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PERRY & Associates

Certified Public Accountants, A.C.

MUNICIPALITY OF BECKLEY
WEST VIRGINIA
- A Class II Municipality -
Single Audit
For the Year Ended June 30, 2017
RFP #17-407
Raleigh County

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Municipality of Beckley, West Virginia
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INDEPENDENT AUDITOR'S REPORT

March 27, 2018

City of Beckley
PO Box 2514
Beckley, WV 25802

To the Members of Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the **Municipality of Beckley**, West Virginia (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the discretely presented component unit, and the aggregate remaining fund information of the Municipality of Beckley, West Virginia, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Coal Severance Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *the Schedule of Changes in Net Pension Liability and Related Ratios, Schedules of Investment Returns and Contributions, the Schedule of City's Proportionate Share of Net Pension Liability and the Schedule of Contributions and the notes to the required supplementary information* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

The City has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary and Other Information

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

Also, the supplementary information of the Schedules of Rate Covenant Compliance, the Combining Balance Sheet – Nonmajor Governmental Funds and the Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements of the City.

Other Matters (Continued)

This information is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2018, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Muncipality of Beckley, West Virginia
Statement of Net Position
June 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Beckley Sanitary Board
Assets				
Current:				
Cash and Cash Equivalents	$ 3,774,390	$ 392,255	$ 4,166,645	$ 1,051,346
Receivables:				
Accounts Receivable, Net	-	-	-	546,383
Taxes Receivable	4,348,935	75	4,349,010	1,626
Fines	69,960	-	69,960	-
Due From:				
Other Funds	105,624	19,721	125,345	290,517
Other Governments	430,923	121,740	552,663	-
Inventory	-	48,491	48,491	50,315
Prepaid Expense	-	31,966	31,966	72,314
Total Current Assets	8,729,832	614,248	9,344,080	2,012,501
Noncurrent:				
Restricted Assets:				
Regular Acccount	-	24,525	24,525	13,633,485
Reserve Account	-	66,499	66,499	2,394,921
Customer Deposits	-	-	-	154,360
Renewal and Replacement	-	52,253	52,253	509,758
Total Restricted Assets	-	143,277	143,277	16,692,524
Capital Assets:				
Non-Depreciable:				
Land	2,907,657	3,802,438	6,710,095	403,272
Copyright	-	3,500	3,500	-
Construction in Progress	-	-	-	5,870,320
Depreciable:				
Buildings	1,314,104	29,850,465	31,164,569	23,094,011
Structures and Improvements	862,851	2,655,059	3,517,910	32,824,049
Infrastructure	3,190,778	-	3,190,778	-
Software	293,971	-	293,971	76,881
Machinery and Equipment	20,024,093	742,130	20,766,223	3,927,145
Less: Accumulated Depreciation	(20,304,030)	(8,906,872)	(29,210,902)	(29,253,524)
Total Capital Assets, Net	8,289,424	28,146,720	36,436,144	36,942,154
Total Assets	17,019,256	28,904,245	45,923,501	55,647,179
Deferred Outflow of Resources:				
Deferred Outflow - Refunding	-	72,540	72,540	-
Deferred Outflow - Pension	12,906,659	233,534	13,140,193	665,320
Deferred Outflow of Resources	12,906,659	306,074	13,212,733	665,320
Total Assets Plus Deferred Outflows of Resources	$ 29,925,915	$ 29,210,319	$ 59,136,234	$ 56,312,499
Liabilities				
Current:				
Accounts Payable	$ 373,711	$ 103,987	$ 477,698	$ 505,991
Payroll Payable	321,510	38,053	359,563	57,096
Benefits Payable	25,748	6,770	32,518	10,607
Other Accrued Expenses	30,125	-	30,125	39,910
Compensated Absences Payable	142,554	27,422	169,976	105,976
Customer Deposits	-	12,027	12,027	155,439
Tower Escrow	3,673	-	3,673	-
Due to Other Funds	115,425	44,016	159,441	211,608
Total Current Liabilities	1,012,746	232,275	1,245,021	1,086,627
Long-Term Liabilities Due Within One Year:				
Current Portion of Bonds Payable	-	246,254	246,254	1,565,292
Current Portion of Leases Payable	335,822	-	335,822	82,067
Long-Term Due in More than One Year:				
Bonds Payable	-	1,780,772	1,780,772	26,614,468
Leases Payable	1,139,196	-	1,139,196	81,637
Compensated Absences Payable	1,175,316	37,065	1,212,381	78,016
Net Pension Liability	49,484,897	301,671	49,786,568	943,582
Total Long-Term Liabilities	52,135,231	2,365,762	54,500,993	29,365,062
Total Liabilities	53,147,977	2,598,037	55,746,014	30,451,689
Deferred Inflow of Resources	4,657,961	102,179	4,760,140	30,550
Total Liabilities Plus Deferred Inflows of Resources	57,805,938	2,700,216	60,506,154	30,482,239
Net Position				
Net Investment in Capital Assets	6,814,405	26,188,734	33,003,139	8,598,690
Restricted for Debt Service	-	91,024	91,024	16,028,407
Restricted for Renewal and Replacement	-	52,253	52,253	509,758
Unrestricted (Deficit)	(34,694,428)	178,092	(34,516,336)	693,405
Total Net Position	(27,880,023)	26,510,103	(1,369,920)	25,830,260
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 29,925,915	$ 29,210,319	$ 59,136,234	$ 56,312,499

See accompanying notes to the basic finanical statements

Municipality of Beckley, West Virginia
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			Component Unit
Primary Government	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Beckley Sanitary Board
Governmental Activities:								
General Government	$ 4,271,560	$ 30,075	$ -	$ 261,526	$ (3,979,959)	$ -	$ (3,979,959)	$ -
Public Safety	16,599,366	323,217	2,220,603	41,972	(14,013,574)	-	(14,013,574)	-
Streets and Transportation	3,842,827	-	-	-	(3,842,827)	-	(3,842,827)	-
Health and Sanitation	138,730	-	-	-	(138,730)	-	(138,730)	-
Culture and Recreation	830,880	-	-	-	(830,880)	-	(830,880)	-
Social Services	2,206	-	-	-	(2,206)	-	(2,206)	-
Total Governmental Activities	25,685,569	353,292	2,220,603	303,498	(22,808,176)	-	(22,808,176)	-
Business-Type Activities:								
Parking	608,228	341,780	-	-	-	(266,448)	(266,448)	-
Parks and Recreation	1,677,999	828,155	509,064	144,700	-	(196,080)	(196,080)	-
Building Commission	862,976	349,545	-	-	-	(513,431)	(513,431)	-
Wildwood House	10,372	194	6,397	-	-	(3,781)	(3,781)	-
Total Business-Type Activities	3,159,575	1,519,674	515,461	144,700	-	(979,740)	(979,740)	-
Total Primary Government	28,845,144	1,872,966	2,736,064	448,198	(22,808,176)	(979,740)	(23,787,916)	-
Component Unit								
Beckley Sanitary Board	$ 7,235,804	$ 7,753,617	$ 11,977	$ -	-	-	-	529,790
General Revenues								
Ad Valorem Taxes					3,246,751	-	3,246,751	-
Business & Occupation Tax					10,013,156	-	10,013,156	-
Consumer Sales Tax					4,985,019	-	4,985,019	-
Alcoholic Beverage Tax					196,202	-	196,202	-
Utility Services Tax					818,406	-	818,406	-
Hotel Occupancy Tax					860,542	-	860,542	-
Gas and Oil Severance Tax					24,459	-	24,459	-
Other Taxes					635,599	-	635,599	-
Coal Severance Tax					44,642	-	44,642	-
Interest Income					2,245	-	2,245	-
Refunds					256,713	-	256,713	-
Gain on Sale of Capital Assets					17,868	-	17,868	-
Insurance Claims					18,537	-	18,537	
Miscellaneous					54,634	-	54,634	-
Total General Revenues					21,174,773	-	21,174,773	-
Transfers					(508,134)	508,134	-	-
Change in Net Position					(2,141,537)	(471,606)	(2,613,143)	529,790
Net Position Beginning of Year (Restated see note 17)					(25,738,486)	26,981,709	1,243,223	25,300,470
Net Position End of Year					$ (27,880,023)	$ 26,510,103	$ (1,369,920)	$ 25,830,260

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Balance Sheet
Governmental Funds
June 30, 2017

	General	Coal Severance	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 3,474,002	$ 70,684	$ 229,704	$ 3,774,390
Receivables:				
Taxes	4,333,980	14,955	-	4,348,935
Fines	69,960	-	-	69,960
Due From:				
Other Funds	64,562	-	41,062	105,624
Other Governments	430,923	-	-	430,923
Total Assets	$ 8,373,427	$ 85,639	$ 270,766	$ 8,729,832
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	$ 373,710	$ -	$ 30,125	$ 403,835
Payroll Payable	321,510	-	-	321,510
Benefits Payable	25,748	-	-	25,748
Compensated Absences Payable	142,554	-	-	142,554
Tower Escrow	3,673	-	-	3,673
Due To: Other Funds	115,425	-	-	115,425
Total Liabilities	982,620	-	30,125	1,012,745
Deferred Inflows of Resources				
Property Taxes	32,863	-	-	32,863
Unavailable Revenue - Other	79,499	-	-	79,499
Total Deferred Inflows of Resources	112,362	-	-	112,362
Total Liabilties and Deferred Inflow of Resources	1,094,982	-	30,125	1,125,107
Fund Balances				
Assigned	492,685	85,639	240,641	818,965
Unassigned	6,785,760	-	-	6,785,760
Total Fund Balances	7,278,445	85,639	240,641	7,604,725
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,373,427	$ 85,639	$ 270,766	$ 8,729,832

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2017

Total Governmental Fund Balances		$ 7,604,725
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 are not reported in the funds.		8,289,424
Other long-term assets are not available to pay for current-period expenditures are therefore are deferred in the funds:		
Ad Valorem Taxes	32,863	
Police Fines	69,960	
Other	9,538	
Total		112,361
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows and outflows are not reported in governmental funds.		
Net Pension Liability	(49,484,897)	
Deferred Inflows - Pension	(4,657,961)	
Deferred Ouflows - Pension	12,906,659	
Total		(41,236,199)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases	(1,475,018)	
Compensated Absences	(1,175,316)	
Total		(2,650,334)
Net Position of Governmental Activities		$ (27,880,023)

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
June 30, 2017

	General	Coal Severance	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes:				
Ad Valorem Property Tax	$ 3,247,634	$ -	$ -	$ 3,247,634
Business and Occupancy Tax	10,013,156	-	-	10,013,156
Alchohlic Beverage Tax	196,202	-	-	196,202
Consumer Sales	4,985,019	-	-	4,985,019
Utility Services Tax	818,406	-	-	818,406
Hotel Occupancy Tax	860,542	-	-	860,542
Other Taxes	524,034	-	-	524,034
Severance Tax	24,459	44,642	-	69,101
Licenses and Permits	111,565	-	-	111,565
Intergovernmental:				
Federal	1,925,150	-	-	1,925,150
State	-	-	28,070	28,070
Charges for Services	30,075	-	-	30,075
Fines and Forfeits	279,143	-	-	279,143
Interest and Investment Earnings	1,847	121	278	2,246
Refunds and Reimbursements	256,713	-	-	256,713
Insurance Claims	18,537	-	-	18,537
Contributions and Donations	956,131	-	-	956,131
Miscellaneous	47,595	-	-	47,595
Total Revenues	24,296,208	44,763	28,348	24,369,319
Expenditures				
Current:				
General Government	4,069,241	-	-	4,069,241
Public Safety	9,928,190	-	13,371	9,941,561
Streets and Transportation	3,695,855	-	-	3,695,855
Health and Sanitation	139,736	-	-	139,736
Culture and Recreation	830,880	-	-	830,880
Social Services	2,206	-	-	2,206
Capital Outlay	1,069,371	-	-	1,069,371
Total Expenditures	19,735,479	-	13,371	19,748,850
Excess of Revenues Over (Under) Expenditures	4,560,729	44,763	14,977	4,620,469
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	28,188	-	-	28,188
Transfers In	193,250	-	-	193,250
Transfers Out	(701,384)	-	-	(701,384)
Total Other Financing Sources (Uses)	(479,946)	-	-	(479,946)
Net Change in Fund Balances	4,080,783	44,763	14,977	4,140,523
Fund Balances Beginning of Year	3,197,662	40,876	225,664	3,464,202
Fund Balances End of Year	$ 7,278,445	$ 85,639	$ 240,641	$ 7,604,725

