UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year ended September 30, 2016
OR
☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ____________________ to ____________________

Commission File Number: 001-32998

Energy Services of America Corporation

(Exact Name of Registrant as Specified in its Charter)

Delaware	**20-4606266**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification Number)
75 West 3rd Ave., Huntington, West Virginia	**25701**
(Address of Principal Executive Office)	(Zip Code)

(304) 522-3868
(Registrant's Telephone Number including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Class	Name of Each Exchange On Which Registered
None	None

Securities Registered Pursuant to Section 12(g) of the Act:

Common Stock, par value $0.0001 per share
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☐ NO ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES ☐ NO ☒

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☐	Accelerated Filer ☐	Non-Accelerated Filer ☐ (Do not check if a Smaller reporting Company)	Smaller Reporting Company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the Registrant, computed by reference to the closing price on March 31, 2016 was $ 14,171,901.

As of December 15, 2016, there were issued and outstanding 14,839,836 and 14,239,836, respectively, shares of the Registrant's Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

None

Energy Services of America Corporation
Annual Report On Form 10-K
For The Fiscal Year Ended
September 30, 2016

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Forward Looking Statements

Within Energy Services' consolidated financial statements and this Annual Report on Form 10-K, there are included statements reflecting assumptions, expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. You can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as "anticipate," "estimate," "project," "forecast," "may," "will," "should," "could," "expect," "believe," "intend" and other words of similar meaning.

These forward-looking statements are not guarantees of future performance and involve or rely on a number of risks, uncertainties, and assumptions that are difficult to predict or beyond Energy Services' control. Energy Services has based its forward-looking statements on management's beliefs and assumptions based on information available to management at the time the statements are made. Actual outcomes and results may differ materially from what is expressed, implied and forecasted by forward-looking statements and any or all of Energy Services' forward-looking statements may turn out to be wrong. The accuracy of such statements can be affected by inaccurate assumptions and by known or unknown risks and uncertainties.

All of the forward-looking statements, whether written or oral, are expressly qualified by these cautionary statements and any other cautionary statements that may accompany such forward-looking statements or that are otherwise included in this report. In addition, Energy Services does not undertake and expressly disclaims any obligation to update or revise any forward-looking statements to reflect events or circumstances after the date of this report or otherwise.

PART I

ITEM 1. Business

Overview

Energy Services of America Corporation ("Energy Services" or the "Company") was formed in 2006 as a special purpose acquisition corporation, or blank check company. On August 15, 2008, Energy Services completed the acquisitions of S.T. Pipeline, Inc. ("S.T. Pipeline") and C.J. Hughes Construction Company, Inc. ("C.J. Hughes").

Wholly owned subsidiary C.J. Hughes is a general contractor primarily engaged in pipeline construction for utility companies. C.J. Hughes operates primarily in the mid-Atlantic region of the United States. Nitro Electric, Inc. ("Nitro Electric"), a wholly owned subsidiary of C. J. Hughes, is an electrical and mechanical contractor that provides its services to the power, chemical and automotive industries. Nitro Electric operates primarily in the mid-Atlantic region of the United States. Contractors Rental Corporation ("Contractors Rental"), a wholly owned subsidiary of C.J. Hughes provides union building trade employees for projects managed by C.J. Hughes. All of the C.J. Hughes, Nitro Electric, and Contractors Rental production personnel are union members of various related construction trade unions and are subject to collective bargaining agreements that expire at varying time intervals. S.T. Pipeline engaged in the construction of natural gas pipelines for utility companies in various states, mostly in the mid-Atlantic area of the country. On May 14, 2013, the Company liquidated the operation of S.T. Pipeline and realized $1.9 million from the sale of assets. The financial position and results of operations of S.T. Pipeline have been presented as discontinued operations in the accompanying financial statements for all presented periods.

Energy Services is engaged in providing contracting services for energy related companies. Currently Energy Services primarily services the gas, petroleum, power, chemical and automotive industries, though it does some other incidental work such as water and sewer projects. For the gas industry, the Company is primarily engaged in the construction, replacement and repair of natural gas pipelines and storage facilities for utility companies and private natural gas companies. Energy Services is involved in the construction of both interstate and intrastate pipelines, with an emphasis on the latter. For the oil industry, the Company provides a variety of services relating to pipeline, storage facilities and plant work. For the power, chemical, and automotive industries, the Company provides a full range of electrical and mechanical installations and repairs including substation and switchyard services, site preparation, equipment setting, pipe fabrication and installation, packaged buildings, transformers and other ancillary work with regards thereto. Energy Services' other services include liquid pipeline construction, pump station construction, production facility construction, water and sewer pipeline installations, various maintenance and repair services and other services related to pipeline construction. The majority of the Company's customers are located in West Virginia, Virginia, Ohio, Pennsylvania, and Kentucky. The Company builds, but does not own, natural gas pipelines for its customers that are part of both interstate and intrastate pipeline systems that move natural gas from producing regions to consumption regions as well as build and replace gas line services to individual customers of the various utility companies.

Our consolidated operating revenues for the year ended September 30, 2016 were $155.5 million of which 53.2% was attributable to gas & petroleum contract work, 37.8% to electrical and mechanical contract services and 9.0% to water and sewer contract installations and other ancillary services. The Company had consolidated operating revenues of $116.8 million for the year ended September 30, 2015, of which 54.3% was attributable to gas & petroleum contract work, 37.6% to electrical and mechanical contract services, and 8.1% to water and sewer contract installations and other ancillary services.

Energy Services' customers include many of the leading companies in the industries it serves, including:

EQT Corporation
Columbia Gas Distribution
Marathon Petroleum
American Electric Power
Toyota Motor Manufacturing
Bayer Chemical
Dow Chemical
Kentucky American Water
Various state, county and municipal public service districts.

The Company enters into various types of contracts, including competitive unit price, cost-plus (or time and materials basis) and fixed price (lump sum) contracts. The terms of the contracts will vary from job to job and customer to customer though most contracts are on the basis of either unit pricing, in which the Company agrees to do the work for a price per unit of work performed or for a fixed amount for the entire project. Most of the Company's projects are completed within one year of the start of the work. On occasion, the Company's customers will require the posting of performance and/or payment bonds upon execution of the contract, depending upon the nature of the work performed. The Company generally recognizes revenue on unit price and cost-plus contracts when units are completed or services are performed. Fixed price contracts usually result in recording revenues as work on the contract progresses on a percentage of completion basis. Under this accounting method, revenue is recognized based on the percentage of total costs incurred to date in proportion to total estimated costs at completion. Many contracts also include retention provisions under which a percentage of the contract price is withheld until the project is complete and has been accepted by the customer.

Energy Services' sales force consists of industry professionals with significant relevant sales experience, who utilize industry contacts and available public data to determine how to most appropriately market the Company's line of products. The Company relies on direct contact between its sales force and customers' engineering and contracting departments in order to obtain new business.

Seasonality: Fluctuation of Results

Our revenues and results of operations can and usually are subject to seasonal variations. These variations are the result of weather, customer spending patterns, bidding seasons and holidays. The first quarter of the calendar year is typically the slowest in terms of revenues because inclement weather conditions causes delays in production and customers usually do not plan large projects during that time. While usually better than the first quarter, the second calendar year quarter often has some inclement weather which can cause delays in production, reducing the revenues the Company receives and/or increasing the production costs. The third and fourth calendar year quarters usually are less impacted by weather and usually have the largest number of projects underway. Many projects are completed in the fourth calendar year quarter and revenues are often impacted by customers seeking to either spend their capital budget for the year or scale back projects due to capital budget overruns.

In addition to the fluctuations discussed above, the pipeline industry can be highly cyclical, reflecting variances in capital expenditures in proportion to energy price fluctuations. As a result, our volume of business may be adversely affected by where our customers are in the cycle and thereby their financial condition as to their capital needs and access to capital to finance those needs.

Accordingly, our operating results in any particular quarter or year may not be indicative of the results that can be expected for any other quarter or any other year. You should read *"Management's Discussion and Analysis of Financial Condition and Results of Operations-Understanding Gross Margins*" below for discussions of trends and challenges that may affect our financial condition and results of operations.

Forbearance Agreement and Financing Arrangements

On November 28, 2012, the Company entered into a Forbearance Agreement with United Bank, Inc.(West Virginia), Summit Community Bank (West Virginia), and First Guaranty Bank (Louisiana) related to our revolving line of credit and term debt as reported in the Company's November 29, 2012 Form 8-K filing. The Forbearance Agreement, among other things, required the Company to close S.T. Pipeline and dispose of its assets. The Company was also required to prepare recommendations relating to the on-going operations of Nitro Electric, C.J. Hughes, and Contractors Rental, including refinancing, sale or liquidation of the companies by May 31, 2013.

On January 31, 2014, the Company entered into a financing arrangement ("Term Note") with United Bank, Inc. and Summit Community Bank. The financing arrangement is a five year term loan in the amount of $8.8 million. In addition, the Company entered into a separate five year term loan agreement with First Guaranty Bank for $1.6 million. Taken together, the $10.4 million in new financings supersede the prior financing arrangements the Company had with United Bank, Inc. and other lenders. As a result of entering into the new financings, United Bank, Inc. and the other lenders of the Company agreed to terminate their Forbearance Agreement with the Company. This was reported in the Company's February 4, 2014 Form 8-K filing.

On September 16, 2015, the Company entered into a $2.5 million Non-Revolving Note agreement with United Bank, Inc. This six year agreement gave the Company access to a $2.5 million line of credit ("Equipment Line of Credit"), specifically for the purchase of equipment, for the period of one year with an interest rate of 5.0%. After the first year, all borrowings against the Equipment Line of Credit will be converted to a five year term note agreement with an interest rate of 5.0%. At September 30, 2016, the Company had borrowed $2.46 million against this line of credit.

On March 30, 2016, the Company entered into a financing agreement ("Operating Line of Credit (2016)") with United Bank, Inc. to provide the Company with a $15.0 million revolving line of credit. The interest rate on the line of credit is the "Wall Street Journal" Prime Rate (the index) with a floor of 6.0%. The effective date of this agreement was February 27, 2016 and it replaced the $10.0 million revolving line of credit ("Operating Line of Credit (2015)") entered into with United Bank, Inc. on February 27, 2015. The Company paid off all borrowings from the Operating Line of Credit (2015) prior to the expiration date, February 27, 2016, and had borrowed $6.0 million against the Operating Line of Credit (2016) as of September 30, 2016.

Going Concern

Due to the improved financial position at September 30, 2014, the Company successfully resolved the factors that gave rise to Arnett Carbis Toothman's decision to render its "Going Concern" opinion for the years ended September 30, 2013 and 2012. Key factors included: refinancing the bank debt and termination of the Forbearance Agreement, securing the Line of Credit, re-establishing an adequate bonding capacity, reduction of corporate overhead, and increased project profitability.

Backlog/New Business

The Company's backlog represents contracts for services that have been entered into but which have not yet been completed. At September 30, 2016, Energy Services had a backlog of $78.5 million of work to be completed on existing contracts. At September 30, 2015, the Company had a backlog of $71.3 million. Due to the timing of Energy Services' construction contracts and the long-term nature of some of our projects, portions of our backlog work may not be completed in the current fiscal year. Most of the Company's projects can be completed in a short period of time, typically two to five months. Larger projects usually take seven to eighteen months to be completed. As a general rule, work starts shortly after the signing of the contract.

Types of Contracts

Energy Services' contracts are usually awarded on a competitive and negotiated basis. While some contracts may be lump sum or time and material projects, most of the work is bid based upon unit prices for various portions of the work with a total agreed-upon price based on estimated units. The actual revenues produced from the project will be dependent upon how accurate the customer estimates are as to the units of the various items.

Raw Materials and Suppliers

The principal raw materials that the Company and its subsidiaries use are metal plate, structural steel, pipe, wire, fittings and selected engineering equipment such as pumps, valves and compressors. For the most part, the largest portion of these materials are supplied by the customer. The materials that the Company purchases are predominately those of a consumable nature on the job, such as small tools and environmental supplies**.** We anticipate being able to obtain these materials, as well as any raw materials not supplied by our customers, for the foreseeable future.

Industry Factors

Energy Services' revenues, cash flows and earnings are substantially dependent upon, and affected by, the level of natural gas exploration development activity and the levels of work on existing pipelines as well as the level of demand for our electrical and mechanical services. Such activity and the resulting level of demand for pipeline construction and related services and electrical and mechanical services are directly influenced by many factors over which the Company has no control. Such factors include the market prices of natural gas and electricity, market expectations about future prices, the volatility of such prices, the cost of producing and delivering natural gas and electricity, government regulations and trade restrictions, local and international political and economic conditions, the development of alternate energy sources, changes in the tax code that affect the energy industry, and the long-term effects of worldwide energy conservation measures. Energy Services cannot predict the future level of demand for its construction services, future conditions in the pipeline or electrical construction industry or future pipeline and electrical construction rates.

Competition

The pipeline construction industry is a highly competitive business characterized by high capital and maintenance costs. Pipeline contracts are usually awarded through a competitive bid process. The Company believes that operators consider factors such as quality of service, type and location of equipment, or the ability to provide ancillary services. However, price and the ability to complete the project in a timely manner are the primary factors in determining which contractor is awarded a job. There are a number of regional and national competitors that offer services similar to Energy Services. Certain of the Company's competitors have greater financial and human resources than Energy Services, which may enable them to compete more efficiently on the basis of price and technology. The Company's largest competitors are Otis Eastern, Miller Pipeline, Brown Electric, Summit Electric and Apex Pipeline.

Operating Hazards and Insurance

Energy Services' operations are subject to many hazards inherent in the pipeline construction business, including, for example, operating equipment in mountainous terrain, people working in deep trenches and people working in close proximity to large equipment. These hazards could cause personal injury or death, serious damage to or destruction of property and equipment, suspension of drilling operations, or substantial damage to the environment, including damage to producing formations and surrounding areas. Energy Services seeks protection against certain of these risks through insurance, including property casualty insurance on its equipment, commercial general liability and commercial contract indemnity, commercial umbrella and workers' compensation insurance.

The Company's insurance coverage for property damage to its equipment is based on estimates of the cost of comparable used equipment to replace the insured property. There is a deductible per occurrence on equipment of $10,000 and $500 for damage to miscellaneous tools. The Company also maintains third party liability insurance, pollution and professional liability insurance, and a commercial umbrella policy. Energy Services believes that it is adequately insured for public liability and property damage to others with respect to its operations. However, such insurance may not be sufficient to protect Energy Services against liability for all consequences related to its operations.

Government Regulation and Environmental Matters

General. Energy Services' operations are affected from time to time in varying degrees by political developments and federal, state and local laws and regulations. In particular, natural gas production, operations and the profitability of the gas industry are or have been affected by price controls, taxes and other laws relating to the natural gas industry, by changes in such laws and by changes in administrative regulations. Although significant capital expenditures may be required to comply with such laws and regulations, to date, such compliance costs have not had a material adverse effect on the earnings or competitive position of Energy Services. In addition, Energy Services' operations are vulnerable to risks arising from the numerous laws and regulations governing the discharge of materials into the environment or otherwise relating to environmental protection. Energy Services may also be affected by regulations designed to provide benefits to companies engaged in the production of alternative sources of energy, such as solar, wind, and related industries.

Environmental Regulation. Energy Services' activities are subject to existing federal, state and local laws and regulations governing environmental quality, pollution control and the preservation of natural resources. Such laws and regulations concern, among other things, the containment, disposal and recycling of waste materials, and reporting of the storage, use or release of certain chemicals or hazardous substances. Numerous federal and state environmental laws regulate drilling activities and impose liability for discharges of waste or spills, including those in coastal areas. The Company has conducted pipeline construction in or near ecologically sensitive areas, such as wetlands and coastal environments, which are subject to additional regulatory requirements. State and federal legislation also provide special protections to animal and marine life that could be affected by the Company's activities. In general, under various applicable environmental programs, the Company may potentially be subject to regulatory enforcement action in the form of injunctions, cease and desist orders and administrative, civil and criminal penalties for violations of environmental laws. Energy Services may also be subject to liability for natural resource damages and other civil claims arising out of a pollution event. The Company would be responsible for any pollution event that was determined to be caused by its actions. It has insurance that it believes is adequate to cover any such occurrences.

Environmental regulations that affect Energy Services' customers also have an indirect impact on Energy Services. Increasingly stringent environmental regulation of the natural gas industry has led to higher drilling costs and a more difficult and lengthy well permitting process.

The primary environmental statutory and regulatory programs that affect Energy Services' operations include the following: Department of Transportation regulations, regulations set forth by agencies such as the Federal Energy Regulatory Commission and various environmental agencies including the Environmental Protection Agency, and state and local government agencies.

Health and Safety Matters. Energy Services' facilities and operations are also governed by various other laws and regulations, including the federal Occupational Safety and Health Act, relating to worker health and workplace safety. The Occupational Safety and Health Administration has issued the Hazard Communication Standard. This standard applies to all private-sector employers, including the natural gas exploration and producing industry. The Hazard Communication Standard requires that employers assess their chemical hazards, obtain and maintain certain written descriptions of these hazards, develop a hazard communication program and train employees to work safely with the chemicals on site. Failure to comply with the requirements of the standard may result in administrative, civil and criminal penalties. Energy Services believes that appropriate precautions are taken to protect employees and others from harmful exposure to materials handled and managed at its facilities and that it operates in substantial compliance with all Occupational Safety and Health Act regulations. It is not anticipated that Energy Services will be required to make material expenditures by reason of such health and safety laws and regulations.

Research and Development/Intellectual Property

Energy Services has not made any material expenditure for research and development. Energy Services does not own any patents, trademarks or licenses.

Employees

As of September 30, 2016, the Company had approximately 920 employees including management. A number of the Company's employees are represented by trade unions represented by various collective bargaining units.

ITEM 1A. Risk Factors

Our business is subject to a variety of risks and uncertainties, including, but not limited to, the risk and uncertainties described below. The risks and uncertainties described below are not the only ones we may face. Additional risks and uncertainties not known to us or not described below also may impair our business operations. If any of the following risks actually occur, our business financial condition and results of operations could be harmed and we may not be able to achieve our expectations, projections, intentions or beliefs about future events that are intended as "forward-looking statements" under Private Securities Litigation Reform Act of 1995 and should be read in conjunction with the section entitled "Forward looking statements".

