

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

FINANCIAL AND COMPLIANCE REPORTS

YEAR ENDED JUNE 30, 2025



ASSURANCE, TAX & ADVISORY SERVICES

**ECONOMIC DEVELOPMENT AUTHORITY OF
ORANGE COUNTY, VIRGINIA**

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INTRODUCTORY SECTION

**ECONOMIC DEVELOPMENT AUTHORITY OF
ORANGE COUNTY, VIRGINIA**

June 30, 2025

Board of Directors and Members

Edwin Yowell, District 1
Adam Bryington, District 2
Teresa Harris, District 3
JP Tucker, District 4
Tom Neubig, District 5
Sonja “Sunnie” Capelle, Town of Gordonsville
Vacant, Town of Orange

Members

Bryan Nicol, District 5
Keith Marshall, District 3
Julie Perry, Secretary/Treasurer
Amy Wilson, County Attorney
Glenda Paul, County Administrator
Dawn M. Herndon, Treasurer, Fiscal Agent
Regan McKay, Economic Development & Tourism Manager

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Economic Development Authority of Orange County, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major fund of the Economic Development Authority of Orange County, Virginia (Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the Authority, as of June 30, 2025, and the respective changes in financial position for the year 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 auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 GAAS 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 GAAS 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025 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 Authority's internal control over financial reporting and compliance.

P. B. Mares, CPA

Harrisonburg, Virginia
December 1, 2025

BASIC FINANCIAL STATEMENTS

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**STATEMENT OF NET POSITION
June 30, 2025**

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 665,577
Investments	527,233
Interest Receivable	8,802
Lease Receivable	359,272
Capital Assets, net	<u>1,373,350</u>
Total assets	<u>2,934,234</u>
LIABILITIES	
Current Liabilities:	
Accounts payable	64,959
Due to primary government	645
Current portion of promissory note	<u>1,757</u>
Total current liabilities	<u>67,361</u>
Long-Term Liabilities:	
Promissory note	<u>793,243</u>
Total long-term liabilities	<u>793,243</u>
Accrued Expenses and Other Liabilities:	
Deposits held	<u>5,200</u>
Total accrued expenses and other liabilities	<u>5,200</u>
Deferred Inflows of Resources:	
Lease related	<u>394,701</u>
Total deferred inflows of resources	<u>394,701</u>
NET POSITION	
Net Investment in Capital Assets	524,191
Unrestricted	<u>1,149,538</u>
Total net position	<u><u>\$ 1,673,729</u></u>

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net Revenues and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Economic development	\$ 495,825	\$ -	\$ 46,767	\$ -	\$ (449,058)
Total governmental activities	\$ 495,825	\$ -	\$ 46,767	\$ -	(449,058)
General revenues:					
Unrestricted revenues from use of money					47,588
Lease revenue					53,257
Total general revenues					100,845
Change in net position					(348,213)
Net position, beginning					2,021,942
Net position, ending					\$ 1,673,729

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**BALANCE SHEET – GOVERNMENTAL FUND
June 30, 2025**

	General Fund
ASSETS	
Cash and Cash Equivalents	\$ 665,577
Investments	527,233
Interest Receivable	8,802
Lease Receivable	<u>359,272</u>
Total assets	<u>\$ 1,560,884</u>
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 64,959
Due to primary government	<u>645</u>
Total liabilities	<u>65,604</u>
Accrued Expenses and Other Liabilities:	
Deposits held	<u>5,200</u>
Total accrued expenses and other liabilities	<u>5,200</u>
Deferred Inflows of Resources:	
Leases related	<u>394,701</u>
Total deferred inflows of resources	<u>394,701</u>
Fund Balance:	
Assigned	<u>1,095,379</u>
Total fund balance	<u>1,095,379</u>
Total liabilities and fund balance	<u>\$ 1,560,884</u>

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUND
TO THE STATEMENT OF NET POSITION
June 30, 2025**

Total Fund Balance per Balance Sheet - Governmental Fund	\$ 1,095,379
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:	
Capital assets, net of accumulated depreciation and amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,373,350
Certain obligations are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds:	
Promissory note	<u>(795,000)</u>
Net position of governmental activities	<u>\$ 1,673,729</u>