See accompanying notes to the basic financial statements

Muncipality of Beckley, West Virginia
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
June 30, 2017

Net Change in Fund Balances - Total Governmental Funds		$ 4,140,523
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Outlay	357,051	
Depreciation	(1,046,149)	
Excess of Capital Outlay over Depreciation Expense		(689,098)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the proceeds and the gain on the disposal of assets:		
Proceeds from Sale of Capital Assets	(28,188)	
Gain on Sale of Capital Assets	17,868	
		(10,320)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Ad Valorem Taxes	(883)	
Police Fines	16,005	
Unavailable Grant Revenue	7,039	
Prior year Federal Government Grant deferral	(357,179)	
Total		(335,018)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Capital Lease Payments	422,884	
Total		422,884
Contractually required contributions are reported as expenditures in the governmental funds, however, the statement of net position reports these amounts as deferred outflows.	(5,829,138)	
		(5,829,138)
Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expenses in the statement of activities.		
Change in pension liability	41,344	
		41,344
Change in Net Position of Governmental Activities		$ (2,258,823)

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes:				
Ad Valorem Property Tax	$ 3,480,810	$ 3,480,810	$ 3,247,634	$ (233,176)
Business and Occupancy Tax	9,605,000	9,605,000	10,013,156	408,156
Alchohlic Beverage Tax	219,000	219,000	196,203	(22,797)
Utility Services Tax	700,000	700,000	818,406	118,406
Hotel Occupancy Tax	900,000	900,000	860,542	(39,458)
Sales Tax	3,000,000	3,000,000	4,985,018	1,985,018
Other Taxes	477,000	477,000	524,034	47,034
Severance Tax	10,000	10,000	24,459	14,459
Licenses and Permits	110,200	110,200	111,565	1,365
Intergovernmental:				
Federal	1,400,000	1,400,000	1,925,150	525,150
Charges for Services	25,000	25,000	30,075	5,075
Fines and Forfeits	190,000	190,000	279,143	89,143
Interest and Investment Earnings	-	-	1,847	1,847
Refunds and Reimbursements	127,000	127,000	256,713	129,713
Insurance Claims	20,000	20,000	18,538	(1,462)
Contributions and Donations	364,000	364,000	956,131	592,131
Miscellaneous	23,400	23,400	47,595	24,195
Total Revenues	20,651,410	20,651,410	24,296,209	3,644,799
Expenditures				
Current:				
General Government	4,381,511	6,596,394	4,069,243	(2,527,151)
Public Safety	9,579,144	10,128,544	9,928,190	(200,354)
Streets and Transportation	4,293,068	4,518,727	3,695,855	(822,872)
Health and Sanitation	153,423	165,125	139,735	(25,390)
Culture and Recreation	950,000	950,000	830,880	(119,120)
Social Services	2,500	2,500	2,206	(294)
Capital Outlay	1,291,764	1,963,729	1,069,371	(894,358)
Total Expenditures	20,651,410	24,325,019	19,735,480	(4,589,539)
Excess of Revenues Over (Under) Expenditures	-	(3,673,609)	4,560,729	8,234,338
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	28,188	28,188
Transfers In	-	-	193,250	193,250
Transfers Out	-	-	(701,384)	(701,384)
Total Other Financing Sources (Uses)	-	-	(479,946)	(479,946)
Net Change in Fund Balances	-	(3,673,609)	4,080,783	7,754,392
Fund Balances Beginning of Year	1,259,132	(4,206,532)	3,197,662	7,404,194
Fund Balances End of Year	$ 1,259,132	$ (4,206,532)	$ 7,278,445	$ 11,484,977

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
Coal Severance Fund
For the Year Ended June 30, 2017

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Taxes:				
Severance Tax	$ 57,000	$ 57,000	$ 44,643	$ (12,357)
Interest and Investment Earnings	-	-	120	120
Total Revenues	57,000	57,000	44,763	(12,237)
Expenditures				
Current:				
General Government	57,000	57,000	-	(57,000)
Streets and Transportation	-	40,274	-	(40,274)
Total Expenditures	57,000	97,274	-	(97,274)
Net Change in Fund Balances	-	(40,274)	44,763	85,037
Fund Balances Beginning of Year	85,269	(633)	40,876	41,509
Fund Balances End of Year	$ 85,269	$ (40,907)	$ 85,639	$ 126,546

See accompanying notes to the financial statements

Municipality of Beckley, West Virginia
Statement of Fund Net Position
Enterprise Funds
June 30, 2017

	Parking Revenue	Parks and Recreation	Building Commission	Wildwood House	Total Enterprise Funds
Assets					
Current:					
Cash and Cash Equivalents	$ 39,758	$ 338,240	$ 8,185	$ 6,072	$ 392,255
Receivables:					
Taxes Receivable	-	75	-	-	75
Due From:					
Other Funds	6,672	13,049	-	-	19,721
Other Governments	-	121,740	-	-	121,740
Inventory	-	48,491	-	-	48,491
Prepaid Expense	31,966	-	-	-	31,966
Total Current Assets	78,396	521,595	8,185	6,072	614,248
Noncurrent:					
Restricted Assets:					
Regular Account	24,525	-	-	-	24,525
Reserve Account	66,499	-	-	-	66,499
Renewal and Replacement	52,253	-	-	-	52,253
Total Restricted Assets	143,277	-	-	-	143,277
Capital Assets:					
Non-Depreciable:					
Land	2,558,142	112,434	1,116,862	15,000	3,802,438
Copyright	-	3,500	-	-	3,500
Depreciable:					
Buildings	1,575,352	3,679,657	24,420,456	175,000	29,850,465
Structures and Improvements	870,250	1,710,098	41,389	33,322	2,655,059
Machinery and Equipment	212,878	528,686	-	566	742,130
Less: Accumulated Depreciation	(1,382,745)	(2,597,090)	(4,790,839)	(136,198)	(8,906,872)
Total Capital Assets, Net	3,833,877	3,437,285	20,787,868	87,690	28,146,720
Total Assets	4,055,550	3,958,880	20,796,053	93,762	28,904,245
Deferred Outflow of Resources:					
Deferred Outflow - Refunding	72,540	-	-	-	72,540
Deferred Outflow - Pension	56,377	177,157	-	-	233,534
Total Deferred Outflow of Resources	128,917	177,157	-	-	306,074
Total Assets Plus Deferred Outlflows of Resources	$ 4,184,467	$ 4,136,037	$ 20,796,053	$ 93,762	$ 29,210,319
Liabilities					
Current:					
Accounts Payable	5,430	98,490	-	67	103,987
Payroll Payable	2,473	35,580	-	-	38,053
Other Accrued Expenses	459	6,311	-	-	6,770
Compensated Absences Payable	2,529	24,893	-	-	27,422
Customer Deposits	12,027	-	-	-	12,027
Due to Other Funds	-	4,238	25,675	14,103	44,016
Current Portion of Bonds Payable	90,000	-	156,254	-	246,254
Total Current Liabilities	112,918	169,512	181,929	14,170	478,529
Long-Term:					
Compensated Absences Payable	2,095	34,970	-	-	37,065
Bonds Payable	840,000	-	940,772	-	1,780,772
Net Pension Liability	68,603	233,068	-	-	301,671
Total Long-Term Liabilities	910,698	268,038	940,772	-	2,119,508
Total Liabilities	1,023,616	437,550	1,122,701	14,170	2,598,037
Deferred Inflow of Resources	34,223	67,956	-	-	102,179
Total Liabilities Plus Deferred Inflows of Resources	1,057,839	505,506	1,122,701	14,170	2,700,216
Net Position					
Net Investment in Capital Assets	2,976,417	3,433,785	19,690,841	87,691	26,188,734
Restricted for Debt Services	91,024	-	-	-	91,024
Restricted for Renewal and Replacement	52,253	-	-	-	52,253
Unrestricted	6,934	196,746	(17,489)	(8,099)	178,092
Total Net Position	3,126,628	3,630,531	19,673,352	79,592	26,510,103
Total Liabilities,Deferred Inflows of Resources and Net Position	$ 4,184,467	$ 4,136,037	$ 20,796,053	$ 93,762	$ 29,210,319

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Revenues, Expenses
and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2017

	Parking Revenue	Parks and Recreation	Building Commission	Wildwood House	Total Enterprise Funds
Operating Revenues					
Sales and Services to Customers	$ 328,789	$ 816,950	$ 349,545	$ 42	$ 1,495,326
Other Operating Revenues	-	11,151	-	152	11,303
Total Operating Revenues	328,789	828,101	349,545	194	1,506,629
Operating Expenses					
Personnel Services	101,709	780,441	-	-	882,150
Contractual Services	16,618	209,724	-	1,316	227,658
Administrative and General	7,171	93,089	13	-	100,273
Rents	-	138	-	-	138
Liability Insurance	182,736	34,133	-	1,146	218,015
Materials and Supplies	5,886	176,589	-	438	182,913
Utilities	52,263	122,088	-	2,663	177,014
Depreciation	75,178	164,694	815,587	4,809	1,060,268
Maintenance	-	15,148	-	-	15,148
Capital Outlay	113,384	81,955	-	-	195,339
Amortization	8,060	-	5,966	-	14,026
Total Operating Expenses	563,005	1,677,999	821,566	10,372	3,072,942
Operating Income (Loss)	(234,216)	(849,898)	(472,021)	(10,178)	(1,566,313)
Non-Operating Revenues (Expenses)					
Interest Revenue	-	54	-	-	54
Interest and Fiscal Charges	(45,223)	-	(41,410)	-	(86,633)
Intergovernmental	-	565,386	-	-	565,386
Contributions		51,759	-	6,397	58,156
Operating Grants	-	36,619	-	-	36,619
Proceeds from Sale of Capital Assets	12,991	-	-	-	12,991
Total Non-Operating Revenues (Expenses)	(32,232)	653,818	(41,410)	6,397	586,573
Income (Loss) Before Transfers	(266,448)	(196,080)	(513,431)	(3,781)	(979,740)
Transfers In	271,384	430,000	-	-	701,384
Transfers Out		(193,250)	-	-	(193,250)
Change in Net Position	4,936	40,670	(513,431)	(3,781)	(471,606)
Net Position Beginning of Year	3,121,692	3,589,861	20,186,783	83,373	26,981,709
Net Position End of Year	$ 3,126,628	$ 3,630,531	$ 19,673,352	$ 79,592	$ 26,510,103

