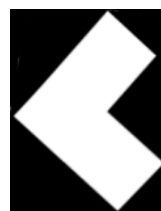


*Economic Development Authority of the Town of Clarksville, Virginia  
A Component Unit of the Town of Clarksville, Virginia*

*Annual Comprehensive Financial Report*

*Years Ended June 30, 2023 and 2022*



*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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Years Ended June 30, 2023 and 2022

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**Creedle  
Jones  
& Associates**

*A Professional Corporation*

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

*Sherwood H. Creedle, Founder*

*Members of  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants*

## **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, 2023 and 2022, 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, 2023 and 2022, 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 2023, the Authority adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements and No. 94, Public-Public Partnerships and Availability Payment Arrangements. 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.

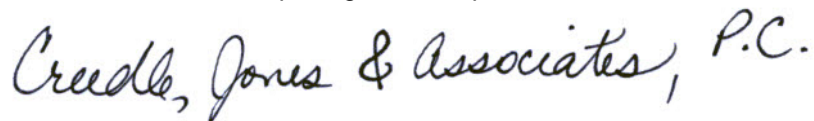
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### *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 January 26, 2024, 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.

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

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

South Hill, Virginia  
January 26, 2024

**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, 2023 and 2022

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, 2023 and 2022. 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Total Assets	<u>\$ 5,606,658</u>	<u>\$ 4,957,330</u>
Total Liabilities	<u>\$ 527,524</u>	\$ 304,082
Total Deferred Inflows	<u>3,039,809</u>	3,039,809
<b>Net Position</b>		
Net investment in capital assets	<u>504,608</u>	336,892
Unrestricted	<u>1,534,717</u>	<u>1,276,547</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 5,606,658</u>	<u>\$ 4,957,330</u>

The financial position of the Authority increased in 2023. Assets increased by \$649,328, liabilities and deferred inflows increased by \$223,442 and net position increased by \$425,886.

**Change in Net Position.** A summary and prior year comparison of the Authority's Statements of Revenues, Expenses, and Changes in Net Position for 2023 and 2022 is presented as follows:

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

	<u>2023</u>	<u>2022</u>
Operating Revenues	\$ 480,034	\$ 189,003
Operating Expenses	<u>30,492</u>	<u>19,787</u>
Net Operating Income	449,542	169,216
Non-Operating Expenses	<u>(23,656)</u>	<u>5,768</u>
Changes in Net Position	<u>\$ 425,886</u>	<u>\$ 174,984</u>

Operating revenues consist of grants and refunds. During 2023, operating expenses consist primarily of marketing and professional fees.

Non-operating expenses consist of interest expense.

Net position increased \$425,886 in 2023 primarily due to grant revenues.

**Cash Flows.** A summary of the Authority's Statements of Cash Flows for 2023 and 2022 are presented below:

**Condensed Statements of Cash Flows**

	<u>2023</u>	<u>2022</u>
<b>Cash Provided by (Used in)</b>		
Operating activities	\$ 449,792	\$ 119,366
Capital and related financing activities	<u>(191,623)</u>	<u>10,175</u>
Net Increase in Cash	<u>\$ 258,169</u>	<u>\$ 129,541</u>

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

Cash flows from capital and related financing activities consist of purchases of fixed assets and payments related to debt, creating a negative cash flow.

During fiscal year 2023, there was an increase of \$258,169 in cash as compared to an increase of \$129,541 in 2022.

## CAPITAL ASSETS AND LONG-TERM DEBT

**Capital Assets.** As of June 30, 2023, the Authority's net capital assets total \$1,030,632, which represents a net increase of \$391,159 or 61.17% over the previous fiscal year end.

### Change in Capital Assets

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Land and land improvements	\$ 421,521	\$ -	\$ 421,521
Construction in process	220,119	391,409	611,528
Total Capital Assets	641,640	391,409	1,033,049
Less: Accumulated depreciation	2,167	250	2,417
Net Capital Assets	<u>\$ 639,473</u>	<u>\$ 391,159</u>	<u>\$ 1,030,632</u>

### Long-Term Debt

As of June 30, 2023, the Authority's long-term obligations total \$526,024.

