

**JEFFERSON COUNTY
DEVELOPMENT AUTHORITY**
(A Component Unit of Jefferson County Commission)
FINANCIAL STATEMENTS

For the year ended June 30, 2024

Board Members and Officers

As of June 30, 2024

Gino Sisco - President

Chris Puller - Vice President

Todd Coyle - Secretary, Treasurer

Neil McLaughlin - Member

Mary Kathryn Robinson - Member

Greg Mason - Member

Kurk Turney - Member

Donald Haines - Member

James Gatz - Member

Bryan Jones - Member

Edward Love - Member

Elizabeth Ricketts - Member

Kathy Skinner - Member

Pasha Majdi - County Commissioner

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DECKER & COMPANY PLLC
CERTIFIED PUBLIC ACCOUNTING

Warm Springs Business Center • 64 Warm Springs Avenue • Martinsburg, WV 25404

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT ON FINANCIAL STATEMENTS

To the Board of Directors
Jefferson County Development Authority
Kearneysville, West Virginia

Management is responsible for the accompanying financial statements of the business-type activities of Jefferson County Development Authority, West Virginia, which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses and change in net position and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Decker & Company PLLC

August 16, 2024

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF NET POSITION
June 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 1,050,057
Accounts receivable	20,000
Prepaid expenses	<u>7,035</u>
Total current assets	<u>1,077,092</u>

RESTRICTED ASSETS

Cash - Agriculture Development and Coalbed Severance	<u>20,708</u>
Total restricted assets	<u>20,708</u>

CAPITAL ASSETS

Furniture, fixtures, and equipment	44,120
Less accumulated depreciation	(38,244)
Intangible assets	65,800
Less accumulated amortization	<u>(53,006)</u>
Total capital assets, net of accumulated depreciation and amortization	<u>18,670</u>

OTHER ASSETS

Land and development	<u>2,426,771</u>
Total other assets	<u>2,426,771</u>
Total assets	\$ <u><u>3,543,241</u></u>

See accompanying notes and independent accountants' compilation report.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF NET POSITION (Continued)
June 30, 2024

LIABILITIES

CURRENT LIABILITIES

Accounts payable	\$ 1,212
Accrued interest payable	934,373
Deferred revenues	<u>115,174</u>
Total current liabilities	<u>1,050,759</u>

LONG-TERM LIABILITIES

Notes payable	<u>1,709,487</u>
Total long-term liabilities	<u>1,709,487</u>
Total liabilities	<u>2,760,246</u>

NET POSITION

Invested in capital assets, net of related debt	18,670
Restricted for Agriculture Development and Coalbed Severance	20,708
Unrestricted	<u>743,617</u>
Total net position	<u>782,995</u>
Total liabilities and net position	\$ <u>3,543,241</u>

See notes and accompanying independent accountants' compilation report.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
For the year ended June 30, 2024

OPERATING SUPPORT AND REVENUES

Support from Jefferson County Commission	\$	373,421
Grant income		55,789
In-kind rent income		37,950
Sponsorship income		3,000
Ecommerce		12
		470,172
Total operating support and revenues		470,172

OPERATING EXPENSES

Salaries	186,137
Employee benefits	52,614
In-kind rent expense	37,950
Professional fees	22,250
Amortization	21,933
Ag at Home expenses	21,265
Advertising/marketing	14,593
Computer services	12,767
Training	7,293
Jump Start expenses	6,748
Maintenance	5,895
Depreciation	3,025
Supplies	2,566
Travel	2,261
Insurance	2,096
Telephone	1,960
Dues and subscriptions	1,660
Meetings	1,038
Miscellaneous	528
	404,579
Total operating expenses	404,579
Operating income	65,593

NON-OPERATING REVENUES (EXPENSES)

Interest income	45,091
Loss on sale of land and development	(27,463)
Interest expense	(45,535)
	(27,907)
Total non-operating revenues (expenses)	(27,907)
Change in net position	37,686
Net position at beginning of year	745,309
Net position at end of year	\$ 782,995

