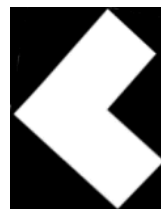


*Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia*

*Annual Comprehensive Financial Report*

*Years Ended June 30, 2025 and 2024*



*Creedle, Jones  
& Associates, P.C.  
Certified Public Accountants*

**Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities of the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia, as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia'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 respective financial position of the business-type activities of the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia, as of June 30, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit 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 *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 and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Change in Accounting Principle**

As described in Note 2 to the financial statements, in 2025, the Authority adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*, GASB Statement No. 102, *Certain Risk Disclosures*, and GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management 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.

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 the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's 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 auditor's report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2026, on our consideration of the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Economic Development Authority of the Town of Clarksville, Virginia, a component unit of the Town of Clarksville, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's internal control over financial reporting and compliance.

*Creedle, Jones & Associates, P.C.*

Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
February 19, 2026

**Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia**

Management's Discussion and Analysis

As of June 30, 2025 and 2024

Our discussion and analysis of the Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia's financial performance provides an overview of the Authority's financial activities for the fiscal years ended June 30, 2025 and 2024. Please read this information in conjunction with the Economic Development Authority of the Town of Clarksville, Virginia's basic financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of the Town of Clarksville, Virginia (the "Authority") presents three basic financial statements. These are: (1) Statements of Net Position; (2) Statements of Revenues, Expenses, and Changes in Net Position; and (3) Statements of Cash Flows.

Our financial position is measured in terms of resources (assets) we own and obligations (liabilities) we owe on a given date. This information is reported on the Statements of Net Position, which reflects the Authority's assets in relation to its debt to creditors. The excess of our assets over liabilities is our equity, or net position.

Information regarding the results of our operation during the year is reported in the Statements of Revenues, Expenses, and Changes in Net Position. These statements show how much our overall net position increased or decreased during the year as a result of our operations and for other reasons.

Our Statements of Cash Flows disclose the flow of cash resources into and out of the Authority during the year and how we applied those funds.

**FINANCIAL SUMMARY**

**Financial Position.** A summary of the Authority's Statements of Net Position is presented below as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Total Assets	\$ <u>12,454,601</u>	\$ <u>10,687,032</u>
Total Liabilities	\$ 3,394,879	\$ 1,882,973
Total Deferred Inflows	3,391,405	3,039,809
<b>Net Position</b>		
Net investment in capital assets	833,492	867,461
Unrestricted	<u>4,834,825</u>	<u>4,896,789</u>
Total Liabilities, Deferred Inflows, and Net Position	\$ <u>12,454,601</u>	\$ <u>10,687,032</u>

The financial position of the Authority decreased in 2025. Assets increased by \$1,767,569, liabilities and deferred inflows increased by \$1,863,502 and net position decreased by \$95,933.

**Change in Net Position.** A summary and prior year comparison of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for 2025 and 2024 is presented as follows:

**Condensed Statements of Revenues, Expenses,  
and Changes in Net Position**

	<u>2025</u>	<u>2024</u>
Operating Revenues	\$ 28,341	\$ 102,550
Operating Expenses	<u>30,233</u>	<u>32,967</u>
Net Operating Income (Loss)	(1,892)	69,583
Non-Operating Revenues (Expenses)	<u>(94,041)</u>	<u>3,655,342</u>
Changes in Net Position	<u>\$ (95,933)</u>	<u>\$ 3,724,925</u>

Operating revenues consist of lease and miscellaneous income. During 2025, operating expenses consist primarily of marketing and professional fees.

Non-operating expenses consist of interest expense, while non-operating revenues consist of interest income.

Net position decreased \$95,933 in 2025 primarily due to the sale of property in 2024.

**Cash Flows.** A summary of the Authority's Statements of Cash Flows for 2025 and 2024 are presented below:

**Condensed Statements of Cash Flows**

	<u>2025</u>	<u>2024</u>
<b>Cash Provided by (Used in)</b>		
Operating activities	\$ (1,642)	\$ 68,333
Investing activities	135,411	-
Capital and related financing activities	<u>(201,754)</u>	<u>3,209,895</u>
Net Increase (Decrease) in Cash	<u>\$ (67,985)</u>	<u>\$ 3,278,228</u>

Cash flows from operating activities consist of lease income less expenses, creating a negative cash flow.