### Change in Long-Term Debt

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Taxable Lease Revenue Bond Series 2021	<u>\$ 302,582</u>	<u>\$ 223,442</u>	<u>\$ 526,024</u>
Total Long-Term Debt	<u>\$ 302,582</u>	<u>\$ 223,442</u>	<u>\$ 526,024</u>

More detailed information on the Authority's long-term obligations is presented in Note 5 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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 1,408,060	\$ 1,149,891
Lease interest receivable	<u>78,058</u>	<u>78,058</u>
Total Current Assets	1,486,118	1,227,949
<b>Noncurrent Assets</b>		
<i>Capital Assets</i>		
Capital assets, not depreciated	999,795	608,386
Other capital assets, net	<u>30,837</u>	<u>31,087</u>
Net Capital Assets	<u>1,030,632</u>	<u>639,473</u>
Total Noncurrent Assets	<u>1,030,632</u>	<u>639,473</u>
<b>Other Assets</b>		
Lease receivable	<u>3,089,908</u>	<u>3,089,908</u>
Total Other Assets	<u>3,089,908</u>	<u>3,089,908</u>
Total Assets	<u>\$ 5,606,658</u>	<u>\$ 4,957,330</u>
<b>Liabilities and Net Position</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,500	\$ 1,500
Total Current Liabilities	<u>1,500</u>	<u>1,500</u>
<b>Long-Term Liabilities</b>		
Bonds payable	<u>526,024</u>	<u>302,582</u>
Total Long-Term Liabilities	<u>526,024</u>	<u>302,582</u>
Total Liabilities	527,524	304,082
<b>Deferred Inflows</b>		
Leases	<u>3,039,809</u>	<u>3,039,809</u>
Total Deferred Inflows	3,039,809	3,039,809
<b>Net Position</b>		
Net investment in capital assets	504,608	336,891
Unrestricted	<u>1,534,717</u>	<u>1,276,548</u>
Total Net Position	<u>2,039,325</u>	<u>1,613,439</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,606,658</u>	<u>\$ 4,957,330</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 Revenues, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Lease revenue	\$ -	\$ 186,655
IRF Grant- Planters	477,270	-
Miscellaneous income	<u>2,764</u>	<u>2,348</u>
Total Operating Revenues	480,034	189,003
<b>Operating Expenses</b>		
Marketing consultant	18,000	18,000
Depreciation	250	250
Professional fees	11,035	586
Miscellaneous	505	40
Advertising	73	286
Insurance	<u>629</u>	<u>625</u>
Total Operating Expenses	<u>30,492</u>	<u>19,787</u>
Net Operating Income	449,542	169,216
<b>Non-Operating Expenses</b>		
Interest income on lease	-	91,500
Bond issuance costs	-	(82,463)
Interest expense	<u>(23,656)</u>	<u>(3,269)</u>
Total Non-Operating Expenses	<u>(23,656)</u>	<u>5,768</u>
Changes in Net Position	<u>425,886</u>	<u>174,984</u>
Net Position - Beginning of Year	<u>1,613,439</u>	<u>1,438,455</u>
Net Position - End of Year	<u>\$ 2,039,325</u>	<u>\$ 1,613,439</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Lease revenue	\$ -	\$ 136,556
IRF Grant	477,270	-
Miscellaneous income	2,764	2,348
Payment to suppliers	<u>(30,242)</u>	<u>(19,538)</u>
Net Cash Provided by Operating Activities	449,792	119,366
<b>Cash Flows from Capital and Related Financing Activities</b>		
Interest expense	(23,656)	(3,269)
Interest income on lease	-	13,444
Proceeds from bond issuance	223,442	302,582
Closing costs and bond issuance costs	-	(82,463)
Purchases of capital assets	<u>(391,409)</u>	<u>(220,119)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(191,623)</u>	<u>10,175</u>
Increase in Cash and Cash Equivalents	258,169	129,541
Cash and Cash Equivalents - Beginning of Year	<u>1,149,891</u>	<u>1,020,350</u>
Cash and Cash Equivalents - End of Year	<u>\$ 1,408,060</u>	<u>\$ 1,149,891</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating income	\$ 449,542	\$ 169,216
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>		
Depreciation	250	250
Decrease in deferred inflows on lease	-	(186,656)
Decrease in lease receivable	<u>-</u>	<u>136,556</u>
Net Cash Provided by Operating Activities	<u>\$ 449,792</u>	<u>\$ 119,366</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, 2023

**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:

Buildings	39 years
Land improvements	10-39 years
Equipment	5-7 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, 2023:

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for fiscal years beginning after June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the Authority.

