

Jefferson County

RFP# 23-289

Jefferson County Development Authority

A Component Unit of Jefferson County Commission

Financial Statements and Independent Auditor's Report

For the Fiscal Year Ended June 30, 2023

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
TABLE OF CONTENTS
For the Fiscal Year Ended June 30, 2023**

Introductory Section	
Board Members	1
Financial Section	
Independent Auditor’s Report.....	2
Basic Financial Statements:	
<i>Fund Financial Statements:</i>	
Statement of Net Position – Proprietary Fund.....	4
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund	5
Statement of Cash Flows – Proprietary Fund	6
<i>Notes to the Financial Statements</i>	7
Accompanying Information	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Schedule of Findings and Responses.....	15
Summary Schedule of Prior Audit Findings.....	16

Introductory Section

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
BOARD MEMBERS
For the Fiscal Year Ended June 30, 2023**

OFFICE	NAME	TERM ENDS
President/Bolivar Representative:	Gino Sisco	4/05/2025
Vice President/Citizen Representative:	Chris Puller	4/05/2024
Secretary/Treasurer/Citizen Representative:	Todd Coyle	4/05/2026
Labor/BOE Representative:	Kurk Turney	4/05/2024
Business Representative:	Tara Orndorff	4/05/2025
Shepherdstown Representative:	James Gatz	4/05/2026
Charles Town Representative:	Elizabeth Ricketts	4/05/2026
Business Representative:	Bryan Jones	4/05/2025
Industry Representative:	Greg Mason	4/05/2025
Harpers Ferry Representative:	Edward Love	4/05/2022*
Citizen Representative:	Mary Kathryn Robinson	4/05/2024
Citizen Representative:	Neil McLaughlin	4/05/2024
Ranson Representative:	Donald Haines	4/05/2026
County Commissioner:	Steven Stolipher	1/01/2024
Executive Director:	Edwina Benites	

*Though this term is expired, under the Authority's bylaws, this member serves until another Harpers Ferry representative is appointed.

Financial Section

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report

Honorable Members of the Board
Jefferson County Development Authority
Kearneysville, West Virginia 25430

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Jefferson County Development Authority (the Authority), a component unit of the Jefferson County Commission, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Jefferson County Development Authority as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Emphasis of Matter

As discussed in Note I.D.10, during the year ended June 30, 2023, the Authority adopted new accounting guidance, the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 18, 2023**

JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
STATEMENT OF NET POSITION - PROPRIETARY FUND
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:

Depreciable:

Furniture, fixtures, and equipment		43,044
Less accumulated depreciation		(35,219)
Intangible assets		65,800
Less accumulated amortization		(31,072)
Total capital assets		42,553

Other assets:

Land and development		2,740,419
Total other assets		2,740,419

Total assets	\$	3,676,879
---------------------	-----------	------------------

LIABILITIES

Current liabilities:

Accounts payable	\$	4,742
Accrued interest payable		888,896
Deferred revenues		51,117
Total current liabilities		944,755

Noncurrent liabilities:

Notes payable, due in more than one year		1,986,815
Total noncurrent 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
---	-----------	------------------

JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2023

Operating 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 revenues	<u>501,035</u>
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	<u>490,122</u>
Operating income (loss)	10,913
Nonoperating revenues (expenses):	
Gain (loss) on sale of land and development	(39,842)
Interest income	18,011
Interest expense	(62,986)
Total nonoperating revenues (expenses)	<u>(84,817)</u>
Change in net position	(73,904)
Net position - beginning of year	<u>819,213</u>
Net position - end of year	<u>\$ 745,309</u>

JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2023

Cash flows from operating activities:	
Cash received from support and revenues	\$ 552,152
Cash paid for goods and services	(194,477)
Cash paid for employees	<u>(266,328)</u>
Net cash provided by operating activities	<u>91,347</u>
Cash flows from investing activities:	
Interest received	18,011
Proceeds from land sales	234,416
Cost of land and development	<u>(28,883)</u>
Net cash provided by investing activities	<u>223,544</u>
Cash flows from capital and related financing activities:	
Purchase of furniture, fixtures, and equipment	(2,143)
Principal payments on notes payable	<u>(233,755)</u>
Net cash used by capital and related financing activities	<u>(235,898)</u>
Net increase in cash and cash equivalents	<u>78,993</u>
Cash and cash equivalents, June 30, 2022	<u>809,794</u>
Cash and cash equivalents, June 30, 2023	<u><u>\$ 888,787</u></u>
Reconciliation of operating income to net cash provided (used) by operating activities:	
Operating income (loss)	\$ 10,913
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation and amortization expense	25,031
Increase (Decrease) in prepaid expenses	(456)
Increase (Decrease) in accounts payable	4,742
Increase (Decrease) in deferred revenue	<u>51,117</u>
Net cash provided by operating activities	<u><u>\$ 91,347</u></u>

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

NOTE I - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the presentation of the financial report of Jefferson County Development Authority (Authority) have been designed to conform to generally accepted accounting principles as applicable to government units, in accordance with the Governmental Accounting Standards Board (GASB).