Cash flows from investing activities consist of interest income, creating a positive cash flow.

Cash flows from capital and related financing activities consist of proceeds from bond account and payments related to debt, creating a negative cash flow.

During fiscal year 2025, there was a decrease of \$67,985 in cash as compared to an increase of \$3,278,228 in 2024 due to the sale of property.

## CAPITAL ASSETS AND LONG-TERM DEBT

**Capital Assets.** As of June 30, 2025, the Authority's net capital assets total \$4,228,371, which represents a net increase of \$1,477,937 or 53.73% over the previous fiscal year end.

### Change in Capital Assets

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Land and land improvements	\$ 378,093	\$ -	\$ 378,093
Construction in process	<u>2,375,008</u>	<u>1,478,187</u>	<u>3,853,195</u>
Total Capital Assets	2,753,101	1,478,187	<b>4,231,288</b>
Less: Accumulated depreciation	<u>2,667</u>	<u>250</u>	<u>2,917</u>
Net Capital Assets	<u>\$ 2,750,434</u>	<u>\$ 1,477,937</u>	<u>\$ 4,228,371</u>

### Long-Term Debt

As of June 30, 2025, the Authority's long-term obligations total \$3,394,879.

### Change in Long-Term Debt

	<u>Balance July 1, 2024</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2025</u>
Taxable Lease Revenue Bond Series 2021	<u>\$ 1,882,973</u>	<u>\$ 1,511,906</u>	<u>\$ 3,394,879</u>
Total Long-Term Debt	<u>\$ 1,882,973</u>	<u>\$ 1,511,906</u>	<u>\$ 3,394,879</u>

More detailed information on the Authority's long-term obligations is presented in Note 6 to the financial statements.

## REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to Tara G. Murphy, Town Treasurer, and fiscal agent of the Economic Development Authority of the Town of Clarksville, Virginia, P. O. Box 1147, Clarksville, Virginia 23927, telephone 434-374-8177.

# **FINANCIAL STATEMENTS**

**Economic Development Authority of the Town of Clarksville, Virginia**  
**A Component Unit of the Town of Clarksville, Virginia**

Statements of Net Position

June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 4,618,303	\$ 4,686,288
Note receivable - short-term	29,197	27,093
Lease interest receivable	14,119	78,057
Lease receivable, short-term	<u>70,690</u>	<u>-</u>
Total Current Assets	<b>4,732,309</b>	4,791,438
<b>Noncurrent Assets</b>		
<i>Capital Assets</i>		
Capital assets, not depreciated	4,226,288	2,748,101
Other capital assets, net	<u>2,083</u>	<u>2,333</u>
Net Capital Assets	<b>4,228,371</b>	2,750,434
Note receivable, net of short-term	<u>176,054</u>	<u>55,252</u>
Total Noncurrent Assets	<b>4,404,425</b>	2,805,686
<b>Other Assets</b>		
Lease receivable, net of short-term	<u>3,317,867</u>	<u>3,089,908</u>
Total Other Assets	<b>3,317,867</b>	3,089,908
Total Assets	<b>\$ 12,454,601</b>	<b>\$ 10,687,032</b>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ -	\$ -
Total Current Liabilities	<u>-</u>	<u>-</u>
<b>Long-Term Liabilities</b>		
<i>Due within one year</i>		
Bonds payable	70,397	34,615
<i>Due in more than one year</i>		
Bonds payable	<u>3,324,482</u>	<u>1,848,358</u>
Total Long-Term Liabilities	<b>3,394,879</b>	1,882,973
Total Liabilities	<b>3,394,879</b>	1,882,973
<b>Deferred Inflows</b>		
Leases	<u>3,391,405</u>	<u>3,039,809</u>
Total Deferred Inflows	<b>3,391,405</b>	3,039,809
<b>Net Position</b>		
Net investment in capital assets	833,492	867,461
Unrestricted	<u>4,834,825</u>	<u>4,896,789</u>
Total Net Position	<b>5,668,317</b>	<u>5,764,250</u>
Total Liabilities, Deferred Inflows and Net Position	<b>\$ 12,454,601</b>	<b>\$ 10,687,032</b>

