

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CHARLOTTE COUNTY, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CHARLOTTE COUNTY, VIRGINIA**

MEMBERS

Ralph L. Moore, Chairman

W. Murrie Bates, Jr., Vice-Chairman

Jimmy Carwile

R. Larry Dunn

Aubrey Fane

Kenny Redmond

Sandra Towne

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Independent Auditors' Report

To the Board of Directors
Industrial Development Authority of Charlotte County, Virginia
Charlotte Court House, Virginia

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Industrial Development Authority of Charlotte County, Virginia, as of and for the year ended June 30, 2024, 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 financial position of the business-type activities of Industrial Development Authority of Charlotte County, Virginia, as of June 30, 2024, and the changes in financial position, and, cash flows thereof 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Industrial Development Authority of Charlotte County, Virginia 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 Industrial Development Authority of Charlotte County, Virginia'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Industrial Development Authority of Charlotte County, Virginia'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 Industrial Development Authority of Charlotte County, Virginia'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

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 March 17, 2025, on our consideration of Industrial Development Authority of Charlotte County, Virginia'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 Industrial Development Authority of Charlotte County, Virginia'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 Industrial Development Authority of Charlotte County, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
March 17, 2025

- Basic Financial Statements -

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CHARLOTTE COUNTY, VIRGINIA**

**Statement of Net Position
At June 30, 2024**

| Assets | |
|------------------------------------|--------------|
| Current Assets: | |
| Cash and cash equivalents | \$ 1,455,734 |
| Note receivable, current | 10,000 |
| Total current assets | \$ 1,465,734 |
| Other Assets: | |
| Inventory for resale | \$ 3,203,375 |
| Note receivable, non current | 60,834 |
| Total other assets | \$ 3,264,209 |
| Total assets | \$ 4,729,943 |
| Liabilities | |
| Current Liabilities: | |
| Due to Tobacco Commission | \$ 400,000 |
| Total liabilities | \$ 400,000 |
| Net Position | |
| Unrestricted | \$ 4,329,943 |
| Total liabilities and net position | \$ 4,729,943 |

The accompanying notes to financial statements are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CHARLOTTE COUNTY, VIRGINIA**

**Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2024**

| | |
|--|----------------------------|
| Operating revenues: | |
| Lease revenue | \$ 100,000 |
| Miscellaneous revenue | 25 |
| Sale of inventory | <u>327,475</u> |
| Total operating revenues | <u>\$ 427,500</u> |
| Operating expenses: | |
| Miscellaneous | \$ 922 |
| Professional services | 5,490 |
| Office supplies | 519 |
| Insurance | <u>4,197</u> |
| Total operating expenses | <u>\$ 11,128</u> |
| Operating income (loss) | <u>\$ 416,372</u> |
| Nonoperating revenues (expenses): | |
| Interest and investment income | \$ 28,658 |
| Contributions to industry | <u>(35,285)</u> |
| Total nonoperating revenues (expenses) | <u>\$ (6,627)</u> |
| Change in net position | \$ 409,745 |
| Net position at beginning of year | <u>3,920,198</u> |
| Net position at end of year | <u><u>\$ 4,329,943</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF CHARLOTTE COUNTY, VIRGINIA**

**Statement of Cash Flows
For the Year Ended June 30, 2024**

| | |
|--|----------------------------|
| Cash flows from operating activities: | |
| Receipts from customers and users | \$ 100,025 |
| Proceeds from sale of property | 423,975 |
| Repayments from vendors | 10,000 |
| Payments to vendors and governments | <u>(11,128)</u> |
| Net cash provided by (used for) operating activities | <u>\$ 522,872</u> |
| Cash flows from noncapital and related financing activities: | |
| Contributions to industry | <u>\$ (35,285)</u> |
| Net cash provided by (used for) noncapital and related financing activities | <u>\$ (35,285)</u> |
| Cash flows from investing activities: | |
| Interest received | <u>\$ 28,658</u> |
| Net cash provided by (used for) investing activities | <u>\$ 28,658</u> |
| Increase (decrease) in cash and cash equivalents | \$ 516,245 |
| Cash and cash equivalents at beginning of year | <u>939,489</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 1,455,734</u></u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | |
| Operating income (loss) | \$ 416,372 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | |
| Changes in operating assets and liabilities: | |
| (Increase) decrease in note receivable | 10,000 |
| (Increase) decrease in inventory for resale | <u>96,500</u> |
| Net cash provided by (used for) operating activities | <u><u>\$ 522,872</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

