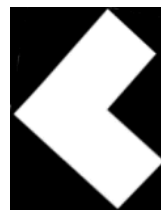


*Industrial Development Authority  
of the Town of Chase City, Virginia*

*Comprehensive Annual Financial Report*

*Year Ended June 30, 2021*



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

**Industrial Development Authority  
of the Town of Chase City, Virginia**

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**Creedle  
Jones  
& Associates**

*A Professional Corporation*

*Robin B. Jones, CPA, CFP  
Kimberly W. Jackson, CPA*

*Nadine L. Chase, CPA*

*Sherwood H. Creedle, Emeritus*

*Members of  
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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Industrial Development Authority of the  
Town of Chase City, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of the Industrial Development Authority of the Town of Chase City, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Industrial Development Authority of the Town of Chase City, Virginia'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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions 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 *Specifications for Audits of Authorities, Boards, and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 auditor's 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 opinions.

### *Opinions*

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 Industrial Development Authority of the Town of Chase City, Virginia, as of June 30, 2021, and the respective changes in financial position and, where applicable, 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*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-2 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2022, on our consideration of the Industrial Development Authority of the Town of Chase City, 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 Industrial Development Authority of the Town of Chase City, 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 Industrial Development Authority of the Town of Chase City, 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 3, 2022

**Industrial Development Authority  
of the Town of Chase City, Virginia**

Management's Discussion and Analysis

As of June 30, 2021

Our discussion and analysis of the Industrial Development Authority of the Town of Chase City, Virginia's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021. Please read this information in conjunction with the Industrial Development Authority of the Town of Chase City, Virginia's financial statements.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The Industrial Development Authority of the Town of Chase City, Virginia (the "Authority") presents three basic financial statements. These are: (1) Statement of Net Position; (2) Statement of Revenues, Expenses, and Changes in Net Position; and (3) Statement 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 Statement 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 Statement 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 Statement of Cash Flows discloses 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 Statement of Net Position for 2021 is presented below:

Total Assets	<u>\$ 683,850</u>
Total Liabilities	\$ -
<b>Net Position</b>	
Unrestricted	<u>683,850</u>
Total Liabilities and Net Position	<u>\$ 683,850</u>

**Change in Net Position.** A summary of the Authority's Condensed Statement of Revenues, Expenses, and Changes in Net Position for 2021 is presented below:

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

Operating Income	\$ -
Operating Expenses	<u>1,030</u>
Net Operating Loss	(1,030)
Non-Operating Income	648,908
Non-Operating Expenses	<u>(150,000)</u>
Net Non-Operating Revenues	<u>498,908</u>
Changes in Net Position	<u><u>\$ 497,878</u></u>

During the year, the Authority had a net operating loss of \$(1,030). Non-operating income amounted to \$648,908 due to the sale of real estate. This income was offset in part by non-operating expenses that totaled \$150,000 representing a contribution to the Town. Operating expenses for professional services amounted to \$1,030.

Net position increased \$497,878 in 2021.

**Cash Flows.** A summary of the Authority's Statement of Cash Flows for 2021 is presented below:

**Condensed Statement of Cash Flows**

**Cash Provided by (Used in)**

Operating activities	\$ (1,030)
Capital and related financing activities	615,024
Investing activities	<u>384</u>
Net Increase in Cash	<u><u>\$ 614,378</u></u>

Cash flows from operating activities consist of legal expenses of \$1,030, creating a negative cash flow.

Cash flows from capital and related financing activities net to a positive cash flow of \$615,024 due to real estate transactions.

Cash flows from investing were \$384 for interest income, creating a positive cash flow.

During fiscal year 2021, there was an increase of \$614,378 in cash.

**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 Charles Forbes, Town Manager of the Town of Chase City, Virginia, 319 North Main Street, Chase City, Virginia 23924, telephone 434-372-5136.

# FINANCIAL STATEMENTS

**Industrial Development Authority  
of the Town of Chase City, Virginia**

Statement of Net Position

June 30, 2021

**Assets**

**Current Assets**

Cash	\$ 631,750
------	------------

Total Current Assets	631,750
----------------------	---------

**Noncurrent Assets**

Investment in land held for resale	10,000
------------------------------------	--------

Investment in land and building held for resale	42,100
---	--------

Total Noncurrent Assets	52,100
-------------------------	--------

Total Assets	\$ 683,850
--------------	------------

**Liabilities and Net Position**

**Liabilities**

	\$ -
--	------

Total Liabilities	-
-------------------	---

**Net Position**

Unrestricted	683,850
--------------	---------

Total Net Position	683,850
--------------------	---------

Total Liabilities and Net Position	\$ 683,850
------------------------------------	------------

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



**Industrial Development Authority  
of the Town of Chase City, Virginia**

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2021

<b>Operating Revenues</b>	\$ -
<b>Operating Expenses</b>	
Professional fees	<u>1,030</u>
Total Operating Expenses	<u>1,030</u>
Operating Loss	(1,030)
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	384
Gain on sale of share of Lakeside Commerce Park	648,524
Contribution to the Town of Chase City, Virginia	<u>(150,000)</u>
Net Non-Operating Revenues (Expenses)	<u>498,908</u>
Change in Net Position	497,878
Net Position - Beginning of Year	<u>185,972</u>
Net Position - End of Year	<u><u>\$ 683,850</u></u>

See independent auditor's report and accompanying notes to financial statements.

