets:						
Current:						
Cash and cash equivalents	\$ 3,025,343	\$ 206,922	\$ 5,137,418	\$ 576,502	\$ 21	\$ 8,946,206
Receivables:						
Taxes	677,554	3,644	--	363,644	--	1,044,842
Accounts	41,066	--	35,629	--	--	76,695
Grants	11,898	--	--	--	--	11,898
Due from:						
Other funds	184,166	--	--	--	--	184,166
Other governments	--	--	--	861,462	--	861,462
Prepaid expenses	--	--	--	--	18,627	18,627
Restricted cash	--	--	31,326	--	54,801	86,127
Total assets	\$ 3,940,027	\$ 210,566	\$ 5,204,373	\$ 1,801,608	\$ 73,449	\$ 11,230,023
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES						
Liabilities:						
Accounts payable	244,483	--	3,762	--	--	248,245
Refunds payable	--	--	31,326	--	--	31,326
Other accrued expenses	78,635	--	--	--	1,631	80,266
Line of credit	--	--	--	329,692	--	329,692
Due to:						
Other funds	--	--	117,525	--	--	117,525
Component units	125,293	--	--	--	--	125,293
Unexpended insurance advances	34,065	--	--	--	--	34,065
Total liabilities	482,476	--	152,613	329,692	1,631	966,412
Deferred Inflows:						
Taxes	85,382	--	--	--	--	85,382
Total deferred inflows of resources	85,382	--	--	--	--	85,382
Fund balances:						
Restricted	--	--	--	--	71,797	71,797
Committed	--	--	5,051,760	1,471,916	--	6,523,676
Assigned	3,372,169	210,566	--	--	21	3,582,756
Total fund balances	3,372,169	210,566	5,051,760	1,471,916	71,818	10,178,229
Total liabilities, deferred inflows and fund balances	\$ 3,940,027	\$ 210,566	\$ 5,204,373	\$ 1,801,608	\$ 73,449	\$ 11,230,023

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

Total fund balances on the governmental fund's balance sheet	\$ 10,178,229
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore not reported in the funds (Note III.C).	8,479,480
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds (Note III.B).	85,382
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds (Note III.G).	
Bonds payable	(994,992)
Compensated absences	<u>(176,587)</u>
Net position of governmental activities	<u><u>\$ 17,571,512</u></u>

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

**MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2018**

	General	Coal Severance Tax	Capital Improvement	Sales Tax	Building Commission	Total Governmental Funds
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,190,000	\$ --	\$ 503,744	\$ --	\$ 234,815	\$ 1,928,559
Transfers (out)	(738,559)	--	--	(1,070,000)	--	(1,808,559)
Total other financing sources (uses)	451,441	--	503,744	(1,070,000)	234,815	120,000
Net change in fund balances	782,739	12,103	701,866	277,068	18,386	1,792,162
Fund balances - beginning, as restated (Note III.I)	2,589,430	198,463	4,349,894	1,194,848	53,432	8,386,067
Fund balances - ending	\$ 3,372,169	\$ 210,566	\$ 5,051,760	\$ 1,471,916	\$ 71,818	\$ 10,178,229

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

MUNICIPALITY 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, 2018

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

Net change in fund balances - total governmental funds	\$	1,792,162
<p>Capital outlays are reported as an expenditure in the governmental funds but are considered an asset at the government-wide level. This is the amount of capital assets that were purchased or donated during the fiscal year (Note III.C).</p>		
		1,096,261
<p>Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year (Note III.C).</p>		
		(593,654)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year unavailable revenues (Note III.B).</p>		
		16,806
Prior year unavailable revenues:	<u>68,576</u>	
Current year unavailable revenues:	<u>85,382</u>	
<p>The repayment of long-term debt (e.g., bonds, leases) uses financial resources of governmental funds, however, this has no effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This is the amount of principal paid, and additions and reductions to deferred discounts or premiums, on long term debt for the fiscal year.</p>		
		179,946
<p>Some expenses reported in the statement of activities do not require the use of current financial resources (e.g., compensated absences) and, therefore, are not reported as expenditures in governmental funds (Note III.G).</p>		
Change in compensated absences payable		<u>(14,139)</u>
Change in net position of governmental activities	\$	<u><u>2,477,382</u></u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual	Adjustments	Actual	Variance with
	<u>Original</u>	<u>Final</u>	Modified Accrual Basis	Budget Basis	Budget Basis	Final Budget Positive (Negative)
REVENUES						
Taxes:						
Ad valorem property taxes \$	1,072,119	\$ 1,072,119	\$ 1,135,593	\$ --	\$ 1,135,593	\$ 63,474
Business & occupation tax	1,605,766	1,605,766	1,939,613	--	1,939,613	333,847
Alcoholic beverages tax	100,000	100,000	154,447	--	154,447	54,447
Utility services tax	160,000	160,000	163,396	--	163,396	3,396
Hotel occupancy tax	330,000	612,000	635,956	--	635,956	23,956
Animal tax	1,000	1,000	1,339	--	1,339	339
Gas and oil severance tax	5,000	5,000	5,826	--	5,826	826
Licenses and permits	89,000	136,000	196,423	--	196,423	60,423
Intergovernmental:						
Federal	61,000	61,000	45,223	--	45,223	(15,777)
Local	--	--	36,265	--	36,265	36,265
Charges for services	495,000	552,000	497,863	--	497,863	(54,137)
Fines and forfeits	220,400	245,900	373,828	--	373,828	127,928
Interest and investment earnings	5,000	5,000	14,165	(790)	13,375	8,375
Refunds	6,000	6,000	46,123	--	46,123	40,123
Reimbursements	24,940	24,940	90,538	--	90,538	65,598
IRP fees	12,000	12,000	50,299	--	50,299	38,299
Contributions and donations	1,072,000	1,072,000	39,219	--	39,219	(1,032,781)
Miscellaneous	5,000	5,000	26,430	--	26,430	21,430
Total revenues	<u>5,264,225</u>	<u>5,675,725</u>	<u>5,452,546</u>	<u>(790)</u>	<u>5,451,756</u>	<u>(223,969)</u>
EXPENDITURES						
Current:						
General government	1,947,122	2,173,397	1,590,850	--	1,590,850	582,547
Public safety	1,658,623	1,717,773	1,595,946	--	1,595,946	121,827
Streets and transportation	999,480	985,970	853,332	--	853,332	132,638
Health and sanitation	380,000	462,000	462,182	--	462,182	(182)
Culture and recreation	330,000	612,000	618,938	--	618,938	(6,938)
Total expenditures	<u>5,315,225</u>	<u>5,951,140</u>	<u>5,121,248</u>	<u>--</u>	<u>5,121,248</u>	<u>829,892</u>
Excess (deficiency) of revenues over expenditures	(51,000)	(275,415)	331,298	(790)	330,508	605,923

