(A Component Unit of the City of Charlottesville, Virginia)

FINANCIAL REPORT

JUNE 30, 2021

JUNE 30, 2021

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INTRODUCTORY SECTION

DIRECTORY OF PRINCIPAL OFFICIALS June 30, 2021

DIRECTORS

Edward J. Schmitz - Chairman
Addison Barnhardt - Vice Chairman
Chris Cullinan - Treasurer
Chris Engel - Secretary
James Cauthen
J'riah Guerrero
Jay O'Donnell
Reid Thompson
Jonathan Chasen

OFFICIALS

Chip Boyles	City Manager
Lisa Robertson	City Attorney
Chris Cullinan	City Director of Finance
Chris Engel	.Economic Development Director

INDEPENDENT AUDITORS

Robinson, Farmer, Cox Associates, P.L.L.C.



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of the Board of Directors Economic Development Authority of the City of Charlottesville Charlottesville, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Economic Development Authority of the City of Charlottesville (the "Authority"), a discretely presented component unit of the City of Charlottesville, Virginia, as of and for the year ended June 30, 2021, 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 Authority'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 Authority'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 Economic Development Authority of the City of Charlottesville, as of June 30, 2021, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and supplementary schedule are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and supplementary schedule have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Report on Summarized Comparative Information

The Authority's 2020 financial statements were previously audited by other auditors who expressed an unmodified opinion in their report dated November 24, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of the 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 the 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 the Authority's internal control over financial reporting and compliance.

Charlottesville, Virginia November 24, 2021

Mobinson, Farmer, Car Associates

Management Discussion and Analysis

This section of the Charlottesville Economic Development Authority's (the "Authority") annual financial report presents our discussion and analysis of the financial performance during the fiscal years ended June 30, 2021 and 2020. A comparative analysis is presented. Please read it in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights for Fiscal Year 2021

The Authority's total net position decreased by \$33,449 during fiscal year 2021. During the year, the Authority's operating revenues increased by \$8,296 and operating expenses decreased by \$267,096. The increase in operating revenues reflects the net change in building upfit credits and bond fees. The decrease in operating expenses was driven by additional expenses in the prior year; funds of which were taken from reserves, to assist City businesses during the pandemic through four different programs. The non-operating revenues exceeded non-operating expenses by \$335,627.

Financial Highlights for Fiscal Year 2020

The Authority's total net position decreased by \$310,217 during fiscal year 2020. During the year, the Authority's operating revenues increased by \$10,616 and operating expenses increased by \$310,242. The increase in operating revenues reflects the net change in building upfit credits and bond fees. The increase in operating expenses was driven by additional expenses; funds of which were taken from reserves, to assist City businesses during the pandemic through four different programs. The non-operating revenues exceeded non-operating expenses by \$334,251.

Authority Highlights

During fiscal year 2021, the Authority continued to manage the SNL building under terms of the agreement put in place in 2002. Rent payments continue and are collected and processed monthly. The Authority, in conjunction with the City Building Inspector and Fire Marshall, conducts an annual inspection of the facility to help ensure its proper maintenance and safety procedures, and that it meets all insurance requirements.

The Authority continued to manage the lease governing the operation of the Charlottesville Pavilion. Facilities Maintenance Fees and Ticket Surcharges generated from Pavilion events are processed monthly during the concert season and applied to the appropriate accounts. During the fiscal year the Authority agreed to a waive rent payment for a year due to the pandemic.

On June 2, 2011, the Authority entered into a performance agreement with 459 Locust Charlottesville Owner, LLC for the purpose of inducing significant capital investment and job creation in the City at the site of the former Martha Jefferson Hospital. In 2012, the agreement was amended to include an additional development partner and owner. Once the agreement criteria have been met, the City will contribute an amount equal to 50% of the real estate tax increment created by the investment to the Authority for a period of ten years. The Authority will make a performance grant in the same amount distributed based on valuation to 459 Locust Charlottesville Owner, LLC and Cville Operations Hub, LLC for a period of ten years. The Authority's obligation to make such a grant is subject to appropriation of funding from the City. The performance agreement payments totaled \$267,944 during 2021.

Overview of the Financial Statements

The Authority is a component unit of the City of Charlottesville, Virginia. Component units are other governmental units over which the City (the City Council, acting as a group) can exercise influence and/or may be obligated to provide financial support. Component units of the City are presented as a separate column in the government-wide financial statements of the City and as individual activities in the fund financial statements of the City. The Authority's operations are accounted for as business type activities in a proprietary fund. Proprietary funds are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. The measurement focus is upon determination of net income.

