



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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March 4, 2016

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

We have audited the financial statements of the Jefferson County Development Authority for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Jefferson County Development Authority are described in Note I to the financial statements. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements was:

Management's estimate of the depreciation of assets is based on Generally Accepted Government Accounting Standards. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were no misstatements disclosed during the course of the audit. We had one reclassification entry, posted by the Authority.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 4, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

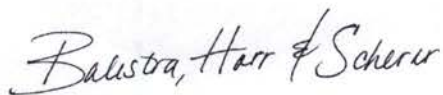
For fiscal year 2015, we noted no other findings or issues that needed communicated.

(Other Information in Documents Containing Audited Financial Statements)

With respect to the supplementary and accompanying information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary and accompanying information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Authority Board and management of the Jefferson County Development Authority and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Balestra, Harr & Scherer, CPAs, Inc.



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AUDIT REPORT OF
JEFFERSON COUNTY DEVELOPMENT AUTHORITY
JEFFERSON COUNTY, WEST VIRGINIA
REGULAR AUDIT

For the Year Ended June 30, 2015
Fiscal Year Audited Under GAGAS: 2015

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
 JEFFERSON COUNTY, WEST VIRGINIA
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 FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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INTRODUCTORY SECTION



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Jefferson County Development Authority
Jefferson County, West Virginia
P.O. Box 237
Charles Town, West Virginia 26414

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Jefferson County Development Authority, Jefferson County, West Virginia (the Authority), which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses and changes in fund net position, and cash flows for the year then ended and notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Authority's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Development Authority, Jefferson County, West Virginia, and the changes in net position and cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. The Authority has omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2016, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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.

Balestra, Harr & Scherer, CPAs
Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
March 4, 2016

**JEFFERSON COUNTY DEVELOPMENT AUTHORITY
JEFFERSON COUNTY, WEST VIRGINIA
BOARD OF DIRECTORS
For the Fiscal Year Ended June 30, 2015**

OFFICE	NAME	TERM EXPIRES
	<u>Appointive:</u>	
President:	Eric Lewis	04-05-18
Vice President:	Debra Lee Hovatter	04-05-18
Secretary/Treasurer	Mike Chapman	04-05-18
Board Member:	Andy Blake	04-05-17
	Chuck Ellison	04-05-16
	Annette Gavin	04-05-17
	David Manthos	04-05-17
	Neil McLaughlin	04-05-16
	Howard Mills	04-05-17
	P. David Mills	04-05-16
	Walter Pellish	Protected Seat
	Tony Roberts	04-05-16
	Andrew Skinner	04-05-17
	Michael Shepp	04-05-17
	Lyle C. Tabb, IV	04-05-16
	Karan Townsend	06-30-16
	Laura Whittington	04-05-16
	Harry T. Wilkins	04-05-16

Protected Seat – These individuals are appointed by the participating governmental entity at the pleasure of that government's legislative body.

FINANCIAL SECTION

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF NET POSITION
June 30, 2015

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 673,640
Prepaid expenses	10,407
Deposits	<u>26,670</u>
Total current assets	<u>710,717</u>

RESTRICTED ASSETS

Cash - Agriculture Development	15,421
Other Asset - Agriculture Development	<u>7,824</u>
Total restricted assets	<u>23,245</u>

CAPITAL ASSETS

Furniture, fixtures, and equipment	34,417
Less accumulated depreciation	<u>(15,682)</u>
Total capital assets, net of accumulated depreciation	<u>18,735</u>

OTHER ASSETS

Land and development	<u>7,085,222</u>
Total other assets	<u>7,085,222</u>
Total assets	\$ <u>7,837,919</u>

See accompanying notes and independent auditor's report.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF NET POSITION (continued)
June 30, 2015

LIABILITIES

CURRENT LIABILITIES

Accounts payable - trade	\$ 6,527
Due to Jefferson County Board of Education	10,678
Accrued interest payable	113,587
Notes payable - current	<u>147,663</u>
Total current liabilities	<u>278,455</u>

LONG-TERM LIABILITIES

Notes payable	<u>5,166,845</u>
Total long-term liabilities	<u>5,166,845</u>
Total liabilities	<u>5,445,300</u>

NET POSITION

Invested in capital assets, net of related debt	18,735
Restricted for Agriculture Development	23,245
Unrestricted	<u>2,350,639</u>
Total net position	<u>2,392,619</u>
Total liabilities and net position	\$ <u>7,837,919</u>

See accompanying notes and independent auditor's 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, 2015

