

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY  
CHARLES TOWN, WEST VIRGINIA  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Basic Financial Statements	3
Financial Statements	
Statement of net assets	4-5
Statement of activities	6
Statement of cash flows	7-8
Notes to Financial Statements	9-13
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>	14-15
Schedule of Findings and Questioned Costs	16



J.C. Kunkle & Associates, A.C.  
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

**INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS**

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

We have audited the accompanying basic financial statements of Jefferson County Development Authority as of and for the year ended June 30, 2008, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Jefferson County Development Authority as of June 30, 2008, and the changes in net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2009, on our consideration of Jefferson County Development 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jefferson County Development Authority has not presented a management discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

*J.C. KUNKLE & ASSOCIATES, A.C.*

Martinsburg, West Virginia  
February 2, 2009

164 Lina Lane ■ Martinsburg, WV 25405  
304/263-9299 ■ Fax 304/267-7032 ■ e-mail: jckunkle@jckunkleassociates.com

MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Jefferson County Development Authority  
 STATEMENT OF NET ASSETS  
 June 30, 2008

**ASSETS**

**Current Assets**

Cash and temporary investments	\$ 272,965
Notes receivable (due in one year)	509,608
Prepaid expenses	<u>4,713</u>
<b>Total current assets</b>	<u>787,286</u>

**Restricted Assets**

Cash - TeleCenter	11,865
Cash - park development	255
Cash - agriculture development	9,248
Rents receivable - TeleCenter	23,578
Prepaid expenses - TeleCenter	<u>7,373</u>
<b>Total restricted assets</b>	<u>52,320</u>

**Property and Equipment**

Furniture, fixtures and equipment	304,183
Less accumulated depreciation	<u>(202,298)</u>
<b>Total property and equipment</b>	<u>101,885</u>

**Other Assets**

Land and development	4,524,373
Loan receivable - daycare	20,000
Loan acquisition costs (net of accumulated amortization)	<u>43,059</u>
<b>Total other assets</b>	<u>4,587,432</u>
<b>Total assets</b>	<u><u>\$ 5,528,923</u></u>

The accompanying notes are an integral part of the financial statements.

Jefferson County Development Authority  
STATEMENT OF NET ASSETS (CONTINUED)  
June 30, 2008

**LIABILITIES**

**Current Liabilities**

Accounts payable - trade	\$ 1,582
Notes payable (due within one year)	509,608
Park development line of credit	1,800,807
Deferred gain	<u>1,495</u>

**Total current liabilities** 2,313,492

**Current liabilities payable from restricted assets**

Accounts payable - TeleCenter	<u>2,564</u>
-------------------------------	--------------

**Total current liabilities payable from restricted assets** 2,564

**Long-term liabilities**

Due to Jefferson County Commission - park infrastructure	<u>200,000</u>
--	----------------

**Total long-term liabilities** 200,000

**Total liabilities** 2,516,056

**NET ASSETS**

Invested in capital assets (including park development), net of related debt	2,625,452
Restricted	49,755
Unrestricted	<u>337,659</u>

**Total net assets** 3,012,866

**Total liabilities and net assets** \$ 5,528,922

The accompanying notes are an integral part of the financial statements.

Jefferson County Development Authority  
STATEMENT OF ACTIVITIES  
For the year ended June 30, 2008

<b>Operating Support and Revenues</b>	
Support from Jefferson County Commission	\$ 346,261
State of West Virginia LED grant	68,000
Option income	20,000
Other	<u>11,196</u>
<b>Total operating support and revenues</b>	<u>445,457</u>
<b>Operating Expense</b>	
Advertising/Marketing	27,621
Depreciation	1,958
Employee benefits	61,628
Other operating	19,229
Printing	5,253
Professional fees	24,871
Rent	6,248
Salaries	200,933
Seminars/conferences	5,739
Travel	<u>14,407</u>
<b>Total operating expenses</b>	<u>367,887</u>
<b>Operating support and revenues less operating expenses</b>	<u>77,570</u>
<b>Non-operating Support and Revenues (Expenses)</b>	
Interest income	86,493
Interest expense	(38,611)
TeleCenter grants and revenues	272,008
TeleCenter expenses	(302,837)
Gain on sale of land	316,448
Agricultural development grant	14,440
Agricultural development expenses	<u>(2,143)</u>
<b>Total non-operating support and revenues (expenses)</b>	<u>345,798</u>
<b>Change in net assets</b>	423,368
<b>Net assets at beginning of year</b>	<u>2,589,498</u>
<b>Net assets at end of year</b>	<u><u>\$ 3,012,866</u></u>

The accompanying notes are an integral part of the financial statements.

