

# Joint Economic Development Organization

Basic Financial Statements  
Together with  
Independent Auditor's Report

December 31, 2012

TOPEKA, KANSAS

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*Certified Public Accountants*

# JOINT ECONOMIC DEVELOPMENT CORPORATION

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& Co

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

1333 Meadowlark Lane  
Kansas City, KS 66102  
(913) 287-4433  
(913) 287-0010 FAX

To the Board of Directors of  
Joint Economic Development Organization  
Topeka, Kansas

### **Report on the Financial Statements**

We have audited the accompanying statements of assets and liabilities and changes in assets and liabilities of the Joint Economic Development Organization (JEDO) as of and for the year ended December 31, 2012, and the related notes to the basic financial statements, which collectively comprise JEDO's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Offices**

1251 NW Briarcliff Pkwy  
Suite 125  
Kansas City, MO 64116  
(816) 453-7014  
(816) 453-7016 FAX

400 Jules Street  
Suite 415  
St. Joseph, MO 64501  
(816) 364-1118  
(816) 364-6144 FAX

6700 Antioch Rd, Suite 460  
Merriam, Kansas 66204  
(913) 378-1100  
(913) 378-1177 FAX

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Joint Economic Development Organization, as of December 31, 2012, and the changes in assets and liabilities thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

Management has omitted 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 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of JEDO'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 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 JEDO's internal control over financial reporting and compliance.

Kansas City, Kansas  
June 28, 2013

*Cochran Howard Nichols & Co., P.A.*

**Joint Economic Development Organization  
Statement of Assets and Liabilities  
December 31, 2012**

<b>Assets</b>		
Cash		\$ 8,465,636
Receivables:		
City of Topeka		1,485,978
Shawnee County		1,275,373
Total Assets		<u>\$ 11,226,987</u>
<b>Liabilities</b>		
Due to City of Topeka		\$ 1,065,576
Due to Shawnee County		10,161,411
Total Liabilities		<u>\$ 11,226,987</u>

See Accompanying Notes the Basic Financial Statements

**Joint Economic Development Organization  
Statement Of Changes In Assets And Liabilities  
For the year ended December 31, 2012**

	Balance January 1, 2012	Additions	Deductions	Balance December 31, 2012
<b>Assets</b>				
Cash	\$ 5,564,360	\$ 15,678,570	\$ 12,777,294	\$ 8,465,636
Receivables:				
City of Topeka	1,492,928	8,058,097	8,065,047	1,485,978
Shawnee County	1,890,171	6,994,739	7,609,537	1,275,373
<b>Total Assets</b>	<u>\$ 8,947,459</u>	<u>\$ 30,731,406</u>	<u>\$ 28,451,878</u>	<u>\$ 11,226,987</u>
<b>Liabilities</b>				
Accounts payable	\$ 4,000	\$ -	\$ 4,000	\$ -
Due to Go Topeka	833,334	5,000,000	5,833,334	-
Due to City of Topeka	1,605,267	13,448,161	13,987,852	1,065,576
Due to Shawnee County	6,504,858	12,283,245	8,626,692	10,161,411
<b>Total Liabilities</b>	<u>\$ 8,947,459</u>	<u>\$ 30,731,406</u>	<u>\$ 28,451,878</u>	<u>\$ 11,226,987</u>

See Accompanying Notes the Basic Financial Statements

**Joint Economic Development Organization  
Notes To The Basic Financial Statements  
December 31, 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The Joint Economic Development Organization (JEDO) is a separate legal entity created by an inter-local agreement between the City of Topeka, Kansas (the City) and Shawnee County, Kansas (the County). The City and County passed a one-half percent sales tax to finance county-wide infrastructure development and economic development. The State of Kansas collects the sales tax and remits the respective taxes to the City and County who in turn remit the sales tax to JEDO. JEDO holds the funds until the City or County initiates an approved project. JEDO is required to make payments totaling \$5,000,000 each year to Go Topeka, an economic development program. As costs are incurred, the City or County will request reimbursement from JEDO. During 2011 the inter-local agreement was clarified by the Board of Directors to allow the City and County to be reimbursed for administrative fees and utility relocation costs associated with the countywide infrastructure improvements being funded by the one-half cent sales tax. JEDO is accounted for as an Agency fund.

JEDO is governed by a seven-member board containing the three County Commissioners, the City Mayor, Deputy Mayor and two City Council Members.

B. Basis of Presentation

Agency funds are used to account for assets held for other funds, governments or individuals. Agency funds are reported using the economic resources measurement focus and the accrual basis of accounting.

**2. DEPOSITS AND INVESTMENTS**

Applicable state statutes authorize the JEDO to invest in (1) money market accounts or certificates of deposit in commercial banks and trust companies, (2) time certificates of deposit with state or federally chartered savings and loan associations or federally chartered savings banks, (3) repurchase agreements with commercial banks, trust companies, state or federally chartered savings and loan associations or federally chartered savings banks, (4) United States Treasury Bills or Notes, (5) the municipal investment pool fund managed by the State of Kansas and (6) temporary notes. All banks and savings associations are required to pledge to the JEDO an aggregate market value investment in U.S. Treasury obligations, other U.S. agency obligations and Kansas municipality bonds to provide a minimum of 100% collateralization for all deposits. JEDO has no investment policy that would further limit its investment choices.

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, JEDO will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, JEDO will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. JEDO's policy is to collateralize demand deposits with securities held by the financial institution's agent and in the JEDO's name. At December 31, 2012, JEDO's deposits were either insured by federal depository insurance or were collateralized with securities held by the pledging financial institutions' agents in JEDO's name.

**Joint Economic Development Organization  
Notes To The Basic Financial Statements  
December 31, 2012**

**3. SALES TAXES**

The one-half percent county wide sales tax took effect January 1, 2005, and is set to expire on December 31, 2016.

**4. SUBSEQUENT EVENTS**

Management has evaluated subsequent events through the date of the independent auditor's report which is the date the financial statements are available to be issued.