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) - GENERAL FUND
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Modified Accrual Basis</u>	<u>Adjustments Budget Basis</u>	<u>Actual Amounts Budget Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>				
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ --	\$ --	\$ 1,190,000	\$ (90,780)	\$ 1,099,220	\$ 1,099,220
Transfers (out)	--	(593,744)	(738,559)	--	(738,559)	(144,815)
Proceeds from the sale of asse	1,000	1,000	--	--	--	(1,000)
Miscellaneous	50,000	50,000	--	--	--	(50,000)
Total other financing sources (uses)	<u>51,000</u>	<u>(542,744)</u>	<u>451,441</u>	<u>(90,780)</u>	<u>360,661</u>	<u>903,405</u>
Net change in fund balance	--	(818,159)	782,739	(91,570)	691,169	1,509,328
Fund balance - beginning	<u>--</u>	<u>818,159</u>	<u>2,589,430</u>	<u>(1,501,398)</u>	<u>1,088,032</u>	<u>269,873</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,372,169</u>	<u>\$ (1,592,968)</u>	<u>\$ 1,779,201</u>	<u>\$ 1,779,201</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		Actual Modified Accrual Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Coal severance tax	\$ 6,000	\$ 6,000	\$ 11,901	\$ 5,901
Interest earnings	--	--	202	202
Total revenues	<u>6,000</u>	<u>6,000</u>	<u>12,103</u>	<u>6,103</u>
EXPENDITURES				
Current:				
Streets and transportation	<u>6,000</u>	<u>193,020</u>	<u>--</u>	<u>193,020</u>
Total expenditures	<u>6,000</u>	<u>193,020</u>	<u>--</u>	<u>193,020</u>
Net change in fund balance	--	(187,020)	12,103	199,123
Fund balance - beginning	<u>--</u>	<u>187,020</u>	<u>198,463</u>	<u>11,443</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 210,566</u>	<u>\$ 210,566</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2018

	Business-type Activities - Enterprise Fund
	Sewerage
ASSETS	
Current:	
Cash and cash equivalents	\$ 391,196
Receivables:	
Accounts	263,815
Total current assets	655,011
Noncurrent assets:	
Capital assets:	
Nondepreciable:	
Construction in progress	45,671
Depreciable:	
Utility plant	2,106,006
Less: accumulated depreciation	(1,384,277)
Total capital assets (net of accumulated depreciation)	767,400
Total noncurrent assets	767,400
Total assets	1,422,411
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	53,397
Other accrued expenses	18,461
Due to:	
Other funds	66,641
Total current liabilities payable from current assets	138,499
Noncurrent liabilities:	
Compensated absences payable	12,957
Total noncurrent liabilities	12,957
Total liabilities	151,456

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2018

	Business-type Activities <u>- Enterprise Fund</u>
	<u>Sewerage</u>
NET POSITION	
Net investment in capital assets	\$ 767,400
Unrestricted	<u>503,555</u>
Total net position	<u>\$ 1,270,955</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund
	Sewerage
Operating revenues:	
Sales and services to customers	\$ <u>1,309,235</u>
 Total revenues	 <u>1,309,235</u>
Operating expenses:	
Administrative and general	290,530
Taxes	20,221
Depreciation	51,948
Maintenance	<u>776,428</u>
 Total operating expenses	 <u>1,139,127</u>
Operating income (loss)	<u>170,108</u>
Nonoperating revenues (expenses):	
Interest revenue	2,648
Interest and fiscal charges	<u>(533)</u>
 Total nonoperating revenues (expenses)	 <u>2,115</u>
Income (loss) before operating transfers and contributions	<u>172,223</u>
Transfers(out)	<u>(120,000)</u>
Change in net position	52,223
Net position at beginning of year	<u>1,218,732</u>
Net position at end of year	\$ <u><u>1,270,955</u></u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2018

	Business-type Activities - Enterprise Fund
	Sewerage
Cash flows from operating activities:	
Cash received from customers	\$ 1,319,016
Cash paid for goods and services	(1,079,460)
Other cash receipts (payments)	20,598
Net cash provided (used) by operating activities	260,154
Cash flows from noncapital financing activities:	
Transfers (out)	(120,000)
Net cash provided (used) by noncapital financing activities	(120,000)
Cash flows from capital and related financing activities:	
Principal paid on capital debt	(31,617)
Interest paid on capital debt	(799)
Net cash provided (used) by capital and related financing activities	(32,416)
Cash flows from investing activities:	
Proceeds from sales and maturities	
Interest received	2,648
Net cash provided (used) by investing activities	2,648
Net increase (decrease) in cash and cash equivalents	110,386
Cash and cash equivalents at beginning of year	280,810
Cash and cash equivalents at end of year	\$ 391,196