Jefferson County Development Authority  
STATEMENT OF CASH FLOWS  
For the year ended June 30, 2008

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash received from support and revenues	\$ 445,457
Cash payments for goods and services	(134,079)
Cash payments for employee services	<u>(262,561)</u>
<b>Net cash provided by operating activities</b>	<u>48,817</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	86,493
Collection of note principal	<u>399,609</u>
<b>Net cash provided by investing activities</b>	<u>486,102</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Interest paid	(38,611)
Note principal payments	(438,230)
Agricultural development - net	<u>4,649</u>
<b>Net cash used in non-capital financing activities</b>	<u>(472,192)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of equipment	(6,515)
Proceeds from sale of real estate	356,383
Development costs paid	(2,158,472)
Proceeds from development line of credit	1,800,807
Payment of debt acquisition costs	(86,118)
Increase in restricted assets - development	<u>(255)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(94,170)</u>
Net decrease in cash	(31,443)
<b>CASH AT BEGINNING OF YEAR</b>	<u>304,408</u>
<b>CASH AT END OF YEAR</b>	<u><u>\$ 272,965</u></u>

The accompanying notes are an integral part of the financial statements.

Jefferson County Development Authority  
STATEMENT OF CASH FLOWS (continued)  
For the year ended June 30, 2008

**RECONCILIATION OF OPERATING SUPPORT AND REVENUES  
LESS OPERATING EXPENSES TO NET CASH PROVIDED  
BY OPERATING ACTIVITIES:**

Operating support and revenues less operating expenses	\$ 77,570
Adjustments to reconcile operating support and revenues less operating expenses to net cash provided by operating activities:	
Depreciation	1,958
Change in current assets and liabilities:	
Increase in prepaid expenses	(4,713)
Decrease in accounts payable	<u>(25,998)</u>
Net cash provided by operating activities	<u>\$ 48,817</u>

**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**

Noncash investing, capital, and financing transactions:  
None

The accompanying notes are an integral part of the financial statements.

Jefferson County Development Authority  
NOTES TO FINANCIAL STATEMENTS  
For the year ended June 30, 2008

**NOTE 1: GENERAL**

The Jefferson County Development 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. It consists of fifteen members appointed by the Jefferson 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.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Authority relating to the fund included in the accompanying financial statements conform to U.S. generally accepted accounting principles applicable to state and local governments.

Reporting Entity

The Authority's basic financial statements include the accounts of all Authority operations. The Jefferson County Development Authority has financial accountability and control over all activities for which it was created. The Authority receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities. There are no component units as defined in Government Accounting Standards Board Statement 14 which are included in the Authority's reporting entity.

Public Body

The Authority is a public body corporate and politic pursuant to Laws of the State of West Virginia. The Authority is not subject to Federal or State income taxes, nor is it required to file Federal and State income tax returns.

Fund Accounting

The accounts of the Authority are organized on the basis of fund accounting under one fund, an enterprise fund. The enterprise is a proprietary fund type that is used to account for all Authority operations because the Authority's operations are similar to that of private business enterprises.

Basis of Accounting

The financial statements of the Authority are prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP). As a proprietary fund type, the Authority applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements, in which case, GASB prevails. The accrual basis of accounting is used. Revenues are recognized in the accounting period in which they are earned and become measurable and expenses are recognized in the period incurred, if measurable.

Allowance for Doubtful Accounts

The Authority uses the reserve method of providing for uncollectible accounts. No allowance was deemed necessary at June 30, 2008.

Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5-10 years.