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
– GOVERNMENTAL FUND
Year Ended June 30, 2025**

	General Fund
Revenues:	
Revenues from the use of money	\$ 47,588
Lease revenue	53,257
Intergovernmental:	
Contribution from Orange County	<u>46,767</u>
Total revenues	<u>147,612</u>
Expenditures:	
Current:	
Community development	87,485
Capital outlay	<u>681,416</u>
Total expenditures	<u>768,901</u>
Other Financing Sources:	
Issuance of promissory note	<u>795,000</u>
Net change in fund balance	173,711
Fund Balance, beginning	<u>921,668</u>
Fund Balance, ending	<u><u>\$ 1,095,379</u></u>

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE – GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

Net Change in Fund Balance - total governmental fund	\$ 173,711
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Governmental funds reports capital outlay as an expenditure. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which the capital outlays exceed depreciation and amortization in the current period.	273,076
Debt proceeds provide current financial resources to government funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of notes principal and issuance cost are expenditures in the governmental funds, but repayment reduces long-term liabilities on the Statement of Net Position.	
Issuance of promissory note	<u>(795,000)</u>
Change in net position of governmental activities	<u><u>\$ (348,213)</u></u>

ECONOMIC DEVELOPMENT AUTHORITY OF ORANGE COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Business

The Economic Development Authority of Orange County, Virginia (Authority) was created as a governmental subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of the County of Orange, Virginia (County) in May of 1976, pursuant to the provisions of the Economic Development and Revenue Bond Act, Title 15.2, Chapter 49, Sections 15.2-4900 et seq. (formerly Title 15.1, Chapter 33, Sections 15.1-1373, et. seq.) of the *Code of Virginia* of 1950, as amended. The Authority is governed by seven directors appointed by the Board of Supervisors of the County. The Authority is empowered, among other things, to acquire, own, lease, and dispose of any of its facilities and to make loans or grants in furtherance of its purposes as set forth by law, including to promote industry and develop trade by inducing manufacturing, economic, governmental, nonprofit, and commercial enterprises and institutions of higher education to locate in or remain in the Commonwealth of Virginia and further the use of its agricultural products and natural resources.

The Authority is specifically authorized to issue revenue bonds for any of its purposes, including the payment of the cost of its facilities and the payment or retirement of bonds previously issued by the Authority. All bonds issued by the Authority are payable solely from the revenues and receipts derived from the leasing or sale by the Authority of its facilities or any part thereof, or from the payments received by the Authority in connection with its loans. In addition, depending upon the financing structure, the bonds of the Authority may be further secured by a deed of trust or other collateral documents. No bonds of the Authority shall be deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any political subdivision thereof, including the County.

Note 2. Significant Accounting Policies

Measurement focus, basis of accounting and financial statement presentation: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met.

Statement of Net Position: The Statement of Net Position is designed to display the financial position of the primary government. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation and amortization expense, the cost of “using up” capital assets, in the Statement of Activities. The net position of a government will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Measurement focus, basis of accounting and financial statement presentation (continued):

Statement of Net Position (continued): Separate financial statements are provided for governmental funds and the Authority only has one – the General Fund, which is the Authority’s primary operating fund.

The governmental fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Authority considers all revenues reported in the governmental fund to be available if the revenues are collected within 75 days after year-end. Interest is considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, as applicable, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental fund. If any, proceeds of general long-term debt, leases and sales of capital assets are reported as other financing sources.

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

Investments: The Authority has investments that consist of certificates of deposit and an external local government investment pool.

Capital assets: Capital assets, which include land, buildings and buildings improvements, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The Authority does not have any right-to-use lease assets. There were no impaired assets at year end.

Maintenance, repairs and minor renewals are charged to operations when incurred. Expenditures/expenses which materially increase values or extend useful lives are capitalized.

Most capital assets are depreciated or amortized using the straight line method over the following estimated useful lives:

Land improvements	3-20 years
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Leases: The Authority is a lessor for a noncancellable lease of land. The Authority recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

Leases (continued): Key estimates and judgements include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Net position: Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The Authority did not have any deferred outflows of resources at June 30, 2025.