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2018

	Business-type Activities <u>- Enterprise Fund</u> <u>Sewerage</u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 170,108
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	51,948
Decrease (increase) in accounts receivable	9,781
Increase (decrease) in accounts payable	2,252
Increase (decrease) in other accrued expenses	5,468
Increase (decrease) in compensated absences payable	262
Increase (decrease) in due to other funds	<u>20,335</u>
Net cash provided by operations	<u>\$ 260,154</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	Municipal Employee Pension and Relief
ASSETS	
Investments, at fair value:	
Mutual funds	\$ <u>2,610,770</u>
Total investments	<u>2,610,770</u>
Receivables:	
Loans	<u>23,306</u>
Total receivables	<u>23,306</u>
Total assets	\$ <u><u>2,634,076</u></u>
NET POSITION	
Net position restricted for pension benefits	\$ <u><u>2,634,076</u></u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
June 30, 2018

	<u>Municipal Employee Pension and Relief</u>
ADDITIONS	
Contributions:	
Employer	\$ 95,619
Plan members	<u>211,826</u>
Total contributions	<u>307,445</u>
Investment income:	
Net gain (loss) on sale of investments	<u>159,258</u>
Net investment income	<u>159,258</u>
Total additions	<u>466,703</u>
DEDUCTIONS	
Benefits	23,582
Administrative expenses	2,901
Refunds of contributions	<u>193,445</u>
Total deductions	<u>219,928</u>
Change in net position	246,775
Net position restricted for pension benefits:	
Beginning of year, as restated (Note III.I)	<u>2,387,301</u>
End of year	<u>\$ 2,634,076</u>

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

Blended Component Unit

The entities below are legally separate from the Municipality and meet GAAP criteria for component units. These entities are blended with the primary government because they provide services entirely or almost entirely to the Municipality.

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Discretely Presented Component Units

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

The *Ranson Parks and Recreation Board* serves all citizens of Municipality of Ranson by providing recreational services and is governed by a five member Board appointed by the Municipality. The Municipality provides financial support to the Board on an annual basis.

The *Ranson Convention and Visitor's Bureau* serves all citizens of Municipality of Ranson and is governed by a seven member Board comprised of four members appointed by the Municipality.

Related Organizations

The Municipality's officials are also responsible for appointing the members of boards of other organizations, but the Municipality's accountability for these organizations does not extend beyond making the appointments. The Municipality appoints board members to the following organizations:

Name of Organization:

Charles Town Utility Board
Hagerstown/Eastern Panhandle MPO
Jefferson County Development Authority
Region 9

B. Government-wide and Fund Financial Statements

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The fund financial statements for the Ranson Parks and Recreation Board and the Ranson Convention and Visitors Bureau are included in supplementary information.

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

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

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

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

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The government reports the following major governmental funds:

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

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

The *Capital Improvements fund*, a capital projects fund, accounts for receipts and expenditures related to capital projects and improvements throughout the city.

The *Sales Tax fund*, a special revenue fund, accounts for 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.

The *Building Commission fund*, a debt service fund, accounts for servicing debt for the Municipality.

The government reports the following major proprietary fund:

The *Sewerage fund* serves the citizens of the Municipality of Ranson by providing sewer services to the community. This fund accounts for the receipts and expenses of operating this facility. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

Additionally, the government reports the following fund types:

The *Municipal Employee Pension and Relief fund* accounts for the activities of the Municipal Employee Pension and Relief System, which accumulates resources for pension benefit payments to qualified employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

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

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the sewerage enterprise fund and the Parks and Recreation, a discretely presented component unit are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

1. Deposits and Investments

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

The government reports its investments at fair value, except for: 1) non-participating investment contracts (nonnegotiable certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value, and 2) investments held by 2a7-like external investment pools such as the WV Money Market and WV Government Money Market pools are measured at amortized cost, as permissible under Governmental Accounting Standards Board (GASB) Statement No. 31, as amended by GASB Statement Nos. 72 and 79. Investments of the Municipal Bond Commission are reported at fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The composition of investments and fair values are presented in Note III-A.

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

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

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

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

2. Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
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Property Tax Receivable

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

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

The rates levied by the Municipality per \$100 of assessed valuation for each class of property for the fiscal year ended June 30, 2018, were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense
Class II	\$ 124,691,730	25.00
Class IV	\$ 172,272,422	50.00

3. Prepaid Items

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

4. Restricted Assets

Certain assets of the Building Commission, a debt service fund, are classified as restricted assets because their use is restricted by bond agreements.

Certain assets of the Capital Improvement fund are classified as restricted assets because their use is strictly for developer bonds.

5. Capital Assets and Depreciation

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund capital assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds during the same period.

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

Assets	Years
Buildings	25-40
Improvements	10-40
Utility plant	10-50
Machinery and equipment	03-10
Vehicles	5

6. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*. The compensated absences liability is liquidated using funds to which the liability accrued as the accumulated leave is used.

7. Long-term Obligations

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

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

8. Fund Balances

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

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

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

9. Stabilization Arrangements

The government has created a stabilization arrangement in accordance with West Virginia Code §8-37-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The money may be used for short falls in future periods. The stabilization balance at fiscal year-end was \$1,592,968.

10. Deferred Outflows/Inflows of Resources

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

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

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The Municipality of Ranson, West Virginia prepares its budget for the General Fund on the modified accrual basis of accounting, excluding the amount set aside for stabilization. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund.

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

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

<u>Description</u>	<u>General Fund</u> <u>Amount</u>	<u>Coal Severance</u> <u>Amount</u>
General government expenditure increase (decrease)	\$ 226,275	\$ --
Public safety expenditure increase (decrease)	59,150	--
Streets and transportation increase (decrease)	(13,510)	187,020
Health and sanitation expenditure increase (decrease)	82,000	--
Culture and recreation expenditure increase (decrease)	282,000	--

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At year end, the government had the following investments:

Primary Government	<u>Total</u>	<u>Credit Risk Rating</u>	
		<u>Standard & Poor's and Fitch</u>	<u>Moody's Investment Services</u>
Mutual funds	\$ 2,610,770	Not rated	Not rated
Total	<u>\$ 2,610,770</u>		

Investments Measured at Fair Value

The government categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The government has the following recurring fair value measurements as of the end of the fiscal year.