The Authority's financial section of the annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements and related notes.

Financial Analysis

The following table reflects the condensed net position of the Authority:

Statement of Net Position
As of June 30, 2021, 2020, and 2019

	 2021	2020	2019
Current assets Non-current assets	\$ 2,491 \$ 914	2,535 886	\$ 2,795 932
Total assets	3,405	3,421	3,727
Current liabilities Non-current liabilities	 293 -	275	271
Total liabilities	293	275	271
Unrestricted Restricted	3,112	3,146	3,456
Total net position	\$ 3,112 \$	3,146	\$3,456

(in thousands)

Total net position (assets less liabilities) may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$3,112,033 at the close of fiscal year 2021. Assets exceeded liabilities by \$3,145,482 at the close of fiscal year 2020. The Authority's remaining net position may be used to satisfy the Authority's ongoing obligations to customers and creditors.

Financial Analysis (Continued)

The following table summarizes the changes in the Authority's net position:

Statement of Revenues, Expenses, and Changes in Net Position June 30, 2021, 2020, and 2019

		2021		2020		2019
Operating revenues: Bond fees Rental income	\$	22 906	\$	22 898	\$	23 886
Total operating revenue	\$	928	\$	920	\$	909
Operating expenses: Economic development Other operating expenses	\$	100 1,197	\$	100 1,464	\$	100 1,154
Total operating expenses	\$	1,297	\$	1,564	\$	1,254
Operating loss	\$	(369)	\$	(644)	\$	(345)
Nonoperating revenues (expenses): Contributions from local and state governments Investment income	\$	289 47	\$	263 71	\$	344 68
Total operating revenues	\$	336	\$	334	\$	412
Increase (decrease) in net position: Total net position - beginning	\$ \$	(33) 3,146	\$ \$	(310) 3,456	\$ \$	67 3,389
Total net position - ending	\$	3,113	\$	3,146	\$	3,456
(in thousands)						

The net position decreased in fiscal year 2021 by \$33,449 compared to a decrease in fiscal year 2020 of \$310,217 and an increase in fiscal year 2019 of \$66,167.

Capital Assets and Debt Administration

The Authority does not currently possess any capital assets.

The Authority does not currently have any debt outstanding.

Contacting the Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, bondholders, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Chris Engel, Director of Economic Development, at (434) 970-3110, c/o Office of Economic Development, P.O. Box 911, Charlottesville, Virginia 22902.

BASIC FINANCIAL STATEMENTS

Statement of Net Position June 30, 2021

(With Comparative Totals for the Prior Year)

		2021		2020
Assets	_			
Current Assets Cash and cash equivalents Cash and cash equivalents, restricted Notes receivable Prepaid rent	\$	2,163,013 141,649 186,829 15	\$	2,212,362 141,649 180,776 16
Total Current Assets	\$_	2,491,506	\$_	2,534,803
Noncurrent Assets Notes receivable	\$_	913,666	\$_	886,140
Total Noncurrent Assets	\$_	913,666	\$_	886,140
Total Assets	\$_	3,405,172	\$_	3,420,943
Liabilities Current Liabilities Accounts payable Accrued liabilities Unearned revenue Due to the City of Charlottesville Customer deposits Contractor escrow (maintenance fund)	\$	53 1,437 20,000 130,000 65,895 75,754	· _	2,375 1,437 - 130,000 65,895 75,754
Total Liabilities	\$_	293,139	-\$_	275,461
Net Position Unrestricted	\$_	3,112,033	\$_	3,145,482
Total Net Position	\$_	3,112,033	\$_	3,145,482

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

Statement of Revenues, Expenses and Changes in Net Position Year Ended June 30, 2021

(With Comparative Totals for the Prior Year)

		2021		2020
Operating Revenues			_	
Bond fees	\$	22,500	\$	22,500
Rental income	_	905,797	_	897,501
Total Operating Revenues	\$_	928,297	\$_	920,001
Operating Expenses				
Economic development contributions and incentives	\$	100,000	\$	100,000
Rent incentives		665,797		657,501
Performance agreements and other contracts		492,669		746,913
Professional services		17,296		10,115
Other operating expenses	_	21,611	-	49,940
Total Operating Expenses	\$_	1,297,373	\$_	1,564,469
Net Operating Income (Loss)	\$_	(369,076)	\$_	(644,468)
Nonoperating Revenues (Expenses)				
Contributions from local and state governments	\$	288,944	\$	263,183
Investment income		46,683	_	71,068
Total Nonoperating Revenues (Expenses)	\$	335,627	\$	334,251
Change in net position	\$	(33,449)	\$	(310,217)
Net position, beginning of year	_	3,145,482		3,455,699
Net position, end of year	\$_	3,112,033	\$	3,145,482