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

**Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia**

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Operating Revenues</b>		
IRF Grant- Planters	\$ -	\$ 97,753
Lease income	22,761	-
Revenue sharing - Mecklenburg County	2,868	-
Miscellaneous income	<u>2,712</u>	<u>4,797</u>
Total Operating Revenues	<b>28,341</b>	102,550
<b>Operating Expenses</b>		
Marketing consultant	3,726	1,500
Depreciation	250	250
Professional fees	20,523	30,082
Miscellaneous	5,046	431
Advertising	130	78
Insurance	<u>558</u>	<u>626</u>
Total Operating Expenses	<u>30,233</u>	<u>32,967</u>
Net Operating Income (Loss)	<b>(1,892)</b>	69,583
<b>Non-Operating Revenues (Expenses)</b>		
Sale of property	-	3,693,818
Interest income on investments	135,411	-
Interest income on notes receivable	5,257	1,070
Interest expense	<u>(234,709)</u>	<u>(39,546)</u>
Total Non-Operating Revenues (Expenses)	<u>(94,041)</u>	<u>3,655,342</u>
Changes in Net Position	<u>(95,933)</u>	<u>3,724,925</u>
Net Position - Beginning of Year	<u>5,764,250</u>	<u>2,039,325</u>
Net Position - End of Year	<u>\$ 5,668,317</u>	<u>\$ 5,764,250</u>

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

**Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia**

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
IRF Grant	\$ -	\$ 97,753
Revenue sharing - Mecklenburg County	2,868	-
Miscellaneous income	2,712	4,797
Lease income	22,761	-
Payment to suppliers	<u>(29,983)</u>	<u>(34,217)</u>
Net Cash Provided by (Used in) Operating Activities	<b>(1,642)</b>	68,333
<b>Cash Flows from Investing Activities</b>		
Interest income	<u>135,411</u>	<u>-</u>
Net Cash Provided by Investing Activities	<b>135,411</b>	-
<b>Cash Flows from Capital and Related Financing Activities</b>		
Interest expense	(234,709)	(39,546)
Note receivable payments received	27,094	4,322
Note receivable payments made to other entities	(150,000)	-
Lease receivable	(298,649)	-
Lease interest receivable	63,938	-
Deferred inflows - lease	351,596	-
Interest income on notes receivable	5,257	1,070
Proceeds from bond account	1,511,906	1,356,949
Sale of property	-	3,650,580
Purchases of capital assets	<u>(1,478,187)</u>	<u>(1,763,480)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(201,754)</u>	<u>3,209,895</u>
Increase (Decrease) in Cash and Cash Equivalents	<b>(67,985)</b>	3,278,228
Cash and Cash Equivalents - Beginning of Year	<u>4,686,288</u>	<u>1,408,060</u>
Cash and Cash Equivalents - End of Year	<u>\$ 4,618,303</u>	<u>\$ 4,686,288</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating income (loss)	\$ (1,892)	\$ 69,583
<i>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</i>		
Depreciation	250	250
Decrease in accounts payable	<u>-</u>	<u>(1,500)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,642)</u>	<u>\$ 68,333</u>

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

**Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia**

Notes to the Financial Statements

Year Ended June 30, 2025

**1 Organization, Description of the Entity and Its Activities**

The Economic Development Authority of the Town of Clarksville, Virginia, A Component Unit of the Town of Clarksville, Virginia, (the “Authority”) was created by a resolution of the Town Council of Clarksville, Virginia (the “Town”) dated June 4, 1974 in accordance with Chapter 33, Title 15.1, of the Code of Virginia of 1950, as amended (the “Act”). The purpose of the Authority shall be to promote economic and industrial development in the greater Clarksville area.