Primary Government	<u>Fair Value</u>	<u>Level 1</u>
Mutual funds	\$ 2,610,770	\$ 2,610,770
Total	<u>\$ 2,610,770</u>	<u>\$ 2,610,770</u>

Interest Rate Risk

	<u>0-3 years</u>
Mutual funds	\$ 2,610,770
Total	<u>\$ 2,610,770</u>

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Interest Rate Risk

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

Credit Risk

State law limits investments as described in Note I.D.1. The government does not have a policy for credit risk in addition to state regulations.

Concentration of Credit Risk

The government does not have a policy for concentration of credit risk. In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires disclosure when the investment in any one issuer equals or exceeds 5% of the total amount of investments. At year end, the government had the following investments held with these issuers:

<u>Issuer</u>	<u>Fair Value</u>	<u>Percent</u>
STBL Value	\$ 1,078,430	41.31%
Contra	255,255	9.78%
IDX 500	233,793	8.95%
LS-Growth	207,166	7.94%
JH Multi-Index 2035 Preserve	189,527	7.26%
LS-Balance	169,725	6.50%

Custodial Credit Risk

For deposits, the primary government could be exposed to risk in the event of a bank failure where the primary government's deposits may not be returned. The primary government does not have a deposit policy for custodial credit risk. At year end, the primary government's bank balances were \$9,423,529 which were collateralized with securities held by the pledging financial institution's trust department or agent in the primary government's name.

For deposits, the Parks and Recreation, a discretely presented component unit, could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the government's bank balances were \$353,706 which were collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

For deposits, the Convention and Visitor's Bureau, a discretely presented component unit, could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the government's bank balances were \$549,627 which were collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

For investments, the primary government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and fiduciary funds' investment balances were \$2,610,770 which was not exposed to credit risk because the related securities are insured, registered and held by the government's brokerage firm which is not the counter party for these particular securities.

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government, Statement of Net Position of the Fiduciary Funds, Statement of Net Position of the Parks and Recreation, and Statement of Net Position of the Convention and Visitors Bureau is as follows:

	Primary Government	Parks and Recreation	Convention and Visitor's Bureau
Cash and cash equivalents	\$ 9,423,529	\$ 353,706	\$ 549,627
Investments - collateralized and secured	2,610,770	--	--
Total	<u>\$ 12,034,299</u>	<u>\$ 353,706</u>	<u>\$ 549,627</u>
Cash and cash equivalents	\$ 9,337,402	\$ 353,706	\$ 549,627
Cash and cash equivalents-restricted	86,127	--	--
Investments-restricted	2,610,770	--	--
Total	<u>\$ 12,034,299</u>	<u>\$ 353,706</u>	<u>\$ 549,627</u>

B. Receivables

Receivables at year end for the government's individual major funds are as follows:

	General	Coal Severance Tax	Capital Improvement	Sales Tax	Sewerage	Total
Receivables:						
Accounts	\$ 41,066	\$ --	\$ 35,629	\$ --	\$ 263,815	\$ 340,510
Taxes	677,554	3,644	--	363,644	--	1,044,842
Grants	11,898	--	--	--	--	11,898
Total						
Receivables	<u>\$ 730,518</u>	<u>\$ 3,644</u>	<u>\$ 35,629</u>	<u>\$ 363,644</u>	<u>\$ 263,815</u>	<u>\$ 1,397,250</u>

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

	<u>Unavailable</u>
Property taxes receivable (General Fund)	\$ 85,382
Total deferred revenue for governmental funds	\$ 85,382

C. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases	
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 915,466	\$ 75,978	\$ --	\$ 991,444
Construction in progress	15,010	533,869	--	548,879
Total capital assets not being depreciated	930,476	609,847	--	1,540,323
Capital assets being depreciated:				
Buildings	122,000	--	--	122,000
Structures and improvements	2,330,386	52,666	--	2,383,052
System infrastructure	5,468,712	257,823	--	5,726,535
Machinery and equipment	2,764,768	175,925	--	2,940,693
Intangibles	217,029	--	--	217,029
Less: accumulated depreciation	(3,856,498)	(593,654)	--	(4,450,152)
Total capital assets being depreciated, net	7,046,397	(107,240)	--	6,939,157
Governmental activities capital assets, net	\$ 7,976,873	\$ 502,607	\$ --	\$ 8,479,480

The June 30, 2017, ending balances of capital assets, including accumulated depreciation, were restated to accurately reflect the capital assets with the inclusion of the Building Commission Blended Component Unit. This increased the net position of the governmental activities.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 45,671	\$ --	\$ --	\$ 45,671
Total capital assets, not being depreciated	45,671	--	--	45,671
Capital assets being depreciated:				
Utility plant	2,106,006	--	--	2,106,006
Less: accumulated depreciation	(1,332,329)	(51,948)	--	(1,384,277)
Total capital assets being depreciated, net	773,677	(51,948)	--	721,729
Business-type activities capital assets, net	\$ 819,348	\$ (51,948)	\$ --	\$ 767,400

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

Governmental activities:		
General government		\$ 102,190
Public safety		114,220
Streets and transportation		358,888
Culture and recreation		18,356
Total depreciation expense-governmental activities		\$ 593,654
Business-type activities:		
Sewerage		\$ 51,948
Total depreciation expense-business-type activities		\$ 51,948

Construction in Progress

The government has active construction projects as of June 30, 2018. The projects include street repairs and recreation facilities. At year end, the amounts for governmental activities spent-to-date are as follows:

Project	Spent-to-Date	Funded
Civic Center Upgrade	\$ 311,379	Capital Improvement Fund
Fairfax Boulevard Improvement	237,500	Capital Improvement Fund
Total	\$ 548,879	

For business-type activities, the government has an active construction project to install new sewer lines. At year end, total spent-to-date was \$45,671. This project is funded by the Sewerage Fund.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The Municipality requires certain developer bonds to assure that projects are completed in accordance with Municipality policies and procedures. These bonds are refunded upon completion of satisfactory project construction. Total outstanding developer bonds amounted to \$31,326 at June 30, 2018.