OPERATING SUPPORT AND REVENUES

Support from Jefferson County Commission	\$	423,299
Support from West Virginia Small Business Development Center		41,250
West Virginia Development Office		31,008
Other income		158
		495,715
Total operating support and revenues		495,715

OPERATING EXPENSES

Salaries		205,092
Employee benefits		85,313
WVSBDC expenses		47,013
Advertising/marketing		29,675
Travel		18,049
Professional fees		11,673
Computer services		5,955
Depreciation		5,702
Insurance		2,154
EPEF expenses		2,093
Dues and subscriptions		2,042
Telephone		1,891
Supplies		1,858
Marketing consultant		1,499
Meetings		1,153
Training		931
Postage		268
Miscellaneous		260
Rural Innovation Forum		228
Printing costs		82
		422,931
Total operating expenses		422,931
Operating support and revenues less operating expenses		72,784

NON-OPERATING SUPPORT AND REVENUES (EXPENSES)

Interest income		2,908
Interest expense		(195,864)
Agriculture Development expenses		(1,399)
		(194,355)
Total non-operating support and revenues (expenses)		(194,355)
Change in net position		(121,571)
Net position at beginning of period		2,514,190
Net position at end of period	\$	2,392,619

See accompanying independent auditor's report

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
STATEMENT OF CASH FLOWS
For the year ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from support and revenues	\$ 498,265
Cash payments for goods and services	(138,196)
Cash payments for employee services	<u>(290,405)</u>
Net cash provided by operating activities	<u>69,664</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of furniture and fixtures	(380)
Principal payments on notes payable	(113,392)
Interest paid	<u>(89,294)</u>
Net cash used in capital and related financing activities	<u>(203,066)</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES	
Agricultural Development expenses	<u>(1,399)</u>
Net cash used in non-capital and related financing activities	<u>(1,399)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from transfer of land	10
Interest received	2,908
Agricultural Development - purchase of other assets	<u>6,659</u>
Net cash provided by investing activities	<u>9,577</u>
Net Decrease in Cash and Cash Equivalents	(125,224)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>814,285</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>689,061</u>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income	\$ 72,784
Depreciation	5,702
Decrease in accounts receivable	2,550
Increase in prepaid expenses	(902)
Increase in deposits	(26,670)
Increase in accounts payable	5,522
Increase in due to Jefferson County Board of Education	<u>10,678</u>
Net cash provided by operating activities	\$ <u>69,664</u>

See accompanying notes and independent auditor's report.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial Statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) 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) statement and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Authority's accounting policies are described below.

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.

The Authority's operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation are included on the statement of net position. The operating statement presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The Authority uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized at the time they are incurred.

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.

Allowance for Doubtful Accounts

The Authority uses the reserve method of providing for uncollectible accounts. All accounts are thought to be collectible by management, and, accordingly, no reserve has been set up at June 30, 2015.

Capital Assets

Capital assets are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of assets, which range from five to thirty-nine years.

Compensated Absences

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

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2015

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 - net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt".

The Authority's policy regarding whether to spend restricted or unrestricted resources first, when both restricted and unrestricted net position are available, is appropriately disclosed.

DEPOSITS

The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at June 30, 2015.

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

	Bank Balance	Category			Carrying Amount
		1	2	3	
Deposits with Financial Institutions	\$ 676,664	\$ 459,721	\$ 216,943	\$ -	\$ 689,060

As of June 30, 2015, the Authority had deposits in checking accounts, a money market account, and certificates of deposit.

The Authority does not have a policy on custodial credit risk.

RESTRICTED ASSETS

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

The Agricultural Development department purchased 3 high tunnels, which are listed on the balance sheet as other assets. In July of 2013, the high tunnels were sold in exchange for three notes receivable totaling \$21,513 with payments of \$209.70 for 36 months at 3% interest.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2015

CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2015 consisted of the following:

	Beginning Balance	Additions	Dispositions	Ending Balance
Depreciable Capital Assets				
Office Equipment	\$ 39,019	\$ 380	\$ (4,982)	\$ 34,417
Total Depreciable Capital Assets	<u>39,019</u>	<u>380</u>	<u>(4,982)</u>	<u>34,417</u>
Accumulated Depreciation:				
Office Equipment	\$ (14,962)	\$ (5,702)	\$ 4,982	\$ (15,682)
Total Accumulated Depreciation	<u>(14,962)</u>	<u>(5,702)</u>	<u>4,982</u>	<u>(15,682)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 24,057</u>	<u>\$ (5,322)</u>	<u>\$ -</u>	<u>\$ 18,735</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:

Site	Approximate Acreage	Cost
Burr Industrial Park Phase II	126	\$ 7,085,222

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 (WV EDA) 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 December 8, 2014, the Authority elected to defer all principal and interest payments on this loan through November 25, 2015. Interest will continue to accrue during the deferral period.