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2016

	Parking Revenue	Parks and Recreation	Building Commission	Wildwood House	Total Enterprise Funds
Increase (Decrease) in Cash and Cash Equivalents					
Cash Flows from Operating Activities:					
Cash Received from Customers	$ 332,089	$ 695,216	$ 349,545	$ 42	$ 1,376,892
Cash Payments for Employee Services and Benefits	(115,935)	(876,426)	-	-	(992,361)
Cash Payments to Suppliers for Goods and Services	(371,811)	(512,353)	25,675	(5,594)	(864,083)
Other Operating Revenues	-	11,151	(13)	152	11,290
Other Operating Expenses	(3,161)	(89,739)	-	-	(92,900)
Customer Deposits Returned	4,033				4,033
Net Cash Provided/(Used) by Operating Activities	(154,785)	(772,151)	375,207	(5,400)	(557,129)
Cash Flows from Noncapital Financing Activities:					
Operating Grants	-	36,619	-	-	36,619
Contributions	-	51,759	-	6,397	58,156
Transfers In	271,384	430,000	-	-	701,384
Transfers Out	-	(193,250)	-	-	(193,250)
Intergovernmental	-	565,386	-	-	565,386
Net Cash Provided by Noncapital Financing Activities	271,384	890,514	-	6,397	1,168,295
Cash Flows from Capital and Related Financing Activities:					
Acquisition (Disposal) of Capital Assets	26,692	(160,788)	(25,676)	-	(159,772)
Gain on Sale of Capital Assets	12,991	-	-		12,991
Principal Paid on Debt	(85,000)	-	(308,146)	-	(393,146)
Interest Paid on Debt	(45,223)	-	(41,410)	-	(86,633)
Net Cash Used for Capital and Related Financing Activities	(90,540)	(160,788)	(375,232)	-	(626,560)
Cash Flows from Investing Activities:					
Investment Earnings	-	54	-	-	54
Net Increase in Cash and Cash Equivalents	26,059	(42,371)	(25)	997	(15,340)
Cash and Cash Equivalents Beginning of Year - Includes $153,870 in Restricted Cash	156,976	380,611	8,210	5,075	550,872
Cash and Cash Equivalents End of Year - Includes $143,277 in Restricted Cash	$ 183,035	$ 338,240	$ 8,185	$ 6,072	$ 535,532
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	$ (234,216)	$ (849,898)	$ (47,021)	$ (10,178)	$ (1,141,313)
Adjustments:					
Depreciation and Amortization	83,238	164,694	821,553	4,809	1,074,294
(Increase)/Decrease in Assets:					
Accounts Receivable	5,722	-	-	-	5,722
Taxes Receivable	-	6	-	-	6
Due from Other Funds	(3,161)	(7,784)	25,675	(1)	14,729
Due from Other Governments	(2,422)	(121,740)	-	-	(124,162)
Materials and Supplies Inventory	-	(5,815)	-	-	(5,815)
Prepaid Items	(4,157)	-	-	-	(4,157)
Deferred Outflows - Pension	(26,762)	(75,503)	-	-	(102,265)
Increase/(Decrease) in Liabilities:					
Accounts Payable	(924)	51,282	-	(30)	50,328
Payroll Payable	269	(3,176)	-	-	(2,907)
Other Accrued Expenses	26	(963)	-	-	(937)
Compensated Absences Payable	2,633	4,640	-	-	7,273
Customer Deposits	4,033	-	-	-	4,033
Pension	22,943	78,687	-	-	101,630
Deferred Inflows - Pension	(2,007)	(6,581)	-	-	(8,588)
Net Cash Provided/(Used) by Operating Activities	$ (154,785)	$ (772,151)	$ 800,207	$ (5,400)	$ (132,129)

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Statement of Fiduciary Net Position - Fidiciary Funds
June 30, 2017

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and Deposits	$ 2,176,880	$ 164,281
Investments, at fair value:	36,569,636	92,475
Receivables:		
Fines, net	-	91,908
Due from other funds		
Accounts receivable - other	80,147	-
Total receivables	80,147	91,908
TOTAL ASSETS	$ 38,826,663	$ 348,664
LIABILITIES		
Accounts payable	-	25,992
Due to primary government	-	69,960
Due to other governments	-	96,039
Due to other funds	-	44,812
Total liabilities	-	236,803
NET POSITION		
Net position held in trust for pension benefits	38,826,663	111,861
TOTAL LIABILITIES AND NET POSITION	$ 38,826,663	$ 348,664

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2017

	Pension Trust Funds	Agency Funds
ADDITIONS		
Contributions:		
Employer	$ 1,109,872	$ -
State	916,376	-
Employee	379,132	-
Other Funds	-	404,961
Total contributions	2,405,380	404,961
Investment income:		
Net appreciation (depreciation)	376,469	-
Net realized gain (loss) on sale or exchange	1,308,235	-
Interest and dividends	1,242,614	55
Net investment income	2,927,318	55
Total additions	5,332,698	405,016
DEDUCTIONS		
Benefit payments	3,370,757	347,178
Pension plan administrative expense	129,909	36
Refunds	9,448	-
Total deductions	3,510,114	347,214
CHANGE IN NET POSITION	1,822,584	57,802
NET POSITION HELD IN TRUST FOR PENSION BENEFITS		
BEGINNING OF YEAR	37,004,079	54,059
END OF YEAR	$ 38,826,663	$ 111,861

See accompanying notes to the financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Municipality of Beckley, 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 Beckley is a municipal corporation governed by an elected mayor and seven-member council. The accompanying financial statements present the government and its component unit 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 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 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 entity below is legally separate from the Municipality and meets GAAP criteria for component units. The entity is blended with the primary government because it provides services entirely or almost entirely to the Municipality.

The *Building Commission* serves the Municipality of Beckley, 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 Municipality of Beckley Building Commission is reported as an enterprise fund.

Discretely Presented Component Unit

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 unit is discretely presented. The discretely presented component unit is presented on the government-wide financial statements.

The Beckley Sanitary Board consists of facilities that provide sewerage and storm water service to all the citizens of the Municipality of Beckley and is governed by a three-member board with the Mayor as the chairman. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Complete financial statements for Beckley Sanitary Board can be obtained at the entity's administrative office.

B. Government-Wide and Fund Financial Statements

The government-side 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. 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.

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 benefits from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, 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.

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 the liability is incurred, regardless of the timing of 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 non-current compensated absences and claims and judgments, are recorded only when payment is due.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 government reports the following major proprietary funds:

The Parking Revenue fund serves the Municipality by providing parking facilities and services to the public. The fund accounts for the revenues and expenses of operating this facility. The rates for user charges and bond issuance authorizations are approved by the government's elected council.

The Parks and Recreation fund serves the Municipality by providing facilities that provide services to the public. The legally separate entity leases these facilities to primary government in accordance to lease agreements. The board promulgates rules and regulations governing the usage and maintenance of the facilities.

Additionally, the government reports the following fund types:

The Pension Trust funds account for the activities of Public Safety Employees Retirement System, which accumulates resources for pension benefit payments to qualified public safety employees. These funds are accounted for in essentially the same manner as the proprietary funds, using the same measurement focus and basis of accounting.

The Agency Funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the Municipality of Beckley, West Virginia, holds for others in an agency capacity.

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.

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 principle ongoing operations. The principle operating revenue of the Parking, Parks & Recreation, Building Commission and Wildwood House funds (enterprise funds) and the Beckley Sanitary Board (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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 or Fund Balance

Deposits and Investments

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

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

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note 3.

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 S.E.C. which have fund assets over three hundred million dollars.

State statute § 8-13-22c places limitations on the aforementioned investments including 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 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:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 (except for 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.

Receivables and Payables

Interfund Transactions

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

Trade Receivables

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

Property Tax Receivable

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

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.

Information on the Municipality's property tax levy can be found in Note 4 to the financial statements.

Inventories

For the Parks and Recreation fund, inventories are items held for resale and are valued at the first-in/first-out method.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Assets

Certain proceeds of the enterprise funds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

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

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

The "renewal & replacement" account is used to report resources set aside to fund system upgrades and maintenance.

Capital Assets and Depreciation

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

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 are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40-50
Structures and improvements	40-50
System infrastructure	40-50
Machinery and equipment	5-10

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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. One item that qualifies for reporting in this category is the deferred charges on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Compensated Absences
It is the Municipality's policy to permit employees to accumulate earned but unused vacation and sick 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*.

Long-Term Obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs, whether or not withheld from the actual debt proceeds received are recorded as expenses during the period in which the bonds were issued.

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.

Net Position Flow Assumption
Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted- net position and unrestricted- net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions
In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance Policies

Fund balance of governmental funds is reported in five classifications (nonspendable, restricted, committed, assigned, unassigned) based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. Unlike commitments, assignments generally only exist temporarily and an additional action does not normally have to be taken for the removal of an assignment.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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 to formally lay the levy.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then 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:

Fund	Amount	Description
General Fund	$2,276,369	General Government
	761,051	Public Safety
	624,487	Streets and Transportation
	11,702	Recycling Center

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Deficit in Net Changes in Fund Balances:
The following funds had deficit in net changes in fund balances for the year ended June 30, 2017:

Building Commission	(513,431)
Wildwood House	(3,781)

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

Operating Revenues and Expenses
Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Municipality, these revenues are parking fee, park admissions, gift shop sales, leasing revenue, and charges for services for sanitary sewer. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

At year end, the Municipality had the following investments:

		Credit Risk Rating	
Primary Government	Fair Value	Standard & Poor's And Fitch	Moody's Investment Services
Municipal Bond Commission	$ 91,024	Not Rated	Not Rated
Total	$ 91,024		

Interest Rate Risk	0-3 Years
Municipal Bond Commission	$ 91,024
Total	$ 91,024

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Policemen's Pension and Relief	Fair Value	Credit Risk Rating: Standard & Poor's and Fitch	Credit Risk Rating: Moody's Investment Services
Cash & Cash Equivalents	$ 1,202,399	Not Rated	Not Rated
Certificate of Deposit	50,828	Not Rated	Not Rated
Federal Government Securities	1,853,886	AA+	Aaa
Mutual Funds	5,594,778	Not Rated	Not Rated
Common Stock	7,462,878	A+ to B-	Not Rated
Corporate Bonds	4,051,872	AA+ to B	Aa1 to B1
Municipal Bonds	155,350	AAA to A+	Aaa to A2
Preferred Stocks	665,804	A to BB+	Not Rated
Total	$ 21,037,795		

Policemen's Pension and Relief Interest Rate Risk	0-5 Years	5-10 Years	Over 10 Years
Cash & Cash Equivalents	$ 1,202,399	$ -	$ -
Certificate of Deposit	50,828		
Federal Government Securities	1,405,747	148,211	299,928
Mutual Funds	5,594,778		
Common Stock	7,462,878		
Corporate Bonds	3,178,958	743,010	129,904
Municipal Bonds	30,816	124,534	
Preferred Stocks	665,804		
Total	$19,592,208	$1,015,755	$429,832

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Firemen's Pension and Relief	Fair Value	Credit Risk Rating: Standard & Poor's and Fitch	Credit Risk Rating: Moody's Investment Services
Cash & Cash Equivalents	$ 974,481	Not Rated	Not Rated
Certificate of Deposit	50,828	Not Rated	Not Rated
Federal Government Securities	1,154,472	AAA to BBB+	Aaa to B3
Mutual Funds	5,309,630	Not Rated	Not Rated
Common Stock	6,161,540	A+ to B-	Not Rated
Corporate Bonds	3,403,472	AA+ to BB-	Aa1 to B1
Municipal Bonds	25,334	AA+ to BB-	Aa1 to B1
Preferred Stocks	628,963	A to BB+	Not Rated
Total	$17,708,720		

Firemen's Pension and Relief			
Interest Rate Risk	0-5 Years	5-10 Years	Over 10 Years
Cash & Cash Equivalents	$ 974,481	$ -	$ -
Certificate of Deposit	50,828		
Federal Government Securities	805,592	74,553	274,327
Mutual Funds	5,309,630		
Common Stock	6,161,540		
Corporate Bonds	2,670,742	667,779	64,951
Municipal Bonds		25,334	
Preferred Stocks	628,963		
Total	$16,601,776	$767,666	$ 339,278

The Municipality 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 above tables identify the Municipality's recurring fair value measurement as of June 30, 2017. All investments of the Municipality are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk

State law limits investments as described in Note 1.D. The government does not have a policy for credit risk in addition to state regulations. As of June 30, 2017, the government's investments were rated using Standard & Poor's and Fitch and Moody's Investment Services.