Discretely Presented Component Units

Activity related to capital assets for the Parks and Recreation Board for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Buildings	\$ 43,416	--	--	\$ 43,416
Structures and improvements	18,229	--	--	18,229
Machinery and equipment	104,888	31,917	--	136,805
Less: accumulated depreciation	(61,563)	(15,219)	--	(76,782)
Total capital assets being depreciated	104,970	16,698	--	121,668
Total capital assets, net	\$ 104,970	\$ 16,698	\$ --	\$ 121,668

Activity related to capital assets for the Convention and Visitor's Bureau for the fiscal year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Furniture and fixtures	\$ 8,986	--	--	\$ 8,986
Less: accumulated depreciation	(7,558)	(440)	--	(7,998)
Total capital assets being depreciated	1,428	(440)	--	988
Total capital assets, net	\$ 1,428	\$ (440)	\$ --	\$ 988

The June 30, 2017, ending balances of the discretely presented component units capital assets were restated to reflect the category classification of capital assets. There was no effect on net position.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Interfund receivables/payables:

Receivable Fund	Payable Fund	Purpose	Amount
General	Sewerage	Reimbursement	\$ 66,641
General	Capital improvement	Reimbursement	117,525
	Total		\$ 184,166

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Convention and Visitor's Bureau	General	Operational	\$ 57,563
Parks and Recreation	General	Operational	67,730
Total:			<u>\$ 125,293</u>

Interfund transfers:

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
Sales Tax	General	Operational	\$ 1,070,000
Sewerage	General	Operational	120,000
General	Capital Improvement	Capital Projects	503,744
General	Building Commission	Debt Service	234,815
			<u>\$ 1,928,559</u>

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

E. Fund Balance Detail

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

	<u>General</u>	<u>Coal Severance Tax</u>	<u>Capital Improvement</u>	<u>Sales Tax</u>	<u>Building Commission</u>	<u>Total</u>
Restricted:						
Debt service	\$ --	\$ --	\$ --	\$ --	\$ 71,797	\$ 71,797
Committed:						
Capital projects	--	--	5,051,760	1,471,916	--	6,523,676
Assigned:						
General government	3,372,169	210,566	--	--	21	3,582,756
Unassigned	--	--	--	--	--	--
Total fund balances	<u>\$ 3,372,169</u>	<u>\$ 210,566</u>	<u>\$ 5,051,760</u>	<u>\$ 1,471,916</u>	<u>\$ 71,818</u>	<u>\$10,178,229</u>

F. Leases

Capital Leases

The government has entered into lease agreements as lessee for financing the acquisition of a backhoe for the sewerage fund. These lease agreements qualify as capital leases for accounting purposes, and, therefore have been recorded at the present value of the future minimum lease payments as of the inception date. The Municipality paid \$31,617 during the fiscal year ended June 30, 2018.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

G. Long-term Debt

Lease Revenue Bond

The Building Commission issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. The Building Commission issued \$2,500,000 of the Municipality of Ranson Building Commission (West Virginia), Lease Revenue Improvement and Refunding Bonds, Series 2008 bearing interest at 3.27%.

The proceeds of these bonds are being used to renovate City Hall. The bonds are collateralized by the building and payments are made by the Municipality directly to the bank. Revenue bonds outstanding at year end are as follows:

Governmental Activities					Balance
Purpose	Maturity Date	Interest Rates	Issued	Retired	June 30, 2018
Series 2008	2023	3.2684%	\$ 2,500,000	\$ 1,505,008	\$ 994,992
Total			<u>\$ 2,500,000</u>	<u>\$ 1,505,008</u>	<u>\$ 994,992</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 181,535	\$ 41,985
2020	190,066	33,454
2021	198,998	24,522
2022	208,350	15,170
2023	216,043	5,378
Total	<u>\$ 994,992</u>	<u>\$ 120,509</u>

Pledged Revenues

The Building Commission has pledged future lease revenues to repay \$2,500,000 in revenue bonds issued in 2008. Proceeds from the bonds provided financing for the renovation of City Hall. The bonds are payable solely from Building Commission revenues and are payable through 2023. Annual principal and interest payments on the bonds are expected to require less than 100 percent of revenues. The total principal and interest remaining to be paid on the bonds is \$1,115,501. Principal and interest paid for the current year and total lease revenues were \$216,194 and \$216,194, respectively.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

Changes in Long-term Liabilities

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Revenue bond payable	\$ 1,174,938	\$ --	\$ (179,946)	\$ 994,992	\$ 181,535
Total bonds payable	1,174,938	--	(179,946)	994,992	181,535
Compensated absences	162,448	14,139	--	176,587	--
Governmental activities Long-term liabilities	\$ 1,337,386	\$ 14,139	\$ (179,946)	\$ 1,171,579	\$ 181,535
	Business-type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 31,617	\$ --	\$ (31,617)	\$ --	\$ --
Compensated absences	12,695	--	262	12,957	--
Business-type activities Long-term liabilities	\$ 44,312	\$ --	\$ (31,355)	\$ 12,957	\$ --

Short-term Debt - Revolving Line of Credit

The Municipality uses a revolving line of credit to finance road, sewer and water lines projects related to the construction of a manufacturing facility. The Sales Tax Fund participated in the borrowing. Short-term debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Draws	Repayments	Ending Balance
Line of Credit	\$ --	\$ 329,692	\$ --	\$ 329,692

H. Restricted Assets

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

	Governmental Activities
Reserve for development contracts	\$ 31,326
Revenue bond operations and maintenance account	54,801
Total restricted assets	\$ 86,127

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

I. Prior Period Restatement

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

	Building	Governmental	Municipal Employees
	Commission	Activities	Pension and Relief
Fund balance /Net position, as previously stated	\$ --	\$ 14,917,797	\$ --
Add:			
Prior year cash	18,097	18,097	--
Prior year regular account	54,694	54,694	--
Capital assets	--	1,297,839	--
Loans	--	--	30,827
Less:			
Investment balance, prior year	--	--	2,356,474
Prior year other accrued expenses	(1,343)	(1,343)	--
Prior year deferred rent revenue	(18,016)	(18,016)	--
Bond payable	--	(1,174,938)	--
Fund balance/Net position, restated	<u>\$ 53,432</u>	<u>\$ 15,094,130</u>	<u>\$ 2,387,301</u>