Our operating results may vary significantly from quarter to quarter.

We typically experience lower volumes and lower margins during the winter months due to lower demand for our pipeline services and more difficult operating conditions. Also, other items that can materially affect our quarterly results include:

- Adverse weather;
- Variations in the mix of our work in any particular quarter;
- Unfavorable regional, national or global economic and market conditions;
- A reduction in the demand for our services;
- Changes in customer spending patterns and need for the services we provide;
- Unanticipated increases in construction and design costs;
- Timing and volume of work we perform;
- Termination of existing agreements;
- Losses experienced not covered by insurance;
- Payment risks associated with customer financial condition;
- Changes in bonding requirements of agreements;
- Interest rate variations; and
- Changes in accounting pronouncements.

Credit facilities to fund our operations and growth might not be available.

Our business relies heavily on having lines of credit in place to fund the various projects we are working on. Should funding not be available, or on favorable terms, it could severely curtail our operations and the ability to generate profits. Energy Services maintains a banking relationship with two regional banks and has lines of credit and borrowing facilities with these institutions. The Company currently has a $15.0 million line of credit, of which $6.0 million was outstanding at September 30, 2016. The Company believes this line of credit will provide sufficient operating capital for future projects, but the Company cannot guarantee it will always have access to this line of credit in the future depending on the Company’s financial performance.

We have sold Units, each consisting of one share of 6.0% Convertible Perpetual Preferred Stock, Series A and 2,500 shares of Common Stock. If the Preferred Stock is converted to Common Stock, shareholders may experience dilution of their ownership interest.

As of September 30, 2013 the Company sold 140 units in a private placement to accredited investors, with an additional 10 units sold during the fiscal year ended September 30, 2014 for a total of 150 units. As a result of the private placement, an additional 375,000 shares of common stock were outstanding as of September 30, 2016. The Company also issued 56 shares of Preferred Stock to Marshall Reynolds, Chairman of the Board of Directors, in exchange for a debt forgiveness of $1.4 million. Mr. Reynolds did not receive any shares of Common Stock in this transaction. In addition, if the Company elects to allow the holders of the Preferred Stock to choose to convert their Preferred Stock into shares of common stock we would issue an additional 3,433,333 shares of Common Stock, which will result in shareholders experiencing a dilution in their ownership interest.

An economic downturn in the industries we serve could lead to less demand for our services.

In addition to the effects of an economic recession, there could be reductions in the particular industries that the Company serves. If the demand for natural gas should drop dramatically, or the demand for electrical services drops dramatically, these would in turn result in less demand for the Company’s services.

Project delays or cancellations may result in additional costs to us, reductions in revenues or the payment of liquidated damages.

In certain circumstances, we guarantee project completion by a scheduled acceptance date or are paid only upon achievement of certain acceptance and performance testing levels. Failure to meet any of these requirements could result in additional costs or penalties which could exceed the expected project profits.

We may be unsuccessful at generating internal growth.

Our ability to generate internal growth will be affected by our ability to:

- Attract new customers;
- Expand our relationships with existing customers;
- Hire and maintain qualified employees;
- Expand geographically; and
- Adjust quickly to changes in our industry.

Our industry is highly competitive.

Our industry has been and remains competitive with competitors ranging from small owner operated companies to large public companies. Within that group there may be companies with lower overhead costs that may be able to price their services at lower levels than we can. Accordingly, if that occurs, our business opportunities could be severely limited. In addition, our industry competes for energy demand with suppliers of alternative energy sources such as solar and wind.

The type of contracts we obtain could adversely affect our profitability.

We enter into various types of contracts, including fixed price and variable pricing contracts. On fixed price contracts our profits could be curtailed or eliminated by unanticipated pricing increases associated with the contract.

Changes by the government in laws regulating the industries we serve could reduce our sales volumes.

If the government enacts legislation that has a serious impact on the industries we serve, it could lead to the curtailment of capital projects in those industries and therefore lead to lower sales volumes for our Company.

Many of our contracts can be cancelled or delayed or may not be renewed upon completion.

If our customers should cancel or delay many projects, our revenues could be reduced if we are unable to replace these contracts with others. Also, we have contracts that expire and are rebid periodically. If we are unsuccessful in rebidding those contracts, that could reduce our revenue as well.

Our business requires a skilled labor force and if we are unable to attract and retain qualified employees, our ability to maintain our productivity could be impaired.

Our productivity depends upon our ability to employ and maintain skilled personnel to meet our requirements. Should some of our key managers leave the Company, it could limit our productivity. Also, many of our labor personnel are trade union members. Should we encounter labor problems associated with our union employees or if we are unable to employ sufficient available operators, welders, or other skilled labor, our production could be significantly curtailed.

Our backlog may not be realized.

Our backlog could be reduced due to cancellation of projects by customers and/or reductions in scope of the projects. Should this occur, our anticipated revenues would be reduced unless we are able to replace those contracts.

We extend credit to customers for purchases of our services and therefore have risk that they may not be able to repay us.

While we have not had any significant problems with collections of accounts receivables historically, should there be an economic downturn our customers' inability to repay us would be compromised, and this may curtail our operations and ability to operate profitably.

We may incur liabilities or suffer negative financial or reputational harm relating to occupational health and safety matters.

Our operations are subject to extensive laws and regulations relating to the maintenance of safe conditions in the workplace. While we are constantly monitoring our health and safety programs, our industry involves a high degree of operating risk and there can be no assurance given that we will avoid significant liability exposure and/or be precluded from working for various customers due to high incident rates.

Our dependence on suppliers, subcontractors and equipment manufacturers could expose us to risk of loss in our operations.

On certain projects, we rely on suppliers to obtain the necessary materials and subcontractors to perform portions of our services. We also rely on equipment manufacturers to provide us with the equipment needed to conduct our operations. Any limitation on the availability of materials or equipment or failure to complete work on a timely basis by subcontractors in a quality fashion could lead to added costs and therefore lower profitability for the Company.

During the ordinary course of business, we may become subject to lawsuits or indemnity claims, which could materially and adversely affect our business and results of operations.

From time to time, we may in the ordinary course of business be named as a defendant in lawsuits, claims and other legal proceedings. These actions may seek, among other things, compensation for alleged personal injury, worker's compensation, employment discrimination, breach of contract, property damages, civil penalties and other losses of injunctive or declaratory relief. Also, we often indemnify our customers for claims related to the services we provide and actions we take under our contracts with them. Because our services in certain instances may be integral to the operation and performance of our customers' infrastructure, we may become subject to lawsuits or claims for any failure of the systems we work on. While we carry insurance to protect the Company against such claims, the outcomes of any of the lawsuits, claims or legal proceedings could result in significant costs and diversion of management's attention from the business. Payments of significant amounts, even if reserved, could adversely affect our reputation, liquidity and results of operations.

A portion of our business depends on our ability to provide surety bonds. We may be unable to compete on certain projects if we are not able to obtain the necessary surety bonds.

Current or future market conditions, including losses in the construction industry or as a result of large corporate bankruptcies, as well as changes in our surety providers' assessment of our operating and financial risk, could cause our surety providers to decline to issue or renew, or substantially reduce the amount of bonds for our work or could increase our bonding costs. These actions could be taken on short notice. Since a growing number of our customers require such bonding, should our surety providers limit or eliminate our access to bonding, our performance could be negatively impacted if we are unable to replace the bonded business with work that does not require bonding or if we are unable to provide other means of securing the jobs performance such as with letters of credit or cash.

Our failure to comply with environmental laws could result in significant liabilities.

Our operations are subject to various environmental laws and regulations, including those dealing with the handling and disposal of waste products, polychlorinated biphenyls (PCBs) and other hazardous materials, as well as fuel storage. We also work around and under bodies of water. We invest significantly in compliance with the appropriate laws and regulations. However, if we should inadvertently cause contamination of waters or soils, liabilities for our Company relating to cleanup and remediation could be substantial and could exceed any insurance coverage we might have and result in a negative impact to the Company's ability to operate.

ITEM 1B. Unresolved Staff Comments

None.

ITEM 2. Properties

The Company and its subsidiaries own the property where its subsidiaries, C.J. Hughes and Nitro Electric, and the Company's headquarters are located. We maintain our executive offices at 75 West 3rd Ave., Huntington, West Virginia 25701, which is also the office of C.J. Hughes. Nitro Electric's office is located at 4300 1st Ave., Nitro, WV 25143. The Company's management believes that its properties are adequate for the business it conducts.

ITEM 3. Legal Proceedings

At September 30, 2016, the Company was not involved in any legal proceedings other than in the ordinary course of business. The outcome of any proceedings would not be material to our financial condition or results of operations.

ITEM 4. Mine Safety Disclosures

None.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's stock is quoted under the symbol "ESOA" and transactions in the stock are reported on the OTC QB marketplace.

The following table sets forth the range of high and low sales prices for common stock during each of the last two fiscal years and is based on information by OTC QB. The high and low "bid price", as required to be disclosed by Regulation S-K, was not available for certain periods because either these were not two-sided quotes by market makers or there was only one market maker with a two-sided quote. Over the counter market quotations reflect inter-dealer prices, without retail mark-up, markdown or commission and may not necessarily represent actual transactions.

Common Stock

Fiscal 2015	**High**	**Low**	**Dividends**
Quarter ended December 31, 2014	$ 2.00	$ 1.00	$ —
Quarter ended March 31, 2015	1.40	0.95	—
Quarter ended June 30, 2015	1.30	1.06	—
Quarter ended September 30, 2015	1.25	0.97	—

Fiscal 2016	High	Low	Dividends
Quarter ended December 31, 2015	$ 1.40	$ 1.02	$ —
Quarter ended March 31, 2016	1.90	1.15	—
Quarter ended June 30, 2016	1.70	1.25	0.05
Quarter ended September 30, 2016	1.62	1.30	—

As of September 30, 2016, there were 19 holders of record of our common stock. Certain shares of the Company's common stock are held in "nominee" or "street" name and accordingly the number of beneficial owners of common stock is not included in the number of record holders.

There was a $0.05 special dividend paid on 13,907,340 common shares during fiscal year 2016 for a total of $695,367. The dividend payment did not include 332,496 common shares that are part of preferred units. The payment of cash dividends in the future will be contingent upon our revenues and earnings, if any, capital requirements and general financial condition. While the Company does anticipate declaring dividends annually, the payment of any dividends will be within the discretion of our board of directors.

The Company did not repurchase any shares of its common stock during the fourth fiscal quarter of 2016.

ITEM 6. Selected Financial Data

Not required for smaller reporting companies.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of the financial condition and results of operations of Energy Services in conjunction with the historical financial statements and related notes contained elsewhere herein. Among other things, those historical consolidated financial statements include more detailed information regarding the basis of presentation for the following information.

Understanding Gross Margins

Our gross margin is gross profit expressed as a percentage of revenues. Cost of revenues consists primarily of salaries, wages and some benefits to employees, depreciation, fuel and other equipment costs, equipment rentals, subcontracted services, portions of insurance, facilities expense, materials and parts and supplies. Factors affecting gross margin include:

Seasonal. As discussed above, seasonal patterns can have a significant impact on gross margins. Usually, business is slower in the winter months versus the warmer months.

Weather. Adverse or favorable weather conditions can impact gross margin in a given period. Periods of wet weather, snow or rainfall, as well as severe temperature extremes can severely impact production and therefore negatively impact revenues and margins. Conversely, periods of dry weather with moderate temperatures can positively impact revenues and margins due to the opportunity for increased production and efficiencies.

Revenue Mix. The mix of revenues between customer types and types of work for various customers will impact gross margins. Some projects will have greater margins while others that are extremely competitive in bidding may have narrower margins.

Service and Maintenance versus Installation. In general, installation work has a higher gross margin than maintenance work. This is due to the fact that installation work usually is of a fixed price nature and therefore has higher risks involved. Accordingly, a higher portion of the revenue mix from installation work typically will result in higher margins.

Subcontract Work. Work that is subcontracted to other service providers generally has lower gross margins. Increases in subcontract work as a percentage of total revenues in a given period may contribute to a decrease in gross margin.

Materials versus Labor. Typically materials supplied on projects have lower margins than labor. Accordingly, projects with a higher material cost in relation to the entire job will have a lower overall margin.

Depreciation. Depreciation is included in our cost of revenue. This is a common practice in our industry, but can make comparability to other companies difficult.

Margin Risk. Failure to properly execute a job including failure to properly manage and supervise a job could decrease the profit margin.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist primarily of compensation and related benefits to management, administrative salaries and benefits, marketing, communications, office and utility costs, professional fees, bad debt expense, letter of credit fees, general liability insurance and miscellaneous other expenses.

Results of Operations for the Year Ended September 30, 2016 Compared to the Year Ended September 30, 2015

Revenues. Revenues on continuing operations increased by $38.7 million or 33.1% to $155.5 million for the year ended September 30, 2016 from $116.8 million for the year ended September 30, 2015. The increase was primarily attributable to a $19.3 million revenue increase in petroleum and gas work, a $14.9 million revenue increase in electrical and mechanical services, and a $4.5 million revenue increase in water and sewer projects and other ancillary services. There were no revenues from discontinued operations for fiscal years 2016 and 2015.

Cost of Revenues. Cost of revenues on continuing operations increased by $35.4 million or 33.4% to $141.3 million for the year ended September 30, 2016 from $105.9 million for the year ended September 30, 2015. The increase was primarily attributable to a $18.3 million cost increase in petroleum and gas work, a $13.9 million cost increase in electrical and mechanical services, a $2.9 million cost increase in water and sewer projects and other ancillary services, and a $285,000 cost increase in equipment and tool shop operations not allocated to projects. There was no cost of revenues from discontinued operations for fiscal years 2016 and 2015.

Gross Profit. Gross profits on continuing operations increased by $3.3 million or 30.7% to $14.2 million for the year ended September 30, 2016 from $10.9 million for the year ended September 30, 2015. The increase was primarily attributable to a $1.0 million gross profit increase in petroleum and gas work, a $1.0 million gross profit increase in electrical and mechanical services, and a $1.6 million gross profit increase in water and sewer projects and other ancillary services, partially offset by a $285,000 cost increase in equipment and tool shop operations not allocated to projects. The gross profit percentage was 9.1% for the year ended September 30, 2016 and 9.3% for the year ended September 30, 2015. There was no gross profit on discontinued operations for fiscal years 2016 and 2015.

Selling, general and administrative expenses. Selling, general and administrative expenses on continuing operations increased by $709,000 or 10.8% to $7.3 million for the year ended September 30, 2016 from $6.6 million for the year ended September 30, 2015. The increase was primarily due to additional salary and burden expense needed to bid and manage projects. There was no selling, general and administrative expense on discontinued operations for fiscal years 2016 and 2015.

Income from operations. Income from operations increased by $2.6 million or 61.3% to $6.9 million for the year ended September 30, 2016 from $4.3 million for the year ended September 30, 2015. The increase was due to the items mentioned above. There was no income from discontinued operations for fiscal years 2016 and 2015.

Interest Expense. Interest expense increased by $114,000 or 15.0% to $875,000 for the year ended September 30, 2016 from $761,000 for the year ended September 30, 2015. This increase was due to increased operating line of credit borrowings during fiscal year 2016 as compared to borrowings during fiscal year 2015 and interest on purchases made against the Equipment Line of Credit discussed below.

Income Tax Expense. Income from continuing operations before income tax expense was $6.1 million for fiscal year 2016, compared to $3.7 million for fiscal year 2015. Income tax expense for fiscal year 2016 was $2.9 million compared to income tax expense of $1.6 million for fiscal year 2015.

The effective tax rate for fiscal year 2016 was 47.2% as compared to 43.0% for fiscal year 2015. The increase in the effect tax rate was due to an estimated $342,000 reduction in the net operating loss carry forward when comparing the September 30, 2015 federal return, filed in June 2016, to the fiscal year 2015 estimated tax entry. The net operating loss carry forward after the federal income tax return was $844,000 as compared to $1.2 million in the fiscal year 2015 income tax estimate. The variance was created by bonus depreciation on building and property purchases that was used to incorrectly calculate the fiscal year 2015 estimated tax entry. This did not result in any additional income tax owed for fiscal year 2015.

There was no income from discontinued operations for fiscal year 2016 as compared to net income from discontinued operations of $26,000 for fiscal year 2015, which was the result of estimated tax benefits.

Net Income Available to Common Shareholders. The net income available to common shareholders after $309,000 in dividends on preferred shares was $2.9 million for the year ended September 30, 2016 compared to $1.8 million for the year ended September 30, 2015. The increase was due to the items mentioned above.

Comparison of Financial Condition at September 30, 2016 Compared to September 30, 2015.

The Company had total assets of $56.4 million at September 30, 2016, an increase of $9.6 million from the prior fiscal year end balance of $46.8 million. Some primary components of the balance sheet were accounts receivable which totaled $24.1 million at September 30, 2016, an increase of $2.8 million from the prior year end balance of $21.3 million, and retainages receivable of $5.8 million at September 30, 2016, an increase of $2.5 million from $3.3 million at September 30, 2015. These increases were primarily due to several major projects in progress at September 30, 2016 that resulted in increased billings to customers. Estimated earnings in excess of billings was $6.0 million at September 30, 2016, a decrease of $700,000 from the prior year end balance of $6.7 million. This decrease was due to improved billings on projects. Other major categories of assets at September 30, 2016 included cash and cash equivalents of $3.8 million, an increase of $2.3 million from the prior year end balance of $1.5 million as well as net fixed assets of $12.7 million at September 30, 2016, an increase of $4.3 million from the prior year end balance of $8.4 million. This increase in net fixed assets was primarily due to $7.0 million in acquisitions of vehicles, construction equipment, and a fabrication shop offset by $2.5 million in depreciation.

Liabilities totaled $33.9 million at September 30, 2016, an increase of $7.4 million from the prior year end balance of $26.5 million. Current maturities of long-term debt increased by $491,000 to $2.9 million at September 30, 2016 from $2.4 million at September 30, 2015. Line of credit and short term borrowings increased by $1.7 million to $6.2 million at September 30, 2016 from $4.5 million at September 30, 2015. In total, short-term debt increased by $2.2 million to $9.1 million at September 30, 2016 from $6.9 million at September 30, 2015 primarily due to increased borrowings from the Company's line of credit and borrowing for construction equipment purchases and purchase of a fabrication shop. Long–term debt increased by $588,000 to $7.4 million at September 30, 2016 from $6.8 million at September 30, 2015. Overall, the long-term and short-term debt of the Company increased by $2.8 million during the year to $16.5 million at September 30, 2016 from $13.7 million at September 30, 2015. Accounts payable and accrued expenses increased by $2.9 million to $10.9 million at September 30, 2016 from $8.0 million at September 30, 2015. This increase was primarily due to increased labor, material, and equipment rental expenses associated with several major projects in progress at September 30, 2016.