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:

	Issuer	Fair Value	Percent
Policemen's Pension and Relief	Vanguard Index FDS	$1,135,918	5.40%
	Washington Mutual Investors	$1,364,037	6.48%

	Issuer	Fair Value	Percent
Firemen's Pension and Relief	Vanguard Index FDS	$ 998,146	5.63%
	Washington Mutual Investors	$1,775,975	10.03%

Custodial Credit Risk
Primary Government and Fiduciary Funds – For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk. At year end, the primary government's and the fiduciary funds' bank balances were $7,336,632 which were collateralized with securities held by the pledging financial institution's trust department or agent in the government's name.

For investments, the government could be exposed to risk in the event of the failure of the counterparty where the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The government does not have a deposit policy for custodial credit risk. At year end, the primary governments and fiduciary funds investment balances were $36,753,135. Of the balance, $91,024 was held in the Municipal Bond Commission and was fully collateralized by the State of West Virginia. The remaining balance was collateralized by related securities held by the government's brokerage firm.

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

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

	Primary Government	Fiduciary Funds
Cash and cash equivalents	$ 4,218,898	$ 2,341,161
Investments – collateralized and secured	91,024	36,662,111
Total	$ 4,309,922	$ 39,003,272
Cash and cash equivalents	$ 4,166,645	$ 2,341,161
Cash and cash equivalents – restricted	52,253	
Investments - restricted	91,024	36,662,111
Total	$ 4,309,922	$ 39,003,272

Component Unit – For deposits, the Beckley Sanitary Board 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 Board's bank balances were $1,620,634, which was fully collateralized with securities held by the pledging financial institution's trust department or agency but not in the government's name.

For investing, the Beckley Sanitary Board could be exposed to risk in the event of the failure of the counter party where the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At year end, the Board's investments were $16,028,406 which was all held at the Municipal Bond Commission and fully collateralized by the State of West Virginia.

A reconciliation of cash and investments as shown on the component unit Statement of Net Position is as follows:

Cash and cash equivalents	$ 1,561,104
Investments – collateralized and secured	16,028,406
Total	$ 17,589,510
Cash and cash equivalents	$ 1,051,346
Cash and cash equivalents – restricted	509,758
Investments - restricted	16,028,406
Total	$ 17,589,510

NOTE 4 – RECEIVABLES

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

	General	Severance Tax	Parking Revenue	Parks and Recreation	Fiduciary Funds	Total	Component Unit
Receivables:							
Accounts	$ -	$ -	$ -	$ -	$ -	$ -	$ 801,189
Taxes	4,333,980	14,955	-	75	-	4,349,010	1,626
Fines	69,960	-	-	-	862,733	932,693	-
Other	-	-	-	-	80,147	80,147	194
Insurance premium surtax	-	-	-	-	-	-	-
Gross receivables	4,403,940	14,955	-	75	942,880	5,361,850	803,009
Less: Allowance for Uncollectible	-	-	-	-	(770,825)	(770,825)	(255,000)
Net Total Receivables	$4,403,940	$ 14,955	$ -	$ 75	$172,055	$4,591,025	$ 548,009

Governmental funds report unavailable revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

Unavailable

Property taxes receivable (General Fund)	$ 32,863
Unavailable Revenue – Other (General Fund)	79,499
Total	$112,362

NOTE 4 – RECEIVABLES (CONTINUED)

PROPERTY TAXES RECEIVABLE, UNCOLLECTIBLE TAXES, UNAVAILABLE AND UNEARNED REVENUE, AND PROPERTY TAX CALENDAR

The taxes on real property and the interest and other charges upon such taxes attach as an enforceable lien on the first day of July. There is no lien denominated as such on personal property; however, statutes provide that the sheriff of a Municipality may distrain for delinquent taxes any goods and chattels belonging to a person assessed. All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first, and the second installment is payable on the first day of the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If taxes are not paid on or before the date on which they become delinquent, including both first and second installments, interest at a rate of nine percent per annum is added from the date they become delinquent until paid. All municipalities within the state are authorized to levy taxes not in excess of the following maximum levies per$100 of assessed valuation: On Class I property, twelve and one-half cents (12.5¢); on Class II property, twenty-five cents (25.0¢); and on Class IV property, fifty cents (50.0¢). In addition, municipalities may provide for an election to lay an excess levy, the rates not to exceed fifty percent of such authorized maximum levies, provided that at least sixty percent of the voters cast ballots in favor of the excess levy.

The levy rates levied by Municipality of Beckley, West Virginia, per $100 of assess valuation for each class of property for the fiscal year ended June 30, 2017, were as follows:

Class of Property	Assessed Valuations for Tax Purposes	Current Expense	Taxes Levied
Class II	$ 283,122,640	25.00¢	$ 707,807
Class IV	511,131,850	50.00¢	2,555,659
Less: uncollectables, exonerations, and delinquencies	(326,347)		
Less: tax discounts	(58,742)		
Less: assessor's valuation fund	(57,568)		
Net amount to be raised by levy of property taxes	$ 2,820,809		

In the governmental fund financial statements, property taxes receivable are recorded in the General Fund once the levy is approved. At fiscal year-end, the receivables represent delinquent taxes. If delinquent taxes are not paid within 60 days of year end, they are recorded as unavailable revenue. Unavailable property taxes recorded in the accompanying governmental fund financial statements totaled $32,863.

In the government-wide financial statements, property taxes receivable and related revenue include all amounts due the Municipality regardless of when cash if received.

NOTE 4 – RECEIVABLES (CONTINUED)

INTERGOVERNMENTAL RECEIVABLES, GRANTS RECEIVABLE AND UNAVAILABLE AND UNEARNED REVENUE

Intergovernmental receivables are primarily comprised of amounts due from other governmental entities. Revenue is recorded as earned when eligibility requirements are met. Grants receivable are recorded for expenses incurred in excess of grant funds received. Unavailable and unearned revenues in the governmental fund financial statements also include unearned revenue and revenue received more than 60 days following year-end (unavailable to pay liabilities of the current period). Revenue to be received after 60 days is fully recognized as revenue in the government-wide statements if eligibility requirements are met.

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the fiscal year end June 30, 2017, was as follows:

	Primary Government			
Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 2,907,657	$ -	$ -	$ 2,907,657
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,907,657	-	-	2,907,657
Capital assets being depreciated:				
Buildings	1,314,104	-	-	1,314,104
Structures and improvements	2,110,561	-	(1,247,710)	862,851
Machinery and equipment	18,913,860	2,146,406	(1,036,173)	20,024,093
Software	68,827	225,144	-	293,971
Infrastructure	3,073,899	116,879	-	3,190,778
Total accumulated depreciation	(19,711,979)	(1,046,149)	454,098	(20,304,030)
Total capital assets being depreciated, net	5,769,272	1,442,280	(1,829,785)	5,381,767
Governmental activities capital assets, net	$ 8,676,929	$1,442,280	$(1,829,785)	$ 8,289,424

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 3,765,531	$ 63,600	$ (26,693)	$ 3,802,438
Copyright	3,500	-	-	3,500
Total capital assets not being depreciated	3,769,031	63,600	(26,693)	3,805,938
Capital assets being depreciated:				
Buildings	29,916,760	-	(66,295)	29,850,465
Structures and improvements	2,600,218	54,841	-	2,655,059
Machinery and equipment	655,848	239,900	(153,618)	742,130
Total accumulated depreciation	(7,894,641)	(1,060,268)	48,037	(8,906,872)
Total capital assets being depreciated, net	25,278,185	(765,527)	(171,876)	24,340,782
Governmental activities capital assets, net	$ 29,047,216	$ (701,927)	$(198,569)	$ 28,146,720

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

Governmental activities:	
General government	$ 160,884
Public safety	610,956
Highways and streets, including depreciation of general infrastructure asset	274,309
Total depreciation expense – governmental activities	$1,046,149
Business-type activities:	
Parking fund	$ 75,178
Parks & recreation fund	164,694
Building commission fund	815,587
Nonmajor enterprise fund	4,809
Total depreciation expense – business-type activities	$1,060,268

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Component Unit:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 403,272	$ -	$ -	$ 403,272
Construction in progress	3,336,593	2,533,727	-	5,870,320
Total capital assets not being depreciated	3,739,865	2,533,727	-	6,273,592
Capital assets being depreciated:				
Buildings	13,690,513	9,403,498	-	23,094,011
Structures and improvements	41,550,158	555,550	(9,281,659)	32,824,049
Machinery and equipment	4,477,166	18,925	(568,946)	3,927,145
Software	-	76,881	-	76,881
Total accumulated depreciation	(28,039,956)	(1,213,568)	-	(29,253,524)
Total capital assets being depreciated, net	31,677,881	8,841,286	(9,850,605)	30,668,562
Governmental activities capital assets, net	$ 35,417,746	$ 11,375,013	$ (9,850,605)	$ 36,942,154

Construction in Progress
The primary government had no active construction projects as of June 30, 2017.

The component unit – Beckley Sanitary Board had active construction projects as of June 30, 2017. The projects include system upgrades, line expansions, and storm water projects. At year end, the amounts spent-to-date are as follows:

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Sewer Projects	Spent-to-date	
City Avenue	$	412,244
Piney Creek plant upgrade 2017		828,966
Redbrush Sewer III		4,226,921
Woodlawn		29,721
Jan Care Relocation		5,591
Total Sewer Projects	$	5,503,443

Stormwater Projects		
Franklin & Granville	$	39,440
Houston/Huffman/Eisenhower		12,058
112 Forest Road		2,622
237 Hubbard Street		3,247
124 Jonathan Drive		13,645
OPTI RTC Stormwater Retrofits		11,046
602 N Kanawha		3,806
Pine Park Emergency Relocation		250,708
Jamescrest Phase I		17,702
110 Plumbley		12,603
Total Stormwater Projects	$	366,877
Total Sewer and Stormwater Projects	$	5,870,320

NOTE 6 – LONG TERM DEBT

Revenue Bonds

Revenue bonds outstanding as of June 30, 2017 consist of debt issued by the Municipality for its Building Commission, Parking, Stormwater and Sewer facilities. The Municipality issues bonds where the government pledges income derived from acquired or constructed assets to pay debt service. The debt is payable solely from and secured by a pledge of the assets and gross revenues to be derived from the operations of these activities.

Bond indentures contain significant requirements for annual debt service and flow of funds through various restricted accounts.

NOTE 6 – LONG TERM DEBT (CONTINUED)

Revenue Bonds outstanding at year end are as follows:

Business-type activities:

Series	Issued	Retired	Balance June 30, 2017
Parking Series 2009-A	$1,485,000	$ 555,000	$ 930,000
BIdg Commission 2007	850,000	502,249	347,751
BIdg Commission 2012-A	967,396	967,396	-
BIdg Commission 2012-B	1,150,000	400,725	749,275
Total revenue bonds	$4,452,396	$2,425,370	$ 2,027,026

Component Unit – Sanitary Board:

Series	Issued	Retired	Balance June 30, 2017
1998-A	$ 11,000,000	$ 9,215,148	$ 1,784,852
2004-A	9,039,000	4,523,640	4,515,360
2009-A	679,316	215,600	463,716
2009-C	1,035,783	173,758	862,025
2010-A	2,000,000	481,400	1,518,600
2015-A	3,614,914	29,707	3,585,207
2017	15,450,000	-	15,450,000
Total revenue bonds	$ 42,819,013	$ 14,639,253	$ 28,179,760

Utility Pledge Revenues
The Municipality has pledged future parking system revenues, net of specified operating expenses, to repay $1,485,000 in parking system revenue bonds issued in 2009. Proceeds from the bonds provided financing for the acquisition of land to construct the Beckley Intermodal Gateway. The bonds are payable solely from parking system net revenues and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 118 percent of net revenues. The total principal remaining to be paid on the bonds is $930,000. Principal and interest paid for the current year and total customer net revenues $130,223 and $87,904, respectively.