A. Reporting Entity

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 fifteen 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.

B. Fund Financial Statements

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The 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 (i.e., the statement of net position and the statement of revenues, expenses and changes in net position) report information on all activities of the Authority. Business-type activities rely to a significant extent on fees and charges for support.

The statement of revenues, expenses and changes in net position demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided.

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

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.

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.

JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

D. Assets, Liabilities, and Net Position

1. 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 purposes of the Statement of Cash Flows, restricted assets may be considered cash equivalents based on liquidity.

2. 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.

3. Capital Assets and Depreciation

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 life of the assets, which range from five to thirty-nine years.

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

4. Intangible Assets

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

5. Compensated Absences

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

6. 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.

7. Net Position

Net Position is displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use of either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislature.

JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023

- c. 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 revenue sources. For purposes of net position classification, expenses are to be paid from restricted net position first, and then unrestricted net position.

8. 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.

9. 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.

10. Change In Accounting Principle

The Authority adopted GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Statement), as of July 1, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving 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.

NOTE II – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 \$888,787 and \$892,442, 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 Agriculture Development and Coalbed Severance can only be used for certain expenses related to agriculture development and economic development projects, respectively, and are presented in the financial statements as restricted.

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

B. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	<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	\$ 40,901	\$ 2,143	\$ -	\$ 43,044
Intangible assets	107,733	-	(41,933)	65,800
Less: accumulated amortization	(51,072)	(21,933)	41,933	(31,072)
Less: accumulated depreciation	<u>(32,121)</u>	<u>(3,098)</u>	<u>-</u>	<u>(35,219)</u>
Total capital assets being depreciated, net	<u>65,441</u>	<u>(22,888)</u>	<u>-</u>	<u>42,553</u>
Business-type activities capital assets, net	<u>\$ 65,441</u>	<u>\$ (22,888)</u>	<u>\$ -</u>	<u>\$ 42,553</u>

C. Land and Land 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:

<u>Site</u>	<u>Approximate Acreage</u>	<u>Cost</u>
Burr Industrial Park Phase II	46	\$ 2,740,419

D. Long-term Debt

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. On 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 entered into a loan agreement with the West Virginia Infrastructure and Jobs Development Council (WVIJDC) for \$2,588,331 on June 15, 2009. The note has an interest rate of 3% per annum and is secured by a shared first lien on the real estate. 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.

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

Debt service requirements for the years subsequent to June 30, 2023 are as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ -	\$ -
2025	-	-
2026	-	-
2027	-	-
2028	-	-
2029 – 2033	<u>1,986,815</u>	<u>1,385,154</u>
Totals	<u>\$ 1,986,815</u>	<u>\$ 1,385,154</u>

Changes in Long-Term Liabilities

Business-type Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	<u>2,220,570</u>	\$ -	\$ (233,755)	\$ 1,986,815	\$ -
Business-type activities					
Long-term liabilities	<u>\$ 2,220,570</u>	\$ -	\$ (233,755)	\$ 1,986,815	\$ -

NOTE III – OTHER INFORMATION

A. 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. The Authority is covered with an insurance policy as a member of the West Virginia Counties Group 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.

B. Contingencies

In the normal course of operations, the Authority receives grant funds from various Federal, State and Local agencies. 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.

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.

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2023**

C. Litigation

Occasionally, the Authority is the defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, that 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.

NOTE IV – SUBSEQUENT EVENTS

The Authority's management has evaluated the effect that subsequent events would have on the Authority's financial statements through December 18, 2023, which is the date the financial statements were available to be released.

Accompanying Information

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Members of the Board
Jefferson County Development Authority
Kearneysville, West Virginia 25430

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Jefferson County Development Authority (Authority) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated December 18, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Ferrari & Associates, PLLC

616 Schubert Place | Morgantown, WV 26505

Purpose of this Report

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

Ferrari & Associates, PLLC

**Morgantown, West Virginia
December 18, 2023**

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
SCHEDULE OF FINDINGS AND RESPONSES
For the Fiscal Year Ended June 30, 2023**

There were no current year audit findings.

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
A COMPONENT UNIT OF JEFFERSON COUNTY COMMISSION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2023**

There were no prior year audit findings.