

**VIRGINIA'S HEARTLAND REGIONAL
INDUSTRIAL FACILITY AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

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Independent Auditors' Report

**To the Board of Directors
Virginia's Heartland Regional Industrial Facility Authority
Charlotte Court House, Virginia**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Virginia's Heartland Regional Industrial Facility Authority, 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 Virginia's Heartland Regional Industrial Facility Authority, 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 Virginia's Heartland Regional Industrial Facility 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.

Responsibilities of Management for the Financial Statements (Continued)

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 Virginia's Heartland Regional Industrial Facility 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.

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, *Governmental 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 Virginia's Heartland Regional Industrial Facility 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 Virginia's Heartland Regional Industrial Facility 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

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 August 1, 2025 on our consideration of Virginia’s Heartland Regional Industrial Facility 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 Virginia’s Heartland Regional Industrial Facility 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 Virginia’s Heartland Regional Industrial Facility Authority’s internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Charlottesville, Virginia
August 1, 2025

- Basic Financial Statements -

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

Statement of Net Position
At June 30, 2024

Assets	
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Current Assets:	
Cash and cash equivalents	\$ <u>190,814</u>
Total current assets	\$ <u>190,814</u>
Other Assets:	
Investment in industrial park	\$ <u>3,527,514</u>
Total other assets	\$ <u>3,527,514</u>
Total assets	\$ <u><u>3,718,328</u></u>
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Net Position	
Unrestricted	\$ <u>3,718,328</u>
Total net position	\$ <u>3,718,328</u>
Total net position	\$ <u><u>3,718,328</u></u>

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

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

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

Operating revenues:	
Miscellaneous	\$ 10,000
Rent	16,800
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Total operating revenues	\$ 26,800
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Operating expenses:	
Professional fees	\$ 3,693
Park maintenance	6,721
Electricity	623
Utilities	557
Insurance	1,717
Other	3,493
Industry payments	175,961
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Total operating expenses	\$ 192,765
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Operating income (loss)	\$ (165,965)
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Nonoperating revenues (expenses):	
Interest and investment income	\$ 869
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Total nonoperating revenues (expenses)	\$ 869
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Change in net position	\$ (165,096)
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Net position, beginning of year	3,883,424
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Net position, end of year	\$ 3,718,328
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The accompanying notes to financial statements are an integral part of this statement.

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

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

Cash flows from operating activities:	
Receipts from customers	\$ 16,800
Payments to vendors and governments	<u>(192,765)</u>
Net cash provided by (used for) operating activities	\$ <u>(175,965)</u>
Cash flows from investing activities:	
Interest income	\$ <u>869</u>
Net cash provided by (used for) investing activities	\$ <u>869</u>
Increase (decrease) in cash and cash equivalents	\$ (175,096)
Cash and cash equivalents at beginning of year	<u>365,910</u>
Cash and cash equivalents at end of year	\$ <u><u>190,814</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (165,965)
Changes in operating assets and liabilities:	
(Increase) decrease in option deposits	<u>(10,000)</u>
Net cash provided by (used for) operating activities	\$ <u><u>(175,965)</u></u>

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

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

Notes to Financial Statements
At June 30, 2024

NOTE 1 - DESCRIPTION OF THE ENTITY:

Virginia's Heartland Regional Industrial Facility Authority (the Authority) was created in November 2000 pursuant to the provisions of Title 15.2, Chapter 64 of the Code of Virginia, 1950, as amended, the Virginia Regional Industrial Facilities Act. The Authority was created by the adoption of an enabling ordinance by the Counties of Amelia, Buckingham, Charlotte, Cumberland, Lunenburg and Prince Edward, the member localities. The purpose of the Authority is to create a regional industrial park to enhance the economic base for the member localities by developing, owning or operating one or more facilities on a cooperative basis.

The Authority's governing body is composed of two members appointed by each of the member localities. The member localities have neither ongoing financial responsibility nor ongoing financial interest in the Authority. Accordingly, the Authority is a jointly governed organization of the member localities. The Authority is not a component unit of any of the member localities.

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 Changes in Net Position. The net position of the Authority will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

B. Basis of Accounting:

The Authority recognizes income and expenses on the accrual 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. 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.

D. 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.

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

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

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

E. Use of Estimates:

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Future events and circumstances could alter those estimates.

F. 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.

G. 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.

H. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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.

VIRGINIA'S HEARTLAND REGIONAL INDUSTRIAL FACILITY AUTHORITY

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

NOTE 3 - DEPOSITS:

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.

The Authority has no formal deposit and investment policy.

NOTE 4 - INVESTMENT IN INDUSTRIAL PARK:

The Authority's investment in land is the Keysville area industrial site. Costs to develop the site are included in the recorded amounts. Inventory is recorded at cost.

NOTE 5 - REVENUE SHARING AGREEMENT:

The proceeds from the sale of any property in the project and business personal property tax revenues derived from businesses located within the facility shall be divided among the member localities in proportion to funding participation in the Authority or it may be reinvested in the Authority. This decision is to be made at the sole discretion of the Board of Directors of the Authority.

NOTE 6 - COMMITMENTS AND CONTINGENCIES:

The Authority is proceeding with the development of the industrial park. The total cost of this project, other than the already completed land acquisition, is approximately \$6,000,000. The project is funded through grants from the Virginia Department of Environmental Quality, the Virginia Department of Housing and Community Development, the Virginia Department of Transportation, the Tobacco Indemnification and Community Revitalization Commission and the Town of Keysville. As of June 30, 2024, the Authority has expended approximately \$3.7 million for the construction of the industrial park.

- 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
Virginia's Heartland Regional Industrial Facility Authority
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 Virginia's Heartland Regional Industrial Facility Authority, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Virginia's Heartland Regional Industrial Facility Authority's basic financial statements and have issued our report thereon dated August 1, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Virginia's Heartland Regional Industrial Facility 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 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

August 1, 2025