INDUSTRIAL DEVELOPMENT AUTHORITY
OF WASHINGTON COUNTY

(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of
Industrial Development Authority of Washington County
Abingdon, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Industrial Development Authority of Washington County (the Authority), a component unit of the County of Washington, Virginia, as of and for the year ended June 30, 2020, and the related 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 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.

Auditors' 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; 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. 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 auditors' 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Industrial Development Authority of Washington County, as of June 30, 2020, 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.

Other Matters

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 14, 2020, on our consideration of the Industrial Development Authority of Washington County'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 the Industrial Development Authority of Washington County'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 the Industrial Development Authority of Washington County's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
August 14, 2020

Basic Financial Statements

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

ASSETS		
Current Assets:		
Cash and cash equivalents	$	1,952,733
Rent receivable		22,752
Accounts receivable		40,724
Notes receivable, current portion		740,572
Due from Washington County		41,876
Total Current Assets	$	2,798,657
Noncurrent Assets:		
Notes receivable, net of current portion	$	9,438,248
Capital Assets:		
Land	$	14,599,038
Buildings (net of accumulated depreciation)		796,683
Equipment (net of accumulated depreciation)		6,566
Leaseholder Improvements (net of accumulated depreciation)		604,403
Total Capital Assets	$	16,006,690
Total Noncurrent Assets	$	25,444,938
TOTAL ASSETS	$	28,243,595
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunded bond	$	1,663,599
LIABILITIES		
Current Liabilities:		
Accrued interest	$	48,944
Accounts payable		1,644
Due to Washington County		20,940
Bonds payable, current portion		971,294
Total Current Liabilities	$	1,042,822
Noncurrent Liabilites:		
Bonds payable, net of current portion	$	13,103,534
Total Noncurrent Liabilities	$	13,103,534
TOTAL LIABILITIES	$	14,146,356
NET POSITION		
Investment in capital assets	$	16,006,690
Unrestricted		(245,852)
TOTAL NET POSITION	$	15,760,838

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES:		
Rent revenue	$	273,018
Grant revenue		95,000
Incentive payments from local government		561,342
Miscellaneous		27,781
TOTAL OPERATING REVENUES	$	957,141
OPERATING EXPENSES:		
Depreciation	$	79,629
Economic development payments		10,000
Grants to industries		601,342
Professional fees		38,610
Advertising		7,205
Meeting expenses		2,419
Meeting stipend		17,600
Other expenses		1,586
Insurance		7,956
Property management expenses		32,467
Secretary and operating expenses		45,000
Property maintenance expenses		42,970
TOTAL OPERATING EXPENSES	$	886,784
OPERATING INCOME (LOSS)	$	70,357
NONOPERATING REVENUES (EXPENSES):		
Interest income	$	24,651
Interest expense		(455,282)
TOTAL NONOPERATING REVENUES (EXPENSES)	$	(430,631)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	$	(360,274)
CAPITAL CONTRIBUTIONS:		
Contributions from Washington County	$	593,572
CHANGE IN NET POSITION	$	233,298
NET POSITION AT BEGINNING OF YEAR		15,527,540
NET POSITION AT END OF YEAR	$	15,760,838

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grant revenue	$	656,342
Cash received from other revenues		27,781
Cash received from rent revenue		273,018
Cash payments for operating expenses		(807,192)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	149,949
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions from Washington County	$	215,141
Principal payments on notes and bonds		(841,000)
Interest payments on notes and bonds		(469,843)
Interest reimbursement from Washington County		381,537
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	$	(714,165)
CASH FLOWS FROM NONCAPTIAL FINANCING ACTIVITIES		
Principal payments on notes receivable from Washington County	$	712,873
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	24,651
CHANGE IN CASH AND CASH EQUIVALENTS	$	173,308
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,779,425
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	1,952,733

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income	$	70,357
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation		79,629
Changes in operating assets and liabilities:		
Accounts payable		(4,696)
Accounts receivable		2,973
Prepaid expenses		2,519
Due to Washington County		(833)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	149,949

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. Financial Reporting Entity:

The Industrial Development Authority of Washington County, Virginia was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Washington County Board of Supervisors on November 14, 1966 pursuant to the provisions of the Industrial Development and Revenue Bond Act [Chapter 22, Section 15.1-1373, et. seq. of the Code of Virginia (1950), as amended]. The Authority is governed by seven directors appointed by the Board of Supervisors of Washington County, Virginia. 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 whom facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are 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 secured by a deed of trust on those facilities.

The Industrial Development Authority of Washington County has been included in the financial statements of Washington County, Virginia as a component unit. The Authority is included as a component unit of the County due to its financial relationship with the County.

B. Basic Financial Statements:

Proprietary Funds - Account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is based upon determination of net income and financial position. The proprietary fund of the Authority is an Enterprise Fund which includes all of the Authority’s operations.

Enterprise Fund - The Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting:

The Enterprise Fund uses the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

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 are interest, rent, and grants. Operating expenses include the cost of administration and related expenses. All revenues and expenses not meeting these definitions are reported as nonoperating.

D. Cash and Cash Equivalents:

The Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

E. Investments:

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

F. Prepaid Items:

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Capital Assets:

Capital assets, which include property, plant and equipment, are reported in the financial statements. Capital Assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Capital Assets: (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not to be capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the current or previous fiscal year.

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Leaseholder Improvements	20-50
Buildings	40
Equipment	5

H. Use of Estimates:

The preparation of 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 those estimates.