Shareholders' equity was $22.5 million at September 30, 2016, an increase of $2.2 million from the prior year end balance of $20.3 million. This increase was primarily due to the $2.9 million net income available to common shareholders generated by the Company in fiscal year 2016, which was partially offset by $695,000 in dividends paid on common stock.

Liquidity and Capital Resources

Indebtedness

On January 31, 2014, the Company entered into a financing arrangement with United Bank, Inc. (West Virginia) and Summit Community Bank (West Virginia). The financing arrangement is a five year term loan in the amount of $8.8 million and bears interest at an annual rate of 6.50%. In addition, the Company entered into a separate five year term loan agreement with First Guaranty Bank (Louisiana) for $1.6 million and bears interest at an annual rate of 3.55%. Taken together, the $10.4 million in new financings supersedes the prior financing arrangements the Company had with United Bank as well as the other lenders. As a result of entering into the new financings, United Bank and the other lenders of the Company agreed to terminate their Forbearance Agreement with the Company. This was reported in the Company's February 4, 2014 Form 8-K filing.

Under the terms of the financing agreement reached January 31, 2014, the Company must meet the following loan covenants:

1. Minimum tangible net worth of $10.0 million to be measured quarterly
2. Minimum traditional debt service coverage of 1.50x to be measured quarterly on a rolling twelve month basis
3. Minimum current ratio of 1.30x to be measured quarterly
4. Maximum debt to tangible net worth ratio ("TNW") to be measured semi-annually on the following basis:

Date	Debt to TNW
6/30/2016	1.50x
Thereafter	1.50x

On July 31, 2014, the bank group modified the calculation of the debt service coverage covenant in the loan agreement so that the Company is required to maintain a minimum debt service coverage ratio of no less than 1.50 to 1.0x tested quarterly, as of the end of each fiscal quarter, based upon the preceding four quarters. Debt service coverage will be defined as the ratio of cash flow (net income plus depreciation, amortization and interest expense, plus or minus one-time/non-recurring income and expenses (determined at the bank group's sole discretion)) divided by the annualized debt service requirements on the Company's senior secured term debt (post refinance), actual interest paid on the Company's senior secured revolving credit facility and the annualized payments on any other debt outstanding.

This modification applied as of June 30, 2014, as well as for future periods. The Company is in compliance with or has obtained a waiver for all loan covenants as of September 30, 2016.

On December 16, 2014, the Company's Nitro Electric subsidiary entered into a 20 year $1.2 million loan agreement with First Bank of Charleston, Inc. (West Virginia) to purchase the office building and property it had previously been leasing for $6,300 monthly. The interest rate on the new loan agreement is 4.75% with monthly payments of $7,800.

On September 16, 2015, the Company entered into a $1.2 million 41 month term note agreement with United Bank, Inc. to refinance the five year term note agreement with First Guaranty Bank. The agreement has an interest rate of 5.0% and is subject to the terms of the January 31, 2014 Term Note agreement discussed above.

Also on September 16, 2015, the Company entered into a $2.5 million Non-Revolving Note agreement with United Bank, Inc. This six year agreement gave the Company access to a $2.5 million line of credit ("Equipment Line of Credit"), specifically for the purchase of equipment, for the period of one year with an interest rate of 5.0%. After the first year, all borrowings against the Equipment Line of Credit will be converted to a five year term note agreement with an interest rate of 5.0%. This agreement is subject to the terms of the January 31, 2014 Term Note agreement discussed above. At September 30, 2016, the Company had borrowed $2.46 million against this line of credit.

On November 13, 2015, the Company entered into a 10 year $1.1 million loan agreement with United Bank, Inc. to purchase the fabrication shop and property Nitro Electric had previously been leasing for $12,900 monthly. The interest rate on the new loan agreement is 5.0% with monthly payments of $11,500.

As of September 30, 2016, the Company had $3.8 million in cash and working capital of $19.0 million. The maturities of long-term and short-term debt, which includes line of credit borrowings, term notes payable to banks, and notes payable on various equipment purchases, were as follows:

2017	$	9,100,841
2018		3,033,842
2019		1,526,427
2020		688,627
2021		703,461
Thereafter		1,437,742
	$	16,490,940

Operating Line of Credit

On March 30, 2016, the Company entered into a financing agreement (“Operating Line of Credit (2016)”) with United Bank, Inc. to provide the Company with a $15.0 million revolving line of credit. The effective date of this agreement was February 27, 2016 and it replaced the $10.0 million revolving line of credit (“Operating Line of Credit (2015)”) entered into with United Bank, Inc. on February 27, 2015. The Company paid off all borrowings from the Operating Line of Credit (2015) prior to the expiration date, February 27, 2016, and had borrowed $6.0 million against the Operating Line of Credit (2016) as of September 30, 2016.

The interest rate on the Operating Line of Credit (2016), which expires on February 27, 2017, is the “Wall Street Journal” Prime Rate (the index) with a floor of 6.0%. Cash available under the line is calculated based on 70.0% of the Company’s eligible accounts receivable. Major items excluded from the calculation are receivables from bonded jobs and retainage as well as items greater than 90 days old.

Under the terms of the agreement, the Company must meet the following loan covenants to access the first $12.5 million:

1. Minimum tangible net worth of $17.0 million to be measured quarterly
2. Minimum traditional debt service coverage of 1.50x to be measured quarterly on a rolling twelve month basis
3. Minimum current ratio of 1.50x to be measured quarterly
4. Maximum debt to tangible net worth ratio (“TNW”) of 1.50x to be measured semi-annually.

Under the terms of the agreement, the Company must meet the following additional requirements for draw requests causing the borrowings to exceed $12.5 million:

1. Minimum tangible net worth of $19.0 million to be measured quarterly
2. Minimum traditional debt service coverage of 2.0x to be measured quarterly on a rolling twelve-month basis
3. Full review of accounts receivable aging report and work in progress. The results of the review shall be satisfactory to the lender in its sole and unfettered discretion.

The Company was in compliance with or has obtained a waiver for all covenants and additional requirements for the $15.0 million Operating Line of Credit (2016) at September 30, 2016.

Off-Balance Sheet Transactions

Due to the nature of our industry, we often enter into certain off-balance sheet arrangements in the ordinary course of business that result in risks not directly reflected in our balance sheets. Though for the most part not material in nature, some of these are:

Leases

Our work often requires us to lease various facilities, equipment and vehicles. These leases usually are short term in nature, one year or less though at times we may enter into longer term leases when warranted. By leasing equipment, vehicles and facilities, we are able to reduce our capital outlay requirements for equipment, vehicles and facilities that we may only need for short periods of time.

Letters of Credit

Certain of our customers or vendors may require letters of credit to secure payments that the vendors are making on our behalf or to secure payments to subcontractors, vendors, etc. on various customer projects. At September 30, 2016, the Company did not have any outstanding letters of credit.

Performance Bonds

Some customers, particularly new ones or governmental agencies, require the Company to post bid bonds, performance bonds and payment bonds (collectively, performance bonds). These bonds are obtained through insurance carriers and guarantee to the customer that we will perform under the terms of a contract and that we will pay subcontractors and vendors. If the Company fails to perform under a contract or to pay subcontractors and vendors, the customer may demand that the insurer make payments or provide services under the bond. The Company must reimburse the insurer for any expenses or outlays it is required to make.

In February 2014, the Company entered into an agreement with a surety company to provide bonding which will suit the Company's immediate needs. The ability to obtain bonding for future contracts is an important factor in the contracting industry with respect to the type and amount of contracts that can be bid.

Depending upon the size and conditions of a particular contract, the Company may be required to post letters of credit or other collateral in favor of the insurer. Posting of these letters or other collateral will reduce our borrowing capabilities. The Company does not anticipate any claims in the foreseeable future. At September 30, 2016, the Company had $14.9 million in performance bonds outstanding.

Concentration of Credit Risk

In the ordinary course of business the Company grants credit under normal payment terms, generally without collateral, to our customers, which include natural gas and oil companies, general contractors, and various commercial and industrial customers located within the United States. Consequently, the Company is subject to potential credit risk related to business and economic factors that would affect these companies. However, the Company generally has certain statutory lien rights with respect to services provided. Under certain circumstances such as foreclosure, the Company may take title to the underlying assets in lieu of cash in settlement of receivables.

The Company had two customers that exceeded 10.0% of revenues for the year ended September 30, 2016. The two customers, Marathon Petroleum and EQT, represented 18.2% and 17.6% of revenues and 40.6% and 11.3% of receivables net of retention, respectively. The Company had two customers that exceeded 10.0% of revenues for the year ended September 30, 2015. These two customers, Marathon Petroleum and Rice Energy, represented 14.6% and 22.8% of revenues and 14.5% and 32.6% of receivables net of retention, respectively.

The Company's consolidated operating revenues for the year ended September 30, 2016 were $155.5 million of which 53.2% was attributable to gas and petroleum contract work, 37.8% to electrical and mechanical contract services and 9.0% to water and sewer contract installations and other ancillary services. The Company's consolidated operating revenues for the year ended September 30, 2015 were $116.8 million of which 54.3% was attributable to gas and petroleum contract work, 37.6% to electrical and mechanical contract services and 8.1% to water and sewer contract installations and other ancillary services.

Litigation

The Company is a party from time to time to various lawsuits, claims and other legal proceedings that arise in the ordinary course of business. These actions typically seek, among other things, compensation for alleged personal injury, breach of contract and/or property damages, punitive damages, civil penalties or other losses, or injunctive or declaratory relief. With respect to all such lawsuits, claims, and proceedings, we record reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. At September 30, 2016, the Company does not believe that any of these proceedings, separately or in aggregate, would be expected to have a material adverse effect on our financial position, results of operations or cash flows.

Related Party Transactions

In the normal course of business, the Company enters into transactions from time to time with related parties. These transactions typically would not be material in nature and would usually relate to real estate, vehicle or equipment rentals.

Inflation

Due to relatively low levels of inflation during the years ended September 30, 2016 and 2015, inflation did not have a significant effect on our results.

New Accounting Pronouncements

In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. In June 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers“(“ASU 2014-09”). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates a Topic 606 Revenue from Contracts with Customers. With the amendments in ASU 2015-14, ASU 2014-09 will be effective for the Company beginning after December 15, 2017, including interim periods. The Company expects that the adoption of ASU 2014-09 will not have a material impact on its financial statements or disclosure.

In November 2015, the FASB issued ASU 2015-17, “Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes”. ASU 2015-17 is effective for public business entities for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. ASU 2015-17 eliminates the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. The Company expects that the adoption of ASU 2015-17 will not have a material impact on its financial statements or disclosure.

Critical Accounting Policies

The discussion and analysis of the Company’s financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities known to exist at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period. We evaluate our estimates on an ongoing basis, based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. There can be no assurance that actual results will not differ from those estimates. Management believes the following accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

Income Taxes

The Company and all subsidiaries file a consolidated federal and various state income tax returns on a fiscal year basis. With few exceptions, the Company is no longer subject to U.S. federal, state, or local income tax examinations for years ending prior to September 30, 2009.

The Company follows the liability method of accounting for income taxes in accordance with the Income Taxes topic of the ASC 740. Under this method, deferred tax assets and liabilities are recorded for future tax consequences of temporary differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the underlying assets or liabilities are recovered or settled. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a portion of the deferred tax asset will not be realized. GAAP prescribes a comprehensive model for how companies should recognize, measure, present and disclose in their financial statements uncertain tax positions taken or to be taken on a tax return.

Goodwill

In the quarter ended September 30, 2012, the Company recorded a goodwill impairment charge of $36.9 million, which represented the entire amount of goodwill carried on the Company's balance sheet. The goodwill impairment test indicated that there was no residual goodwill of the Company. The Company had determined that its operating units meet the criteria for aggregation and could be deemed a single reporting unit because of their similar economic characteristics. Therefore, the goodwill impairment test was conducted at the Company level. See Note 4 of the Notes to the Consolidated Financial Statements.

Revenue Recognition

Revenues from fixed price contracts are recognized using the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs at completion. These contracts provide for a fixed amount of revenues for the entire project. Such contracts provide that the customer accept completion of progress to date and compensate us the services rendered, measured in terms of units installed, hours expended or some other measure of progress. Contract costs include all direct material, labor and subcontract costs and those indirect costs related to contract performance, such as indirect labor, tools and expendables. The cost estimates are based on the professional knowledge and experience of the Company's engineers, project managers and financial professionals. Changes in job performance, job conditions, and others all affect the total estimated costs at completion. The effects of these changes are recognized in the period in which they occur. Provisions for the total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The current asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed for fixed price contracts. The current liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized for fixed price contracts. Revenue on all costs plus and time and material contracts are recognized when services are performed or when units are completed.

Claims

Claims are amounts in excess of the agreed contract price that a contractor seeks to collect from customers or others for customer-caused delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. The Company records revenue on claims that have a high probability of success. Revenue from a claim is recorded only to the extent that contract costs relating to the claim have been incurred.

Self Insurance

The Company has its workers' compensation, general liability and auto insurance through a captive insurance company. While the Company believes that this arrangement has been very beneficial in reducing and stabilizing insurance costs the Company does have to maintain a restricted cash account to guarantee payments of premiums. That restricted account had a balance of $1.6 million as of September 30, 2016. Should the captive insurance company experience severe losses over an extended period, it could have a detrimental effect on the Company.

Current and Non-Current Accounts Receivable and Provision for Doubtful Accounts

The Company provides an allowance for doubtful accounts when collection of an account is considered doubtful. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates relating to, among others, our customers' access to capital, our customers' willingness or ability to pay, general economic conditions and the ongoing relationship with the customers. While most of our customers are large well capitalized companies, should they experience material changes in their revenues and cash flows or incur other difficulties and not be able to pay the amounts owed, this could cause reduced cash flows and losses in excess of our current reserves. At September 30, 2016, the management review deemed that the allowance for doubtful accounts was adequate.

ITEM 7A. Quantitative and Qualitative Disclosures about Market Risk

Not required for smaller reporting companies.

ITEM 8. Financial Statements and Supplementary Data

Financial Statements are included at page F-1 of this Annual Report on Form 10-K.

ITEM 9. Changes In and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in the reports that Energy Services files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

(b) Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting refers to the process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer, and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has used the framework set forth in the report entitled "Internal Control–Integrated Framework 2013" published by the Committee of Sponsoring Organizations of the Treadway Commission to evaluate the effectiveness of the Company's internal control over financial reporting. Management has not indentified any material weakness in the Company's internal control over financial reporting. Management has concluded that the Company's internal control over financial reporting was effective as of the end of the most recent fiscal year.

This Annual Report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to rules of the SEC that permit the Company to provide only Management's report in this Annual Report.

(c) Changes in Internal Controls over Financial Reporting

There has been no change in Energy Services of America Corporation's internal control over financial reporting during Energy Services of America Corporation's fourth quarter of fiscal year 2016 that has materially affected, or is reasonably likely to materially affect, Energy Services of America Corporation's internal control over financial reporting.

ITEM 9B. Other Information

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The principal occupation during the past five years of each director and executive officer is set forth below. All directors and executive officers have held their present positions since our inception in 2006 unless otherwise stated.

Marshall T. Reynolds has served as Chairman of the Board of Directors since our inception. Mr. Reynolds has served as Chief Executive Officer and Chairman of the Board Directors of Champion Industries, Inc., a commercial printer, business form manufacturer and supplier of office products and furniture, from 1992 to the present, and sole stockholder from 1972 to 1993; President and General Manager of The Harrah and Reynolds Corporation, from 1964 (and sole stockholder since 1972) to present; Chairman of the Board of Directors of the Pullman Plaza Hotel in Huntington, West Virginia; and Chairman of the Board of Directors of McCorkle Machine and Engineering Company in Huntington, West Virginia. Mr. Reynolds is also Chairman of the Board of Directors of First Guaranty Bancshares, Inc., in Hammond, Louisiana; and Chairman of the Board of Directors of Premier Financial Bancorp, Inc., in Huntington, West Virginia and a director of Summit State Bank in Santa Rosa, CA since December 1998. Mr. Reynolds is the father of Jack M. Reynolds and Douglas V. Reynolds. Mr. Reynolds varied career as a business leader and experience in a number of industries qualifies him to be on the Board of Directors.

Douglas V. Reynolds was appointed President and Chief Executive Officer of the Company on December 6, 2012, and has served as a Director since 2008. Mr. Reynolds is an attorney for Reynolds & Brown, PLLC. Mr. Reynolds is the President of the Transylvania Corporation and a director of The Harrah and Reynolds Corporation. Mr. Reynolds is a graduate of Duke University and holds a law degree from West Virginia University. Mr. Reynolds is the son of Director Marshall T. Reynolds and brother of Jack M. Reynolds. Mr. Reynolds' varied experience and senior management roles with other companies make Mr. Reynolds a valuable member of the Board.

Jack M. Reynolds served as President and Chief Financial Officer from our inception until September 2008 and has been a member of our Board of Directors since our inception. Mr. Reynolds has been a Vice President of Pritchard Electric Company since 1998. Pritchard is an electrical contractor providing electrical services to both utility companies as well as private industries. Mr. Reynolds also serves as a Director of Citizens Deposit Bank of Vanceburg, Kentucky. Mr. Reynolds is the son of Marshall T. Reynolds and the brother of Douglas V. Reynolds. Mr. Reynolds lengthy service at Pritchard Electric and knowledge of the contracting industry provides hands on expertise to the Board of Directors.

Neal W. Scaggs has been a Director since our inception. Mr. Scaggs has been president of Basiden Brothers, Inc. (retail and wholesale hardware) from 1963 to the present. Mr. Scaggs is on the Boards of Directors of Premier Financial Bancorp, Inc. and Champion Industries, Inc. Mr. Scaggs also serves as Chairman of the Board of Directors of Bucane, Inc. Mr. Scaggs business experience in sales, marketing and capital markets provides a broad business perspective to the Board of Directors.