The Authority is a separate and distinct entity from the Town of Clarksville, Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia.

A seven-member Board appointed by the Town Council of the Town of Clarksville, Virginia governs the Authority. The directors are to serve staggered terms of four years each. Currently, there are seven members appointed to the Board.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. The Authority may retain liability under the bonds or it may be assumed by the enterprise for which 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 Authority is a component unit of the financial reporting entity of the Town of Clarksville, Virginia. The Town has agreed to provide funding as needed to meet operating shortfalls.

**2 Significant Accounting Policies**

***Financial Statement Presentation***

The accompanying financial statements conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB).

The Authority applies all GASB pronouncements as well as the Financial Accounting Standards Board (FASB) Statements and Interpretations, APB Opinions and Accounts Research Bulletins issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

***Net Investment in Direct Financial Leases***

The Authority may acquire and improve properties and retain title to them. Where bargain purchase options or other lease provisions do not reasonably assure transfer of title at the completion of a lease to a tenant, the Authority accounts for activities in its role as lessor as either capital leases or operating leases. The Authority does not have any investment in direct financing leases.

### ***Basis of Accounting***

The Authority's accounting system is organized and operated on a fund basis. A fund records cash and other financial resources, together with all related liabilities, obligations, reserves, and residual equity, which is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Proprietary Funds account for activities similar to those found in the private sector. The measurement focus is upon determination of net income. The Authority utilizes one type of Proprietary Fund with that being an Enterprise Fund.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. The intent of the Authority is that the cost of providing services to the general public be financed or recovered through user charges. In the Authority's operation, costs are represented by interest expense and financing cost, while user charges consist of interest income earned on receivables.

The Authority utilizes the accrual basis of accounting under which revenues are recorded in the period earned and expenses are recorded when the related liabilities are incurred.

The Authority may realize its assets and liquidate its liabilities in operating cycles, which range from very short to very long periods. The accompanying financial statements are presented in a nonclassified format because working capital concepts are not indicative of its operating cycle.

### ***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, all of which are readily convertible to known amounts of cash.

### ***Use of Estimates***

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

### ***Deferred Inflows***

The Statement of Net Position includes a separate section for Deferred Inflows of Resources. This represents the acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes lease deferrals.

### ***Capital Assets***

Capital assets are stated at cost less accumulated depreciation. Depreciation on building and land improvements are computed by the straight-line method, while equipment is computed by the Modified Accelerated Cost Recovery (MACRs) method over the estimated useful lives of the assets. Additions to capital assets, major betterments and replacements are recorded at cost. Maintenance, repairs, and minor replacements are expensed as incurred. Gains and losses on dispositions are reflected in current earnings.

The following is a schedule of estimated useful lives:

Land improvements 10-39 years

### **Leases**

As lessee, the Authority recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority uses its estimated incremental borrowing rate as the discount rate for leases. The Authority's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

As lessor, the Authority recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

### **Net Position**

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

### **Net Position Flow Assumptions**

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 government-wide and 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.

### **Adoption of New GASB Statements**

The Authority adopted the following GASB statements during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Authority.

GASB Statement No. 102, *Certain Risk Disclosures* – The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for the fiscal year June 30, 2025 for the Authority.

GASB Statement No. 103, *Financial Reporting Model Improvements* – The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the fiscal year ending June 30, 2025 for the Authority.

## **3 Cash Equivalents**

**Deposits.** All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia or covered by Federal Depository Insurance.

Cash and cash equivalents of the Authority at June 30 consist of the following:

	<u>2025</u>	<u>2024</u>
Cash in bank accounts	\$ <u>4,618,303</u>	\$ <u>4,686,288</u>

## 4 Capital Assets

The following schedule details increases and decreases in the capital asset account categories:

