JEFFERSON COUNTY
DEVELOPMENT AUTHORITY

(A Component Unit of Jefferson County Commission)

FINANCIAL STATEMENTS

For the year ended June 30, 2023

Board Members and Officers
As of June 30, 2023

Gino Sisco - President
Edward Love - Vice President
Todd Coyle - Secretary, Treasurer
Neil McLaughlin - Member
Chris Puller - Member
Greg Mason - Member
Kurk Turney - Member
Donald Haines - Member
James Gatz - Member
Bryan Jones - Member
Tara Orndorff - Member
Elizabeth Ricketts - Member
Steven Stolipher - County Commissioner

Executive Director:
Edwina Benites

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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, 2023, 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 24, 2023

Phone 304-263-0200 · Fax 304-263-0737 · www.deckerandcompany.com

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF NET POSITION
June 30, 2023

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	868,591
Prepaid expenses		5,120
Total current assets		873,711
RESTRICTED ASSETS		
Cash - Agriculture Development and Coalbed Severance		20,196
Total restricted assets		20,196
CAPITAL ASSETS		
Furniture, fixtures, and equipment		43,044
Less accumulated depreciation		(35,219)
Intangible assets		65,800
Less accumulated amortization		(31,072)
Total capital assets, net of accumulated depreciation and amortization		42,553
OTHER ASSETS		
Land and development		2,740,419
Total other assets		2,740,419
Total assets	$	3,676,879

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, 2023

LIABILITIES

CURRENT LIABILITIES		
Accounts payable	$	4,742
Accrued interest payable		888,896
Deferred revenues		51,117
Total current liabilities		944,755
LONG-TERM LIABILITIES		
Notes payable		1,986,815
Total long-term liabilities		1,986,815
Total liabilities		2,931,570

NET POSITION

Invested in capital assets, net of related debt		42,553
Restricted for Agriculture Development and Coalbed Severance		20,196
Unrestricted		682,560
Total net position		745,309
Total liabilities and net position	$	3,676,879

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, 2023

OPERATING SUPPORT AND REVENUES		
Support from Jefferson County Commission	$	393,227
Grant income		66,337
In-kind rent income		37,950
Sponsorship income		3,500
Ecommerce		21
Total operating support and revenues		501,035
OPERATING EXPENSES		
Salaries		211,724
Advertising/marketing		59,471
Employee benefits		54,604
In-kind rent expense		37,950
Professional fees		34,231
Amortization		21,933
Travel		20,984
Training		9,117
Computer services		7,258
Dues and subscriptions		6,939
Meetings		6,436
Supplies		4,473
Printing costs		3,498
Maintenance		3,100
Depreciation		3,098
Telephone		2,127
Insurance		2,085
Miscellaneous		1,094
Total operating expenses		490,122
Operating income		10,913
NON-OPERATING REVENUES (EXPENSES)		
Interest income		18,011
Loss on sale of land and development		(39,842)
Interest expense		(62,986)
Total non-operating revenues (expenses)		(84,817)
Change in net position		(73,904)
Net position at beginning of year		819,213
Net position at end of year	$	745,309

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, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from support and revenues	$	552,152
Cash payments for goods and services		(194,477)
Cash payments for employee services		(266,328)
Net cash provided by operating activities		91,347
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of furniture, fixtures, and equipment		(2,143)
Principal payments on notes payable		(233,754)
Net cash used in capital and related financing activities		(235,897)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received		18,011
Proceeds from land sales		234,415
Cost of land and development		(28,883)
Net cash provided by investing activities		223,543
Net increase in cash and cash equivalents		78,993
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		809,794
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	888,787
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVIES		
Operating income	$	10,913
Depreciation and amortization		25,031
Increase in prepaid expenses		(456)
Increase in accounts payable		4,742
Increase in deferred revenue		51,117
Net cash provided by operating activities	$	91,347

See accompanying notes and independent accountants' compilation report.

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 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.

Adoption of New Accounting Standard

On July 1, 2022, the Authority adopted GASB Accounting Standards Statement 96, *Subscription-Based Information Technology Arrangements*, which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments by defining a SBITA, establishing the criteria for recognizing right-to-use subscription assets and corresponding subscription liabilities, and outlining required note disclosures regarding SBITAs. There was not a material impact to net position, revenues, or expenses as a result of applying GASB 96 for the year ended June 30, 2023, and there have not been significant changes to the Authority's business processes, systems, or internal controls as a result of implementing the standard.

Cash and Cash Equivalents

Cash on hand and deposits with bank institutions are presented as cash in the accompanying financial statements. For the purpose of the statement of cash flows, the Authority considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. For the purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Intangible Assets

Intangible assets are made up of website design costs. Amortization is computed using the straight-line method over the estimated useful life of the asset, which is three years.

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.

Equity Classification

Equity is classified as net position and 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, 2023.

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management must make estimates based on future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities as of the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from these estimates.

DEPOSITS

The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at June 30, 2023.

The categories are described as follows:

Category 1 - Insured or collateralized with securities held by the entity or by its agent in the entity's name.

Category 2 - Collateralized with securities held by the pledging financial institution's trust department of agent but not in the entity's name.

Category 3 - Uncollateralized.

The following is a summary of the Authority's deposits for the year ended June 30, 2023:

	Bank Balance	Category 1	Category 2	Category 3	Carrying Amount
Deposits with Financial Institutions	$ 892,442	$ 250,000	$ 642,442	$ -	$ 888,787

As of June 30, 2023, the Authority's deposits were in checking accounts. The Authority does not have a policy on custodial risk.

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.

CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets being depreciated				
Furniture, fixtures, and equipment	$ 40,901	$ 2,143	$ -	$ 43,044
Total capital assets being depreciated	40,901	2,143	-	43,044
Accumulated depreciation:				
Furniture, fixtures, and equipment	$ (32,121)	$ (3,098)	$ -	$ (35,219)
Total accumulated depreciation	(32,121)	(3,098)	-	(35,219)
Capital assets being amortized				
Intangible assets	$ 107,733	$ -	$ (41,933)	$ 65,800
Total capital assets being amortized	107,733	-	(41,933)	65,800
Accumulated amortization:				
Intangible assets	$ (51,072)	$ (21,933)	$ 41,933	$ (31,072)
Total accumulated amortization	(51,072)	(21,933)	41,933	(31,072)
Total capital assets, net of accumulated depreciation and amortization	$ 65,441	$ (22,888)	$ -	$ 42,553

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, 2023:

Site	Approximate Acreage	Cost
Burr Industrial Park Phase II	46	$ 2,740,419

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, 2023 is $1,240,644.

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 $746,171.

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

	Principal	Interest	Total
Due in fiscal year ending June 30, 2024	$ -	$ -	$ -
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, 2029-2033	1,986,815	1,385,154	3,371,969
Total	$ 1,986,815	$ 1,385,154	$ 3,371,969

Changes in long-term liabilities for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Notes payable	$ 2,220,570	$ -	$ (233,755)	$ 1,986,815	$ -
Total notes payable	2,220,570	-	(233,755)	1,986,815	-

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.

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, 2023, 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.

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 24, 2023, the date the financial statements were available to be issued.