Joseph L. Williams has been a Director since our inception. Mr. Williams is the Chairman and Chief Executive Officer of Basic Supply Company, Inc., which he founded in 1977. Mr. Williams was one of the organizers and is a Director of First Sentry Bancshares, Inc., Huntington, West Virginia. Mr. Williams was Chairman, President and Chief Executive Officer of Consolidated Bank & Trust Co., in Richmond, Virginia from 2007 until it merged with Premier Financial Bancorp, Inc. in 2009. Mr. Williams is a former member of the West Virginia Governor's Workforce Investment Council. He is a former Director of Unlimited Future, Inc. (a small business incubator) and a former Member of the National Advisory Council of the U.S. Small Business Administration. Mr. Williams is a former Mayor and City Councilman of the City of Huntington, West Virginia. He is a graduate of Marshall University with a degree in finance and is a former member of its Institutional Board of Governors. Mr. Williams' investment and management experience provides the board of directors an important perspective in business development.

Keith Molihan was appointed to the Board of Directors on August 15, 2008. Mr. Molihan is a retired executive director of the Lawrence County Community Action Organization. Mr. Molihan has served as Chairman of the Board of Directors of Ohio River Bank, Chairman of the Board of Directors of Farmers Bank of Eminence Kentucky and Chairman of the Board of EMEGA Turbine Technology, as well as President of the Lawrence County Ohio Port Authority and President of the Southeast Ohio Emergency Medical organization. Mr. Molihan’s experience provides insights in the industrial aspects of the Company’s business.

Nester S. Logan is the owner of S.S. Logan Packing Co. located in Huntington, West Virginia. Mr. Logan is a Director of First Sentry Bancshares, Inc., Huntington, West Virginia. Mr. Logan’s experience in the Company’s market area provides the Board with knowledge of business conditions in West Virginia and Ohio.

Samuel G. Kapourales is a Board Member of the West Virginia Health Care Authority and Kapourales Properties, LLC. Mr. Kapourales serves as a Director of First National Bank of Williamson and First Bank of Charleston. Mr. Kapourales’ varied business experience makes him a valuable member of the Board.

Bruce H. Elliott was appointed to the Board of Directors on August 20, 2014. Mr. Elliott graduated Magna Cum Laude from Bridgewater College (Bridgewater, VA) with a degree in Accounting. He is a certified public accountant and Principal of D'amelio, Cohen & Associates, LLC, an accounting firm located in Baltimore, Maryland. Mr. Elliott is licensed in Maryland, Virginia, and West Virginia, and is a member of each state’s CPA society. He is also active in various community service projects. Mr. Elliott’s accounting and financial background provides insight to issues important to shareholders and investors.

Charles Abraham, MD was appointed to the Board of Directors on January 1, 2016. Dr. Abraham is an Otolaryngology (Ear Nose & Throat) Specialist in Huntington, WV and is affiliated with multiple hospitals in the area, including Cabell Huntington Hospital, St. Mary’s Medical Center and Huntington Veterans Affairs Medical Center. He received his medical degree from West Virginia University School of Medicine and has been in practice since 1968. He also received a MBA degree from Marshall University in August 1996. Dr. Abraham is certified by the American Board of Otolaryngology and the West Virginia State Medical Association. Dr. Abraham’s healthcare experience and understanding of health insurance related matters makes him a valuable member of the Board.

Charles P. Crimmel was appointed as Chief Financial Officer of the Company on November 1, 2013 after serving as Controller from 2008 to 2013. Mr. Crimmel graduated from West Virginia University in 1995 with a Bachelor of Science degree in Business Administration and Accounting. Mr. Crimmel was employed by Union Boiler Company as a Field Clerk and Staff Accountant from 1995 to 1996. From 1996-2005, Mr. Crimmel served as Staff Accountant and Controller for Williams Union Boiler/Williams Service Group. From 2005-2008, Mr. Crimmel was Controller for Nitro Electric Company.

Board Leadership Structure and Risk Oversight

Our board of directors is chaired by Mr. Marshall T. Reynolds, who is a non-executive director. We separate the roles of Chief Executive Officer and Chairman of the Board in recognition of the differences between the two roles. The Chief Executive Officer is responsible for overseeing the day to day operations of the Company. The Chairman provides guidance to the Chief Executive Officer and, together with the entire board of directors helps develop the strategic plan for the Company.

The role of the board of directors in the Company’s risk oversight process includes receiving reports from senior management on areas of material risk to the Company, including operational, financial, legal, regulatory, strategic and reputational risk. The full board reviews such reports and follows up with senior management to best determine how to address such risks.

Section 16(a) Beneficial Ownership Reporting Compliance

Our common stock is registered with the Securities and Exchange Commission pursuant to Section 12(g) of the Securities Exchange Act of 1934. The officers and directors and beneficial owners of greater than 10% of our common stock are required to file reports on Forms 3, 4 and 5 with the Securities and Exchange Commission disclosing beneficial ownership and changes in beneficial ownership of the common stock. Securities and Exchange Commission rules require disclosure in our Proxy Statement or Annual Report on Form 10-K of the failure of an officer, director or 10% beneficial owner of our common stock to file a Form 3, 4 or 5 on a timely basis. Based on our review of ownership reports required to be filed for the fiscal year ended September 30, 2016, all of our directors, officers and owners of more than 10% of our common stock filed these reports on a timely basis.

Meetings of the Board of Directors

During fiscal 2016, the Board of Directors held twelve regular meetings and no special meetings. No director attended fewer than 75% in the aggregate of the total number of board meetings held. All directors serving on our committees attended more than 75% of the total number of committee meetings on which they served during fiscal 2016. Although not required, attendance of Board members at the Annual Meeting of Stockholders is encouraged. All members of our Board of Directors attended the 2016 Annual Meeting of Stockholders.

Board Committees

Audit Committee. The Audit Committee consisted of Messrs. Scaggs, Logan, and Molihan, with Mr. Scaggs acting as chairman of the committee in fiscal 2016. The audit committee met four times during the fiscal year ended September 30, 2016. All of the directors appointed to the audit committee are independent members of the board of directors, as defined by Securities and Exchange Commission rules (Rule 10A-3 of the Securities Exchange Act of 1934) and the NYSE MKT corporate governance listing standards. Each member of the audit committee is financially literate, and the Board of Directors has determined that Mr. Molihan qualifies as audit committee financial expert, as such term is defined by Securities and Exchange Commission rules. The committee's charter can be found at: www.energyservicesofamerica.com/posting/Audit_Committee_Charter_v1.pdf.

The Audit Committee reviews the professional services and independence of our independent registered public accounting firm and our accounts, procedures and internal controls. The audit committee also recommends the firm selected to be our independent registered public accounting firm, reviews and approves the scope of the annual audit, reviews and evaluates with the independent registered public accounting firm our annual audit and annual consolidated financial statements, reviews with management the status of internal accounting controls, evaluates problem areas having a potential financial impact on us that are brought to the committee's attention by management, the independent registered public accounting firm or the board of directors, and evaluates all of our public financial reporting documents.

The Audit Committee approved the appointment of Arnett Carbis Toothman to be our independent registered public accounting firm for the 2017 fiscal year. A representative of Arnett Carbis Toothman is expected to attend the 2017 Annual Meeting of Stockholders.

Nominating Committee. The Board has determined that the independent members of the Board of Directors will perform the duties of the nominating committee of the Board of Directors. The nominating committee does not have a written charter. The nominating committee will (i) identify individuals qualified to become members of the Board of Directors and recommend to the Board of Directors the nominees for election to the Board of Directors; (ii) recommend director nominees for each committee to the Board of Directors; and (iii) identify individuals to fill any vacancies on the Board of Directors. The nominating committee met one time during the fiscal year ended September 30, 2016.

The nominating committee of the Board identifies nominees by first evaluating the current members of the Board of Directors willing to continue in service. Current members of the Board of Directors with skills and experience that are relevant to our business and who are willing to continue in service are first considered for re-nomination, balancing the value of continuity of service by existing members of the Board of Directors with that of obtaining a new perspective. If any member of the Board of Directors does not wish to continue in service, or if the Board decides not to re-nominate a member for re-election, or if the size of the Board of Directors is increased, the independent directors would solicit suggestions for director candidates from all board members. The independent directors would seek to identify a candidate who at a minimum satisfies the following criteria:

- has the highest personal and professional ethics and integrity and whose values are compatible with ours;
- has experiences and achievements that have given him or her the ability to exercise and develop good business judgment;
- is willing to devote the necessary time to the work of the Board of Directors and its committees, which includes being available for board and committee meetings;
- is familiar with the communities in which we operate and/or is actively engaged in community activities;
- is involved in other activities or interests that do not create a conflict with his or her responsibilities to us and our stockholders; and
- has the capacity and desire to represent the balanced, best interests of our stockholders as a group, and not primarily a special interest group or constituency.

The nominating committee will also take into account whether a candidate satisfies the criteria for “independence” under Securities and Exchange Commission or NYSE MKT rules and, if a nominee is sought for service on the audit committee, the financial and accounting expertise of a candidate, including whether an individual qualifies as an “audit committee financial expert.” The nominating committee will consider diversity in identifying nominees for director, but has no specific policy or established criteria in this regard. The nominating committee seeks candidates who have a broad range of business experience when considering nominees to the Board of Directors.

Procedures for the Nomination of Directors by Stockholders

The Board of Directors has adopted procedures for the submission of director nominees by stockholders. If a determination is made that an additional candidate is needed for the Board of Directors, the independent members of the Board of Directors will consider candidates submitted by our stockholders. Stockholders can submit the names of qualified candidates for director by writing to our Corporate Secretary at 75 West 3rd Ave., Huntington, West Virginia 25701. The Corporate Secretary must receive a submission not less than forty-five (45) days prior to the date of our proxy materials for the preceding year’s annual meeting. The submission must include the following information:

- a statement that the writer is a stockholder and is proposing a candidate for consideration by our independent directors;
- the name and address of the stockholder as they appear on the our books and number of shares of our common stock that are owned beneficially by such stockholder (if the stockholder is not a holder of record, appropriate evidence of the stockholder’s ownership will be required);
- the name, address and contact information for the candidate, and the number of shares of our common stock that are owned by the candidate (if the candidate is not a holder of record, appropriate evidence of the stockholder’s ownership should be provided);
- a statement of the candidate’s business and educational experience;

- such other information regarding the candidate as would be required to be included in the proxy statement pursuant to Securities and Exchange Commission Regulation 14A;
- a statement detailing any relationship between the candidate and Energy Services of America Corporation;
- a statement detailing any relationship between the candidate and any customer, supplier or competitor of Energy Services of America Corporation;
- detailed information about any relationship or understanding between the proposing stockholder and the candidate; and
- a statement that the candidate is willing to be considered and willing to serve as a director if nominated and elected.

Stockholder Communications with the Board

A stockholder who wants to communicate with the Board of Directors or with any individual director can write to the Corporate Secretary at 75 West 3rd Ave., Huntington, West Virginia 25701, Attention: Corporate Secretary. The letter should indicate that the author is a stockholder and if shares are not held of record, should include appropriate evidence of stock ownership. Depending on the subject matter, the Secretary will:

- forward the communication to the director or directors to whom it is addressed;
- attempt to handle the inquiry directly, i.e. where it is a request for information about us or it is a stock-related matter; or
- not forward the communication if it is primarily commercial in nature, relates to an improper or irrelevant topic, or is unduly hostile, threatening, illegal or otherwise inappropriate.

At each board meeting, management shall present a summary of all communications received since the last meeting that were not forwarded and make those communications available to the directors.

The Compensation Committee

The compensation committee consists of directors Joseph L. Williams, Keith Molihan and Nester S. Logan. Each member of the compensation committee is considered “independent” as defined in the NYSE MKT corporate governance listing standards. The Board of Directors has not adopted a written charter for the Committee. The compensation committee met one time during fiscal year 2016.

The compensation committee is appointed by the Board of Directors to assist the Board in developing compensation philosophy, criteria, goals and policies for our executive officers that reflect our values and strategic objectives. The committee reviews the performance of our executive officers and annually recommends to the full Board the compensation and benefits for our executive officers (including the Chief Executive Officer). The committee administers our equity and long-term incentive plans. The committee establishes the terms of employment and severance agreements/arrangements for executive officers. The committee recommends to the full Board the compensation to be paid to our directors and any affiliates for their service on the Board. Finally, the committee establishes annual compensation percentage increases for all employees. Our President and Chief Executive Officer provides recommendations to the compensation committee related to our compensation program. However, our President and Chief Executive Officer does not vote on and is not present for any discussion of his own compensation.

For 2016, in making compensation decisions, the compensation committee did not use strict numerical formulas to determine the compensation paid to our executive officers. However, the committee considered a variety of factors in its deliberations over executive compensation, emphasizing the profitability and scope of our operations, the experience, expertise and management skills of the named executive officers and their role in our future success, as well as compensation surveys prepared by professional firms to determine compensation paid to executives performing similar duties for comparable companies. While the quantitative and non-quantitative factors described above were considered by the committee in determining the compensation paid to our named executive officers, such factors were not assigned a specific weight in evaluating the performance of the named executive officers. In determining the Chief Executive Officer's bonus, the Chairman of the Board also considers the above factors and makes a recommendation to the committee which authorizes such bonus. For the other named executive officer, the Chief Executive Officer considers the above factors and makes a recommendation to the committee which authorized his bonus. The Company paid $30,000 in bonuses in the aggregate to named executive officers during fiscal year 2016.

The Compensation Committee has authority to approve the engagement of any compensation consultant it uses and the fees for those services. However, the Compensation Committee did not engage a compensation consultant to assist in determining the amount or form of executive and director compensation with respect to fiscal year 2016.

Code of Ethics

We have adopted a Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions. The Code of Ethics was previously filed as an exhibit to our Registration Statement on Form S-1. A copy of the Code will be furnished without charge upon written request to the Corporate Secretary, Energy Services of America Corporation, 75 West 3rd Ave., Huntington, West Virginia 25701.

ITEM 11. Executive Compensation

Executive and Director Compensation

We have adopted a compensation committee policy that reflects the compensation philosophy and objectives of the compensation committee.

Compensation Philosophy and Objectives

The compensation committee believes that an effective executive compensation program rewards the achievement of pre-established short term, long-term and strategic goals, and aligns executives' interests with those of our stockholders. The committee regularly evaluates both performance and compensation relative to other comparable companies. We also manage our named executive officers' compensation to align with the time horizon of our growth and development. As we grow, we strive to ensure that our compensation programs and practices remain consistent with our philosophy to provide competitive, performance-based, and risk appropriate compensation that enables us to attract, motivate and retain top performers who are essential to our successful growth and performance.

The primary objectives of our executive compensation program are to:

- provide pay for performance utilizing short and long-term incentives;
- be competitive with the marketplace within which we compete for talent;
- ensure compensation programs reward performance while appropriately managing risk; and
- enable us to attract, motivate, and retain top talent.

We accomplish all these objectives through a total compensation program that balances fixed and variable (i.e. incentive) compensation with a focus on providing rewards to named executive officers for their contributions to achieving core business objectives and furthering our short and long-term performance. We balance our desire for superior performance with safeguards so that our programs do not result in excessive risk taking that can threaten our long-term value and stability.

We also recognize that our ability to attract and retain top talent has become even more critical as we grow.

Our executive compensation philosophy provides competitive ranges for each component of our compensation program and our compensation paid in the aggregate. The starting point targets market median, but by using performance-based instruments, actual compensation paid to our named executive officers varies depending on our performance against our stated objectives. We meet our compensation objectives for our named executive officers through the following components of their total compensation:

- Base salaries are targeted at market median, but allow for recognition of each individual's role, contribution, performance, and experience.

- Bonuses, which are determined by the compensation committee, reflect market median levels although actual payouts will vary based on our performance relative to company-wide, team and individual contributions toward our strategic plan.

- Long-term incentive awards are intended to provide significant focus on long-term performance through stock-based compensation. Long-term compensation is designed to balance multiple objectives: (1) reward for long-term, sustained performance and stock price growth; (2) align executive interests with stockholders through stock ownership; and (3) provide powerful retention of our highest performers through vesting periods.

- Retirement, health, life insurance, disability, severance and other perquisites and benefits are provided, but their focus and value are intentionally set to be conservatively competitive in order to attract and retain talented individuals.

Executive total compensation is expected to vary each year, and evolve over the long-term to reflect our performance relative to our peers and the industry, and to correspond with shareholder returns.

We review our executive compensation philosophy and programs annually to ensure that they are achieving desired objectives and supporting our needs as we grow to be a more complex organization.

Summary Compensation Table for Named Executive Officers. The following table shows the compensation of the Company's executive officers for the years ended September 30, 2016 and 2015. Mr. Crimmel was the only executive officer who received total compensation in excess of $100,000 for services to the Company or any of its subsidiaries during the years ended September 30, 2016 or 2015.

Summary Compensation Table

Name and principal position	Year	Salary	Bonus	Stock awards	All other compensation (1)	Total
Douglas V. Reynolds	2016	$ 80,000	$ 15,000	$ -	$ 1,379	$ 96,379
President and Chief Executive Officer	2015	$ 80,000	$ 7,500	$ -	$ 1,200	$ 88,700
Charles P. Crimmel	2016	$ 100,000	$ 15,000	$ -	$ 1,783	$ 116,783
Secretary/Treasurer and Chief Financial Officer	2015	$ 100,000	$ 7,500	$ -	$ 1,500	$ 109,000

(1) Other compensation in 2016 includes 401(k) plan matching contributions of $1,379 for Mr. Reynolds and $1,783 for Mr. Crimmel. Other compensation in 2015 includes 401(k) plan matching contributions of $1,200 for Mr. Reynolds and $1,500 for Mr. Crimmel.

Benefit Plans

Stock Benefit Plans

Long Term Incentive Plan. In 2010, the Board of Directors adopted, and our stockholders approved, the Energy Services of America Corporation Long Term Incentive Plan (the "LTIP"), to provide our employees and directors with additional incentives to promote our growth and performance. The LTIP gives us the flexibility we need to continue to attract and retain highly qualified employees and directors by offering a competitive compensation program that is linked to the performance of our common stock.