	<u>Balance July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>
<b>Capital Assets, not depreciated</b>				
Land	\$ 373,093	\$ -	\$ -	\$ 373,093
Construction in process	2,375,008	1,478,187	-	3,853,195
Total Capital Assets, not Depreciated	2,748,101	1,478,187	-	4,226,288
<b>Capital Assets, depreciated</b>				
Land improvements	5,000	-	-	5,000
Total Capital Assets, Depreciated	5,000	-	-	5,000
<b>Less: Accumulated depreciation for</b>				
Land improvements	2,667	250	-	2,917
Total Accumulated Depreciation	2,667	250	-	2,917
Net Capital Assets, Depreciated	2,333	(250)	-	2,083
Net Capital Assets	<u>\$ 2,750,434</u>	<u>\$ 1,477,937</u>	<u>\$ -</u>	<u>\$ 4,228,371</u>

## 5 Notes Receivable

The schedule below shows the breakdown of notes receivable at June 30, 2025:

	<u>Balance July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
Note receivable from Industrial Development Authority of Mecklenburg County, VA for sale of Lakeside Commerce Property (1/3 interest). The payments are for 36 months with interest at 7.50%.	\$ 82,345	\$ -	\$ 27,094	\$ 55,251	\$ 29,197
Note receivable from Young Men's Christian Association of Mecklenburg County, Virginia, Inc. to acquire real estate for the purpose of constructing recreational activity facilities. The note receivable is for \$150,000 with no interest.	-	150,000	-	150,000	-
Total Notes Receivable	<u>\$ 82,345</u>	<u>\$ 150,000</u>	<u>\$ 27,094</u>	<u>\$ 205,251</u>	<u>\$ 29,197</u>

The note receivable with the YMCA is forgivable and shall be treated as a grant provided the following conditions are fulfilled:

1. No later than January 2030, the YMCA shall have raised not less than \$75,000 for development of the project, and such amount shall either have been spent for project design and/or construction purposes and/or shall be held by YMCA in one or more accounts available to be spent for the development of the project;
2. No later than January 30, 2032, the YMCA shall have commenced construction of the project by substantial completion of grading and site preparation; and
3. No later than January 30, 2033, the YMCA shall have spent not less than \$200,000 for development and construction of the project.

Annual requirements to amortize notes receivable and related interest are as follows:

**Notes Receivable from Mecklenburg IDA**

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 29,197	\$ 3,154
2027	<u>26,054</u>	<u>904</u>
Net Notes Receivable	<u>\$ 55,251</u>	<u>\$ 4,058</u>

## 6 Long-Term Debt

A summary of long-term debt transactions for the year ended June 30, 2025 is as follows:

<u>Details of Long-Term Indebtedness</u>	<u>Balance July 1, 2024</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2025</u>	<u>Due Within One Year</u>
<b>Bonds Payable</b>					
Taxable Lease Revenue Bond Series 2021 with Carter Bank and Trust amended January 2, 2025 as an Omnibus Amendment. The bond is for \$3.4 million.	\$ 1,882,973	\$ 1,517,027	\$ 5,121	\$ 3,394,879	\$ 70,397
Total Long-Term Debt	<u>\$ 1,882,973</u>	<u>\$ 1,517,027</u>	<u>\$ 5,121</u>	<u>\$ 3,394,879</u>	<u>\$ 70,397</u>

Annual requirements to amortize long-term debt and related interest are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 70,397	\$ 168,116	\$ 238,513
2027	73,999	164,514	238,513
2028	77,784	160,728	238,512
2029	81,764	156,749	238,513
2030	85,947	152,565	238,512
2031-2035	500,370	692,193	1,192,563
2036-2040	642,155	550,409	1,192,564
2041-2045	824,115	368,449	1,192,564
2046-2050	<u>1,038,348</u>	<u>134,928</u>	<u>1,173,276</u>
	<u>\$ 3,394,879</u>	<u>\$ 2,548,651</u>	<u>\$ 5,943,530</u>

**NOTE:** The bond was fully disbursed and completed May 1, 2025. Payments of \$19,876.06 began June 1, 2025. The bond is to be amortized over twenty-five (25) years beginning with an interest rate of 5.00%. After five (5) years, the interest rate will change to a rate equal to the average yield of U.S. Treasury Securities adjusted to a constant maturity of five (5) years as made available by the Federal Reserve Board, as of such Rate Adjustment Date, plus a margin of 3.00% per annum. There is an Allonge Agreement related to this project whereby a third party will assume this debt as of December 31, 2031.