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

Statement of Cash Flows Year Ended June 30, 2021 (With Comparative Totals for the Prior Year)

	_	2021	2020
Cash flows from operating activities: Receipts from rental income and other income from the City Receipts from bond fees Economic development activities Payments to suppliers	\$	260,000 \$ 22,500 (592,668) (41,229)	220,000 22,500 (820,845) (61,886)
Net cash provided by (used for) operating activities	\$_	(351,397) \$	(640,231)
Cash flows from noncapital financing activities: Contributions from local and state governments	\$_	288,944 \$	263,183
Net cash provided by (used for) noncapital financing activities	\$_	288,944 \$	263,183
Cash flows from investing activities: Interest received Payments received on notes receivable	\$_	13,104 \$_	71,068 127,707
Net cash provided by (used for) investing activities	\$_	13,104 \$	198,775
Net increase (decrease) in cash and cash equivalents	\$_	(49,349) \$	(178,273)
Cash and cash equivalents at beginning of year (including \$141,649 and \$141,649 in restricted accounts)	\$_	2,354,011 \$	2,532,284
Cash and cash equivalents at end of year (including \$141,649 and \$141,649 in restricted accounts)	\$_	2,304,662 \$	2,354,011
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: Operating income (loss) Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	\$	(369,076) \$	(644,468)
(Increase) decrease in prepaid rent		1	1
Increase (decrease) in accounts payable Increase (decrease) in unearned revenue Increase (decrease) in contractor escrow	_	(2,322) 20,000 -	(1,831) (20,000) 26,067
Net cash provided by (used for) operating activities	\$_	(351,397) \$	(640,231)

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

Notes to Financial Statements June 30, 2021

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Economic Development Authority of the City of Charlottesville (the "Authority") is a component unit of the City of Charlottesville, Virginia (the "City"). The Authority was established under the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373 et. seq.) of the *Code of Virginia* (1950, as amended). The Authority has the responsibility to promote industry and develop trade by inviting manufacturing, industrial, and commercial enterprises to locate or to remain in the City. The Authority's financial statements are presented in a separate column, in the City's Comprehensive Annual Financial Report, to emphasize that it is legally separate from the City and that it represents a functionally independent operation.

Measurement focus and basis of accounting

The Authority's financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

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 rental income. Operating expenses include contributions to other governments and other contractual services. All revenues and expenses not meeting this definition are reported as nonoperating. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

Cash and cash equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and cash with fiscal agents. For purposes of the statement of cash flows, all highly liquid debt instruments and certificates of deposit, regardless of maturity date, are grouped into cash and cash equivalents.

Comparative information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Authority's financial statements for the prior year from which the summarized information was derived.

Customer deposits

Deposits consist of amounts received from lessees that may be used to offset future lease payments or any damages that may occur to the property during the lease term.

Use of estimates

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

Notes to Financial Statements June 30, 2021 (Continued)

Note 2 - 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 from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

At June 30, the carrying value of the demand deposits was \$2,304,662.

Reconciliation to Exhibit 1:

Cash and cash equivalents Restricted cash	\$_	2,163,013 141,649
	\$	2,304,662

The City serves as fiscal agent for the Authority. However, the Authority is not subject to the City's investment policy. The Authority does not have a formal investment policy that addresses credit risk, concentration of credit risk, or interest rate risk. However, state statutes limit and define allowable investments for public funds. At June 30, there were no investments.

Note 3 - Notes Receivable

During fiscal year 2004, the Authority executed a promissory note with the Charlottesville Pavilion, as part of the Authority lease agreement with the Pavilion, in the amount of \$2.4 million for construction costs of the Amphitheater. The note is amortized over 20 years with periodic payments of principal and interest, at 3.70%, of \$85,442. The note is secured by a first lien on all the assets of the Charlottesville Pavilion, its fixtures, trade fixtures, and accounts receivable. The note is also guaranteed by R. Coran Capshaw, President of Charlottesville Pavilion LLC. On May 17, 2018, an allonge and modification of the promissory note was executed. During 2019, the Authority re-advanced \$500,000 for the replacement of the roof of the Amphitheater. The Authority agreed to extend the maturity date of the note to June 30, 2026. On May 1, 2020, a second allonge and modification of the promissory note was executed. The restrictions on large gatherings resulting from the COVID-19 pandemic had caused the borrower to cancel events at the Amphitheater. The two guaranteed payments for the period from January 1, 2020 to December 31 2020 have been waived and interest will accrue. The next guaranteed payment was due June 30, 2021. The Authority agreed to extend the maturity date of the note from June 30, 2026 to June 30, 2027. No other modifications were made to the note. The balance of the note receivable was \$970,495 at June 30.