The LTIP is administered by our compensation committee. The committee may determine the type of award and the terms and conditions of each award under the LTIP, which shall be set forth in an award agreement delivered to each participant. The LTIP authorizes the issuance of up to 1,200,000 shares of Company common stock pursuant to grants of restricted stock awards, performance share awards, restricted stock units, performance share units, incentive stock options, non-qualified stock options and stock appreciation rights, provided, however, that in any five year period, no individual may receive a grant of any type for more than 180,000 shares.

The committee is authorized to grant awards, the vesting of which may be subject to the satisfaction of performance-based conditions. The vesting date of performance-based awards is the date on which all the performance measures are attained and the performance period is concluded. Any unvested performance-based awards for which the performance measures are not satisfied will be forfeited without consideration. If the right to become vested in an award under the LTIP is conditioned on the completion of a specified period of service with the Company or its subsidiaries, without the achievement of performance measures or objectives, then the required period of service for full vesting shall be determined by the committee and evidenced in the award agreement. In general, no awards may vest at a rate exceeding one-third per year commencing one year after the date of grant.

Unless otherwise provided in an award agreement, in the event of a participant's termination of service for any reason other than disability, retirement, death or termination for cause, then (i) any stock options and stock appreciation rights shall be exercisable only as to those awards that were vested on the date of termination of service and only for a period of three months following termination, and (ii) any restricted stock awards or restricted stock units that have not vested as of the date of termination of service shall expire and be forfeited. In the event of termination for cause, any awards that have not vested, or have vested but have not been exercised (in the case of stock options and stock appreciation rights) shall expire and shall be forfeited.

Upon termination of service due to death or disability, all stock options and stock appreciation rights shall be exercisable as to all shares subject to an outstanding award, whether or not then exercisable, and all restricted stock and restricted stock unit awards shall become fully vested at the date of termination of service. Stock options and stock appreciation rights may be exercised for a period of one year following such termination of service.

Unless otherwise provided in an award agreement, upon termination of service due to retirement, all stock options and stock appreciation rights shall be exercisable as to all shares subject to an outstanding award, whether or not then exercisable. Unless otherwise provided in an award agreement, all other awards, except performance-based awards subject to Section 162(m) of the Internal Revenue Code, shall become fully vested on retirement.

Unless otherwise provided in an award agreement, upon the occurrence of an involuntary termination of employment (or, as to a director, termination of service as a director) following a "change in control" of the Company (as defined in the LTIP), all outstanding options and stock appreciation rights then held by a participant will become fully exercisable and all restricted stock and restricted stock unit awards shall be fully earned and vested. In the event of a change in control, any performance measure attached to an award shall be deemed satisfied as of the date of the change in control.

If the committee determines that a present or former participant has (i) used for profit, or disclosed to unauthorized persons, our confidential information or trade secrets; (ii) breached any contract with or violated any fiduciary obligation to us; or (iii) engaged in any conduct which the committee determines is injurious to the Company, the committee may cause that participant to forfeit his or her outstanding awards under the Plan.

If we are required to prepare an accounting restatement due to the material noncompliance of the Company, as a result of misconduct, with any financial reporting requirement under the securities laws, any participant who is an executive officer shall (i) reimburse the Company the amount of any bonus or incentive compensation paid to such participant that were subsequently reduced due to the restatement; (ii) have outstanding awards granted under the LTIP cancelled; and/or (iii) reimburse the Company for any gains realized in the exercise of options, vesting of or open market sales of vested, restricted stock awards or performance share awards, payment of any restricted stock units, performance share units or stock appreciation rights granted to such participant, regardless of when issued, but only if, and to the extent that (A) the amount of the bonus or incentive compensation was calculated based on achievement of the original financial results; (B) the executive officer engaged in intentional misconduct that caused or partially caused the need for the restatement; and (C) the amount of the bonus or incentive compensation, as calculated under the restated financial results, is less than the amount actually paid or awarded under the original financial results.

The Board of Directors may, at any time, amend or terminate the LTIP or any award granted under the LTIP, provided that, except as provided in the LTIP, no amendment or termination may adversely impair the rights of an outstanding award without the participant's (or affected beneficiary's) written consent.

For fiscal year 2016, no awards were granted under LTIP to the named executive officers by the compensation committee.

Long Term Incentive Plan	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	-	-	1,149,000
Equity compensation plans not approved by security holders	-	-	-
Total	-	-	1,149,000

Energy Services 401(k) Plan

401(k) Retirement Plans

We maintain the Energy Services of America Staff 401(k) Retirement Plan (the “Plan”). Our three wholly owned subsidiaries, C. J. Hughes Construction Company, Inc., Nitro Electric Company, Inc., and Contractors Rental Corporation adopted the Plan on behalf of their non-union employees. Employees are eligible to participate in the Plan upon completion of six months of service, but must wait until a quarterly entry date to join the Plan. Employees may contribute eligible wages up to the maximum indexed dollar amount set by the Internal Revenue Service, which was $18,000 for 2016. In addition, participants who are age 50 or older by the end of the Plan year may elect to defer up to an additional $6,000 into the 401(k) plan for 2016. The Company provided a matching contribution to each participant’s account equal to $0.25 on each dollar contributed up to 6% of eligible wages. The Company’s matching contribution is used by the Plan’s third-party administrator to purchase Energy Services of America stock from the open market. Additionally, each Plan year, the Company may make discretionary profit-sharing contributions for participants who are actively employed on the last day of the Plan year. The discretionary contributions will be allocated to a qualifying participant’s individual account based on the ratio of his or her compensation to the total compensation of all qualifying participants for the Plan year. No discretionary profit sharing contributions were made in 2016. Participants direct the investment of their account in the Plan, selecting from investment funds provided under the Plan. Participants receive quarterly benefit statements that provide information on their account balances and have immediate access to their account through an Interactive Voice Response System and the Internet. Plan benefits are paid as soon as administratively possible following the participant’s termination of employment. Lump sums, partial payments and installment payments are available if the participant’s account balance exceeds $1,000.

Energy Services of America Corporation 2009 Employee Stock Purchase Plan

The plan enables eligible employees to purchase common stock through payroll deductions. The plan is intended to qualify under Section 423 of the Internal Revenue Code and its regulations. Up to 1,200,000 shares of common stock, subject to adjustments, may be issued under this plan. An eligible employee’s stock purchases during a calendar year may not exceed the lesser of: (a) a percentage of the participant’s compensation or a total dollar amount as specified by the committee or (b) $25,000. During 2016, we did not utilize the plan.

Directors' Compensation

Director Compensation. The table set forth below shows the compensation of our non-executive directors for the fiscal year ended September 30, 2016. We did not make any non-equity incentive plan awards to directors and there were no preferential earnings on nonqualified deferred compensation. Each Director received retainer fees of $500 per month from October 2015 to February 2016. The retainer fee was increased to $1,000 per month beginning in March 2016. No fee payments were made for committee participation.

Name	Fees earned or paid in cash ($)	Stock Awards ($)	All other compensation ($)	Total
Marshall T. Reynolds	$ 9,500	$ -	$ -	$ 9,500
Samuel G. Kapourales	9,500	-	-	9,500
Jack M. Reynolds	9,500	-	-	9,500
Neal W. Scaggs	9,500	-	-	9,500
Joseph L. Williams	9,500	-	-	9,500
Keith Molihan	9,500	-	-	9,500
Nester S. Logan	9,500	-	-	9,500
Bruce H. Elliott	9,500	-	-	9,500
Charles Abraham	8,000	-	-	8,000
Total	$ 84,000	$ -	$ -	$ 84,000

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Persons and groups who beneficially own in excess of five percent of our common stock are required to file certain reports with the Securities and Exchange Commission regarding such ownership. The following table sets forth, as of September 30, 2016, the shares of common stock beneficially owned by each person who was the beneficial owner of more than five percent of our outstanding shares of common stock, as well as the shares owned by our directors, nominees and executive officers as a group.

Name and Address of Beneficial Owners	Amount of Shares Owned and Nature of Beneficial Ownership (1)	Percent of Shares of Common Stock Owned	Preferred Shares Owned	Percent of Shares of Preferred Stock Owned
All Directors, Nominees and Executive Officers as a Group (11 persons)	7,246,674(2)	44.21%	129	62.62%
Principal Stockholders:				
Marshall T. Reynolds 75 West 3rd Ave. Huntington, WV 25701	2,375,685(3)	15.66%	56	27.18%
Douglas V. Reynolds 75 West 3rd Ave. Huntington, WV 25701	1,551,799(4)	10.73%	13	6.31%
Samuel G. Kapourales 75 West 3rd Ave. Huntington, WV 25701	761,474(5)	5.25%	16	7.77%

(1) In accordance with Rule 13d-3 under the Security Exchange Act of 1934, a person is deemed to be the beneficial owner for purposes of this table of any shares of common stock if he has sole or shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the date as of which beneficial ownership is being determined. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares. Includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting and investment power.
(2) Includes 2,150,000 shares of common stock issuable upon conversion of shares of preferred stock.
(3) Includes 933,333 shares of common stock issuable upon conversion of shares of preferred stock.
(4) Includes 216,667 shares of common stock issuable upon conversion of shares of preferred stock.
(5) Includes 266,667 shares of common stock issuable upon conversion of shares of preferred stock.

The table below sets forth certain information regarding our Board of Directors and executive officers, including the terms of office of board members and the ownership of our securities.

Names and Address (1)	Age (2)	Position Held	Director Since	Current Term to Expire	Shares of Common Stock Beneficially Owned on Record Date (3)	Percent of Common Shares	Preferred Shares Owned	Percent of Preferred Shares
Directors/Nominees:								
Marshall T. Reynolds	80	Chairman and Director	2006	2016	2,375,685(4)	15.66%	56	27.18%
Douglas V. Reynolds	40	President and Chief Executive Officer	2008	2016	1,551,799(5)	10.73%	13	6.31%
Samuel G. Kapourales	81	Director	2010	2016	761,474(6)	5.25%	16	7.77%
Jack M. Reynolds	51	Director	2006	2016	458,216(7)	3.21%	1	0.49%
Neal W. Scaggs	80	Director	2006	2016	670,206(8)	4.62%	16	7.77%
Joseph L. Williams	71	Director	2006	2016	140,716(9)	0.99%	1	0.49%
Keith Molihan	74	Director	2008	2016	24,167(10)	0.17%	1	0.49%
Nester S. Logan	77	Director	2010	2016	604,642(11)	4.18%	14	6.80%
Bruce H. Elliott	61	Director	2014	2016	200,000	1.40%	-	0.00%
Charles Abraham	73	Director	2016	2016	457,587(12)	3.17%	11	5.34%
Charles P. Crimmel	43	Chief Financial Officer	n/a	n/a	2,183(13)	0.02%	-	0.00%
All Directors and Executive Officers as a Group (11 persons)					7,246,674(14)	44.21%	129	62.62%

(1) The mailing address for each person is 75 West 3rd Ave., Huntington, WV 25701
(2) As of September 30, 2016.
(3) In accordance with Rule 13d-3 under the Security Exchange Act of 1934, a person is deemed to be the beneficial owner for purposes of this table of any shares of common stock if he has sole or shared voting or investment power with respect to such security, or has a right to acquire beneficial ownership at any time within 60 days from the date as of which beneficial ownership is being determined. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares. Includes all shares held directly as well as by spouses and minor children, in trust and other indirect ownership, over which shares the named individuals effectively exercise sole or shared voting and investment power.
(4) Includes 933,333 shares of common stock issuable upon conversion of shares of preferred stock.
(5) Includes 216,667 shares of common stock issuable upon conversion of shares of preferred stock and 12,069 common shares related to 401(k) match held by third party plan administrator.
(6) Includes 266,667 shares of common stock issuable upon conversion of shares of preferred stock.
(7) Includes 16,667 shares of common stock issuable upon conversion of shares of preferred stock.
(8) Includes 266,667 shares of common stock issuable upon conversion of shares of preferred stock.
(9) Includes16,667 shares of common stock issuable upon conversion of shares of preferred stock.
(10) Includes 16,667 shares of common stock issuable upon conversion of shares of preferred stock.
(11) Includes 233,333 shares of common stock issuable upon conversion of shares of preferred stock.
(12) Includes 183,333 shares of common stock issuable upon conversion of shares of preferred stock.
(13) Includes 2,183 shares of common stock related to 401(k) match held by third party plan administrator.
(14) Includes 2,150,000 shares of common stock issuable upon conversion of shares of preferred stock.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

We intend that all transactions between us and our executive officers, directors, holders of 10% or more of the shares of any class of our common stock and affiliates thereof, will be on terms no less favorable than those terms given to unaffiliated third parties and will be approved by a majority of our independent outside directors not having any interest in the transaction.

Prior to a $1,163,000 refinancing agreement with United Bank, Inc. on September 16, 2015, the Company had a five-year term note agreement with First Guaranty Bank, Hammond, Louisiana. Mr. Marshall Reynolds is the Chairman of the Board of Directors of First Guaranty Bank and owns greater than 10% of the common stock of First Guaranty Bank's holding company, First Guaranty Bancshares, Inc. In addition, Messrs. Douglas Reynolds and Jack Reynolds, the sons of Marshall Reynolds, are also significant stockholders of First Guaranty Bancshares, Inc. The largest aggregate amount of principal outstanding of the loan was $1,644,690. As of September 16, 2015, we paid approximately $482,000 in principal and approximately $88,000 in interest since the beginning of the loan, January 31, 2014. The interest rate on the loan was 3.55%.

On December 16, 2014, the Company's Nitro Electric subsidiary entered into a 20 year $1.2 million loan agreement with First Bank of Charleston, Inc. (West Virginia) to purchase the office building and property it had previously been leasing for $6,300 monthly. Mr. Douglas Reynolds, President of Energy Services, is a director and secretary of First Bank of Charleston. Mr. Nester Logan and Mr. Samuel Kapourales, directors of Energy Services, are also directors of First Bank of Charleston. The interest rate on the new loan agreement is 4.75% with monthly payments of $7,800. As of September 30, 2016, we have paid approximately $65,000 in principal and approximately $99,000 in interest since the beginning of the loan.

Other than as disclosed above, there were no related party transactions.

Board Independence

The Board of Directors consists of a majority of "independent directors" within the meaning of the NYSE MKT corporate governance listing standards. The Board of Directors has determined that Messrs. Scaggs, Molihan, Logan, Williams, Kapourales, Abraham, and Elliott are "independent directors" within the meaning of such standards. There were no transactions not required to be reported under "—Certain Relationships and Related Transactions" that were considered in determining the independence of our directors.

ITEM 14. Principal Accountant Fees and Services

Audit Fees

We were billed by Arnett Carbis Toothman, our independent registered public accountant, $148,116 and $119,000 for the services they have performed in connection with the audit of our financial statements included in our Annual Report for fiscal 2016 and 2015, respectively and for the review of interim financial statements included in our quarterly reports on Form 10-Q during these periods.

Audit-Related Fees

During fiscal years 2016 and 2015, we had no audit-related fees.

Tax Fees

During the fiscal years ended September 30, 2016 and 2015, we were billed by Arnett Carbis Toothman $34,209 and $31,000, respectively, for tax compliance services.

Employee Benefit Plan

During the fiscal years ended September 30, 2016 and 2015, we were billed by Arnett Carbis Toothman $30,000 and $0, respectively, for the services they performed in connection with the audit of our 401(k) Plan and Form 11-K filing.

All Other Fees

During fiscal years 2016 and 2015, we were billed by Arnett Carbis Toothman, $5,099 and $3,000, respectively, for fees billed for products and services provided by our independent registered public accounting firm other than those set forth above. These fees consisted primarily of travel and postage expenses.

Policy on Audit Committee Pre-Approval of Audit and Non-Audit Services of Independent Registered Public Accounting Firm

The audit committee's policy is to pre-approve all audit and non-audit services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is generally provided for up to one year and any pre-approval is detailed as to particular service or category of services and is generally subject to a specific budget. The audit committee has delegated pre-approval authority to its Chairman when expedition of services is necessary. The independent registered public accounting firm and management are required to periodically report to the full audit committee regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval, and the fees for the services performed to date. All of the fees paid in the audit-related, tax and all other categories during 2016 and 2015 were approved per the pre-approval policies.

PART IV

ITEM 15. Exhibits and Financial Statement Schedules

The exhibits and financial statement schedules filed as a part of this Form 10-K are as follows:

(a)(1) Consolidated Financial Statements

Energy Services of America Corporation

(a)(2) Consolidated Financial Statement Schedules

No financial statement schedules are filed because the required information is not applicable or is included in the consolidated financial statements or related notes.

(a)(3) Exhibits

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (1)
3.2	Bylaws (1)
3.3	Certificate of Amendment to the Registrant's Certificate of Incorporation (1)
3.4	Certificate of Designations Series A Preferred Stock (5)
4	Form of Certificate of Common Stock (1)
10.1	Form of Investment Management Trust Agreement between Continental Stock Transfer & Trust Company and the Registrant.(1)
10.2	Form of Stock Escrow Agreement between the Registrant, Continental Stock Transfer & Trust Company and the Initial Stockholders.(1)
10.3	Form of Letter Agreement between Chapman Printing Co. and the Registrant regarding administrative support.(1)
10.4	Form of Amended Registration Rights Agreement among the Registrant and the Initial Stockholders.(1)
10.5	Term Note Agreement with United Bank, Inc. (6)
10.6.1	Energy Services of America Corporation Employee Stock Purchase Plan (2)
10.6.2	Energy Services of America Corporation Long Term Incentive Plan (3)
10.7	Management Incentive Plan (4)
10.8	Line of Credit (2015) Agreement with United Bank, Inc. (7)
10.9	Line of Credit (2016) Agreement with United Bank, Inc. (8)
14	Code of Ethics (1)
21	List of subsidiaries
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

(1) Incorporated by reference to the Registration Statement on Form S-1 of Energy Services of America Corp. (file no. 333-133111), originally filed with the Securities and Exchange Commission on April 7, 2006, as amended.
(2) Filed as Appendix A to the Schedule 14-A filed with the Securities and Exchange Commission on October 16, 2008.
(3) Filed as Appendix A to the Schedule 14-A filed with the Securities and Exchange Commission on July 2, 2010.
(4) Incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission on December 21, 2010.
(5) Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities Exchange Commission on August 8, 2013.
(6) Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 4, 2014.
(7) Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 3, 2015.
(8) Incorporated by reference to the Registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2016.