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. The Authority elected to defer payment of both principal and interest through November 2012 (Note: Interest continued to accrue during the deferral period). During the fiscal year ended June 30, 2012, the Authority made principal payments totaling \$213,653 which brought the principal balance to \$2,374,678. In December 2012, the Authority began making 199 principal and interest payments of \$15,161 per month and matures June 2029. The loan is secured by a shared first lien on the real estate. As of December 15, 2014, the Authority elected to defer all principal and interest payments on this loan until December 31, 2015. Interest will continue to accrue during the deferral period.

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, 2016	\$ 147,663	\$ 118,249	\$ 265,912
Due in fiscal year ending June 30, 2017	279,904	184,612	464,516
Due in fiscal year ending June 30, 2018	289,883	174,709	464,592
Due in fiscal year ending June 30, 2019	300,224	164,447	464,671
Due in fiscal year ending June 30, 2020	310,944	153,810	464,754
Due in fiscal year ending June 30, 2021-2025	1,729,692	595,444	2,325,136
Due in fiscal year ending June 30, 2026-2030	1,645,242	277,305	1,922,547
Due in fiscal year ending June 30, 2031-2033	610,956	39,021	649,977
Total	<u>\$ 5,314,508</u>	<u>\$ 1,707,597</u>	<u>\$ 7,022,105</u>

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2015

DUE TO JEFFERSON COUNTY BOARD OF EDUCATION

The Authority acts as a pass through agent for rental payments from a commercial entity to the Jefferson County Board of Education. At June 30, 2015, \$10,678 was received by the Authority and was remitted to the Jefferson County Board of Education on July 1, 2015.

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; injuries to employees; and natural disasters. For the year ended June 30, 2015, the Authority was provided coverage through the West Virginia Counties Self Insurance 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.

CONTINGENCIES

- A. 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.
- 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. The Authority had temporarily taken ownership of land that will be the future home of the Shepherdstown Library. They have been selected to receive a grant from the United States Environmental Protection Agency (EPA) through the Small Business Liability Relief and Brownfield Revitalization Act of 2002 to remediate any potential pollutants on the property. The Authority was required to maintain ownership until the EPA grant is closed. During fiscal year ended June 30, 2015, ownership has been transferred back to the Corporation of Shepherdstown. It is the Authority's position that they are not liable for any potential environmental remediation for the above grant award.

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. Donated values for the office space has not been reflected in the financial statements due to the fact that the fair value of each has not been determined.

RELATED PARTY TRANSACTIONS

The Authority obtains legal services through a firm that a member of the Authority's board of directors is a part of. The legal services obtained are, in the opinion of management, the most favorable to the Authority due to pro bono rate used for some services. During the fiscal year ended June 30, 2015, the Authority paid \$3,227 for legal services.

COMMITMENT

In fiscal year 2015, the Authority entered into a contract with a website design agency for \$38,475. The Authority has already paid \$25,650 toward the contract which is included in Deposits on the Statement of Net Position. As of June 30, 2015, the project has not been completed.

In March 2015, the Authority entered into a \$31,050 agreement with a software as a service provider, in which they will pay \$10,350 per year for three years. However, years two and three are contingent on the Authorities' available funding.

Jefferson County Development Authority
(A Component Unit of Jefferson County Commission)
NOTES TO FINANCIAL STATEMENTS (continued)
June 30, 2015

SUBSEQUENT EVENTS

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through July 16, 2015, the date the financial statements were available to be issued.

ACCOMPANYING INFORMATION



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

www.bhscpas.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Jefferson County Development Authority
Jefferson County, West Virginia
P.O. Box 237
Charles Town, West Virginia 25414

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Jefferson County Development Authority, Jefferson County, West Virginia (the Authority) which comprise the statement of net position as of and for the year ended June 30, 2015, and the related statement of revenues, expenses and changes in fund net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated March 4, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Authority's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Authority's financial statements. 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 preceding paragraph and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses or significant deficiencies may exist.

Board of Directors
Jefferson County Development Authority
Jefferson County, West Virginia
Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Required by Government Auditing Standards
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Huntington, West Virginia
March 4, 2016