The Municipality has pledged future building commission revenues, net of specified operating expenses, to repay $850,000 in building commission revenue bonds issued in 2007. Proceeds from the bonds provided financing for the construction of the Exhibition Coal Mine Complex. The bonds are payable solely from building commission net revenues are payable through July 2022. Annual principal and interest payments on the bonds are expected to require less than 24 percent of net revenues. The total principal remaining to be paid on the bonds is $347,751. Principal and interest paid for the current year and total customer net revenues were $77,665 and $349,545, respectively.

In October 2012, the Municipality of Beckley issued Refunding Revenue Bonds, Series 2012A ($967,396 par value) with an interest rate of 2.86% and maturity date of March 2017, to advance refund the 2005

NOTE 6 – LONG TERM DEBT (CONTINUED)

Revenue Bond issue. The Series 2005 Bond issue carries an interest rate of 3.72% and matured in December 2016.

In October 2012, the Municipality of Beckley, West Virginia, issued Series 2012B Parking Facility Revenue Bonds ($1,150,000 par value) with an interest rate of 2.86%. The bonds mature November 1, 2024; proceeds from the issue are to be used for the new parking facility. The financing is secured by a first lien on the parking facility and an assignment of the rents received from the Municipality of Beckley. So long as the bonds are outstanding, the Municipality shall remit the lease rentals directly to the purchaser. Lease rentals which are not paid directly to the purchaser are to be deposited in a Revenue fund, which will constitute a trust fund for the purpose of bond principal and interest payments. The total principal remaining to be paid on the bonds is $749,275. Principal and interest paid during the current year was $113,384.

The component unit – Beckley Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay $11,000,000 in sewerage system revenue bonds issued in March 1998. Proceeds from the bonds provided financing for the construction and maintenance of the wastewater treatment facility. The bonds are payable solely from sewerage customer net revenues and are payable through March 2020. Annual principal and interest payments on the bonds are expected to require less than 31 percent of net revenues. The total principal remaining to be paid on the bonds is $1,784,852. Principal and interest paid for the current year and total customer net revenues were $668,669 and $1,876,717, respectively.

The component unit – Beckley Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay $9,039,000 in water system revenue bonds issued in September 2004. Proceeds from the bonds provided financing for the construction and maintenance of the wastewater treatment facility. The bonds are payable solely from sewerage customer net revenues and are payable through June 2026. Annual principal and interest payments on the bonds are expected to require less than 25 percent of net revenues. The total principal remaining to be paid on the bonds is $4,515,360. Principal and interest paid for the current year and the total customer net revenues were $549,464 and $1,876,717, respectively.

The component unit – Beckley Sanitary Board has pledged future sewer revenues, net of specified operating expenses, to repay $679,316 in sewerage system revenue bonds issued September 2009. Proceeds from the bonds provided financing for the construction and maintenance of the wastewater treatment facility. The bonds are payable solely from sewerage customer net revenues and are payable through March 2030. Annual principal and interest payments on the bonds are expected to require less than 2 percent of net revenues. The total principal remaining to be paid on the bonds is $463,716. Principal and interest paid for the current year and the total customer net revenues were $41,295 and $1,876,717, respectively.

The component unit – Beckley Sanitary Board has pledged future sewer revenues, net of specified operating expenses, to repay $1,035,783 in sewerage system revenue bonds issued September 2009. Proceeds from the bonds provided financing for the construction and maintenance of the wastewater treatment facility. The bonds are payable solely from sewerage customer net revenues and are payable through September 2049. Annual principal and interest payments on the bonds are expected to require less than 1 percent of net revenues. The total principal remaining to be paid on the bonds is $862,025. Principal and interest paid for the current year and total customer net revenues were $26,732 and $1,876,717, respectively.

NOTE 6 – LONG TERM DEBT (CONTINUED)

The component unit – Beckley Sanitary Board has pledged future storm water utility customer revenues, net of specified operating expenses, to repay $2,000,000 in storm water utility revenue bonds issued December 2010. Proceeds from the bonds provided financing for the construction and maintenance of the storm water drainage system. The bonds are payable solely from storm water customer net revenues and are payable through January 2031. Annual principal and interest payments on the bonds are expected to require less than 29 percent of net revenues. The total principal remaining to be paid on the bonds is $1,518,600. Principal and interest paid for the current year and total customer net revenues were $144,043 and $347,669, respectively.

The component unit – Beckley Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay $3,740,214 in sewer system revenue bonds issued in October 2015. Proceeds from the bonds provide funding for construction of certain extensions, additions, betterments and improvements to the existing sewer system. The bonds are payable solely from sewerage customer net revenues and are payable through June 2046. Annual principal and interest payments on the bonds are expected to require less than 6 percent of net revenues. The total principal remaining to be paid on the bonds is $3,585,207. Principal and interest paid for the current year and total customer net revenues were $34,224 and $1,876,717, respectively.

The component unit – Beckley Sanitary Board has pledged future sewer customer revenues, net of specified operating expenses, to repay $15,450,000 in sewer system revenue bonds issued in June 2017. Proceeds from the bonds provide funding for construction and maintenance of the wastewater treatment facility. The bonds are payable solely from sewerage customer net revenues are payable through June 2033. No payments have been made as of June 30, 2017.

NOTE 6 – LONG TERM DEBT (CONTINUED)

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2017:

Description and Purpose	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017	Due Within One Year
Primary Government					
Governmental Activities					
Compensated Absences	$ 2,176,388	$ 41,633	$ (900,152)	$ 1,317,869	$ 142,553
Lease Obligations Payable	1,585,990	350,302	(461,274)	1,475,018	335,822
Net pensions obligations	51,170,515	-	(1,685,618)	49,484,897	-
Total Governmental Activities	54,932,893	391,935	(3,047,044)	52,277,784	478,375
Business-type Activities					
Revenue Bonds:					
Major Enterprise Fund					
Parking Fund	1,015,000	-	(85,000)	930,000	90,000
Building Commission	1,405,172	-	(308,146)	1,097,026	156,254
Less: deferred amounts	(86,566)	-	14,026	(72,540)	8,060
Total Revenue Bonds	2,333,606	-	(379,120)	1,954,486	254,314
Compensated Absences	57,214	7,273	-	64,487	27,422
Net Pension Liability	200,041	101,630	-	301,671	
Total Business-type Activities	2,390,820	7,273	(379,120)	2,018,973	281,736
Total Primary Government Long-Term Debt	$ 57,323,713	$399,208	$(3,825,372)	$ 54,296,757	$ 760,111

Description and Purpose	Balance July 1, 2016	Issued	Retired	Balance June 30, 2017	Due Within One Year
Component Unit					
Revenue Bonds:					
Sanitary Board	$11,784,294	$16,841,116	$(1,964,250)	$26,661,160	$ 1,478,540
Stormwater Utility	1,602,065	-	(83,465)	1,518,600	86,752
Less: deferred amounts	(104,150)	-	104,150	-	-
Total Revenue Bonds	13,282,209	16,841,116	(1,943,565)	28,179,760	1,565,292
Lease Obligations Payable	241,554	-	(77,850)	163,704	82,067
Compensated Absences	293,651	8,031	(117,690)	183,992	105,976
Net Pension Liability	503,854	439,728	-	943,582	-
Total Component Unit Long-Term Debt	$14,321,268	$17,288,875	$(2,139,105)	$29,471,038	$ 1,753,335

NOTE 6 – LONG TERM DEBT (CONTINUED)

Additional Debt Disclosure
Outstanding Bonds, Maturity Dates, and Interest Rates

Description and Purpose	Issue Date	Maturity Date	Interest Rate(s)	Original Issue
Primary Government				
Business-type activities				
Parking Revenue Fund (Series 2009A)	9/17/2009	6/15/2014	3.75%	$310,000
Parking Revenue Fund (Series 2009A)	9/17/2009	6/15/2019	4.25%	425,000
Parking Revenue Fund (Series 2009A)	9/17/2009	6/15/2025	4.50%	645,000
Parking Revenue Fund (Series 2009A)	9/17/2009	6/15/2026	4.70%	105,000
Building Commission (Series 2012B)	10/25/2012	11/1/2024	2.86%	1,150,000
Building Commission (Series 2012A)	10/25/2012	3/1/2017	2.86%	967,396
Building Commission (Series 2007)	7/2/2007	7/1/2022	4.43%	850,000
Total				$4,452,396
Component Unit:				
Sanitary Board (Series 1998-A)	3/18/1998	3/1/2020	2.00%	$11,000,000
Sanitary Board (Series 2004-A)	9/29/2004	6/1/2026	2.00%	9,039,000
Sanitary Board (Series 2009-A WV CWSRF Program)	9/18/2009	3/1/1930	2.00%	679,316
Sanitary Board (Series 2009-C WV CWSRF Program)	9/18/2009	9/1/1949	0.00%	1,035,783
Sanitary Board (Series 2015-A)	10/22/2015	6/1/1946	0.50%	3,614,914
Sanitary Board (Series 2017)	6/22/2017	6/1/2020	2.75%	620,000
Sanitary Board (Series 2017)	6/22/2017	6/1/1933	3.35%	14,830,000
Stormwater Utility (Series 2010)	12/15/2010	1/1/1931	3.87%	2,000,000
Total				$42,819,013

NOTE 6 – LONG TERM DEBT (CONTINUED)

The annual debt service requirements to maturity, including principal and interest and administrative fees for bonds payable as of June 30, 2017 are as follows:

	Business-type Activities				Component Unit			
	Parking		Building Commission		Stormwater Utility		Sanitary Board	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest & Fees
2018	$90,000	$41,610	$156,709	$34,340	$86,752	$57,291	$1,478,540	$755,654
2019	90,000	37,785	162,282	28,767	90,170	53,874	1,506,956	756,767
2020	95,000	33,960	168,063	22,986	93,721	50,321	1,968,679	712,225
2021	100,000	29,685	174,059	16,990	97,414	46,629	1,503,128	626,055
2022	105,000	25,185	180,280	10,769	101,251	42,792	1,609,320	587,057
2023-2027	450,000	51,239	255,633	8,929	569,323	150,892	8,158,627	2,228,561
2028-2032	-	-	-	-	479,969	34,913	6,911,728	985,254
2033-2037	-	-	-	-	-	-	2,112,514	157,695
2038-2042	-	-	-	-	-	-	798,930	96,725
2043-2047	-	-	-	-	-	-	552,673	70,495
2048-2052	-	-	-	-	-	-	60,065	11,727
Total	$930,000	$219,464	$1,097,026	$122,781	$1,518,600	$436,712	$26,661,160	$6,988,215

Restricted Assets

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

	Business-type Activities	Component Unit – Beckley Sanitary Board
Revenue bond debt service account	$ 91,024	$ 16,028,407
Revenue bond renewal and replacement account	52,253	509,758
Customer deposits	-	154,360
	$143,277	$ 16,692,525

NOTE 7 – LEASE COMMITMENTS

Capital Leases

The Municipality's outstanding lease agreements include acquisitions of equipment and vehicles at a cost of $2,635,260 and to purchase equipment, software and property for the Sanitary Board at a cost of $430,709. 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 dates.