The following net position of the discretely presented component unit required restatement at the beginning of the year as follows:

	Building
	Commission
Net position, as previously stated	\$ 176,331
Remove:	
Prior year balance	<u>(176,331)</u>
Net position, restated	<u>\$ --</u>

IV. OTHER INFORMATION

A. Risk Management

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

Workers' Compensation Fund (WCF): Workers' compensation coverage is provided for this entity by Brickstreet Insurance.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

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

B. Subsequent Events

Effective July 1, 2018, the Charles Town Utility Board acquired the net assets of the Ranson Sewerage Department including the exclusive franchise to serve customers formerly served by the Ranson Sewerage Department. No consideration was paid by the Charles Town Utility Board for the acquisition. The acquisition is forecast to improve the combined utility's financial position and create economic efficiencies in serving customers.

The Municipality received the second installment of \$750,000 from Roxul USA, Inc. for capped taxes and fees on September 27, 2018.

C. Contingent Liabilities and Commitments

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

The Municipality is a participant in an intergovernmental project to construct improvements to Fairfax Boulevard. Phase 1 construction was completed in March 2017 at a cost of \$2,382,817. The Municipality is currently in the design stage of Phase 2 of the project and has incurred \$237,500 of design costs as of June 30, 2018. Total project costs are estimated to be \$1,900,000. The project is expected to be financed with internal funds.

The Municipality is currently constructing significant upgrades to the Civic Center. Costs incurred through June 30, 2018 amount to \$311,379. Total estimated costs of the project are \$500,000. The project is expected to be financed with internal funds.

D. Economic Development Activities

On July 18, 2017, the Municipality entered into a memorandum of understanding with Roxul USA, Inc. ("Company") to increase the employment base, economic development and related revenues for the Municipality and promote investment on the Route 9 corridor. The Company is constructing and will operate, within the Municipality limits, a state-of-the-art manufacturing facility along with necessary infrastructure and improvements.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

The Municipality has agreed to the following:

a. Cap all one-time Municipality related and imposed land development fees, building permit fees, city service fees, and one-time B&O taxes on contracting to 1% of the total capital investment spent by the Company within the envelope of existing Company property (approximately 130 acres). The fee cap on one-time fees and taxes will not exceed \$1.5 million. One-half of the fee, amounting to \$750,000 was paid to the Municipality during the year ended June 30, 2018. The remaining \$750,000 is payable when the Company submits a building permit application to the Municipality. The Municipality has allocated and recognized revenue of \$750,000 received from the Company in the year ended June 30, 2018 as follows:

Building Permit	\$	67,500
Business and occupation taxes		502,500
Municipal capital fees		180,000
Total	\$	<u>750,000</u>

b. The Municipality has agreed to work cooperatively with the Company, the West Virginia Development Office, the Jefferson County Development Office and other agencies to secure funding, coordinate with off-site utility providers and administer contracts where necessary.

As part of the Municipality's administration of road and water and sewer utility design contracts, the Municipality has obtained a line of credit from a local financial institution dated November 16, 2017, in the amount of \$5,000,000. The line of credit has a variable interest rate based on the Lender's Prime Rate Index (5.25% at June 30, 2018) and the note matures on November 15, 2019, and is payable in full at that time. The outstanding balance of the line of credit is \$329,692 as of June 30, 2018. The loan is unsecured.

The Municipality has the following assets and obligations related to contract administration at June 30, 2018:

<u>Assets:</u>		
Administrative fees receivable	\$	22,559
Sewer utility design funding receivable		748,728
Water utility design funding receivable		71,328
Road design funding receivable		18,846
Total advance funding receivable	\$	<u>861,461</u>
 <u>Liabilities:</u>		
Bank line of credit outstanding	\$	<u>329,692</u>

The Municipality has enforceable guarantee of repayment of these economic development expenditures, including those drawn from the line of credit.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

A multi-jurisdictional payment in lieu of taxes agreement (PILOT) has been executed regarding the development project. The Municipality is a party to the agreement. The agreement calls for payments to be made by the Company in lieu of property tax assessments. The following is a schedule of expected payments in lieu of taxes:

<u>Payment Date</u>	<u>Real Estate</u>	<u>Personal Property</u>
September 1, 2018	N/A	N/A
September 1, 2019	N/A	N/A
September 1, 2020	225,000	N/A
September 1, 2021	--	--
September 1, 2022	--	--
September 1, 2023	--	--
September 1, 2024	--	--
September 1, 2025	--	--
September 1, 2026	90,000	--
September 1, 2027	180,000	--
September 1, 2028	725,000	EPPT**
September 1, 2029	815,000	EPPT**

**Equivalent Personal Property Tax (EPPT) which shall be equal to the amount of ad valorem property tax chargeable against the tangible personal property of the Project were it fully taxable and appraised at salvage value based on 5% of its book value.

The Jefferson County Sheriff is responsible for allocating the PILOT payments among the entities that would, except for this agreement, receive assessed property taxes from the Company. No amount of taxes were abated for the fiscal year ended June 30, 2018.

E. Defined Contribution Plans

The City of Ranson provides pension benefits for its employees through the Employee Pension and Relief Fund, administered through the City of Ranson. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. This plan contains a deferred compensation plan created in accordance with Internal Revenue Code Section 457 and a created 401(a) investment agreement. The plan is available to all full-time government employees and 41 number of employees participated in the plan as of June 30, 2018. The investments are valued at market value categorized under Level 1.

Benefit terms, including contribution requirements, for the plan are established and may be amended by the City Council. Employees may contribute any amount with the Municipality matching up to five percent of the employee's contribution for the 457 plan. Only the employer contributes to the 401(a) plan. For each employee in the 401(a) plan, the City is required to contribute five percent of gross payroll to an individual employee account. For the fiscal year ended June 30, 2018, employer contributions totaled \$95,619 which are recorded as pension expense.