Net position flow assumption: Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g. restricted bond and grant proceeds) 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.

Fund equity: The Authority reports fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by the Authority, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts the Authority intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority; and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the General Fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the Authority’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

ECONOMIC DEVELOPMENT AUTHORITY OF ORANGE COUNTY, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. Significant Accounting Policies (Continued)

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.

Subsequent events: The Authority has evaluated subsequent events through December 1, 2025, the date on which the financial statements were available to be issued.

Note 3. 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.

Custodial credit risk (deposits): Custodial credit risk (deposits) is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority's investment policy requires all deposits to be insured under FDIC or comply with the Act. At year-end, none of the Authority's deposits were exposed to custodial credit risk.

Investments: The Authority has investments in the State Treasurer's Local Government Investment Pool (LGIP). The LGIP is a professionally managed money market fund and an external investment pool which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The Authority's investments in the LGIP of \$353,700 at June 30, 2025, are stated at amortized cost and classified as cash and cash equivalents. The LGIP has been assigned an "AAAm" rating by Standard & Poor's. The maturity of the LGIP is less than one year.

Investment policy: State statutes authorize local governments and other public bodies to invest in obligations of the United States or its 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, bankers' acceptances, repurchase agreements, and the LGIP.

The Authority does not have a formal investment policy.

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

Note 3. Deposits and Investments (Continued)

Investment policy (continued): The Authority has the following investment subject to recurring fair value measurement as of June 30, 2025:

- Certificates of deposit totaling \$527,233 are valued using quoted market prices (level 1 inputs).

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated or amortized:				
Land	\$ 1,033,388	\$ -	\$ (390,666)	\$ 642,722
Construction in progress	33,810	665,403	-	699,213
Total capital assets not depreciated or amortized	1,067,198	665,403	(390,666)	1,341,935
Capital assets being depreciated or amortized:				
Land improvements	33,214	-	-	33,214
Total capital assets being depreciated or amortized	33,214	-	-	33,214
Less accumulated depreciation and amortization:				
Land improvements	(138)	(1,661)	-	(1,799)
Total accumulated depreciation and amortization	(138)	(1,661)	-	(1,799)
Total capital assets being depreciated or amortized, net	33,076	(1,661)	-	31,415
Governmental activities capital assets, net	\$ 1,100,274	\$ 663,742	\$ (390,666)	\$ 1,373,350

Note 5. Leases

During the current fiscal year, the Authority leased one piece of property to a third party. The property is land that is being leased for ten years ending on May 31, 2033. The Authority will receive yearly payments of \$50,000, including interest at 2.45%. The Authority recognized \$49,857 in lease revenue during the current fiscal year related to the lease. As of June 30, 2025, the Authority's receivable for lease payments was \$359,272. Also, the Authority has deferred inflows of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflows of resources was \$394,701.

**ECONOMIC DEVELOPMENT AUTHORITY
OF ORANGE COUNTY, VIRGINIA**

NOTES TO FINANCIAL STATEMENTS

Note 6. Long-Term Liabilities

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2025:

	Amounts Payable at			Amounts Payable at		Amounts Due Within One Year
	July 1, 2024	Additions	Reductions	June 30, 2025		
Promissory Note	\$ -	\$ 795,000	\$ -	\$ 795,000	\$ 1,757	

The Authority has one promissory note for \$795,000 with the Virginia Small Business Financing Authority (VSBFA) that was issued in June 2025. The note is payable in monthly installments ranging from \$3,115 to \$5,471 through May 2035, including interest at 5.50%.

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

Fiscal Year(s):	Promissory Note	
	Principal	Interest
2026	\$ 1,757	\$ 43,246
2027	22,585	43,067
2028	23,744	41,909
2029	25,198	40,454
2030	26,620	39,033
2031-2035	695,096	170,745

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. To reduce insurance costs and the need for self-insurance, the Authority has coverage with the Virginia Association of Counties Group Self Insurance Association (Association) for liability insurance. Each Association member jointly and severally agrees to assume, pay and discharge any liability. The Authority pays the Association contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

Note 8. Commitments and Contingencies

The Authority has entered into various construction contracts. Future amounts due under these agreements are approximately \$37,675 for the Authority at year end.