On April 30, 2013, the Authority executed a promissory note with the Lewis & Clark Exploratory Center in the amount of \$130,000 for the construction of their learning center at Darden Towe Park. Funding for this project was provided by the City upon approval from City Council. The note was originally due in full on October 30, 2013; however, the Authority extended the due date with the approval of City Council, to October 30, 2015. During the year ended June 30, 2016, the City Council agreed to forgive the loan contingent upon Albemarle County doing the same with their loan to this organization. At the date of issuance of this report, neither the County EDA nor the Board of Supervisors of the County have forgiven the loan. The balance of this note receivable was \$130,000 at June 30. A reimbursement payable to the City is currently recorded and will also be forgiven contingent on the actions of the County.

Notes to Financial Statements June 30, 2021 (Continued)

Note 3 - Notes Receivable: (Continued)

At June 30, management has not recorded any allowance against either one of the notes receivable.

Note 4 - Conduit Debt

Periodically, the Authority issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, there were Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$37,149,801.

Note 5 - Rental Income

The following is a detailed listing of rental income:

SNL Financial (gross rent)	\$ 905,797
	\$ 905,797

SNL Financial

In October 2001, the Authority executed a lease agreement with the City for the National Ground Intelligence Center (now referred to as the SNL building) for \$1 per year with a term of 35 years. Under the terms of the agreement, the Authority subleased the facility to SNL Financial for a minimum rent of \$20,000 per month. The agreement allows a series of rent credits to be exercised throughout the term, thereby extending the period for which the minimum rent amount is paid. Once all rent credits have been used, the rent recalibrates to a market-based amount. Credits applied in the current year included a building management fee and building upfit credits totaling \$665,797. The sublease expires in March 2033. Total net rental income collected under this sublease amounted to \$240,000 for the year ended June 30.

Charlottesville Pavilion

In December 2003, the Authority executed a lease agreement with the City for the Amphitheater for \$1 per year with a term of 40 years. Under the terms of the agreement, the Authority subleased the Amphitheater to the Charlottesville Pavilion for a minimum rent of \$100 per year. The sublease is for five years and can be renewed in five-year increments; however, the lease cannot be terminated until the note receivable discussed in Note 3, from the Charlottesville Pavilion is paid in full. No rental income was collected under this sublease for the year ended June 30. Due to the COVID-19 pandemic, the Authority waived the rental income requirement for the year. This amount will be added to the end of the sublease.

Notes to Financial Statements June 30, 2021 (Continued)

Note 5 - Rental Income: (Continued)

Future minimum rentals, net of lease incentives, under the above leases are as follows at June 30, 2021:

FISCAL YEAR		
2022	 \$	240,100
2023		240,100
2024		240,100
2025		240,100
2026		240,100
2027-2031		1,200,500
2032-2033	_	480,300
	\$	2,881,300

Note 6 - Performance Agreements

On June 2, 2011, the Authority entered into a performance agreement with 459 Locust Charlottesville Owner, LLC for the purpose of inducing significant capital investment and job creation in the City at the site of the former Martha Jefferson Hospital. In 2012, the agreement was amended to include an additional development partner and owner. Once the agreement criteria have been met, the City will contribute an amount equal to 50% of the real estate tax increment created by the investment to the Authority for a period of ten years. The Authority will make a performance grant in the same amount distributed based on valuation to 459 Locust Charlottesville Owner, LLC and Cville Operations Hub, LLC for a period of ten years. The Authority's obligation to make such a grant is subject to appropriation of funding from the City. The performance agreement payments totaled \$267,944 during 2021.

Note 7 - COVID-19 Impact

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the reisks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The outbreak will have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Authority's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition. Given the daily evolution of the COVID-19 outbreak and the 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 future fiscal years.

Note 8 - New Accounting Standards

The Governmental Accounting Standards Board (GASB) has issued the following statements which are not yet effective. The effective dates below are updated based on Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* due to COVID-19 pandemic.