(b) The exhibits listed under (a)(3) above are filed herewith.
(c) Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

		ENERGY SERVICES OF AMERICA CORPORATION
Date: December 15, 2016	By:	/s/ Douglas V. Reynolds
		Douglas V. Reynolds President and Chief Executive Officer (Duly Authorized Representative)

Pursuant to the requirements of the Securities Exchange of 1934, this report has been signed by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

	Name	Position	Date
By	/s/ Marshall T. Reynolds Marshall T. Reynolds	Chairman of the Board	December 15, 2016
By	/s/ Jack Reynolds Jack R. Reynolds	Director	December 15, 2016
By	/s/ Charles P. Crimmel Charles P. Crimmel	Chief Financial Officer (Principal Financial and Accounting Officer)	December 15, 2016
By	/s/ Neal W. Scaggs Neal W. Scaggs	Director	December 15, 2016
By	/s/ Joseph L. Williams Joseph L. Williams	Director	December 15, 2016
By	/s/ Keith Molihan Keith Molihan	Director	December 15, 2016
By	/s/ Nester S. Logan Nester S. Logan	Director	December 15, 2016
By	/s/ Bruce H. Elliott Bruce H. Elliott	Director	December 15, 2016
By	/s/ Samuel G. Kapourales Samuel G. Kapourales	Director	December 15, 2016
By	/s/ Charles Abraham Charles Abraham	Director	December 15, 2016
By	/s/ Douglas V. Reynolds Douglas V. Reynolds	President and Chief Executive Officer, and Director (Principal Executive Officer)	December 15, 2016

Arnett
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
Energy Services of America Corporation
Huntington, West Virginia

We have audited the accompanying consolidated balance sheets of Energy Services of America Corporation and subsidiaries as of September 30, 2016 and 2015, and the related consolidated statements of income, stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Energy Services of America Corporation and subsidiaries as of September 30, 2016 and 2015, and the results of their operations and their cash flows for each of the years in the two-year period then ended in conformity with U.S. generally accepted accounting principles.

Arnett Carbis Toothman LLP

Charleston, West Virginia
December 15, 2016

Bridgeport, WV • Buckhannon, WV • Charleston, WV • Columbus, OH • Lewisburg, WV • Meadville, PA • Morgantown, WV • New Castle, PA • Pittsburgh, PA

ENERGY SERVICES OF AMERICA CORPORATION
CONSOLIDATED BALANCE SHEETS
As of September 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 3,815,790	$ 1,493,040
Accounts receivable-trade	24,059,432	21,338,455
Allowance for doubtful accounts	(133,500)	(147,922)
Retainages receivable	5,810,474	3,313,995
Other receivables	106,837	265,695
Costs and estimated earnings in excess of billings on uncompleted contracts	5,953,818	6,745,377
Deferred tax asset	1,399,152	1,126,697
Prepaid expenses and other	2,485,101	2,372,968
Assets of discontinued operations	12,303	1,739,324
Total current assets	43,509,407	38,247,629
Property, plant and equipment, at cost	39,375,505	33,494,845
less accumulated depreciation	(26,625,827)	(25,075,178)
Total fixed assets	12,749,678	8,419,667
Long-term notes receivable	137,281	137,281
Total assets	$ 56,396,366	$ 46,804,577
Liabilities and shareholders' equity		
Current liabilities		
Current maturities of long-term debt	$ 2,867,898	$ 2,376,577
Lines of credit and short term borrowings	6,232,943	4,516,235
Accounts payable	5,006,427	3,671,847
Accrued expenses and other current liabilities	5,933,571	4,301,439
Billings in excess of costs and estimated earnings on uncompleted contracts	3,410,548	2,672,294
Income tax payable	1,076,440	171,782
Liabilities of discontinued operations	28,671	101,409
Total current liabilities	24,556,498	17,811,583
Long-term debt, less current maturities	7,390,099	6,802,451
Deferred income taxes payable	1,926,077	1,903,907
Total liabilities	33,872,674	26,517,941
Shareholders' equity		
Preferred stock, $.0001 par value		
Authorized 1,000,000 shares, 206 issued at September 30, 2016 and 2015	-	-
Common stock, $.0001 par value		
Authorized 50,000,000 shares 14,839,836 issued and 14,239,836 outstanding at September 30, 2016 and 2015	1,484	1,484
Treasury stock, 600,000 shares at September 30, 2016 and 2015	(60)	(60)
Additional paid in capital	61,289,260	61,289,260
Retained earnings (deficit)	(38,766,992)	(41,004,048)
Total shareholders' equity	22,523,692	20,286,636
Total liabilities and shareholders' equity	$ 56,396,366	$ 46,804,577

ENERGY SERVICES OF AMERICA CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
For the years ended September 30, 2016 and 2015

	2016	2015
Revenue	$ 155,481,145	$ 116,800,046
Cost of revenues	141,283,142	105,935,841
Gross profit	14,198,003	10,864,205
Selling and administrative expenses	7,293,323	6,584,334
Income from operations	6,904,680	4,279,871
Other income (expense)		
Interest income	-	1,278
Other nonoperating income (expense)	(158,246)	12,421
Interest expense	(875,254)	(761,079)
Gain on sale of equipment	268,448	179,031
	(765,052)	(568,349)
Income from continuing operations before income taxes	6,139,628	3,711,522
Income tax expense	2,898,205	1,597,332
Income from continuing operations	3,241,423	2,114,190
Dividends on preferred stock	309,000	309,000
Income from continuing operations available to common shareholders	2,932,423	1,805,190
Income from discontinued operations net of tax benefit of $0 in 2016 and tax benefit of $26,340 in 2015	-	26,340
Net income available to common shareholders	$ 2,932,423	$ 1,831,530
Weighted average shares outstanding-basic	14,239,836	14,239,836
Weighted average shares-diluted	17,673,169	17,673,169
Earnings per share from continuing operations available to common shareholders	$ 0.206	$ 0.127
Earnings per share from continuing operations-diluted available to common shareholders	$ 0.166	$ 0.102
Earnings per share available to common shareholders	$ 0.206	$ 0.129
Earnings per share-diluted available to common shareholders	$ 0.166	$ 0.104

ENERGY SERVICES OF AMERICA CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income available to common shareholders	$ 2,932,423	$ 1,831,530
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,503,471	3,291,386
Gain on sale/disposal of equipment	(268,448)	(179,031)
Provision for deferred taxes	1,470,498	1,109,597
Increase in contracts receivable	(2,735,399)	(6,804,621)
Increase in retainage receivable	(2,496,479)	(2,035,577)
Decrease in other receivables	158,858	81,726
Decrease in cost and estimated earnings in excess of billings on uncompleted contracts	791,559	2,581,180
Increase in prepaid expenses	(112,133)	(549,836)
Increase in notes receivable	-	(137,281)
Increase (decrease) in accounts payable	1,254,235	(2,095,715)
Increase in accrued expenses	1,639,739	791,688
Increase in billings in excess of cost and estimated earnings on uncompleted contracts	738,254	1,949,133
Increase in income taxes payable	904,658	171,782
Net cash provided by operating activities	6,781,236	5,961
Cash flows from investing activities:		
Investment in property & equipment	(3,406,019)	(2,437,190)
Proceeds from sales of property and equipment	420,008	227,262
Net cash used in investing activities	(2,986,011)	(2,209,928)
Cash flows from financing activities:		
Dividends on common stock	(695,367)	-
Borrowings on lines of credit and short term debt, net of (repayments)	1,716,708	3,756,103
Proceeds from long term debt	-	1,162,879
Principal payments on long term debt	(2,500,054)	(3,875,702)
Net cash provided by (used in) financing activities	(1,478,713)	1,043,280
Increase (decrease) in cash and cash equivalents	2,316,512	(1,160,687)
Cash beginning of period	1,511,581	2,672,268
Cash end of period	$ 3,828,093	$ 1,511,581
Supplemental schedule of noncash investing and financing activities:		
Purchases of property & equipment under financing agreements	$ 3,579,023	$ 1,416,857
Insurance premiums financed	$ 2,565,020	$ 2,349,760
Supplemental disclosures of cash flows information:		
Cash paid during the year for:		
Interest	$ 875,254	$ 761,079
Income taxes	$ 310,401	$ 243,998
Insurance premiums	$ 2,348,312	$ 2,343,657
Dividends paid on preferred stock	$ 309,000	$ 309,000

The Consolidated Statements of Cash Flows includes the discontinued operation, S.T. Pipeline. See the cash flows from discontinued operations on page F-13.

ENERGY SERVICES OF AMERICA CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the years ended September 30, 2016 and 2015

	Common Stock		Additional Paid	Retained	Treasury	Total Shareholders'
	Shares	Amount	in Capital	Earnings (deficit)	Stock	Equity
Balance at September 30, 2014	14,239,836	$ 1,484	$ 61,289,260	$ (42,835,578)	$ (60)	$ 18,455,106
Net income available to common shareholders	-	-	-	1,831,530	-	1,831,530
Balance at September 30, 2015	14,239,836	$ 1,484	$ 61,289,260	$ (41,004,048)	$ (60)	$ 20,286,636
Net income available to common shareholders	-	-	-	2,932,423	-	2,932,423
Dividends on common stock ($0.05 per share on 13,907,340 shares; 332,496 common shares are part of preferred units and were not eligible for the common dividend)	-	-	-	(695,367)	-	(695,367)
Balance at September 30, 2016	14,239,836	$ 1,484	$ 61,289,260	$ (38,766,992)	$ (60)	$ 22,523,692

ENERGY SERVICES OF AMERICA CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND ORGANIZATION:

Energy Services of America Corporation (“Energy Services”) was formed in 2006 as a special purpose acquisition corporation, or blank check company. On August 15, 2008, Energy Services completed the acquisitions of S.T. Pipeline, Inc. (“S.T. Pipeline”) and C.J. Hughes Construction Company, Inc. (“C.J. Hughes”).

Wholly owned subsidiary C.J. Hughes is a general contractor primarily engaged in pipeline construction for utility companies. C.J. Hughes operates primarily in the mid-Atlantic region of the United States. Nitro Electric, a wholly owned subsidiary of C. J. Hughes, is an electrical and mechanical contractor that provides its services to the power, chemical and automotive industries. Nitro Electric operates primarily in the mid-Atlantic region of the United States. Contractors Rental, a wholly owned subsidiary of C.J. Hughes provides union building trade employees for projects managed by C.J. Hughes. All of the C.J. Hughes, Nitro Electric, and Contractors Rental production personnel are union members of various related construction trade unions and are subject to collective bargaining agreements that expire at varying time intervals.

S.T. Pipeline engaged in the construction of natural gas pipelines for utility companies in various states, mostly in the mid-Atlantic area of the country. On May 14, 2013, the Company liquidated the operation of S.T. and realized $1.9 million from the sale of assets. The financial position and results of operations of S.T. Pipeline have been presented as discontinued operations in the accompanying financial statements for all presented periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements of Energy Services include the accounts of Energy Services and its wholly owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless the context requires otherwise, references to Energy Services include Energy Services and its consolidated subsidiaries.

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and loss during the reporting period. Actual results could differ materially from those estimates.

Cash and Cash Equivalents

Energy Services considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Fair Value Measurements

The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements.

Under the FASB's authoritative guidance on fair value measurements, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Fair Value Measurements Topic of the FASB Accounting Standards Codification establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date.

As noted above, there is a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 — Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2 — Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data. Level 2 also includes derivative contracts whose value is determined using a pricing model with observable market inputs or can be derived principally from or corroborated by observable market data.

Level 3 — Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The carrying amount for borrowings under the Company's revolving credit facility approximates fair value because of the variable market interest rate charged to the Company for these borrowings. The fair value of the Company's long term fixed-rate debt to unrelated parties was estimated using a discounted cash flow analysis and a yield rate that was estimated based on the borrowing rates currently available to the Company for bank loans with similar terms and maturities. The fair value of the aggregate principal amount of the Company's fixed-rate debt of $16.5 million at September 30, 2016 was $16.3 million.

The Company uses fair value measurements on a non-recurring basis in its assessment of goodwill and long-lived assets held and used. In accordance with its annual impairment test during the quarter ended September 30, 2012, the Company recorded a goodwill impairment charge of $36.9 million, which represented the entire amount of goodwill carried on the Company's balance sheet. The fair value measurements were calculated using unobservable inputs, using a weighted average of the discounted cash flow approach and two market approach analyses, all of which are classified as Level 3 within the fair value hierarchy. The amount and timing of future cash flows was based on our most recent operational budgets. The Company uses the assistance of third party specialists to develop valuation assumptions. Refer to Note 4, Goodwill and Intangible Assets, for further information.

Accounts Receivable and Allowance for Doubtful Accounts

The Company provides an allowance for doubtful accounts when collection of an account or note receivable is considered doubtful, and receivables are written off against the allowance when deemed uncollectible. Inherent in the assessment of the allowance for doubtful accounts are certain judgments and estimates including, among others, the customer's access to capital, the customer's willingness or ability to pay, general economic conditions and the ongoing relationship with the customer. Retainage billed but not paid pursuant to contract provisions will be due upon completion of the contracts. Based on the Company's past experience management considers all amounts classified as retainage receivable to be collectible. All retainage receivable amounts are expected to be collected within the next fiscal year.

Property and Equipment

Property and equipment are recorded at cost. Costs which extend the useful lives or increase the productivity of the assets are capitalized, while normal repairs and maintenance that do not extend the useful life or increase productivity of the asset are expensed as incurred. Property and equipment are depreciated principally on the straight-line method over the estimated useful lives of the assets: buildings 39 years; operating equipment and vehicles 5-7 years; and office equipment, furniture and fixtures 5-7 years.

Goodwill and Other Intangibles

The Company's goodwill was acquired in two separate purchase transactions that were consummated on August 15, 2008. The Company selected July 1 for its annual impairment testing date, which is the first day of the fourth fiscal quarter. In accordance with U.S. Generally Accepted Accounting Principles, goodwill was to be tested for impairment between annual testing dates if an event occurred or circumstances changed that would have more likely than not reduced the fair value of a reporting unit below its carrying amount. An impairment charge of $36.9 million was recorded in the fourth fiscal quarter of 2012 as further disclosed in Note 4 to the financial statements.

Impairment of Long-Lived Assets

A long-lived asset shall be tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If an evaluation is required, the estimated future undiscounted cash flows associated with the asset would be compared to the asset's carrying amount to determine if a write-down to market value is required.

Revenue Recognition

Revenues from fixed price contracts are recognized using the percentage-of-completion method, measured by the percentage of costs incurred to date to total estimated costs at completion. These contracts provide for a fixed amount of revenues for the entire project. Such contracts provide that the customer accept completion of progress to date and compensate us for the services rendered, measured in terms of units installed, hours expended or some other measure of progress. Contract costs include all direct material, labor and subcontract costs and those indirect costs related to contract performance, such as indirect labor, tools and expendables. The cost estimates are based on the professional knowledge and experience of the Company's engineers, project managers and financial professionals. Changes in job performance, job conditions, and others all affect the total estimated costs at completion. The effects of these changes are recognized in the period in which they occur. Provisions for the total estimated losses on uncompleted contracts are made in the period in which such losses are determined. The current asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in excess of amounts billed for fixed price contracts. The current liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in excess of revenues recognized for fixed price contracts. Revenue on all costs plus and time and material contracts are recognized when services are performed or when units are completed.

Claims

Claims are amounts in excess of the agreed contract price that a contractor seeks to collect from customers or others for customer-caused delays, errors in specifications and designs, contract terminations, change orders in dispute or unapproved as to both scope and price, or other causes of unanticipated additional costs. The Company records revenue on claims that have a high probability of success. Revenue from a claim is recorded only to the extent that contract costs relating to the claim have been incurred.

Self Insurance

The Company has its workers compensation, general liability and auto insurance through a captive insurance company. While the Company believes that this arrangement has been very beneficial in reducing and stabilizing insurance costs the Company does have to maintain a restricted cash account to guarantee payments of premiums. That restricted account had a balance of $1.6 million as of September 30, 2016, which is in “Prepaid expenses and other” on the Company’s Consolidated Balance Sheets. Should the captive experience severe losses over an extended period, it could have a detrimental effect on the Company.

Advertising

All advertising costs are expensed as incurred. Total advertising expense was $81,000 and $40,000 for the years ended September 30, 2016 and 2015, respectively.

Stock Compensation Plans

The Company has issued restricted stock under its Long-Term Incentive Plan. The Company accounts for its equity based compensation as prescribed by U.S. Generally Accepted Accounting Principles for share-based payments. The Company has adopted a fair value based method of accounting for employee equity based plans, whereby compensation cost is measured at the grant date based on the fair value of the award and is recognized over the service period, which is usually the vesting period. As a result, compensation expense relating to stock compensation plans will be reflected in net income as part of “Salaries and employee benefits” on the Consolidated Statements of Income. For the year ending September 30, 2016 and 2015 respectively, $0 and $0 was recognized as compensation expense.

Income Taxes

The Company and all subsidiaries file a consolidated federal and various state income tax returns on a fiscal year basis. With few exceptions, the company is no longer subject to U.S. federal, state, or local income tax examinations for years ending prior to September 30, 2009. The Company follows the liability method of accounting for income taxes in accordance with U.S. Generally Accepted Accounting Principles. Under this method, deferred tax assets and liabilities are recorded for future tax consequences of temporary differences between financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the underlying assets or liabilities are recovered or settled. A valuation allowance is established to reduce deferred tax assets if it is more likely than not that a deferred tax asset will not be realized. U.S. GAAP also prescribes a comprehensive model for how companies should recognize, measure, present and disclose in their financial statements uncertain tax positions taken or to be taken on a tax return.

Earnings Per Common Share

Basic earnings per share is computed using the weighted average number of common shares outstanding during the year, and diluted earnings per share is computed using the weighted average number of common shares outstanding during the year adjusted for all potentially dilutive common stock equivalents, except in cases where the effect of the common stock equivalent would be anti-dilutive.

Collective Bargaining Agreements

Certain Energy Services subsidiaries are party to collective bargaining agreements with unions representing certain of their employees. The agreements require such subsidiaries to pay specified wages and provide certain benefits to the union employees. These agreements expire at various times and have typically been renegotiated and renewed on terms that are similar to the ones contained in the expiring agreements.