See accompanying notes and independent accountants' compilation report

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from support and revenues	\$ 476,279
Cash payments for goods and services	(108,422)
Cash payments for employee services	<u>(238,751)</u>
Net cash provided by operating activities	<u>129,106</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	45,091
Proceeds from land sales	287,128
Cost of land and development	<u>(943)</u>
Net cash provided by investing activities	<u>331,276</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of furniture, fixtures, and equipment	(1,076)
Principal payments on notes payable	<u>(277,328)</u>
Net cash used in capital and related financing activities	<u>(278,404)</u>
Net increase in cash and cash equivalents	181,978
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>888,787</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,070,765</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 65,593
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization expense	24,958
Non-operating interest expense	(58)
Increase in accounts receivable	(20,000)
Increase in prepaid expenses	(1,914)
Decrease in accounts payable	(3,530)
Increase in deferred revenue	<u>64,057</u>
Net cash provided by operating activities	<u>\$ 129,106</u>

See accompanying notes and independent accountants' compilation report.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NATURE OF OPERATIONS

The Jefferson County Development Authority (the Authority) was created by order of the Jefferson County Commission on February 15, 1979, for the purpose of promoting, developing, and advancing the business prosperity and economic welfare of Jefferson County, West Virginia and its citizens. The Authority, a component unit of the Jefferson County Commission, is governed by a Board, consisting of twelve members, which is appointed by the County Commission. The Authority's operations are dependent on financial support provided by the Jefferson County Commission. The Jefferson County Commission directly pays all Authority personnel costs.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Financial Statements of the Authority have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The financial statements report information on all activities of the Authority.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority's operations are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Business-type activities rely on, to a significant extent, on fees and charges for support.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the enterprise fund include the cost of services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Deposits

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

Receivables and Payables

All accounts receivable and accounts payable are shown at the gross amount due. The Authority uses the reserve method of providing for uncollectible accounts.

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of \$1,000 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Assets are depreciated using the straight-line method over the estimated useful lives of assets, which range from five to ten years. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets consist of software. All software is amortized on the straight-line method over the estimated useful lives.

Compensated Absences

The Authority chooses not to accrue compensated absences due to the immaterial amount involved.

Deferred Revenue

Grant deposits the Authority receives from grant programs for which all requirements have not been satisfied are recorded as deferred revenue.

Long-Term Obligations

In the financial statements, long-term debt and other long-term obligations are reported as liabilities in the proprietary fund statement of net position.

Net Position

Net Position is displayed in three components:

- 1) Invested in capital assets, net of related debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- 2) Restricted net position - consists of the net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributions, or laws or regulation of other governments; or (2) law through constitutional provision or enabling legislation.
- 3) Unrestricted net position - all other net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The Authority has adopted a revenue spending policy that provides guidance for programs with multiple revenues sources. For purposes of net position classification, expenses are to be paid from restricted net position first, and then unrestricted net position.

Donated Facilities

Contributions of donated facilities are recorded at their fair values in the period received based on comparable values of like facilities in the surrounding area. In-kind rent totaled \$37,950 for the year ended June 30, 2024.

Estimates

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

CUSTODIAL CREDIT RISK

For deposits, the Authority could be exposed to risk in the event of a bank failure where the Authority's deposits may not be returned. At year end, the Authority's carrying amount of deposits and bank balances were \$1,070,765 and \$1,076,563, respectively, of which was entirely covered by Federal Deposit Insurance Corporation coverage and collateralization with securities held by the pledging institution's trust department of agent but not in the entity's name.

RESTRICTED ASSETS

Cash held for Agricultural Development and Coalbed Severance can only be used for certain expenses related to agricultural development and economic development projects, respectively, and are presented in the financial statement as restricted.