The debt service for capital leases are:

Year Ending	General Activities		Component Unit	
June 30,	General Fund		Beckley Sanitary Board	
	Principal	Interest	Principal	Interest
2018	$ 335,822	$ 41,782	$ 82,067	$4,761
2019	203,229	37,909	51,900	1,365
2020	207,862	30,759	21,425	432
2021	148,564	24,668	8,312	43
2022	103,821	20,443	-	-
2023-2027	475,720	39,194	-	-
Totals	$1,475,018	$194,755	$163,704	$6,601

Interest rates on capital leases vary from 0% to 9.0144% and are based on the lower of the Municipality's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

Total interest expense on capital leases for the fiscal year ended June 30, 2017, amounted to $60,096, all of which was expensed.

Operating Leases

The government leased certain vehicles and other equipment under noncancelable operating leases. Total costs for such leases approximated $55,676 for the year ended June 30, 2017.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Balances

Generally, outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year, and other miscellaneous receivables/payables between funds.

NOTE 8 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

The following schedule reports internal receivables and payables within the reporting entity at fiscal year-end:

Due To:	Due From: General	Parks and Recreation	Parking Revenue	Sewerage	Stormwater	Capital Reserve	Law Enforcement Investigation	Total
Building Commision	$ -	$ -	$ -	$ -	$ -	$ 25,675	$ -	$ 25,675
General	-	-	3,511	-	-	-	15,386	18,897
Payroll (Part of General Fund)	-	13,049	3,161	57,826	22,492	-	-	96,528
Health Ins	1,400	-	-	-	-	-	-	1,400
Parks	4,238	-	-	-	-	-	-	4,238
Police Fine Trust Fund	43,412	-	-	-	-	-	-	43,412
Sewerage	1,409	-	-	-	132,622	-	-	134,031
Stormwater	-	-	-	77,577	-	-	-	77,577
Wildwood	14,103	-	-	-	-	-	-	14,103
Total	$64,562	$ 13,049	$ 6,672	$135,403	$ 155,114	$ 25,675	$ 15,386	$415,861

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The government-wide statement of activities eliminates transfers as reported with the segregated governmental and business-type activities columns. Only transfers between the two columns appear in this statement.

The following schedule reports transfers and payments within the reporting entity:

Transfers From:	Transfers To: Parks	General	Parking	Total Transfers From
General	$430,000	$ -	$271,384	$ 701,384
Parks	-	193,250	-	193,250
Total Transfers To	$430,000	$193,250	$271,384	$ 894,634

NOTE 9 – FUND BALANCE DETAIL

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

	General Fund	Coal Severance	Nonmajor Funds	Total
Assigned:				
General Government	$ 415,000	$ 85,639	$ 41,240	$ 530,942
Public Safety	42,355	-	132,909	175,264
Capital projects	35,330	-	66,492	101,822
Unassigned	6,785,760	-	-	6,796,697
Total Fund Balances	$7,278,445	$ 85,639	$240,641	$7,604,725

NOTE 10 – 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 Traveler's Insurance and Cincinnati Insurance for umbrella (general liability) insurance for these various risks. The Municipality uses Traveler's Insurance for workers compensation insurance.

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

NOTE 11 – CONTINGENT LIABILITIES

Federal and State Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of applicable funds.

The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

Litigation

The Municipality is the defendant in a number of lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

NOTE 12 – BENEFITS FUNDED BY THE STATE OF WEST VIRGINIA

For the year ended June 30, 2017, the State of West Virginia contributed on behalf contributions of the Municipality's public employees as follows:

Plan	Amount
Policemen's Pension and Relief Fund	$487,562
Firemen's Pension and Relief Fund	428,814
Total	$916,376

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

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS

Policemen's and Firemen's Pension and Relief Funds

Plan Descriptions, Contribution Information, and Funding Policies

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

The Policemen's Pension and Relief Fund (PPRF) provides retirement benefits for substantially all full-time police employees. The Municipality is authorized in accordance with State Code 8-22 to establish and maintain this Plan. Unless otherwise indicated, PPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2016.

The Firemen's Pension and Relief Fund (FPRF) provides retirement benefits for substantially all full-time fire employees. The Municipality is authorized in accordance with State Code 8-22 to establish and maintain this Plan. Unless otherwise indicated, FPRF information in this Note is provided as of the latest actuarial valuation, July 1, 2016.

The investment policies of the PPRF and FPRF are restricted by State Code as detailed in Note 1.D.1. and may be restricted further as determined by the Boards. For additional information related to basis of accounting and reported investment values, see Notes 1.C., 1.D.1. and 4.

Membership of the Plans are as follows:

Group	PPRF	FPRF	Totals
Active Employees	46	39	85
Inactive employees entitled to but not yet receiving benefits	2	-	2
Inactive employees or beneficiaries currently receiving benefits	49	55	104
Total	97	94	191

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

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

	PPRF	FPRF
Determination of contribution requirements	Actuarially determined	Actuarially determined
Employer	Contributes annually an amount which together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the Municipality to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by the State of West Virginia code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary.	Contributes annually an amount which together with contributions from the members and the allocable portion of the State premium tax fund, will be sufficient to meet the normal cost of the fund and amortize any actuarial deficiency over a period of not more than forty years in accordance with West Virginia State code §8-22-10. However, municipalities may utilize an alternative contribution method which allows the Municipality to contribute no less than 107% of the prior year contribution provided the actuary certifies in writing that the fund will be solvent over the next 15 years under this method as authorized by the State of West Virginia code §8-22-20c(1). In no event can the employer contribution be less than the normal cost as determined by the actuary.

	PPRF	FPRF
Plan Members	7% of covered payroll	7% of covered payroll
Period Required to Vest	No vesting occurs. If separation from employment occurs, the member is entitled to a refund of his/her contributions only.	No vesting occurs. If separation from employment occurs, the member is entitled to a refund of his/her contributions only.
Post-Retirement Benefit Increases	Cost of living adjustment after two years of retirement. Adjustment calculated on the first $15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.	Cost of living adjustment after two years of retirement. Adjustment calculated on the first $15,000 of the total annual benefit in the first year and then the cumulative index for the preceding year. The supplemental pension benefit shall not exceed four percent.
Eligibility for Distribution	20 years of credited service or age 65; whichever comes first. Must be at least age 50.	20 years of credited service or age 65; whichever comes first. Must be at least age 50.
Provisions for:		
Disability Benefits	Yes	Yes
Death Benefits	Yes	Yes

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Net Pension Liability
The net pension liabilities were measured as of June 30, 2017, for both plans, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Rate of Return

The total pension liability was determined by an actuarial valuation as of July 1, 2016 for both plans, using the following actuarial assumptions, applied to all periods included in the measurement. The actuarial assumptions used in the valuation were based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014. Additional actuarial assumptions are disclosed in the Required Supplementary Information.

Actuarial Assumptions	Policemen's Pension & Relief Fund	Firemen's Pension & Relief Fund
Inflation rate	2.75%	2.75%
Salary increases	3.75% on average	3.75% on average
Investment rate of return	5.50%	4.50%

Mortality rate was based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Rate of Return

For the year ended June 30, 2017, the annual money-weighted rate of return on the pension plan investments, net of pension plan investment expense was 7.53 percent for the PPRF and 8.75 percent for FPRF. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments will be measured quarterly on a total rate of return basis and will be related to the overall objectives and the market return as evidenced by various market return indices. A complete market cycle (generally 5 years or more) will be used to evaluate investment performance. The pension plans' target asset allocation as of June 30, 2017, are summarized in the following chart:

Investment	PPRF's Target Allocation	PPRF's Long-Term Expected Real Rate of Return	FPRF's Target Allocation	FPRF's Long-term Expected Real Rate of Return
Equities	60.0%	7.50%	60.0%	7.50%
Fixed Income	39.0%	3.00%	39.0%	3.00%
Cash	1.0%	1.25%	1.0%	1.25%
Portfolio		6.92%		6.92%

Net Pension Liability, Reserves and Discount Rate

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

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

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Net Pension Liability, Reserves and Discount Rate

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

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

Net Pension Liability

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

	PPRF	FPRF
Total pension liability	$36,402,396	$49,668,955
Plan fiduciary net position	21,082,534	17,744,129
Net pension liability	$15,319,862	$31,924,826
Plan fiduciary net position as a percentage of the total pension liability	57.92%	35.72%

Discount Rate
The discount rate used to measure the total pension liability was 5.50 percent for PPRF and 4.50 percent for FPRF, and the municipal bond rate of 2.85% for both plans. The projection of cash flows used to determine this single discount rate assumed that the Plan sponsor would make the statutory required contribution as defined by the funding policy. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments, on behalf of current plan members, for all future plan years. Therefore, the single discount rate of 5.50% (PPRF) and 4.50%(FPRF) was applied to all periods of projected benefit payments to determine the total pension liability. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
PPRF's net pension liability	$ 20,954,106	$ 15,319,862	$ 10,794,237
FPRF's net pension liability	$ 39,758,754	$ 31,924,826	$ 25,662,479

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

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2016	$35,661,027	$20,037,138	$15,623,889
Charges for the year:			
Service Cost	932,441	-	932,441
Interest	1,913,373	-	1,913,373
Differences between expected & actual experience	(579,180)	-	(579,180)
Assumption Change	-	-	-
Contributions – employer	-	967,969	(967,969)
Contributions – employee	-	204,974	(204,974)
Net investment income	-	1,409,529	(1,409,529)
Benefit payments	(1,522,138)	(1,522,138)	-
Administrative expenses	6,321	(5,490)	11,811
Refunds	(9,448)	(9,448)	-
Net changes	741,369	1,045,396	304,027
Balances at June 30, 2017	$36,402,396	$21,082,534	$15,319,862

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

	Increase(Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a-b)
Balance at June 30, 2016	$51,230,872	$16,966,940	$34,263,932
Charges for the year:			
Service Cost	1,483,038	-	1,483,038
Interest	1,804,335	-	1,804,335
Differences between expected & actual experience	380,786	-	380,786
Assumption Change	(3,398,993)	-	(3,398,993)
Contributions – employer	-	1,058,279	(1,058,279)
Contributions – employee	-	174,158	(174,158)
Net investment income	-	1,387,931	(1,387,931)
Benefit payments	(1,843,155)	(1,843,155)	-
Administrative expenses	12,072	(24)	12,096
Refunds	-	-	-
Net changes	(1,561,917)	777,189	(2,339,106)
Balances at June 30, 2017	$49,668,955	$17,744,129	$31,924,826

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

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

For the year-ended June 30, 2017, the government recognized the following pension expenses.