INDUSTRIAL DEVELOPMENT AUTHORITY OF CHARLOTTE COUNTY, VIRGINIA

Notes to Financial Statements
At June 30, 2024

NOTE 1 - NATURE OF BUSINESS:

Industrial Development Authority of Charlotte County, Virginia (The Authority) was created as a governmental subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of the County of Charlotte, Virginia pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.2-4900, et seq., of the Code of Virginia 1950, as amended). The Authority is governed by seven directors appointed by the Board of Supervisors. It is authorized to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprises for which facilities are constructed. Collection of revenue bonds is not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be collateralized by a deed of trust on those facilities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Basic Financial Statements:

Enterprise Fund Financial Statements

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the Authority. The Authority reports all capital assets in the Statement of Net Position and reports depreciation expense - the cost of "using up" capital assets in the Statement of Revenues, Expenses and Change in Net Position. The net position of the Authority is broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

B. Basis of Accounting:

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

C. Pass-through Financing of Leases and Installment Sales:

The principal activities of the Authority represent pass-through lease or installment sales. These agreements provide for periodic payments in amounts which are equal to the principal and interest payments due to project bondholders.

The Authority has assigned all rights to the payments to the trustees, agents or the holders of the bonds, and lessees or purchasers have assumed responsibility for all operating costs such as utilities, repairs, and property taxes. In such cases, the Authority neither receives nor disburses funds.

INDUSTRIAL DEVELOPMENT AUTHORITY OF CHARLOTTE COUNTY, VIRGINIA

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Pass-through Financing of Leases and Installment Sales: (Continued)

Although title to these properties may rest with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained with the transactions. Deeds of trust collateralize outstanding bond obligations and title will pass to the lessee or purchaser when the bonds are fully paid.

Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, and rental income or interest expense in its financial statements for the pass-through lease or installment sales.

D. Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

E. Inventory for Resale:

Land and improvements held for sale are recorded at the lower of cost or market. Cost is determined by the acquisition price, if purchased, and estimated fair value at the date of contribution, if contributed. Subsequent improvements are added to the land and improvements held for sale.

F. Operating and Nonoperating Revenues and Expenses:

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority arise from the sale of property, lease revenue, and economic development grants. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

G. Use of Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

H. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2024.

INDUSTRIAL DEVELOPMENT AUTHORITY OF CHARLOTTE COUNTY, VIRGINIA

Notes to Financial Statements At June 30, 2024 (Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

H. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2024.

I. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

J. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

NOTE 3 - DEPOSITS AND INVESTMENTS:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and ~~ft~~ Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority has no formal deposit and investment policy.

INDUSTRIAL DEVELOPMENT AUTHORITY OF CHARLOTTE COUNTY, VIRGINIA

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

The Authority has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities

The Authority’s rated debt investments as of June 30, 2024 were rated by Standard & Poor’s and the ratings are presented below using Standard & Poor’s rating scale.

| Authority's Rated Debt Investment Values | | |
|---|---------------------|--------------------|
| <u>Rated Debt Investments</u> | <u>Value</u> | <u>AAAm</u> |
| Local Government Investment Pool | \$ 1,313,160 | \$ 1,313,160 |

Interest Rate Risk

The Authority does not have a policy related to interest rate risk.

| Authority's Debt Investment's Values | | |
|---|--------------------------|------------------------------------|
| <u>Investment Type</u> | <u>Fair Value</u> | <u>Less Than 1 Year</u> |
| Local Government Investment Pool | \$ 1,313,160 | \$ 1,313,160 |

INDUSTRIAL DEVELOPMENT AUTHORITY OF CHARLOTTE COUNTY, VIRGINIA

Notes to Financial Statements
At June 30, 2024 (Continued)

NOTE 3 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurements:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The Authority maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The Authority has the following recurring fair value measurements as of June 30, 2024:

| <u>Investment</u> | <u>6/30/2024</u> |
|---|---------------------|
| Investments measured at net asset value (NAV) | |
| Local Government Investment Pool | \$ <u>1,313,160</u> |

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

- Compliance -



**Independent Auditors' 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***

**To the Board of Directors
Industrial Development Authority of Charlotte County, Virginia
Charlotte Court House, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Industrial Development Authority of Charlotte County, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Industrial Development Authority of Charlotte County, Virginia's basic financial statements and have issued our report thereon dated March 17, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Industrial Development Authority of Charlotte County, Virginia'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 Industrial Development Authority of Charlotte County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Industrial Development Authority of Charlotte County, Virginia's internal control.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Industrial Development Authority of Charlotte County, Virginia'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 statements. 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*.

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.

Report on Compliance and Other Matters: (Continued)

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.

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 results 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.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia

March 17, 2025