I. 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. This 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 only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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, 2020.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted—net position and unrestricted—net position in the 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 2 - DEPOSITS AND INVESTMENTS

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.

Investments
Statutes authorize the Authority 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 and certain corporate notes, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk of Debt Securities

The Authority's rated debt investments as of June 30, 2020 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale.

Rated Debt Investments' Values

Rated Debt Investments	**Fair Quality Ratings**
	AAAm
Local Government Investment Pool (LGIP)	$ 622
VML/VACO Pool	95,385
Total	$ 96,007

Interest Rate Risk

The Authority invests funds in low risk investments backed by U.S. government agencies.

	Investment Maturities	
Investment Type	Fair Value	< 1 year
LGIP	$ 622	$ 622
VML/VACO Pool	95,385	95,385
Total	$ 96,007	$ 96,007

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. While the Authority does not have a policy regarding custodial credit risk, the Authority's investments at June 30, 2020 were held in the Authority's name by the custodial banks.

Fair Value Measurements

Fair value of the position in the VML/VACO Pool 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 has measured fair value of the above investments at the net asset value (NAV). The Authority is limited to two withdrawals per month.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

External Investment Pools

The fair value of the positions in the external investment pools (Local Government Investment 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 is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on the participants.

NOTE 3 – NOTES RECEIVABLE

The Authority and Washington County entered into a receivable agreement relating to the $14,790,000 and $1,612,500 revenue bonds issued by the Authority. Washington County is responsible for 80.14% and 100%, respectively, of the bond balances. The Authority received $712,873 in principal payments on notes receivable from Washington County for the year ended June 30, 2020.

Description	Ending Balance
$11,193,805 note receivable with the County of Washington, Virginia issued June 2016. The County has agreed to pay 80.14% of the $14,790,000 bond issued net of the related portion of the deferred amount on refunding and premium.	$ 9,008,320
$1,612,500 note receivable with the County of Washington, Virginia issued September 2015. The County has agreed to pay 100% of the $1,162,500 bond issued.	1,170,500
Total Notes Receivable	$ 10,178,820

NOTE 4 – LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the Authority for the fiscal year ended June 30, 2020:

	Beginning Balance	Issuances	Retirements	Ending Balance
Revenue Bonds	$ 14,121,500	$ -	$ (841,000)	$ 13,280,500
Premium on Bond Issuance	891,283	-	(96,955)	794,328
Total	$ 15,012,783	$ -	$ (937,955)	$ 14,074,828

NOTE 4 – LONG-TERM DEBT (Continued)

Details of long-term debt:

Description	Ending Balance	Amount Due Within One Year
Revenue Bonds		
$14,790,000 Public Infrastructure Facilities Revenue Refunding Bond Series 2010, issued June 2016, semi-annual principal and interest payments beginning December 2016 due through June 2040 in various amounts. Interest is payable at rates from 2-4%.	$ 12,110,000	$ 720,000
$1,612,500 Public Infrastructure Facilities Revenue Refunding Bond Series 2015, issued September 2015, semi-annual principal and interest payments beginning January 2016 due through June 2027 in various amounts, with interest payable at 2.49%.	1,170,500	155,000
Subtotal	$ 13,280,500	$ 875,000
Plus: Premium on issuance	794,328	96,294
Total Revenue Bonds	$ 14,074,828	$ 971,294

Annual requirements to amortize the above bonds payable and related interest are as follows:

Year Ending	**Revenue Bonds**	
June 30	**Principal**	**Interest**
2021	$ 971,294	$ 443,441
2022	994,504	417,631
2023	1,013,805	387,313
2024	1,037,835	356,239
2025	1,066,388	323,956
2026-2030	4,831,566	1,060,783
2031-2035	1,939,240	485,400
2036-2040	2,220,196	175,056
Totals	$ 14,074,828	$ 3,649,819

NOTE 5 – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 14,599,038	$ -	$ -	$ 14,599,038
Capital assets, being depreciated:				
Buildings	$ 2,076,690	$ -	$ -	$ 2,076,690
Equipment	29,954	-	-	29,954
Leaseholder improvements	889,263	-	-	889,263
Total capital assets, being depreciated	$ 2,995,907	$ -	$ -	$ 2,995,907
Accumulated depreciation:				
Buildings	$ (1,228,090)	$ (51,917)	$ -	$ (1,280,007)
Equipment	(21,472)	(1,916)	-	(23,388)
Leaseholder improvements	(259,064)	(25,796)	-	(284,860)
Total accumulated depreciation	$ (1,508,626)	$ (79,629)	$ -	$ (1,588,255)
Total capital assets being depreciated, net	$ 1,487,281	$ (79,629)	$ -	$ 1,407,652
Net capital assets	$ 16,086,319	$ (79,629)	$ -	$ 16,006,690

NOTE 6 – SUBSEQUENT EVENTS

The full impact of the COVID-19 outbreak continues to evolve as of the release date of this report. As such, the full magnitude that the pandemic will have on the Authority's financial condition, liquidity, and future results of operations is uncertain. Management is monitoring the global situation and impact that it may have on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

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 Honorable Members of
Industrial Development Authority of Washington County
Abingdon, 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 the Industrial Development Authority of Washington County, a component unit of the County of Washington, Virginia, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Industrial Development Authority of Washington County's basic financial statements and have issued our report thereon dated August 14, 2020.

Internal Control over Financial Reporting

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

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.

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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Industrial Development Authority of Washington County'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 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*.

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

Blacksburg, Virginia
August 14, 2020