	PPRF	FPRF
Pension Expense	$2,554,537	$5,300,849

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

	PPRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ -	$ 811,593
Changes in assumptions	4,771,827	775,095
Net difference between projected and actual investment earnings	242,473	-
Total	$5,014,300	$ 1,586,688

	FPRF	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	$ 361,358	$ 186,604
Changes in assumptions	6,243,908	2,432,916
Net difference between projected and actual investment earnings	-	304,129
Total	$ 6,605,266	$ 2,923,649

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

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

	PPRF
Year Ended June 30,	
2018	$ 992,534
2019	992,536
2020	1,072,321
2021	410,956
2022	(40,735)
Total	$3,427,612

	FPRF
Year Ended June 30,	
2018	$2,879,077
2019	1,476,471
2020	(546,138)
2021	(127,793)
2022	-
Total	$3,681,617

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Pension Trust Fund Statements

	Policemen's Pension and Relief	Firemen's Pension and Relief
Assets		
Cash and deposits	$ 1,202,399	$ 974,481
Investments, at fair value:		
Government securities	2,009,236	1,179,806
Corporate bonds	5,918,530	4,704,008
Corporate stocks	11,360,854	10,303,650
Alternative investments	546,776	546,776
Total investments	19,835,396	16,734,240
Receivables:		
Accounts receivable	44,739	35,408
Total Assets	$ 21,082,534	$ 17,744,129
Liabilities		
Total liabilities	$ -	$ -
Deferred Outflows		
Total deferred outflows of resources	-	-
Deferred Inflows		
Total deferred inflows of resources	-	-
Net Position		
Net position restricted for pension benefits	$ 21,082,534	$ 17,744,129

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

	Policemen's Pension and Relief	Firemen's Pension and Relief
Additions		
Contributions:		
Employer	$ 480,407	$ 629,465
State	487,562	428,814
Employee	204,974	174,158
Receivable	-	-
Total Contributions	1,172,943	1,232,437
Investment Income:		
Net appreciation (depreciation)	193,431	183,038
Net realized gain (loss) on sale or exchange	650,372	657,863
Interest and dividends	591,325	571,141
Other income	44,739	35,408
Investment expense	(70,338)	(59,519)
Net investment income	1,409,529	1,387,931
Total additions	2,582,472	2,620,368
Deductions		
Benefit payments	1,527,604	1,843,155
Pension plan administrative expense	-	-
Refunds	9,448	-
Other	24	24
Total deductions	1,537,076	1,843,179
Payable	-	-
Change in net assets	1,045,396	777,189
Net assets held in trust for pension benefits:		
Beginning of year	20,037,138	16,966,940
End of year	$21,082,534	$17,744,129

Public Employees Retirement System (PERS)
The Municipality of Beckley, West Virginia, participates in a state-wide, cost-sharing, multiple-employer defined benefit plan on behalf of Municipality employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and State appropriations, as necessary.

All of the Municipality's cost-sharing multiple-employer plans are administered by the Consolidated Public Retirement Board (CPRB), which acts as a common investment and administrative agent for all of the participating employers. CPRB issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CPRB website at www.wvretirement.com. The following is a summary of eligibility factors, contribution methods, and benefit provisions:

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Public Employees Retirement System (PERS)	
Eligibility to participate	All Municipality full-time employees, except those covered by other pension plans.
Authority establishing contribution obligations and benefits provisions	State Statute
Tier 1 members' contribution rate	4.5% (Employees hired before July 1, 2015)
Tier 2 members' contribution rate	6.0% (Employees hired after July 1, 2015)
Municipality's contribution rate	12.00%
Period require to vest	Tier 1 - Five Years; Tier 2 – Ten Years
Benefits and eligibility for distribution	Tier 1 – A member who has attained age 60 and has earned 5 years or more of contributing service or age 55 and the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary is the three highest consecutive years in the last 15 times the years of service times 2% equals the annual retirement benefit. Tier 2- Qualification for normal retirement age is 62 with 10 years of services or at least 55 and the sum of his/her age plus years of credited service is equal to or greater than 80. The average salary is the average of the five consecutive highest annual earnings out of the last fifteen years of earnings times the years of service times 2% equals the retirement benefit.
Deferred retirement portion	No
Provisions for:	
Cost of Living	No
Death Benefits	Yes

Public Employees Retirement System (PERS) – Trend Information

Fiscal Year	Annual Pension Cost	Percentage Contributed
2017	457,483	99%
2016	484,469	99%
2015	673,639	99%
2014	750,492	99%
2013	692,999	94%

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

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

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

At June 31, 2017, the Municipality reported the following liabilities for its proportionate share of the net pension liabilities. The Municipality's proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2017, the Municipality reported the following proportions and increases/decreases from its proportion measure as of June 30, 2016.

	PERS
Amount for proportionate share of net pension liability	$ 2,536,123
Percentage for proportionate share of net pension liability – current year	.275930%
Percentage for proportionate share of net pension liability – prior year	.265531%
Increase/(Decrease) % from prior proportion measured	.010399%

For the year ended June 30, 2017, the Municipality recognized the following pension expense:

	Governmental Activities	Business-Type Activities
Pension Expense	$ 415,869	$ 71,614

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in proportionate share percentage	$ 106,420	$ 98,750
Difference between expected and actual experience	200,646	-
Contributions made after measurement date	457,483	-
Net difference between projected and actual investment earnings	756,078	-
Difference in assumptions		151,053
Total	$1,520,627	$249,803

The amount reported as deferred outflows related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year-ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Year Ended June 30:	
2018	$ 131,811
2019	115,286
2020	345,769
2021	220,475
Total	$ 813,640

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2016 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation rate	3.00%
Salary increases	3.35 -6.00%, including inflation
Investment rate of return	7.50%, net of pension plan investment expenses, including inflation
Mortality rates	Healthy Males – 110% of RP – 2000 Healthy-Annuitant table, Scale AA Healthy Females – 101% of RP – 2000 Health-Annuitant table, Scale AA Disabled Males – 96% of RP – 2000 Disabled Annuitant table, Scale AA Disabled Females – 107% of RP- 2000 Disabled Annuitant table, Scale AA

The actuarial assumptions used in the July 1, 2016 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimated of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the following defined benefit plans:

Investment	Long-term Expected Real Rate of Return	Target Asset Allocation
US Equity	7.00%	27.50%
International Equity	7.70%	27.50%
Core Fixed Income	2.70%	7.50%
High Yield	5.50%	7.50%
Real Estate	5.60%	10.00%
Private Equity	9.40%	10.00%
Hedge Funds	4.70%	10.00%
Inflation (CPI)	1.90%	0.00%
		100%

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PLANS (CONTINUED)

Discount rate- The discount rate used to measure the total pension liability was 7.5% from PERS. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that the Municipality contributions to all plans will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 6.50%	Discount Rate 7.50%	1% Increase 8.50%
Municipality's proportionate share of PER's net pension liability	$4,590,794	$2,536,123	$791,178

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

NOTE 14 – CONCENTRATION OF CREDIT RISK

The Sanitary Board is a supplier of sewer services to the residents and businesses of Beckley, West Virginia. The Stormwater Utility fund is a supplier of Stormwater services to residents and businesses in the Beckley area. The Parking Revenue Board provides parking in downtown Beckley and issues parking tickets. The aforementioned charges are provided on a credit basis without requiring any collateral or any other security. Accounts receivable are recorded net of an allowance for bad debts of $108,000 and $147,000 for the Sanitary Board and Stormwater Utility, respectively. Accounts receivable for the Parking Board have been adjusted for all known uncollectible accounts. An allowance for bad debts in this fund has not been set up as the amount is not considered material.

NOTE 15 – TAX ABATEMENTS

The Municipality provides tax abatement through Section 13-329 of their ordinance. Under the ordinance, new businesses within the corporate limits of the city which locate in zone B-3 (Main Street revitalization area), the business entity will be allowed a fifty percent credit against the business and occupation tax liability annually for a period of five consecutive years from the date the entity qualifies for the tax credit. New businesses within the corporate limits of the city which locate in any commercial zone other than B-3, the business entity will be allowed a thirty percent credit against the business and occupation tax annual liability for a period of five consecutive years from the date the entity qualifies for the tax credit. For the fiscal year ended June 30, 2017, the Municipality abated business and occupation taxes totaling $119,739 under this program.

NOTE 16 – DEFERRED COMPENSATION PLAN

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

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

NOTE 17 – PRIOR PERIOD ADJUSTMENT

The June 30, 2016 net position of the Municipality has been restated. The restatement was necessary due to an error in the prior audit General Fund assigned fund balance. There was also an error with the roll forward of the General Fund unassigned fund balance. A summary of the restatement activity at June 30, 2016 is as follows:

	Governmental Activities
Net Position as Previously Reported	$ (26,644,014)
Prior Period Adjustment	(905,528)
Net Position, Restated	$ (25,738,486)

Municipality of Beckley, West Virginia
Schedules of Changes in the Net Pension Liability and Related Ratios
For the Fiscal Year Ended June 30, 2017

	Policemen's Pension and Relief Fund				Firemen's Pension and Relief Fund			
	2017	2016	2015	2014	2017	2016	2015	2014
Total pension liability								
Service cost	$ 932,441	$ 527,526	$ 605,759	$ 566,516	$ 1,483,038	$ 716,515	$ 743,480	$ 691,461
Interest	1,913,373	1,873,424	1,822,041	1,800,224	1,804,335	1,977,837	1,951,130	1,895,401
Difference between expected and actual experience	(579,180)	(367,023)	(240,296)	-	380,786	(413,682)	491,509	-
Assumption changes	-	7,544,910	(1,724,947)	-	(3,398,993)	13,842,099	-	-
Benefits payments, including refunds of member contributions	(1,522,138)	(1,550,422)	(1,548,023)	(1,466,921)	(1,843,155)	(1,787,888)	(1,771,874)	(1,718,937)
Refunds	(9,448)	(11,785)	(25,921)	(13,466)	-	(16,024)	-	-
Other	6,321	-	-	-	12,072	-	-	-
Net change in total pension liability	741,369	8,016,630	(1,111,387)	886,353	(1,561,917)	14,318,857	1,414,245	867,925
Total pension liability-beginning	35,661,027	27,644,397	28,755,784	27,869,431	51,230,872	36,912,015	35,497,770	34,629,845
Total pension liability-ending (a)	$ 36,402,396	35,661,027	27,644,397	28,755,784	$ 49,668,955	51,230,872	36,912,015	35,497,770
Plan fiduciary net position								
Contributions - employer	$ 967,969	893,981	870,447	834,851	1,058,279	999,228	943,850	887,837
Contributions - members	204,974	183,395	163,569	167,926	174,158	167,650	152,499	158,033
Net investment income	1,409,529	993,483	650,402	2,169,818	1,387,931	846,590	590,578	2,047,099
Benefit payments, including refunds of member contributions	(1,522,138)	(1,550,422)	(1,548,023)	(1,466,921)	(1,843,155)	(1,787,888)	(1,771,874)	(1,718,937)
Administrative expenses	(9,448)	(67,149)	(68,325)	(63,349)		(57,301)	(59,002)	(55,411)
Refunds	(24)	(11,785)	(25,921)	(13,466)	-	(16,024)	-	-
Other	(5,466)	-	-	-	(24)	(295)	-	-
Net change in plan fiduciary net position	1,045,396	441,503	42,149	1,628,859	777,189	151,960	(143,949)	1,318,621
Plan fiduciary net position - beginning	20,037,138	19,595,635	19,553,486	17,924,627	16,966,940	16,814,980	16,958,929	15,640,308
Plan fiduciary net position - ending (b)	$ 21,082,534	20,037,138	19,595,635	19,553,486	$ 17,744,129	16,966,940	16,814,980	16,958,929
Net pension liability - ending (a) - (b)	$ 15,319,862	$ 15,623,889	$ 8,048,762	$ 9,202,298	31,924,826	$ 34,263,932	$ 20,097,035	$ 18,538,841
Plan fiduciary net position as a percentage of the total pension liability	42.08%	56.19%	70.88%	68.00%	35.72%	33.12%	45.55%	47.77%
Covered employee payroll	$ 2,217,255	2,352,626	2,202,152	2,076,451	$ 2,080,112	2,265,743	2,075,097	1,957,139
Net pension liability as a percentage of covered employee payroll	690.94%	664.10%	365.50%	443.17%	1534.76%	1512.26%	968.49%	947.24%

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

See accompanying notes to the required supplementary information.