In May 2020, Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 is effective for fiscal year ending June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 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>2023</u>	<u>2022</u>
Cash in bank accounts	<u>\$ 1,408,060</u>	<u>\$ 1,149,891</u>



## 4 Capital Assets

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

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Capital Assets, not depreciated</b>				
Land	\$ 388,267	\$ -	\$ -	\$ 388,267
Construction in process	220,119	391,409	-	611,528
Total Capital Assets, not Depreciated	608,386	391,409	-	999,795
<b>Capital Assets, depreciated</b>				
Land improvements	33,254	-	-	33,254
Total Capital Assets, Depreciated	33,254	-	-	33,254
<b>Less: Accumulated depreciation for</b>				
Land improvements	2,167	250	-	2,417
Total Accumulated Depreciation	2,167	250	-	2,417
Net Capital Assets, Depreciated	31,087	(250)	-	30,837
Net Capital Assets	\$ 639,473	\$ 391,159	\$ -	\$ 1,030,632

## 5 Long-Term Debt

A summary of long-term debt transactions for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023	Due Within One Year
<b>Details of Long-Term Indebtedness</b>					
<b>Bonds Payable</b>					
Taxable Lease Revenue Bond Series 2021 with Carter Bank and Trust issued December 21, 2021 for the purposes of completing the Planters Warehouse Construction Project. The bond is for \$3.4 million maturing in December 2031 with an initial interest rate of 5% for five years with interest rate adjustments related to U.S. Treasury Securities afterwards. This bond has not been fully disbursed as of June 30, 2023.	\$ 3,400,000	\$ -	\$ -	\$ 3,400,000	\$ -
<b>Less: Loan funds not yet disbursed</b>					
Taxable Lease Revenue Bond Series 2021	(3,097,418)	-	(223,442)	(2,873,976)	-
Total Long-Term Debt	\$ 302,582	\$ -	\$ (223,442)	\$ 526,024	\$ -

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

Fiscal Year	Principal	Interest	Totals
2024	\$ -	\$ 169,641	\$ 169,641
2025	34,615	166,637	201,252
2026	71,876	162,960	234,836
2027	75,553	156,573	232,126
2028	322,604	131,404	454,008
2029-2032	2,895,352	212,530	3,107,882
	3,400,000	\$ 999,745	\$ 4,399,745
<b>Less: Loan funds not yet disbursed</b>			
Series 2021 Bond	(2,873,976)		
	\$ 526,024		

## 6 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, 2023</u>
610 Virginia Avenue	12/21/2021	10 years	Varies, see schedule below	5.00%	<u>\$ 3,089,908</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>
2024	\$ -	\$ 119,256	\$ 119,256
2025	-	238,513	238,513
2026	-	238,513	238,513
2027	194,555	284,621	479,176
2028	588,437	131,404	719,841
2029-2033	<u>2,306,916</u>	<u>212,530</u>	<u>2,519,446</u>
	<u>\$ 3,089,908</u>	<u>\$ 1,224,837</u>	<u>\$ 4,314,745</u>

<u>Lease-Related Revenue</u>	<u>Year Ending June 30, 2023</u>
Lease revenue building	\$ -
Interest revenue	-
Total	<u>\$ -</u>

**NOTE:** The Planters Warehouse Project is still in the initial phases of construction and has not progressed as anticipated. The lease receivable will resume once construction is completed. Therefore, the balances are unchanged from the prior year.

## 7 Net Investment in Capital Assets

The "net investment in capital assets" amounts reported on the Statements of Net Position as of June 30, 2023 and 2022 are determined as follows:

	<u>2023</u>	<u>2022</u>
<b>Net Investment in Capital Assets</b>		
Cost of capital assets	\$ 1,033,049	\$ 641,640
Less: Accumulated depreciation	<u>(2,417)</u>	<u>(2,167)</u>
Book value	1,030,632	639,473
Less: Capital related debt	<u>(526,024)</u>	<u>(302,582)</u>
Net Investment in Capital Assets	<u>\$ 504,608</u>	<u>\$ 336,891</u>

## 8 Deferred Inflows of Resources

Deferred inflows of resources are comprised of the following:

Deferred inflows - leases receivable	\$ <u>3,039,809</u>
Total Deferred Inflows of Resources	\$ <u>3,039,809</u>

## 9 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.

## 10 Litigation

At June 30, 2023, 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.

## 11 Upcoming Pronouncements

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

## 12 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through January 26, 2024.

**COMPLIANCE**



**Creedle  
Jones  
& Associates**

*A Professional Corporation*

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

*Sherwood H. Creedle, Founder*

*Members of  
American Institute of Certified Public Accountants  
Virginia Society of Certified Public Accountants*

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

To the 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, 2023, 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 January 26, 2024.

**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.

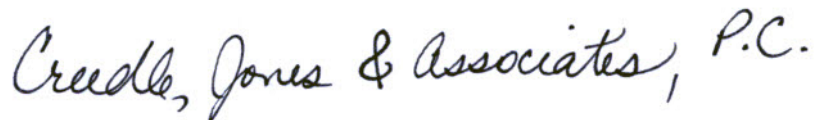
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not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

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." The signature is written in a cursive, flowing style.

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

South Hill, Virginia  
January 26, 2024