**Industrial Development Authority  
of the Town of Chase City, Virginia**

Statement of Cash Flows

Year Ended June 30, 2021

**Cash Flows from Operating Activities**

Legal fees	\$ (1,030)
------------	------------

Net Cash Used in Operating Activities	(1,030)
---------------------------------------	---------

**Cash Flows from Capital and Related Financing Activities**

Purchase of land and building	(42,100)
-------------------------------	----------

Contribution to the Town of Chase City, Virginia	(150,000)
--	-----------

Proceeds from the sale of share of Lakeside Commerce Park	<u>807,124</u>
---	----------------

Net Cash Provided by Capital and Related Financing Activities	615,024
---	---------

**Cash Flows from Investing Activities**

Interest income	<u>384</u>
-----------------	------------

Net Cash Provided by Investing Activities	<u>384</u>
---	------------

Net Increase in Cash and Cash Equivalents	614,378
---	---------

Cash and Cash Equivalents - Beginning of Year	<u>17,372</u>
---	---------------

Cash and Cash Equivalents - End of Year	<u><u>\$ 631,750</u></u>
---	--------------------------

**Reconciliation of Operating Loss to Net Cash  
Used in Operating Activities**

Operating loss	\$ <u>(1,030)</u>
----------------	-------------------

Net Cash Used in Operating Activities	<u><u>\$ (1,030)</u></u>
---------------------------------------	--------------------------

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

# Industrial Development Authority of the Town of Chase City, Virginia

## Notes to Financial Statements

Year Ended June 30, 2021

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

The Industrial Development Authority of the Town of Chase City, Virginia (the "Authority") was created by a resolution of the Town Council of Chase City, Virginia (the "Town") 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 industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprises to locate in or remain in the Commonwealth of Virginia and to further the use of its agricultural products and natural resources.

The Authority is a separate and distinct entity from the Town of Chase City, Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia and not subject to income taxation.

A seven-member board appointed by the Town Council of the Town of Chase City, Virginia governs the Authority. The directors are to serve staggered terms of four years each.

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 Chase City, Virginia.

### 2 Significant Accounting Policies

#### *Financial Statement Presentation*

The financial statements of the Industrial Development Authority of the Town of Chase City, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the Authority's accounting policies are described below:

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

The Authority may acquire and improve properties and retain title to them. Where transfer of title at the completion of a lease to a tenant is not reasonably assured by bargain purchase options or other lease provisions, 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.

### *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.

## **3** **Cash Equivalents**

The Authority considers all investments purchased with a maturity of three months or less to be 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.

## **4** **Investments in Land and Buildings**

The Authority owns 10 acres of land. The land was originally part of a larger track that was developed as an Industrial Park.

The Authority entered into a one-third interest in the Lakeside Commerce Park located in Clarksville, Virginia on June 30, 2009 for an investment of \$158,600. The other parties that jointly participate in this project were the Economic Development Authority of the Town of Clarksville, Virginia and the Industrial Development Authority of Mecklenburg County, Virginia. The Industrial Development Authority of Mecklenburg County, Virginia handled all of the financial affairs at this time. This property was sold December 2020 with the Authority's net proceeds amounting to \$807,124. The Authority then paid the Town of Chase City, Virginia \$150,000 as reimbursement for the initial investment in the property. Also, the Authority made an investment of \$42,100 in a local commercial property in the Town.

The schedule below shows the breakdown of investments at June 30, 2021:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Investments in Land and Buildings</b>				
Investment in 10 acres - Industrial Park, Chase City	\$ 10,000	\$ -	\$ -	\$ 10,000
Investment in Lakeside Commerce Park	158,600	-	158,600	-
Investment in commercial building in Chase City	-	42,100	-	42,100
Total Investments in Land and Buildings	<u>\$ 168,600</u>	<u>\$ 42,100</u>	<u>\$ 158,600</u>	<u>\$ 52,100</u>

## 5 Litigation

At June 30, 2021, there were no matters of litigation involving the Authority that would have a material affect on the financial position of the Authority.

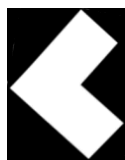
## 6 Risk Management

The Authority's Treasurer is bonded under a surety blanket bond in the amount of \$144,000 for each transaction.

## 7 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2021 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2021. Management has performed their analysis through February 3, 2022.

**COMPLIANCE**



**Creedle  
Jones  
& Associates**

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Kimberly W. Jackson, CPA

Nadine L. Chase, CPA

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## **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  
Industrial Development Authority of the  
Town of Chase City, 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 the Industrial Development Authority of the Town of Chase City, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Industrial Development Authority of the Town of Chase City, Virginia's basic financial statements, and have issued our report thereon dated February 3, 2022.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Industrial Development Authority of the Town of Chase City, 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 the Industrial Development Authority of the Town of Chase City, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Industrial Development Authority of the Town of Chase City, 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 may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Industrial Development Authority of the Town of Chase City, 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.*

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

South Hill, Virginia  
February 3, 2022