## 7 Leases

### Authority as Lessor

The Authority has entered into an agreement as lessor for land property. The lease agreement is summarized as follows:

<u>Property Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2025</u>
610 Virginia Avenue	12/21/2021; Omnibus Agreement dated 05/01/2025	Originally 10 years; Extended to 25 years	\$19,876.06 for 5 years; adjusted afterwards to an average of the U.S. Treasury rate, plus 3% margin	5.00%	<u>\$ 3,388,557</u>

Remaining amounts to be received associated with these leases are as follows:

<u>Maturity Analysis Fiscal Year</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2026	\$ 70,690	\$ 167,822	\$ 238,512
2027	74,307	164,206	238,513
2028	78,109	160,404	238,513
2029	82,105	156,408	238,513
2030	86,305	152,207	238,512
2031-2035	502,455	690,108	1,192,563
2036-2040	644,830	547,733	1,192,563
2041-2045	827,549	365,015	1,192,564
2046-2050	<u>1,022,207</u>	<u>130,605</u>	<u>1,152,812</u>
	<u>\$ 3,388,557</u>	<u>\$ 2,534,508</u>	<u>\$ 5,923,065</u>

<u>Lease-Related Revenue</u>	<u>Year Ending June 30, 2025</u>
Lease revenue building	\$ 22,761
Interest revenue	<u>28,262</u>
Total	<u>\$ 51,023</u>

## 8 Net Investment in Capital Assets

The "net investment in capital assets" amounts reported on the Statements of Net Position as of June 30, 2025 and 2024 are determined as follows:

	<u>2025</u>	<u>2024</u>
<b>Net Investment in Capital Assets</b>		
Cost of capital assets	\$ 4,231,288	\$ 2,753,101
Less: Accumulated depreciation	<u>(2,917)</u>	<u>(2,667)</u>
Book value	4,228,371	2,750,434
Less: Capital related debt	<u>(3,394,879)</u>	<u>(1,882,973)</u>
Net Investment in Capital Assets	<u>\$ 833,492</u>	<u>\$ 867,461</u>

## 9 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Deferred inflows - leases receivable	\$ 3,391,405
Total Deferred Inflows of Resources	<u>\$ 3,391,405</u>

## 10 Fiscal Agent

The Treasurer of the Town of Clarksville, Virginia has been appointed as the fiscal agent for the Authority. In addition, the fiscal agent utilizes the services of the Town's Treasurer to maintain the financial data of the Authority. The Authority is exposed to various risks of loss related to torts; theft of; and errors and omissions. The Treasurer is insured by a \$100,000 insurance bond through the Town.

## 11 Litigation

At June 30, 2025, management reports that there were no matters of litigation involving the Authority that would have a material affect on the financial position of the Authority.

## 12 Upcoming Pronouncements

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

## 13 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2025 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2025. Management has performed their analysis through February 19, 2026.

# COMPLIANCE



**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 Board of Directors  
Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, 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 *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 Economic Development Authority of Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Economic Development Authority of Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia's basic financial statements and have issued our report thereon dated February 19, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Economic Development Authority of Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Economic Development Authority of the Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Economic Development Authority of Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia'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.

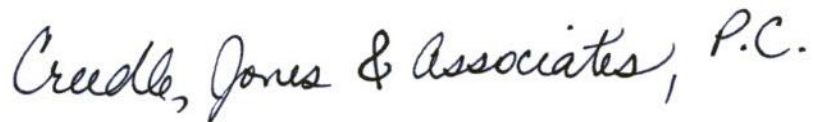
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Economic Development Authority of Town of Clarksville, Virginia, a Component Unit of Town of Clarksville, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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.



Creedle, Jones & Associates, P.C.  
Certified Public Accountants

South Hill, Virginia  
February 19, 2026