Under certain collective bargaining agreements, the applicable Energy Services subsidiary is required to make contributions to multi-employer pension plans. If the subsidiary were to cease participation in one or more of these plans, a liability could potentially be assessed related to any underfunding of these plans. The amount of such assessment, were one to be made, cannot be reasonably estimated.

Litigation Costs

The Company reserves when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Litigation costs are expensed as incurred.

Reclassifications

Certain reclassifications have been made to prior year end financial statements to conform to the classification adopted of the current year.

New Accounting Pronouncements

In August 2015, the FASB issued ASU 2015-14 which deferred the effective date of ASU 2014-09 for all entities by one year. In June 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers"("ASU 2014-09"). ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance, and creates a Topic 606 Revenue from Contracts with Customers. With the amendments in ASU 2015-14, ASU 2014-09 will be effective for the Company beginning after December 15, 2017, including interim periods. The Company expects that the adoption of ASU 2014-09 will not have a material impact on its financial statements or disclosure.

In November 2015, the FASB issued ASU 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes". ASU 2015-17 is effective for public business entities for financial statements issued for annual periods beginning after December 15, 2016, and interim periods within those annual periods. ASU 2015-17 eliminates the current requirement for organizations to present deferred tax liabilities and assets as current and noncurrent in a classified balance sheet. Instead, organizations will be required to classify all deferred tax assets and liabilities as noncurrent. The Company expects that the adoption of ASU 2015-17 will not have a material impact on its financial statements or disclosure.

3. DISCONTINUED OPERATIONS

Due to organizational changes and operating losses incurred in fiscal year 2012, the Company decided to discontinue the operations of the wholly owned subsidiary S.T. Pipeline, Inc. The Company liquidated the assets of S.T. Pipeline on May 14, 2013. The net proceeds of $7,233,913 went to a designated bank group to reduce the balance on the Company's Line of Credit (LOC) and term note balances.

The operating results for S.T. Pipeline, Inc. for the years ended September 30, 2016 and 2015 are as follows:

	2016	2015
Revenue	$ -	$ -
Cost of revenues	-	-
Gross profit from discontinued operations	-	-
Selling and administrative expenses	-	-
Income from discontinued operations	-	-
Other income (expense)		
Other nonoperating income	-	-
Loss on sale of equipment	-	-
	-	-
Income before income taxes	-	-
Income tax benefit	-	(26,340)
Net income from discontinued operations	$ -	$ 26,340

The following table shows the components of asset and liabilities that are classified as discontinued operations in the Company's consolidated balances sheets for the years ended September 30, 2016 and 2015.

		September 30, 2016		September 30, 2015
Cash	$	12,303	$	18,541
Deferred tax asset		-		1,720,783
Assets of discontinued operations-current		12,303		1,739,324
Property, plant, and equipment, net		-		-
Total assets of discontinued operations		12,303		1,739,324
Accounts payable		-		80,345
Accrued expenses and other current liabilities		28,671		21,064
Liabilities of discontinued operations-current		28,671		101,409
Liabilities of discontinued operations-long term		-		-
Total liabilities of discontinued operations		28,671		101,409
Net assets (liabilities)	$	(16,368)	$	1,637,915

At September 30, 2015, the Company had $1.7 million in deferred tax assets related to the discontinued operation. Of that amount, $1.0 million related to federal net operating loss carry forwards and $691,000 related to the amortization of impaired goodwill. The deferred tax asset for discontinued operations increased by $522,000 during fiscal year 2015 due to a reclassification related to federal net operating loss (NOL) carry-forwards from the parent company. The need for reclassification became apparent in the Company's second quarter ended March 31, 2015 after the NOL carry-forwards from the fiscal year 2014 tax estimate entry were compared to the consolidated federal income tax return for fiscal year 2014.

As of September 30, 2016, the Company had reclassed the deferred tax asset from the discontinued operation to continuing operations as the Company files a consolidated federal income tax return and has exhausted all federal net operating loss carry forwards during fiscal year 2016. The amount of deferred tax assets reclassed to continuing operations at September 30, 2016 was $580,000, which related to the amortization of impaired goodwill.

The $29,000 in accrued expenses and other current liabilities at September 30, 2016 represents a reserve for any unexpected expenses that may be incurred by the discontinued operation. As of September 30, 2016, the Company had paid all debts known to exist to the unsecured creditors of the discontinued operation.

Cash flows from discontinued operations for years ended September 30, 2016 and 2015 are as follows:

	2016	2015
Cash flows from operating activities:		
Net income	$ -	$ 26,340
Adjustments to reconcile net income to net cash used in operating activities:		
Provision for deferred taxes	1,720,783	(517,517)
Decrease in accounts payable	(80,345)	(323,614)
Increase (decrease) in accrued expenses	7,607	(24,709)
Advance from (to) parent	(1,654,283)	777,422
Increase in income tax payable	-	62,505
Net cash provided by (used in) operating activities	(6,238)	427
Cash flows from investing activities:		
Proceeds from sales of property and equipment	-	-
Net cash provided by (used in) investing activities	-	-
Cash flows from financing activities:		
Principle payments on long term debt	-	-
Net cash proviced by (used in) financing activities	-	-
Increase (decrease) in cash and cash equivalents	(6,238)	427
Cash beginning of period	18,541	18,114
Cash end of period	$ 12,303	$ 18,541
Supplemental schedule of noncash investing and financing activities:		
None	$ -	$ -
Supplemental disclosures of cash flows information:		
None	$ -	$ -

Continuing cash flows are expected to be generated through December 31, 2016.

4. GOODWILL AND INTANGIBLE ASSETS

A summary of changes in the Company's goodwill is as follows:

	Year Ended September 30, 2016	Year Ended September 30, 2015
Balance at beginning of year	$ -	$ -
Impairment	-	-
Balance at end of year	$ -	$ -

In the fourth fiscal quarter of 2012, the Company recorded a goodwill impairment charge of $36.9 million, which represented the entire amount of goodwill carried on the Company's balance sheet. The Company determined that its goodwill was impaired largely due to lower revenue and profitability associated with the Company's long term financial forecasts. The Company measured the amount of impairment by calculating the amount by which the carrying value exceeded the estimated fair value which was based on projected discounted cash flows (level 3).

The fair value measurements were calculated using unobservable inputs, using a weighted average of the discounted cash flow approach and two market approach analyses. The amount and timing of future free cash flows was based on current operational budgets and long range strategic plans. The Company used the assistance of third party specialists to develop valuation assumptions. The Company's operating losses in fiscal years 2011 and 2012 and the Forbearance Agreement existing at that time were considered in the cash flow analysis.

5. ACCOUNTS RECEIVABLE

Activity in the Company's allowance for doubtful accounts consists of the following:

	Year Ended September 30, 2016	Year Ended September 30, 2015
Continuing Operations		
Balance at beginning of year	$ 147,922	$ 158,487
Charged to expense	-	-
Deductions for uncollectible receivables written off, net of recoveries	(14,422)	(10,565)
Balance at end of year	$ 133,500	$ 147,922
Discontinued Operations		
Balance at beginning of year	$ -	$ -
Charged to expense	-	-
Deductions for uncollectible receivables written off, net of recoveries	-	-
Balance at end of year	$ -	$ -

6. UNCOMPLETED CONTRACTS

Costs, estimated earnings, and billings on uncompleted contracts are summarized as follows:

	Year Ended September 30, 2016	2015
Costs incurred on contracts in progress	$ 134,163,585	$ 124,388,637
Estimated earnings, net of estimated losses	16,592,644	17,475,207
	150,756,229	141,863,844
Less billings to date	148,212,959	137,790,761
	$ 2,543,270	$ 4,073,083
Costs and estimated earnings in excess of billed on uncompleted contracts	$ 5,953,818	$ 6,745,377
Less billings in excess of costs and estimated earnings on uncompleted contracts	3,410,548	2,672,294
	$ 2,543,270	$ 4,073,083

7. CLAIMS

The Company does not have any claims receivable as of September 30, 2016. Claims receivable is a component of cost and estimated earnings in excess of billing.

8. PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	Year Ended September 30, 2016	2015
Land	$ 1,846,641	$ 1,141,707
Buildings and leasehold improvements	3,431,142	1,937,547
Operating equipment and vehicles	33,533,462	29,922,752
Office equipment, furniture and fixtures	532,401	485,537
Assets not yet in service	31,859	7,302
	39,375,505	33,494,845
Less accumulated depreciation	26,625,827	25,075,178
Property and equipment, net	$ 12,749,678	$ 8,419,667

9. SHORT-TERM DEBT

Short-term debt consists of the following:

Effective February 27, 2016, the Company established a $15.0 million line of credit with United Bank, Inc. This agreement replaced the $10.0 million line of credit dated February 27, 2015 between the Company and United Bank, Inc. The interest rate on the line of credit is the “Wall Street Journal” Prime Rate (the index) with a floor of 6.0%. Cash available under the line is calculated based on a percentage of the accounts receivable with certain exclusions. Major items excluded from the calculation are certain percentages of receivables from bonded jobs and retainage as well as all items greater than one hundred twenty (120) days old. At September 30, 2016 the Company had borrowed $6.0 million against the line of credit. The line of credit matures on February 27, 2017, but the Company expects the line of credit will be renewed annually. At September 30, 2015, the Company had borrowed $4.5 million against the previous line or credit.

The Company also finances insurance policy premiums on a short-term basis through a financing company. These insurance policies include: workers’ compensation, general liability, automobile, umbrella, and equipment policies. It is typical that the Company makes a down payment in January and finances the remaining premium amount over nine or ten monthly payments. In January 2016, The Company financed $2.3 million in insurance premium policies. At September 30, 2016, the balance of the remaining premiums to be paid was $233,000.

10. SHORT-TERM AND LONG-TERM DEBT

A summary of short-term and long-term debt as of September 30, 2016 and 2015 is as follows:

	2016	2015
Note payable to finance company for insurance premiums financed, due in monthly installments totaling $232,943, including interest rate at 1%, final payment due October 2016.	$ 232,943	$ -
Line of credit payable to bank, monthly interest at 6.0%, final payment due by Feburary 27, 2017.	6,000,000	4,500,000
Notes payable to bank, due in monthly installments totaling $11,506, including interest at 5.0%, final payment due November 2025 secured by building and property.	1,044,043	-
Notes payable to finance companies, due in monthly installments totaling $40,603 including interest ranging from 1.0% to 10.09%, final payments due October 2015 through June 2019, secured by equipment.	291,513	663,425
Notes payable to bank, due in monthly installments totaling $7,799, including interest at 4.75%, final payment due November 2034 secured by building and property.	1,134,811	1,172,732
Notes payable to bank, due in monthly installments totaling $172,473, including interest at 6.5%, final payment due February 2019 secured by equipment.	4,484,995	6,196,209
Notes payable to bank, due in monthly installments totaling $30,900, including interest at 5.0%, final payment due February 2019 secured by equipment.	843,612	1,162,897
Notes payable to bank, due in monthly installments totaling $46,405, including interest at 5.00%, final payment due September 2021 secured by equipment.	2,459,023	-
Total debt	16,490,940	13,695,263
Less current maturities	9,100,841	6,892,812
Total long term debt	$ 7,390,099	$ 6,802,451

Future expected payments due on long-term debt are as follows:

2017	$	9,100,841
2018		3,033,842
2019		1,526,427
2020		688,627
2021		703,461
Thereafter		1,437,742
	$	16,490,940

11. INCOME TAXES

The components of income taxes are as follows:

	Year Ended September 30, 2016	2015
Federal		
Current	$ 2,229,033	$ 2,001,910
Deferred	260,693	(373,170)
Total	2,489,726	1,628,740
State		
Current	362,474	8,106
Deferred	46,005	(65,854)
Total	408,479	(57,748)
Total income tax expense	$ 2,898,205	$ 1,570,992

The provision for income taxes differs from the amount computed by applying the federal statutory rate of 34% on income from operations, as indicated in the following analysis:

	Year Ended September 30, 2016	2015
Statutory rate	34.00%	34.00%
Meals	11.50%	6.13%
Other	-4.20%	1.98%
Valuation allowance	0.00%	-7.15%
State income taxes	5.90%	7.36%
Effective tax rate	47.20%	42.32%

Deferred income taxes provide for significant differences between the basis of assets and liabilities for financial reporting and income tax reporting. A valuation allowance is established when necessary to reduce deferred tax assets to the amount expected to be realized.

The income tax effects of temporary differences giving rise to the deferred tax assets and liabilities are as follows:

	Year Ended September 30, 2016	2015
Deferred income tax assets		
Net operating loss carryforward	$ -	$ 1,218,114
Other deferred assets	1,399,152	1,683,683
Less valuation allowance	-	(54,317)
Total deferred income tax assets	1,399,152	2,847,480
Continuing operations	1,399,152	1,126,697
Discontinued operations	-	1,720,783
Total deferred income tax assets	$ 1,399,152	$ 2,847,480
Deferred income tax liabilities		
Current		
Claims in progress	$ -	$ -
Total deferred income tax liabilities-Current	-	-
Continuing operations	-	-
Discontinued operations	-	-
Total deferred income tax liabilities-Current	$ -	$ -
Long-term		
Property and equipment	$ 1,941,913	$ 1,895,577
Other deferred liabilities	(15,836)	8,330
Total deferred income tax liabilities-LT	1,926,077	1,903,907
Continuing operations	1,926,077	1,903,907
Discontinued operations	-	-
Total deferred income tax liabilities-LT	$ 1,926,077	$ 1,903,907

In fiscal year 2012, the Company established a valuation allowance against its deferred tax assets to offset a significant portion of the Company's federal and state tax net operating loss (NOL) benefits that were not expected to be used in future years due to the Going Concern opinion. With the Company's improved financial condition in fiscal year 2014 and projections that NOL carry forwards would continue to be used, the Company reversed a $3.5 million valuation allowance that previously existed. This resulted in the $2.3 million tax benefit recognized in fiscal year 2014. At September 30, 2014, the Company had tax assets related to federal NOL carry forwards valued at $2.7 million with no federal NOL valuation allowance remaining. At September 30, 2015, the Company had tax assets related to federal NOL carry forwards valued at $1.1 million. At September 30, 2016, the Company had exhausted all tax assets related to federal NOL carry forwards.

The Company had a NOL carry forward for federal income tax purposes at September 30, 2014 of $7.7 million available to offset future taxable income. In fiscal year 2015, $4.5 million of taxable income was applied to NOL carry forwards, decreasing the carry forward to $3.2 million. In fiscal year 2016, $6.0 million of taxable income was applied, exhausting all NOL carry forwards.

The Company does not believe that it has any unrecognized tax benefits included in its consolidated financial statements that require recognition. The Company has not had any settlements in the current period with taxing authorities, nor has it recognized tax benefits as a result of a lapse of the applicable statute of limitations. The Company recognizes interest and penalties accrued related to unrecognized tax benefits, if applicable, in general and administrative expenses.

12. EARNINGS PER SHARE

Earnings per share for the years ended September 30, 2016 and 2015 are as follow:

		2016		2015
Income from continuing operations	$	3,241,423	$	2,114,190
Dividends on preferred stock		309,000		309,000
Income available to common shareholders-continuing operations	$	2,932,423	$	1,805,190
Weighted average shares outstanding		14,239,836		14,239,836
Weighted average shares outstanding-diluted		17,673,169		17,673,169
Earnings per share from continuing operations available to common shareholders	$	0.206	$	0.127
Earnings per share from continuing operations available to common shareholders-diluted	$	0.166	$	0.102
Income from discontinued operations	$	-	$	26,340
Weighted average shares outstanding		14,239,836		14,239,836
Weighted average shares outstanding-diluted		17,673,169		17,673,169
Earnings per share from discontinued operations	$	-	$	0.002
Earnings per share from discontinued operations-diluted	$	-	$	0.001
Net income	$	3,241,423	$	2,140,530
Dividends on preferred stock		309,000		309,000
Net income available to common shareholders	$	2,932,423	$	1,831,530
Earnings per share available to common shareholders	$	0.206	$	0.129
Earnings per share available to common shareholders-diluted	$	0.166	$	0.104

13. STOCK PURCHASE PLAN

At the annual meeting of the shareholders on November 19, 2008 the shareholders approved the establishment of an employee stock purchase plan. The stock purchase plan authorizes the issuance of up to 1,200,000 shares of common stock for purchase by eligible employees. A participant’s stock purchased during a calendar year may not exceed the lesser of (a) a percentage of the participant’s compensation or a total amount as specified by the compensation committee of the Board, or (b) $25,000. The stock will be offered at a purchase price of at least 85% of its fair market value on the date of purchase. The major plan provisions cover the purposes of the plan, effective date and duration, administration, eligibility, stock type, stock purchase limitations, price of stock, participation election, payroll deductions, payment for stock, date of purchase, termination of agreement, termination of employment, recapitalization, change of control, assignability, Stockholder rights, compliance with Internal Revenue Code Section 423, amendment and termination, application of funds, tax withholdings, governing laws, employment at will and arbitration. There have been no agreements with any employees made under this plan as of the year ended September 30, 2016.

14. LONG TERM INCENTIVE PLAN

At the annual meeting of the shareholders on August 11, 2010, the shareholders approved the Energy Services of America Corporation Long Term Incentive Plan (the "LTIP"), to provide employees and directors of Energy Services of America Corporation (the "Company") with additional incentives to promote the growth and performance of the Company. At September 30, 2011, future awards of 1,149,000 shares could be made under the plan.

On August 11, 2010, a total of 51,000 shares were granted to six officers of the Company at a grant date fair value per share of $4.22. These grants vested over a period of three years. Market value of the grants was $215,220 and was recognized as compensation expense over the vesting period. For the years ending September 30, 2016 and 2015, respectively, $0 and $0 were recognized as compensation expense and $0 and $0 as deferred tax benefit as a result of these grants. The holders of the restricted stock do not receive dividends and do not have the right to vote the shares. All stock grants have vested or been forfeited as of September 30, 2016.

15. RELATED PARTY TRANSACTIONS

We intend that all transactions between us and our executive officers, directors, holders of 10% or more of the shares of any class of our common stock and affiliates thereof, will be on terms no less favorable than those terms given to unaffiliated third parties and will be approved by a majority of our independent outside directors not having any interest in the transaction.