Notes to Financial Statements June 30, 2021 (Continued)

Note 8 - New Accounting Standards: (Continued)

In June 2017, The GASB issued **Statement No. 87**, *Leases*. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

In May 2019, the GASB issued **Statement No. 91**, *Conduit Debt Obligations*. This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

In January 2020, the GASB issued **Statement No. 92**, *Omnibus*. This Statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that that have been identified during implementation and application of certain GASB Statements. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 93**, *Replacement of Interbank Offered Rates*. This Statement addresses accounting and financial reporting implications that result from the replacement of an IBOR. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In March 2020, the GASB issued **Statement No. 94**, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued **Statement No. 96**, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued **Statement No. 97**, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. This Statement provides a more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain requirements of this Statement are effective immediately and others for reporting periods beginning after June 15, 2021.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

SUPPLEMENTARY SCHEDULE

Economic Development Authority of City of Charlottesville, Virginia Schedule of Conduit Debt Outstanding June 30, 2021

Name Of Issue	Description of Facility	Date of Original issue	Name of Trustee	Revenue Bonds Aggregate Amount at Issue Date	Aggregate Outstanding Payable at June 30, 2012	Aggregate Outstanding Payable at June 30, 2013	Aggregate Outstanding Payable at June 30, 2014	Aggregate Outstanding Payable at June 30, 2015	Aggregate Outstanding Payable at June 30, 2016	Aggregate Outstanding Payable at June F 30, 2017	Aggregate Outstanding Payable at June 30, 2018	Aggregate Outstanding Payable at June 30, 2019	Aggregate Outstanding Payable at June F 30, 2020	Aggregate Outstanding Payable at June 30, 2021
Charlottesville Contemporary Arts	Performing Arts Center	12/11/2002	Virginia National Bank	\$2,375,000.00 (Total disbursed \$2,042,499.00)	\$ 358,500	\$ 323,000	\$ 287,500	\$ 252,000	٠.	\$		\$	· ·	
JABA	Acquistion, construction and equipping of elderly care facility	12/1/1997	Wachovia	000'066 \$	•	307,080	247,162	174,662	111,854					
MACAA	Acquistion, renovation and expansion of company headquarters	6/10/1993	First Virginia	\$ 850,000	322,296	285,287	236,040	193,383	142,195	94,185	45,415			
Martha Jefferson House	Retirement community	11/7/2007	Union Bank & Trust	\$4,500,000 (Total disbursed \$4,055,854)	3,905,043	3,733,838	3,541,110	3,342,095	3,136,956	2,925,004	2,706,130	2,480,117	2,246,981	2,006,079
Learning Ally (Recording for the Blind & Dyslexic)	Headquarters for State organization	12/21/2007	Union Bank & Trust	\$2,400,000 (Total disbursed \$2,160,000.26)	1,823,069	1,732,286		•		•				
Seminole Square Project	Infrastructure Improvements for Shopping Center	12/1/1993	SunTrust	\$ 8,850,000	4,995,000	4,690,000	•	•	•					
St. Anne's-Belfield	Private Educational Facility	8/22/2013	SunTrust	\$15,000,000.00			15,000,000	15,000,000	14,717,358	14,328,552	13,925,637	13, 508, 100	13,075,411	12,643,722
UVA Foundation	Acquistion, construction and equipping of various University buildings	12/19/2006	US Bank	\$ 165,900,000	39,615,000	38,735,000	34,710,000	33,884,375	33,018,750	32,113,125	13,690,125	7,742,125	7,475,125	
WorkSource Enterprises	Acquistion, renovation of company headquarters	12/23/1997	Wachovia	\$ 1,088,550	223,558	188,477	152,114	114,419	75,353	34,850				
Jefferson Scholars Foundation	Finance office building	10/1/2017	SunTrust	\$ 22,500,000							22, 500, 000	22,500,000	22, 500, 000	22,500,000

49,994,968 \$ 54,173,926 \$ 52,960,933 \$ 51,202,466 \$ 49,495,716 \$ 52,867,307 \$ 46,230,342 \$ 45,297,517 \$

\$ 51,242,466 \$

Total

COMPLIANCE SECTION



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditor's 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 the Board of Directors Economic Development Authority of the City of Charlottesville Charlottesville, Virginia

We have audited, 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, the financial statements of the business-type activities of the Economic Development Authority of the City of Charlottesville (the "Authority"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 24, 2021.

Internal Control over Financial Reporting

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

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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charlottesville, Virginia November 24, 2021

Robinson, Farmer, Cax Associates