MUNICIPALITY OF RANSON, WEST VIRGINIA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2018

All the participant's interest in this profit sharing contribution account shall vest based on this years of vesting service in accordance with the following schedule:

Years of Vesting Service and Vesting Percentage

Less than One Year 0%
One Year but less than Two Years 20%
Two Years but less than Three Years 40%
Three Years but less than Four Years 60%
Four Years but less than Five Years 80%
Five or More Years 100%

SUPPLEMENTARY INFORMATION

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF NET POSITION - COMPONENT UNIT
June 30, 2018

	<u>Parks and Recreation</u>
ASSETS	
Current:	
Cash and cash equivalents	\$ 353,706
Due from:	
Primary government	<u>67,730</u>
Total current assets	<u>421,436</u>
Capital assets:	
Depreciable:	
Structures and improvements	18,229
Buildings	43,416
Machinery and equipment	136,805
Less: accumulated depreciation	<u>(76,782)</u>
Total capital assets (net of accumulated depreciation)	<u>121,668</u>
Total noncurrent assets	<u>121,668</u>
Total assets	<u>543,104</u>
LIABILITIES	
Current liabilities payable from current assets:	
Accounts payable	971
Other accrued expenses	<u>3,091</u>
Total current liabilities payable from current assets	<u>4,062</u>
Noncurrent liabilities	
Compensated absences payable	3,855
Total noncurrent liabilities	<u>3,855</u>
Total liabilities	<u>7,917</u>
NET POSITION	
Net investment in capital assets	121,668
Unrestricted	<u>413,519</u>
Total net position	<u>\$ 535,187</u>

**MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - COMPONENT UNIT
For the Fiscal Year Ended June 30, 2018**

	<u>Parks and Recreation</u>
Operating revenues:	
Sales and services to customers	\$ <u>383,630</u>
Total revenues	<u>383,630</u>
Operating expenses:	
Administrative and general	<u>302,743</u>
Total operating expenses	<u>302,743</u>
Operating income (loss)	<u>80,887</u>
Change in net position	80,887
Net position at beginning of year	<u>454,300</u>
Net position at end of year	\$ <u><u>535,187</u></u>

MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF CASH FLOWS - COMPONENT UNIT
For the Fiscal Year Ended June 30, 2018

	<u>Parks and Recreation</u>
Cash flows from operating activities:	
Cash received from customers	\$ 383,630
Cash paid for goods and services	(289,655)
Other cash received (paid) for intergovernmental activity	<u>120,448</u>
Net cash provided (used) by operating activities	<u>214,423</u>
Cash flows from capital and related financing activities:	
Purchases of capital assets	<u>(31,917)</u>
Net cash provided (used) by capital and related financing activities	<u>(31,917)</u>
Net increase (decrease) in cash and cash equivalents	182,506
Cash and cash equivalents at beginning of year	<u>171,200</u>
Cash and cash equivalents at end of year	<u><u>\$ 353,706</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 80,887
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	15,219
Decrease (increase) in due from other governments	121,825
Increase (decrease) in accounts payable	(2,319)
Increase (decrease) in other accrued expenses	188
Increase (decrease) in compensated absences payable	<u>(1,377)</u>
Net cash provided by operations	<u><u>\$ 214,423</u></u>

**MUNICIPALITY OF RANSON, WEST VIRGINIA
GOVERNMENTAL FUND BALANCE SHEET - COMPONENT UNIT
CONVENTION AND VISITOR'S BUREAU
June 30, 2018**

	<u>Convention and Visitor's Bureau</u>
ASSETS	
Assets:	
Current:	
Cash and cash equivalents	\$ 549,627
Due from:	
Primary government	<u>57,563</u>
 Total assets	 \$ <u><u>607,190</u></u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	36,424
Payroll payable	2,398
Other accrued expenses	<u>1,876</u>
 Total liabilities	 <u>40,698</u>
 Fund balance:	
Unassigned	<u>566,492</u>
 Total fund balance	 <u>566,492</u>
 Total liabilities, deferred inflows and fund balance	 \$ <u><u>607,190</u></u>
 Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - Component Unit	\$ 566,492
 Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note III.C)	 <u>988</u>
 Net position - Component Unit	 \$ <u><u>567,480</u></u>

**MUNICIPALITY OF RANSON, WEST VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - COMPONENT UNIT
CONVENTION AND VISITOR'S BUREAU
For the Fiscal Year Ended June 30, 2018**

	Convention and Visitor's Bureau
REVENUES	
Taxes:	
Hotel occupancy tax	\$ 307,939
Intergovernmental:	
State	5,940
Charges for services	10,058
Miscellaneous	85
	85
Total revenues	324,022
EXPENDITURES	
Current:	
Culture and recreation	284,806
	284,806
Total expenditures	284,806
Net change in fund balance	39,216
Fund balance - beginning	527,276
Fund balance - ending	\$ 566,492
Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - Component Unit	39,216
Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note III.C)	
	(440)
Change in net position - Component Unit	\$ 38,776

ACCOMPANYING INFORMATION



State of West Virginia

John B. McCuskey

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Independent Auditor's Report

Honorable Mayor and Council
Municipality of Ranson
Ranson, West Virginia 25438

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Municipality of Ranson, West Virginia (the Municipality), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated September 13, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Municipality's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 2018-001 through 2018-003.

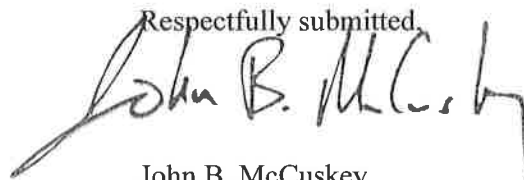
Entity's Response to Findings

The Municipality's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The Municipality's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Respectfully submitted,



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

September 13, 2019

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Record of Traffic Cases
2018-001**

CONDITION:

It was determined during this audit that the court of the Municipality of Ranson failed to maintain the municipal court docket in the proper manner or adequately record the disposition of all traffic citations issued.