Prior to a $1,163,000 refinancing agreement with United Bank, Inc. on September 16, 2015, the Company had a five year term note agreement with First Guaranty Bank, Hammond, Louisiana. Mr. Marshall Reynolds is the Chairman of the Board of Directors of First Guaranty Bank and owns greater than 10% of the common stock of First Guaranty Bank's holding company, First Guaranty Bancshares, Inc. In addition, Messrs. Douglas Reynolds and Jack Reynolds, the sons of Marshall Reynolds, are also significant stockholders of First Guaranty Bancshares, Inc. The largest aggregate amount of principal outstanding of the loan was $1,644,690. As of September 16, 2015, we have paid approximately $482,000 in principal and approximately $88,000 in interest since the beginning of the loan, January 31, 2014. The interest rate on the loan was 3.55%.

On December 16, 2014, the Company's Nitro Electric subsidiary entered into a 20 year $1.2 million loan agreement with First Bank of Charleston, Inc. (West Virginia) to purchase the office building and property it had previously been leasing for $6,300 monthly. Mr. Douglas Reynolds, President of Energy Services, is a director and secretary of First Bank of Charleston. Mr. Nester Logan and Mr. Samuel Kapourales, directors of Energy Services, are also directors of First Bank of Charleston. The interest rate on the new loan agreement is 4.75% with monthly payments of $7,800. As of September 30, 2016, we have paid approximately $65,000 in principal and approximately $99,000 in interest since the beginning of the loan.

Other than as disclosed above, there were no transactions.

Certain Energy Services subsidiaries routinely engage in transactions in the normal course of business with each other, including sharing employee benefit plan coverage, payment for insurance and other expenses on behalf of other affiliates, and other services incidental to business of each of the affiliates. All revenue and related expense transactions, as well as the related accounts payable and accounts receivable have been eliminated.

16. LEASE OBLIGATIONS

The Company leases various equipment and office space under operating lease agreements with terms up to 60 months, with renewal options of up to an additional 60 months.

The future minimum lease payments under operating leases as of September 30, 2016, are as follows:

2017	$	50,346
2018		119,276
2019		-
2020		-
2021		-
	$	169,622

17. MAJOR CUSTOMERS

Revenues for the year ending September 30, 2016 were $155.5 million. Two major customers, EQT and Marathon Petroleum, accounted for more than 10% each and totaled $55.7 million, which represented 35.8% of revenues for fiscal year 2016. Receivables from two major customers, EQT and Marathon Petroleum, were greater than 10% individually and totaled $12.5 million, which represented 51.9% of the total receivables at September 30, 2016.

Revenues for the year ending September 30, 2015 were $116.8 million. Two major customers, Marathon Petroleum and Rice Energy, accounted for more than 10% each and totaled $43.7 million, which represented 37.4% of revenues for fiscal year 2015. Receivables from two major customers, Marathon Petroleum and Rice Energy, were greater than 10% each and totaled $10.1 million, which represented 47.1% of the total receivables at September 30, 2015.

Virtually all work performed for major customers was awarded under competitive bid fixed price or unit price arrangements. The loss of a major customer could have a severe impact on the profitability of operations of the Company. However, due to the nature of the Company's operations, the major customers and sources of revenues may change from year to year.

18. RETIREMENT AND EMPLOYEE BENEFIT PLANS

In 2016 and 2015, C. J. Hughes Construction Company, Inc., maintained a tax-qualified 401(k) retirement plan for union employees. Employees can contribute up to 15% of eligible wages, provided the compensation deferred for a plan year did not exceed the indexed dollar amount set by the Internal Revenue Service which was $18,000 for 2016 and $18,000 for 2015. C. J. Hughes matches $0.25 on each dollar contributed up to 6% of eligible wages. C. J. Hughes contributed $4,925 for the fiscal year ended September 30, 2016 to the union plan. Additionally, each plan year, C. J. Hughes may make a discretionary profit-sharing contribution for participants who are actively employed on the last day of the plan year. No discretionary profit-sharing contribution was made for the 2016 or 2015 plan year.

Effective January 1, 2010, Energy Services of America became the successor plan sponsor of the C. J. Hughes Construction Company, Inc. 401(k) Plan for non-union employees. The Plan was renamed the Energy Services of America Staff Retirement Plan. The four wholly owned subsidiaries, C. J. Hughes Construction Company, Inc., Nitro Electric Company, Inc., Contractors Rental Corporation, and ST Pipeline adopted the Plan on behalf of their non-union employees.

Employees are eligible to participate in the Plan upon completion of six months of service, but must wait until a quarterly entry to join the Plan. The Plan was last restated as of January 1, 2015, and the corporate trustee is United Bank Inc. Employees may contribute eligible wages up to maximum indexed dollar amount set by the Internal Revenue Service which was $18,000 for 2016 and $18,000 for 2015. Energy Services may make annual discretionary matching contributions and/or profit-sharing contributions to the Plan. The matching contribution formula for the 2016 and 2015 Plan year was $0.25 on each dollar contributed up to 6% of eligible wages. The Company's matching contribution is used by the Plan's third-party administrator to purchase Energy Services of America stock from the open market. No restrictions on the match exist after it has been contributed. The match was previously discontinued in January 2013, but was reinstated in April 2014. No profit-sharing contribution was made for the 2016 or 2015 plan year.

Energy Services of America and its wholly owned subsidiaries contributed $64,949 for the fiscal year ended September 30, 2016.

The Company contributes to a number of multi-employer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.

- If the Company chooses to stop participating in some of its multi-employer plans, the Company may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The following table presents our participation in these plans:

Pension Fund	EIN/Pension Plan Number	Pension Protection Act ("PPA") Certified Zone Status 1		FIP/RP Status Pending/ Implemented 2	Contibutions of Energy Services of America Companies			Surcharge Imposed	Expiration Date of Collective Bargaining Agreement 3
		2015	2014		2015	2014	2013		
Central States, Southeast and Southwest Areas Pension Fund	36-6044243/001	Red	Red	Implemented	$ 35,907	$ 9,482	$ 9,482	no	Various
Plumbers & Pipefitters National Pension Fund	52-6152779/001	Yellow	Yellow	Implemented	$ 841,370	$ 660,415	$ 485,121	no	Various
Southwest Ohio Regional Council of Carpenters Pension Plan	31-6127287/001	Yellow	Yellow	Implemented	$ 8,695	$ 22,066	$ 17,365	no	Various
Sheet Metal Workers Local Pension Fund	34-6666753/001	Yellow	Yellow	Implemented	$ 99,809	$ 59,237	$ 21,960	no	Various
Plumbers and Pipefitters Local 152 Pension Fund	55-6029095/001	Red	Red	Implemented	$ 11,178	$ 924	$ 46,583	no	Various
I.B.E.W. Local No. 246 Pension Fund	34-6582842/001	Red	Red	Implemented	$ -	$ -	$ 6,614	no	Various
All Other					$ 5,429,598	$ 3,550,515	$ 2,942,866		
					$ 6,426,557	$ 4,302,639	$ 3,529,991		

1 The most recent PPA zone status available in 2015 and 2014 is the the plan's year-end during 2015 and 2014, respectively. The zone status is based on information that we received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the orange zone are less than 80 percent funded and have an Accumulated Funding Deficiency in the current year or projected into the next six years, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

2 Indicates whether the plan has a financial improvement plan ("FIP") or a rehabilitation plan ("RP") which is either pending or has been implemented.

The Company currently does not have intentions of withdrawing from any of the multi-employer pension plans in which it participates.

19. CREDIT RISK

Financial instruments which potentially subject the Company to credit risk consist primarily of cash, cash equivalents and contract receivables. The Company places its cash with high quality financial institutions. At times, the balances in such institutions may exceed the FDIC insurance limit of $250,000 per depositor, per insured bank, for each account ownership category. FDIC insurance covers all deposit accounts, including: checking accounts, savings accounts, money market deposit accounts, and certificates of deposit. As of September 30, 2016, the Company had $4.5 million of uninsured deposits.

The Company performs periodic credit evaluations of its customer's financial condition and generally does not require collateral. Credit losses consistently have been within management's expectations.

20. COMMITMENTS AND CONTINGENCIES

During the normal course of operations, the companies are subject to certain subcontractor claims, mechanic's liens, and other litigation. Management is of the opinion that no material obligations will arise from any pending legal proceedings. Accordingly, no provision has been made in the financial statements for such litigation.

21. QUARTERLY FINANCIAL DATA (UNAUDITED)

Quarterly financial data for 2016 and 2015 are summarized below:

2016 Continuing Operations	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$ 34,374,091	$ 28,005,021	$ 43,370,975	$ 49,731,058	$ 155,481,145
Operating Income (loss)	1,455,015	(178,841)	2,391,479	3,237,027	6,904,680
Net income (loss) from continuing operations	698,856	(210,235)	1,077,225	1,675,577	3,241,423
Dividends on preferred stock	77,250	77,250	77,250	77,250	309,000
Net income (loss) available to common shareholders	$ 621,606	$ (287,485)	$ 999,975	$ 1,598,327	$ 2,932,423
Weighted-basic shares outstanding	14,239,836	14,239,836	14,239,836	14,239,836	14,239,836
Weighted-diluted shares outstanding	17,673,169	14,239,836	17,673,169	17,673,169	17,673,169
Earnings (loss) per share from continuing operations available to common shareholders	$ 0.044	$ (0.020)	$ 0.070	$ 0.112	$ 0.206
Earnings (loss) per share from continuing operations-diluted available to common shareholders	$ 0.035	$ (0.020)	$ 0.057	$ 0.090	$ 0.166

2016 Discontinued Operations	First Quarter	First Quarter	First Quarter	First Quarter	Total
Revenue	$ -	$ -	$ -	$ -	$ -
Operatining Income	-	-	-	-	-
Net Income from discontinued operations	$ -	$ -	$ -	$ -	$ -
					-
Weighted-basic shares outstanding	14,239,836	14,239,836	14,239,836	14,239,836	14,239,836
Weighted-diluted shares outstanding	17,673,169	14,239,836	17,673,169	17,673,169	17,673,169
Earnings per share from discontinued operations	$ -	$ -	$ -	$ -	$ -
Earnings per share from discontinued operations-diluted	$ -	$ -	$ -	$ -	$ -

2015 Continuing Operations	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$ 23,145,595	$ 20,871,013	$ 35,120,857	$ 37,662,581	$ 116,800,046
Operating Income (loss)	212,161	(408,754)	1,413,619	3,062,845	4,279,871
Net income (loss) from continuing operations	(172,033)	(167,395)	779,638	1,673,980	2,114,190
Dividends on preferred stock	77,250	77,250	77,250	77,250	309,000
Net income (loss) available to common shareholders	$ (249,283)	$ (244,645)	$ 702,388	$ 1,596,730	$ 1,805,190
Weighted-basic shares outstanding	14,239,836	14,239,836	14,239,836	14,239,836	14,239,836
Weighted-diluted shares outstanding	14,239,836	14,239,836	17,673,169	17,673,169	17,673,169
Earnings (loss) per share from continuing operations available to common shareholders	$ (0.018)	$ (0.017)	$ 0.049	$ 0.112	$ 0.127
Earnings (loss) per share from continuing operations-diluted available to common shareholders	$ (0.018)	$ (0.017)	$ 0.040	$ 0.090	$ 0.102

2015 Discontinued Operations	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenue	$ -	$ -	$ -	$ -	$ -
Operatining Income	-	-	-	-	-
Net Income (loss) from discontinued operations	$ 36,842	$ (27,848)	$ 4,176	$ 13,170	$ 26,340
					-
Weighted-basic shares outstanding	14,239,836	14,239,836	14,239,836	14,239,836	14,239,836
Weighted-diluted shares outstanding	14,239,836	14,239,836	17,673,169	17,673,169	17,673,169
Earnings (loss) per share from discontinued operations	$ 0.003	$ (0.002)	$ 0.000	$ 0.001	$ 0.002
Earnings (loss) per share from discontinued operations-diluted	$ 0.003	$ (0.002)	$ 0.000	$ 0.001	$ 0.001

22. CONDENSED PARENT COMPANY ONLY FINANCIAL STATEMENTS

ENERGY SERVICES OF AMERICA CORPORATION (Parent Only)
BALANCE SHEETS
As of September 30, 2016 and 2015

	2016	2015
Assets		
Current assets		
Cash and cash equivalents	$ 595,757	$ 564,044
Other receivables	1,417	1,417
Deferred tax asset	671,601	787,193
Prepaid expenses and other	1,996,826	2,044,502
Total current assets	3,265,601	3,397,156
Property, plant and equipment, at cost	248,402	227,894
less accumulated depreciation	(215,181)	(213,061)
	33,221	14,833
Due from affiliates	10,917,081	9,648,659
Investment in subsidiaries	23,626,269	19,519,637
Total assets	$ 37,842,172	$ 32,580,285
Liabilities and shareholders' equity		
Current liabilities		
Current maturities of long-term debt	$ 2,671,310	$ 2,037,840
Lines of credit and short term borrowings	6,232,943	4,516,235
Accounts payable	12,693	86,219
Accrued expenses and other current liabilities	236,033	325,084
Total current liabilities	9,152,979	6,965,378
Long-term debt, less current maturities	6,160,363	5,321,266
Deferred income taxes payable	5,138	7,005
Total liabilities	15,318,480	12,293,649
Shareholders' equity		
Preferred stock, $.0001 par value Authorized 1,000,000 shares,206 issued at September 30, 2016 and 2015	-	-
Common stock, $.0001 par value Authorized 50,000,000 shares 14,839,836 issued and 14,239,836 outstanding at September 30, 2016 and 2015	1,484	1,484
Treasury stock, 600,000 shares at September 30, 2016 and 2015	(60)	(60)
Additional paid in capital	61,289,260	61,289,260
Retained earnings (deficit)	(38,766,992)	(41,004,048)
Total shareholders' equity	22,523,692	20,286,636
Total liabilities and shareholders' equity	$ 37,842,172	$ 32,580,285

ENERGY SERVICES OF AMERICA CORPORATION (Parent Only)
STATEMENTS OF INCOME
For the years ended September 30, 2016 and 2015

	2016	2015
General and administrative expenses	$ 1,336,620	$ 1,302,892
Net loss from operations before taxes	(1,336,620)	(1,302,892)
Other nonoperating expense	(83)	(1,479)
Interest income	-	1,278
Interest expense	(780,376)	(640,472)
Interest allocation to subsidiaries	736,473	603,020
Net loss before tax	(1,380,606)	(1,340,545)
Income tax benefit	(515,397)	(536,928)
Net loss from parent	(865,209)	(803,617)
Equity in undistributed income income of subsidiaries	4,106,632	2,944,147
Dividends on preferred stock	(309,000)	(309,000)
Net income available to common shareholders	$ 2,932,423	$ 1,831,530
Weighted average shares outstanding- basic	14,239,836	14,239,836
Weighted average shares-diluted	17,673,169	17,673,169
Net earnings per share-basic available to common shareholders	$ 0.206	$ 0.129
Net earnings per share-diluted available to common shareholders	$ 0.166	$ 0.104

ENERGY SERVICES OF AMERICA CORPORATION (Parent Only)
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended September 30, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Net income available to common shareholders	$ 2,932,423	$ 1,831,530
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for deferred taxes	113,725	(536,928)
Depreciation expense	2,120	1,440
Equity in undistributed income of subsidiaries	(4,106,632)	(2,944,147)
Advances to subsidiaries	(1,268,422)	(706,235)
Changes in:		
(Increase) decrease in prepaid expenses	47,676	(607,669)
Decrease in other receivable	-	169,472
Increase (decrease) in accounts payable	(73,526)	540
Decrease in accrued expenses and other current liabilities	(89,051)	(10,813)
Net cash used in operating activities	(2,441,687)	(2,802,810)
Cash flows from investing activities:		
Investment in property & equipment	(20,508)	-
Net cash used in investing activities	(20,508)	-
Cash flows from financing activities:		
Borrowings on lines of credit and short-term debt, net of (repayments)	1,716,708	3,756,103
Principal payments on long term debt	(2,106,456)	(3,045,741)
Dividends on common stock	(695,367)	-
Proceeds from long term debt	3,579,023	1,162,879
Net cash provided by financing activities	2,493,908	1,873,241
Increase (decrease) in cash and cash equivalents	31,713	(929,569)
Cash beginning of period	564,044	1,493,613
Cash end of period	$ 595,757	$ 564,044
Supplemental disclosures of cash flows information:		
Cash paid during the year for:		
Income taxes	$ 310,401	$ 243,998
Interest	$ 780,376	$ 640,472
Insurance premiums financed	$ 2,565,020	$ 2,349,760
Dividends on preferred stock	$ 309,000	$ 309,000

Exhibit 21

Subsidiaries of Energy Services of American Corporation

Name	State of Incorporation
C.J. Hughes Construction Company, Inc.	West Virginia (direct)
S.T. Pipeline, Inc.	West Virginia (direct)
Nitro Electric Company, Inc. (1)	West Virginia (indirect)
Contractors Rental Company, Inc. (1)	West Virginia (indirect)

(1) Subsidiary of C.J. Hughes Construction Company, Inc.

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Douglas V. Reynolds, certify that:

1. I have reviewed this Annual Report on Form 10-K of Energy Services of America Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: December 15, 2016

/s/ Douglas V. Reynolds
Douglas V. Reynolds
President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Charles P. Crimmel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Energy Services of America Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting;

Date: December 15, 2016

/s/ Charles P. Crimmel
Charles P. Crimmel
Chief Financial Officer

Exhibit 32

Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Douglas V. Reynolds, President and Chief Executive Officer and Charles P. Crimmel, Chief Financial Officer of Energy Services of America Corporation (the "Company") each certify in their capacity as officers of the Company that they have reviewed the annual report of the Company on Form 10-K for the fiscal year ended September 30, 2016 and that to the best of their knowledge:

1. the report fully complies with the requirements of Sections 13(a) of the Securities Exchange Act of 1934; and

2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 15, 2016

/s/ Douglas V. Reynolds
Douglas V. Reynolds
Chief Executive Officer

Date: December 15, 2016

/s/Charles P. Crimmel
Charles P. Crimmel
Chief Financial Officer

The purpose of this statement is solely to comply with Title 18, Chapter 63, Section 1350 of the United States Code, as amended by Section 906 of the Sarbanes-Oxley Act of 2002.

A signed original of this written statement required by Section 906 has been provided to Energy Services of America Corporation and will be retained by Energy Services of America Corporation and furnished to the Securities and Exchange Commission or its staff upon request.