
MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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**MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY**

DIRECTORY OF PRINCIPAL OFFICIALS

AUTHORITY MEMBERS

County of Greensville, VA Members:

Michael Ferguson

James Brown

County of Mecklenburg, VA Members:

Wayne Carter, Vice-Chairman

Angie Kellett

City of Emporia, VA Members:

Dale Temple

William Johnson, Chairman

OTHER OFFICIALS

Natalie Slate, Secretary



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY
EMPORIA, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority, as of June 30, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2021, on our consideration of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 16, 2021

- Basic Financial Statements -

**MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY**

Statement of Net Position
At June 30, 2021

ASSETS

Current Assets:

Cash	\$ 583,448
Total Current Assets	\$ 583,448

Noncurrent Assets:

Capital assets:

Improvements and other structures, net of accumulated depreciation	\$ 24,403
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Other assets:

Investment in industrial land and other assets	2,264,582
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Total Noncurrent Assets	\$ 2,288,985
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Total Assets	\$ 2,872,433
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LIABILITIES

Current Liabilities:

Accounts payable	\$ 10,641
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Total Current Liabilities	\$ 10,641
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Total Liabilities	\$ 10,641
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NET POSITION

Investment in capital assets	\$ 24,403
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Unrestricted	2,837,389
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Total Net Position	\$ 2,861,792
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The accompanying notes to financial statements are an integral part of this financial statement.

**MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY**

Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2021

Operating Revenues:

Intergovernmental operating revenue from County of Greenville, Virginia	\$ 230,518
Intergovernmental operating revenue from County of Mecklenburg, Virginia	248,635
Intergovernmental operating revenue from City of Emporia, Virginia	<u>50,000</u>
Total Operating Revenues	\$ <u>529,153</u>

Operating Expenses:

Professional fees - consultants, legal, audit	\$ 26,412
Advertising and marketing	5,510
Office expenses	133
Depreciation expense	<u>2,219</u>
Total Operating Expenses	\$ <u>34,274</u>

Operating Income (Loss)	\$ <u>494,879</u>
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Change in net position	\$ 494,879
Net position beginning of year	<u>2,366,913</u>
Net position end of year	\$ <u><u>2,861,792</u></u>

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

**MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY**

Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities:	
Receipts from industries, customers and intergovernmental sources	\$ 529,153
Payments to vendors	(21,414)
	<u>507,739</u>
Net cash provided by (used for) operating activities	\$ 507,739
Cash flows from capital and related financing activities:	
Additions to investment in industrial land and capital assets	\$ (45,911)
	<u>(45,911)</u>
Net cash provided by (used for) capital and related financing activities	\$ (45,911)
Increase (decrease) in cash and cash equivalents	\$ 461,828
Cash and cash equivalents at beginning of year	121,620
Cash and cash equivalents at end of year	<u>\$ 583,448</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 494,879
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	2,219
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable	10,641
	<u>10,641</u>
Net cash provided by (used for) operating activities	<u>\$ 507,739</u>

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

MID-ATLANTIC ADVANCED MANUFACTURING CENTER REGIONAL INDUSTRIAL FACILITY AUTHORITY

Notes to Financial Statements
At June 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority (the Authority) was organized on May 28, 2013 in accordance with Section 15.2-6400 of the Code of Virginia (1950), as amended, and described as the *Virginia Regional Industrial facilities Act*, (“Act”). The Authority was created by the Counties of Greensville and Mecklenburg, Virginia and the City of Emporia, Virginia (the Member Localities). The purpose of the Authority is to enhance the economic base of the Member Localities by developing, owning, and operating one or more facilities on a cooperative basis, including, without limitation, the specific purpose of owning and developing the Mid-Atlantic Advanced Manufacturing Center (MAMaC).

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

The Authority is governed by a Board of Directors appointed by the Member Localities.

B. Determination of the Reporting Entity:

The governing body of the Authority is equally represented by all three Member Localities with two appointments by each Member Locality. The bylaws of the Authority require that all Member Localities participate and approve the *Member Locality Participation Agreement* which describes and governs the allocation of the net revenues and other financial activity of the Authority by the Member Localities. The Authority is considered a joint venture of the Member Localities.

C. Basic Financial Statements:

Enterprise Fund Financial Statements

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

D. Basis of Accounting:

The Authority operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. 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 services in connection with the Authority’s principal ongoing operations. Operating revenues include intergovernmental contributions to support operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

MID-ATLANTIC ADVANCED MANUFACTURING CENTER REGIONAL INDUSTRIAL FACILITY AUTHORITY

Notes to Financial Statements

At June 30, 2021 (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

E. 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.

F. Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,000 (amount not rounded) 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

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

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

<u>Assets</u>	<u>Years</u>
Improvements and other structures	10 - 20

G. Investments in Industrial Assets:

Investments in industrial assets are reported and capitalized as an other asset. The assets are accumulated and reported with the intention of the Authority to sell the assets in the future to a prospective industrial client or other economic development project and therefore will not be depreciated.

H. Other Investments:

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

MID-ATLANTIC ADVANCED MANUFACTURING CENTER REGIONAL INDUSTRIAL FACILITY AUTHORITY

Notes to Financial Statements

At June 30, 2021 (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)

I. Use of Estimates:

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

J. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2021.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2021.

K. Net Position:

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

L. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

MID-ATLANTIC ADVANCED MANUFACTURING CENTER REGIONAL INDUSTRIAL FACILITY AUTHORITY

Notes to Financial Statements
At June 30, 2021 (continued)

NOTE 2 - DEPOSITS:

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.

NOTE 3 - NET REVENUE SHARING BY MEMBER LOCALITIES:

Pursuant to the *Member Locality Participation Agreement* the Member Localities share in the net revenues generated by the Authority. The net revenues are allocated to the Member Localities based on their respective local contribution to the Authority. Net revenues are allocated on a project basis whereby a Member Locality can elect to or elect not to fund the project. The Member Localities only share in net revenues from projects in which the Member Locality participates.

NOTE 4 - CAPITAL AND OTHER INDUSTRIAL ASSETS:

Capital asset activity for the year ended June 30, 2021 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital Assets:				
Improvements and other structures	\$ 33,277	\$ -	\$ -	\$ 33,277
Accumulated depreciation	\$ (6,655)	\$ (2,219)	\$ -	\$ (8,874)
Total capital assets, net	\$ 26,622	\$ (2,219)	\$ -	\$ 24,403

The investment in other industrial assets for the year ended June 30, 2021 is as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Other Industrial Assets:				
Investment in industrial land	\$ 2,218,671	\$ 45,911	\$ -	\$ 2,264,582
Total Industrial Assets	\$ 2,218,671	\$ 45,911	\$ -	\$ 2,264,582

- Compliance -



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS
MID-ATLANTIC ADVANCED MANUFACTURING CENTER
REGIONAL INDUSTRIAL FACILITY AUTHORITY
EMPORIA, VIRGINIA**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority as of and for the year ended June 30, 2021, and the related notes to the financial statements, which comprise Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority and have issued our report thereon dated December 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility 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 Mid-Atlantic Advanced Manufacturing Center Regional Industrial Facility Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
December 16, 2021