CRITERIA:

West Virginia Code §17c-19-7(b) states that:

"Upon the deposit of the original or a copy of such traffic citation with a court having jurisdiction over the alleged offense or with its traffic violations bureau as aforesaid, said original or copy of such traffic citation may be disposed of only by trial in said court or other official action by a judge of said court, including forfeiture of the bail or by the deposit of sufficient bail with or payment of a fine to said traffic violations bureau by the person to whom such traffic citation has been issued by the traffic-enforcement officer."

West Virginia Code §17c-19-8 further states that:

"Every justice or judge of a court shall keep or cause to be kept a record of every traffic complaint, or other legal form of traffic charge deposited with or presented to said court or its traffic violations bureau, and shall keep a record of every official action by said court or its traffic violations bureau in reference thereto, including but not limited to a record of every conviction, forfeiture of bail, judgment of acquittal, and the amount of fine or forfeiture resulting from every said traffic complaint deposited with or presented to said court or traffic violations bureau."

CAUSE:

Municipal officials failed to implement policies and procedures which would ensure that all citations issued would be properly recorded into the municipal court docket.

EFFECT:

All cases were not properly adjudicated.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Record of Traffic Cases
2018-001 (continued)**

RECOMMENDATION:

Municipal officials are directed to review these statutes and establish adequate procedures to ensure compliance with the provisions set forth therein. Copies of traffic citations issued should be filed in numeric order and retained for examination. Also, the municipal court docket should be maintained in such a manner as to record every conviction, forfeiture of bail, judgment of acquittal, and the amount of fine or forfeiture collected on each citation.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

Municipal officials stated that the court system will be evaluated and the necessary changes will be made.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Failure to Submit Budget Revision to Appropriate
the Unexpended Balance - General Fund
2018-002**

CONDITION:

We determined during our audit that the officials of the Municipality of Ranson failed to submit a budget revision for the General Fund to appropriate \$269,873 of the actual unexpended fund balance at June 30, 2017.

CRITERIA:

West Virginia Code §6-9-3 states in part that:

"...All unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the account with an appropriation is closed."

In addition, a State Supreme Court decision stated that:

"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefore when levies are being laid for that year... Ireland v Board of Education, 115WV614, 177S.E.452(1934)."

CAUSE:

Municipal officials of Ranson failed to revise the carryover balance of the General Fund.

EFFECT:

Municipal officials did not appropriate all funds available for expenditure.

RECOMMENDATION:

Municipal officials should exercise proper budgetary practices.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Failure to Submit Budget Revision to Appropriate
the Unexpended Balance - General Fund
2018-002 (continued)**

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The City of Ranson financial statements for the year ended June 30, 2017 clearly present the ending general fund balance as being assigned as a carryover for the fiscal year 2018 budget. See page 35 of Financial Statements. We believe this complies with the intent of criteria as stated above for this finding. Your quoted criteria for the finding is W. Va. Code 6-9-3, "...All unexpended balances or appropriations shall be transferred to the credit or the fund from which originally appropriated or levied when the account with an appropriation is closed". This code section is silent as to revising the budget and the financial statements show that funds were transferred. The purpose of the audit is to "obtain reasonable assurance about whether the financial statements are free from material misstatement." See page 2 of Auditor's Report. Again, the financial statements ending June 30, 2017, clearly present this information. A budget, however, is "an estimate of income and expenditures." With your new instruction and interpretation of W. Va. Code 6-9-3, we will adjust the budget through an amendment when the actual fund balance is determined and will endeavor to do this in the future. We do not feel this finding is significant for the reasons mentioned previously.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Failure to Submit Budget Revision to Appropriate
the Unexpended Balance - Coal Severance Tax Fund
2018-003**

CONDITION:

We determined during our audit that the officials of the Municipality of Ranson failed to submit a budget revision for the Coal Severance Tax Fund to appropriate \$11,443 of the actual unexpended fund balance at June 30, 2017.

CRITERIA:

West Virginia Code §6-9-3 states in part that:

"...All unexpended balances or appropriations shall be transferred to the credit of the fund from which originally appropriated or levied whenever the account with an appropriation is closed."

In addition, a State Supreme Court decision stated that:

"...Any excesses or balances should be carried into the proper funds of the succeeding fiscal year and proper credit made therefore when levies are being laid for that year... Ireland v Board of Education, 115 WV 614, 177 S.E. 452 (1934)."

CAUSE:

Municipal officials failed to revise the carryover balance for the Coal Severance Tax Fund.

EFFECT:

Municipal officials did not appropriate all funds available.

RECOMMENDATION:

Municipal officials should exercise proper budgetary practices.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Failure to Submit Budget Revision to Appropriate
the Unexpended Balance - Coal Severance Tax Fund
2018-003 (continued)**

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS:

The City of Ranson financial statements for the year ended June 30, 2017 clearly present the ending coal severance fund balance as being assigned as a carryover for the fiscal year 2018 budget. See page 35 of Financial Statements. We believe this complies with the intent of criteria as stated above for this finding. Your quoted criteria for the finding is W. Va. Code 6-9-3, "...All unexpended balances or appropriations shall be transferred to the credit or the fund from which originally appropriated or levied when the account with an appropriation is closed". This code section is silent as to revising the budget and the financial statements show that funds were transferred. The purpose of the audit is to "obtain reasonable assurance about whether the financial statements are free from material misstatement." See page 2 of Auditor's Report. Again, the financial statements ending June 30, 2017, clearly present this information. A budget, however, is "an estimate of income and expenditures." With your new instruction and interpretation of W. Va. Code 6-9-3, we will adjust the budget through an amendment when the actual fund balance is determined and will endeavor to do this in the future. We do not feel this finding is significant for the reasons mentioned previously.

**MUNICIPALITY OF RANSON, WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2018**

Status of Prior Year Audit Findings

<u>Finding Number</u>	<u>Title</u>	<u>Status</u>
2017-001	Reconciliation of Bank Accounts	Resolved