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Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2024

CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2024 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets being depreciated				
Furniture, fixtures, and equipment	\$ 43,044	\$ 1,076	\$ -	\$ 44,120
Intangible assets	65,800	-	-	65,800
Less: accumulated amortization	(31,072)	(21,934)	-	(53,006)
Less: accumulated depreciation	<u>(35,219)</u>	<u>(3,025)</u>	<u>-</u>	<u>(38,244)</u>
Total capital assets being depreciated, net	<u>42,553</u>	<u>(23,883)</u>	<u>-</u>	<u>18,670</u>
Business-type activities capital assets, net	<u>\$ 42,553</u>	<u>\$ (23,883)</u>	<u>\$ -</u>	<u>\$ 18,670</u>

LAND AND DEVELOPMENT

Land held for development includes the purchase cost of the land and all costs necessary to develop the property to marketable condition and consists of the following at June 30, 2024:

<u>Site</u>	<u>Approximate Acreage</u>	<u>Cost</u>
Burr Industrial Park Phase II	41	\$ 2,426,771

NOTES PAYABLE

On June 15, 2009, the Authority completed an expansion phase of the Burr Industrial Park. Two notes were obtained to help finance the expansion.

The Authority entered into a loan agreement with the West Virginia Economic Development Authority (WVEDA) for \$3,776,327 on June 15, 2009. On June 25, 2013, the Authority entered into a third amended and restated note dated in the amount of \$3,686,367. The note has an interest rate of 4% per annum to be paid over 240 months beginning July 25, 2013 and matures June 2033. The loan is secured by a shared first lien on the real estate. As of May 21, 2019, the WVEDA agreed to defer all principal and interest payments on this loan until the related property is sold or leased, or until maturity. Interest will continue to accrue during the deferral period. The outstanding principal balance as of June 30, 2024 is \$1,068,700.

The Authority also entered into a loan agreement with the West Virginia Infrastructure and Jobs Development Council (WV IJDC) for \$2,588,331 on June 15, 2009. The note has an interest rate of 3% per annum, is secured by a shared first lien on the real estate, and matures June 2029. On February 12, 2018, the WVIJDC agreed to defer all principal and interest payments until January 31, 2019. On April 5, 2019, the WVIJDC agreed to continue to defer all principal and interest payments on this loan until the related property is sold or leased, or until maturity. Interest does not accrue during the deferral period. The outstanding principal balance as of June 30, 2023 is \$640,787.

The total of principal and interest due on loans during the next five years and in subsequent five-year periods is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Due in fiscal year ending June 30, 2025	\$ -	\$ -	\$ -
Due in fiscal year ending June 30, 2026	-	-	-
Due in fiscal year ending June 30, 2027	-	-	-
Due in fiscal year ending June 30, 2028	-	-	-
Due in fiscal year ending June 30, 2029-	-	-	-
Due in fiscal year ending June 30, 2030-2034	<u>1,709,487</u>	<u>1,319,105</u>	<u>3,028,592</u>
Total	<u>\$ 1,709,487</u>	<u>\$ 1,319,105</u>	<u>\$ 3,028,592</u>

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Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2024

NOTES PAYABLE (Continued)

Changes in long-term liabilities for the fiscal year ended June 30, 2024, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type activities:					
Notes payable	\$ 1,986,815	\$ -	\$ (277,328)	\$ 1,709,487	\$ -
Total notes payable	<u>1,986,815</u>	<u>-</u>	<u>(277,328)</u>	<u>1,709,487</u>	<u>-</u>

RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. For the year ended June 30, 2024, the Authority was provided coverage through the West Virginia Counties Self Insurance Risk Pool.

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

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

CONTINGENCIES

- A. The Jefferson County Development Authority receives a substantial amount of support from state and local governments. A significant reduction in the level of this support, if such were to occur, would have a material effect on the Authority's programs and activities. The grant programs are subject to audit by agents of the granting authority for the purpose of ensuring compliance grant terms. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management believes it has complied with all grant requirements in the determination of revenues and expenses.
- B. The Jefferson County Commission pays all payroll and payroll related expenses of the Authority. The Authority records all such payments in their Statement of Revenues, Expenses and Change in Net Position as revenue from the Jefferson County Commission and as payroll and payroll related expenses. A significant reduction in this level of support, if such were to occur, would have a material effect on the Authority's programs and activities.
- C. Occasionally, the Authority is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, there are no current lawsuits that will not have a materially adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

SUBSEQUENT EVENTS

In preparing these financial statements, the Authority's management has evaluated the effect that subsequent events would have on the Authority's financial statements through August 16, 2024, the date the financial statements were available to be issued.