MUNICIPALITY OF BECKLEY, WEST VIRGINIA
SCHEDULE OF INVESTMENT RETURNS AND CONTRIBUTIONS
POLICEMEN'S AND FIREMEN'S PENSION AND RELIEF FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Investment Returns:

	2017	2016	2015	2014
Policemen's Pension and Relief Fund (PPRF)				
Annual money-weighted rate of return, net of investment expenses	7.53%	5.12%	12.10%	12.50%
Firemen's Pension and Relief Fund (FPRF)				
Annual money-weighted rate of return, net of investment expenses	8.75%	5.15%	13.20%	13.50%

Contributions:

Policemen's Pension and Relief Fund (PPRF)				
Actuarially determined contribution (a)	$1,526,595	$1,424,813	$769,449	$908,970
Employer contribution (b)	480,407	448,979	419,606	392,155
State contribution (c)	487,562	445,002	450,841	405,755
Percentage contributed [(b)+(c)]/(a)	63%	63%	113%	88%
Covered payroll (f)	2,217,255	2,352,626	2,202,152	2,076,451
Actual contribution as a percentage of covered payroll [(b) +(c)]/(f)	44%	38%	40%	38%
Firemen's Pension and Relief Fund (FPRF)				
Actuarially determined contribution (a)	$2,253,955	$2,093,433	$1,468,949	$1,398,526
Employer contribution (b)	629,465	588,285	549,799	513,831
State contribution (c)	428,814	410,943	394,051	342,814
Percentage contributed [(b)+(c)]/(a)	47%	48%	64%	61%
Covered payroll (f)	2,080,112	2,265,743	2,075,097	1,957,139
Actual contribution as a percentage of covered payroll [(b) +(c)]/(f)	51%	44%	45%	44%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MUNICIPALITY OF BECKLEY, WEST VIRGINIA
SCHEDULE OF MUNICIPALITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

West Virginia Public Employees' Retirement System

	2016	2015	2014	2013
Municipality's proportion of the net pension liability (asset) (percentage)	0.275930%	0.265531%	0.296122%	0.302538%
Municipality's proportionate share of the net pension liability (asset)	$2,536,123	$1,482,735	$1,092,883	$2,758,026
Municipality's covered payroll	$3,802,282	$3,612,794	$3,974,996	$3,738,593
Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.40%	41.04%	27.49%	73.77%
Plan fiduciary net position as a percentage of the total pension liability	86.11%	91.29%	93.98%	79.70%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

MUNICIPALITY OF BECKLEY, WEST VIRIGINA
SCHEDULE OF CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Public Employees' Retirement System

	2017	2016	2015	2014
Contractually required contribution	$ 457,483	$ 484,469	$ 509,329	$ 574,981
Contributions in relation to contractually required contribution	(457,483)	(484,469)	(509,329)	(574,981)
Contribution deficit (excess)	$ -	$ -	$ -	$ -
Municipality's covered payroll	$3,812,359	$3,802,282	$ 3,612,794	$3,974,996
Contributions as a percentage of covered payroll	11.99%	13.48%	13.92%	14.46%

The amounts presented for each fiscal year were determined as of June 30. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

These amounts include the Municipality's discretely presented Component Unit, Beckley Sanitary Board.

Note A- Significant Actuarial Assumptions

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

	Policemen's Pension & Relief Fund	**Firemen's Pension & Relief Fund**
Valuation Date	7/1/2016	7/1/2016
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percentage-of-Pay	Level Percentage-of-Pay
Amortization Period	30 Years (level Percentage)	30 Years (level Percentage)
Actuarial Asset Valuation Method	Market Value	Market Value
Actuarial Assumptions:		
Investment Rate of Return	5.50%	4.50%
Projected Salary Increases	20.0% with one year of service, 6.5% within two years of service, 3.5% within three years of service, 2.75% within 4 years of service, 2.5% with 5 to 9 years of service, 2.0% with 10 to 29 years of service, 1.25% with 30-34 years of service and 0.00% after 34 years of service.	20.0% with one year of service, 6.5% within two years of service, 3.5% within three years of service, 2.75% within 4 years of service, 2.5% with 5 to 9 years of service, 2.0% with 10 to 29 years of service, 1.25% with 30-34 years of service and 0.00% after 34 years of service.
Post-retirement Benefit Increases	None	Non
Inflation	2.75%	2.75%
Cost of Living Adjustments	2.75% on first $15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years	2.75% on first $15,000 of annual benefit and on the accumulated supplemental pension amounts for prior years
Mortality	Active: RP-2014 Blue Collar Healthy Employee Post-retirement RP-2014 Blue Collar Healthy Annuitant Disabled: RP-14 Blue Collar Healthy Annuitant set forward 4 years	

Note B – Public Employees Retirement System – Cost Sharing Multiple -Employer Plan

Changes to benefit terms – there were no changes in benefit terms for the year-ended June 30, 2017.

Changes to assumptions -there were no changes in assumptions for the year-ended June 30, 2017.

BECKLEY SANITARY BOARD
A COMPONENT UNIT OF THE MUNICIPALITY OF BECKLEY, WEST VIRGINIA
SCHEDULE OF RATE COVENANT COMPLIANCE
FOR THE YEAR ENDED JUNE 30, 2017

Beckley Sanitary Board

The Beckley Sanitary Board is subject to rate covenant compliance associated with the issuance of the Sewerage Series 2017 Bonds. Specifically, the Board must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond documents as follows:

"…the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are Outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2017 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2017 Bonds including the Prior Bonds; provided, that in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2017 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2017 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2017 Bonds."

The following schedule summarizes the provisions for the fiscal year ended June 30, 2017:

Rate Covenant

Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
$2,753,998	$2,125,084	130%	115%

As of June 30, 2017, the Board was in compliance with the provisions of the 2017 revenue bond covenant which requires revenue to be 115% or above the amount of the highest principal payment plus interest due in any given year.

The provisions of the 2017 revenue bond covenant require that assets to be accumulated in restricted accounts for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year.

Stormwater Utility Fund

The Stormwater Utility is subject to rate covenant compliance associated with the issuance of the Series 2017 Bonds. Specifically, the Utility must meet gross revenue targeted percentage and reserve debt requirements as shown in the bond document as follows:

Stormwater Utility Fund (Continued)

"…the Issuer hereby covenants and agrees that the schedule or schedules of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System, to meet the coverage requirements set forth in the Prior Ordinance so long as the Prior Bonds are Outstanding and thereafter, (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 2017 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2017 Bonds including the Prior Bonds; provided, that in the event that, an amount equal to or in excess of the Reserve Requirement is on deposit in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2017 Bonds are funded at least at the requirement therefor, such sum need only equal 110% of the maximum amount required in any year for payment of principal of and interest on the Series 2017 Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with, or subordinate to, the Series 2017 Bonds."

The following schedule summarizes the provisions for the fiscal year ended June 30, 2017:

Rate Covenant

Net Gross Revenues	Maximum Amount Annual Debt Service	Percentage	Percentage Required
$185,522	$144,044	129%	115%

As of June 30, 2017, the Board was in compliance with the provisions of the 2017 revenue bond covenant which requires revenue to be 115% or above the amount of the highest principal payment plus interest due in any given year.

The provisions of the 2017 revenue bond covenant require that assets to be accumulated in restricted accounts for the payment of future debt service. The covenant requires, at a minimum, that an amount equivalent to one-third of the current year's debt service payment be maintained in a revenue account. A reserve account must also be funded with one-tenth of one-twelfth of the highest debt service payment in any given year.

Municipality of Beckley, West Virginia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue - Law Enforcement Investigation Fund	Capital Projects - Capital Reserve Fund	Total Nonmajor Governmental Funds
Assets			
Cash and Cash Equivalents	$ 163,213	$ 66,491	$ 229,704
Due from other Funds	15,386	25,676	41,062
Total Assets	$ 178,599	$ 92,167	$ 270,766
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	$ 30,125	$ -	$ 30,125
Total Liabilities	30,125	-	30,125
Total Deferred Inflows of Resources	-	-	-
Fund Balances			
Assigned	148,474	92,167	240,641
Total Fund Balances	148,474	92,167	240,641
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 178,599	$ 92,167	$ 270,766

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue - Law Enforcement Investigation Fund	Capital Projects - Capital Reserve Fund	Total Nonmajor Governmental Funds
Revenues			
Intergovernmental:			
State	28,070	-	28,070
Interest and Investment Earnings	68	210	278
Total Revenues	28,138	210	28,348
Expenditures			
Current:			
Public Safety	13,371	-	13,371
Total Expenditures	13,371	-	13,371
Excess of Revenues Over (Under) Expenditures	14,767	210	14,977
Net Change in Fund Balances	14,767	210	14,977
Fund Balances Beginning of Year	133,707	91,957	225,664
Fund Balances End of Year	$ 148,474	$ 92,167	$ 240,641

See accompanying notes to the basic financial statements

Municipality of Beckley, West Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursement
U.S. Department of Housing and Urban Development			
Passed through the West Virginia Department of Development:			
Community Development Block Grants	14.218	N/A	$ 268,758
Total U.S. Department of Housing and Urban Development			268,758
U.S. Department of Justice			
Direct from Federal Government:			
Bulletproof Vest Partnership	16.607	N/A	4,974
Beckley City and Raleigh County JAG Project	16.579	N/A	20,723
Passed through the West Virginia Department of Justice:			
Johnny Wall Justice Assistance Grant	16.579	16-JAG-006	20,000
COPS Hiring Program	16.710	N/A	125,000
Total U.S. Department of Justice			170,697
Executive Office of the President			
Direct from Federal Government:			
High Intensity Drug Trafficking Areas Program	95.001	N/A	61,416
Total Executive Office of the President			61,416
U.S. Department of Transportation			
Passed through West Virginia Department of Transportation			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	F17-HS-07-402, F17-HS-09-402 F16-HS-07-402, F16-HS-09-402 F16-HS-14-402	287,336
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	F16-HS-07-410, F16-HS-09-410 F16-HS-14-410	26,938
Safety Belt Performance Grants	20.609	F16-HS-07-406, F17-HS-07-406 F16-HS-15-406, F16-HS-09-406 F16-HS-14-406	30,200
State Traffic Safety Information System Improvement Grants	20.610	F17-HS-09-408,F16-HS-09-408 F16-HS-14-408	148,164
Incentive Grant Program to Increase Motorcyclist Safety	20.612	F17-HS-09-2010,F16-HS-09-2010	1,863
Child Safety and Child Booster Seats Incentive Grants	20.613	F16-HS-09-2011	13,243
National Priority Safety Programs	20.616	F17-HS-07-405b,F17-HS-07-405c F17-HS-07-405d,F17-HS-09-405b F17-HS-09-405d, F16-HS-15-405d F17-HS-15-405b,F17-HS-15-405d F16-HS-09-405b,F16-HS-14-405b F16-HS-07-405b	554,534
Total Highway Safety Cluster			1,062,278
Alcohol Open Container Requirements	20.607	F16-HS-07-154, F16-HS-07-DOHDD F17-HS-07-DOHDD, F16-HS-09-154 F16-HS-14-154AL,F16-HS-14-DOHDD	136,596
Total U.S. Department of Transportation			1,198,874
Total Federal Financial Assistance			$ 1,699,745

Municipality of Beckley, West Virginia
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Municipality of Beckley, West Virginia (the City) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Matching Requirements

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

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

March 27, 2018

City of Beckley
PO Box 2514
Beckley, WV 25802

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **Municipality of Beckley**, West Virginia (the City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 27, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated March 27, 2018.

Purpose of this Report

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

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Marietta, Ohio

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

March 27, 2018

City of Beckley
PO Box 2514
Beckley, WV 25802

To the Members of Council:

Report on Compliance for the Major Federal Program

We have audited the **Municipality of Beckley,** West Virginia (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended June 30, 2017. The *Summary of Audit Results* in the accompanying schedule of audit findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Programs

In our opinion, the City complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

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

Municipality of Beckley, West Virginia
Schedule of Audit Findings
2 CFR § 200.515
For the Year Ended June 30, 2017

1. SUMMARY OF AUDIT RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Highway Safety Cluster CFDA #20.600, 20.601, 20.609, 20.610, 20.612, 20.613, 20.616.
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None.

3. FINDINGS FOR FEDERAL AWARDS

None.