COMPLIANCE SECTION



**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**

Board of Directors
Economic Development Authority of Orange County, 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 (*Government Auditing Standards*); and the *Specifications for Audits of Authorities, Boards and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the governmental activities and major fund of the Economic Development Authority of Orange County, Virginia (Authority), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on 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 the 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 the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority’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 over financial reporting 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in the accompanying schedule of finding and response as item 2025-001 that we consider to be a material weakness.

Report on 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*.

The Authority's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the finding identified in our audit and described in the accompanying schedule of finding and response. The Authority's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

P. B. Mares, CPA

Harrisonburg, Virginia
December 1, 2025

**ECONOMIC DEVELOPMENT AUTHORITY OF
ORANGE COUNTY, VIRGINIA**

**SCHEDULE OF FINDING AND RESPONSE
Year Ended June 30, 2025**

Section I. FINANCIAL STATEMENT FINDING

A. Material Misstatement in Internal Control

2025-001: Material Misstatement Due to Significant Audit Adjustments

Criteria: The year-end financial statements obtained from the Economic Development Authority of Orange County, Virginia (Authority) should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the Authority, there were instances of significant adjustments identified.

Context: Audit entries were required to properly record land and debt proceeds.

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

Effect: As noted above, the effect of these transactions was to misstate year-end general ledger balances of the Authority. The necessary entries above were material to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend a more thorough review of the general ledger and supporting schedules prior to the audit.

Views of Responsible Officials: The auditee agrees with this finding and has taken the necessary steps to prevent a recurrence.

ORANGE COUNTY, VIRGINIA

Economic Development Authority

EDWIN YOWELL, DISTRICT ONE
ADAM BRYINGTON, DISTRICT TWO
TERESA HARRIS, DISTRICT THREE
JP TUCKER, DISTRICT FOUR
TOM NEUBIG, DISTRICT FIVE
SONJA CAPELLE, TOWN OF GORDONSVILLE
ANTHONY SCHIENSCHANG., TOWN OF ORANGE

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CORRECTIVE ACTION PLAN **Year Ended June 30, 2025**

Identifying Number: 2025-001: Material Misstatement Due to Significant Audit Adjustments

Finding:

Upon auditing the year-end balances of the Authority, there were instances of material adjustments identified.

Corrective Action Taken or Planned:

The Authority will update procedures for reviewing EDA Board minutes and ensuring all relevant transactions are properly flagged for recording in the financial system. In addition, the accounting team has been retrained on the proper classification and recording procedures for debt-related transactions to ensure no similar misclassifications occurs in the future.

The contact person responsible for the corrective action is Andrew Oliver, Finance Director of Orange County.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2025

A. Material Weaknesses in Internal Control

2025-001: Material Weakness Due to Significant Audit Adjustments

Criteria: The year-end financial statements obtained from the Economic Development Authority of Orange County, Virginia (Authority) should be free of significant misstatements.

Condition: Upon auditing the year-end balances of the Authority, there were instances of material adjustments identified.

Context: Audit entries were required to properly record accounts payable and loss on disposal of capital assets

Cause: There was a lack of sufficient review to ensure items noted above were accurately recorded.

Effect: As noted above, the effect of these transactions was to misstate general ledger balances of the Authority. The necessary entries above were material to the financial statements and were included as adjustments in order to more accurately represent the financial position of each of the above. Failure to record the items noted above is a departure from accounting principles generally accepted in the United States of America.

Recommendation: We recommend a thorough review of the general ledger and supporting schedules prior to the audit.

Views of Responsible Officials: The auditee agrees with this finding and has taken the necessary steps to prevent a recurrence.

Corrective Action Taken or Planned: The Authority will more thoroughly review the general ledger and supporting schedules prior to the audit.

The contact person responsible for the corrective action was Sara Keeler, Finance Director of the County through December 6, 2024. After December 6, 2024, the contact person responsible was Glenda Paul, County Administrator.