

**PENINSULA TOWN CENTER
COMMUNITY DEVELOPMENT AUTHORITY**

**AUDITED FINANCIAL STATEMENTS
AS OF JUNE 30, 2024, AND 2023**

CUSIP NUMBERS:

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THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY

ANNUAL FINANCIAL STATEMENTS JUNE 30, 2024, AND 2023

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I. BOARD OF DIRECTORS

Mr. Nick Hobbs, Chairman

Mr. James A. “Pete” Peterson, Vice Chairman

Mr. Brian DeProfio, Secretary/Treasurer

Ms. Ava Green

Patricia Melochick, Assistant Secretary/Treasurer

Michael Johnson, Alternate Board Member

II. INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peninsula Town Center Community Development Authority
Hampton County, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Peninsula Town Center Community Development Authority (Authority) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority, as of June 30, 2024 and 2023, and the respective 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

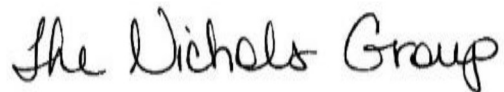
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-8 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements

in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2025, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Sincerely,

A handwritten signature in cursive script that reads "The Nichols Group".

The Nichols Group, PA

Fleming Island, Florida

February 14, 2025

III. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Peninsula Town Center Community Development Authority's (the "Authority") financial performance provides an overall review of the Authority's financial activities for the fiscal periods ended June 30, 2024, and 2023. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole. Readers should also review the basic financial statements and notes to the financial statements to enhance their understanding of the Authority's financial performance.

Financial Highlights

1. The Authority incurred long term debt of \$92,850,000 in Special Obligation Bonds on September 6, 2007, (the "Series 2007 Bonds") bearing interest at 5.80% to 6.45% per annum. The Authority's debt was paid through the collection of special assessments, special *ad valorem* taxes and incremental tax revenues imposed on the chargeable properties benefiting from the capital improvements.
2. On August 15, 2018, the Authority issued \$77,880,000 in Special Obligation Refunding Bonds, Series 2018 (the "Series 2018 Bonds") to refund the Series 2007 Bonds and to pay costs related to the issuance of the Series 2018 Bonds. For more information, please see Note 6 of the Notes to the Financial Statements.
3. Net Deficit at June 30, 2024 and 2023 totaled (\$19,501,932) and (\$20,450,240), respectively.
4. Capital assets, net of depreciation, at June 30, 2024 and 2023 totaled \$46,769,775 and \$46,980,603, respectively. On January 18, 2011, the City of Hampton issued a Certificate of Completion for the public improvements. Costs associated with the site preparation of \$22,802,439 were expensed. The land and parking structure will be owned by the Authority. The cost of the parking structure is being depreciated using the straight-line method over its estimated useful life.
5. The Retail Portion of the Annual Installment totaling \$569,646 and \$650,677 was remitted to the Authority in fiscal years 2024 and 2023, respectively. There were no delinquencies as of June 30, 2024.
6. Special *Ad Valorem* taxes of \$631,179 and \$619,109 were remitted in fiscal years 2024 and 2023, respectively. There were no delinquencies as of June 30, 2024.
7. Incremental tax revenues totaling \$3,278,773 and \$3,076,000 were remitted in fiscal years 2024 and 2023, respectively. There were no delinquencies as of June 30, 2024.
8. Special assessments totaling \$230,752 and \$254,034 were remitted in fiscal years 2024 and 2023, respectively. However, the 2021-2022 Special Assessment Report was amended in April 2022 to account for actual revenues resulting in refunds of \$267,394

issued to property owners in fiscal year 2023, which are reflected in the number above. There were no delinquencies as of June 30, 2024.

9. The Amended and Restated Indenture of Trust established a Repair and Replacement Fund and authorized the monies deposited into the fund to be used for major repairs and replacements to the public improvements. On January 22, 2024, the Authority approved a request for \$10,940 to make major repairs to the parking garage elevator.

Overview of the Financial Statements

This annual report consists of two parts – Management’s Discussion and Analysis and the basic financial statements consisting of a *Statement of Net Position*, *Statement of Revenues, Expenses, and Changes in Net Position*, *Statement of Cash Flows*, and related footnotes. The Statement of Net Position represents the financial position of the Authority and provides information about the activities of the Authority, including all short-term and long-term financial resources and obligations. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included in the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in financial position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

Summary Statement of Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets:			
Current and Other Assets	\$ 10,865,158	\$ 11,062,166	\$ 12,229,634
Capital Assets	46,769,775	46,980,603	47,191,431
Total Assets	<u>57,634,933</u>	<u>58,042,769</u>	<u>59,421,065</u>
Deferred outflow of resources	644,180	693,105	742,030
Total Assets and Deferred Outflow of Resources	<u>58,279,113</u>	<u>58,735,874</u>	<u>60,163,095</u>
Liabilities:			
Current Liabilities	2,378,346	2,238,425	2,122,833
Long Term Liabilities	75,402,399	76,947,689	78,032,465
Total Liabilities	<u>77,780,745</u>	<u>79,186,114</u>	<u>80,155,298</u>
Net Position:			
Net investment in capital assets	(29,697,624)	(30,902,086)	(31,651,034)
Restricted assets	8,055,359	7,976,706	9,819,738
Unrestricted assets	2,140,633	2,475,140	1,839,093
Total Net Position	<u>\$ (19,501,632)</u>	<u>\$ (20,450,240)</u>	<u>\$ (19,992,203)</u>

Net position decreased in fiscal year 2023 and increased in fiscal year 2024 primarily as the result of the payment of the developer injunction of \$1,708,470 in October 2022, which is not reflected in fiscal 2023 or 2024’s results.

Summary Statement of Changes in Net Position

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating Revenue	\$ 4,492,703	\$ 5,011,790	\$ 4,684,412
Operating Expenses	(184,049)	(181,480)	(183,683)
Operating Income	4,308,654	4,830,310	4,500,729
Non-Operating Revenues	444,512	270,088	32,299
Non-Operating Expenses	(3,804,558)	(5,558,435)	(3,864,076)
Total Non-operating Revenues/(Expenses)	(3,360,046)	(5,288,347)	(3,831,777)
Change in Net Position	\$ 948,608	\$ (458,037)	\$ 668,952

The decrease in the change in net position in 2023 and the increase in 2024 was primarily the result of the payment of the developer injunction of \$1,708,470 in October 2022, which is not reflected in fiscal year 2023 or 2024's results.

Capital Assets

The Authority's capital assets at June 30, 2024, consisted of land and a parking structure financed with the Series 2007 Bonds to be owned by the Authority. The parking structure is being depreciated using the straight-line method over the estimated useful life.

Long-Term Debt

The Authority issued \$92,850,000 of Special Obligation Bonds, Series 2007, dated September 6, 2007, paying interest at 5.80% to 6.45% per annum, and due in annual installments with maturities ranging from 2011 to 2037. The proceeds from the Series 2007 Bonds were used to finance construction of certain public infrastructure improvements within the Special Assessment District (the "District"), including land, road and traffic improvements, parking facilities, storm water management improvements, water and sewer extensions and improvements, streetscaping and parks.

On August 15, 2018, the Authority issued \$77,880,000 in Special Obligation Refunding Bonds, Series 2018 to refund the Series 2007 Bonds and to pay costs related to the issuance of the Series 2018 Bonds. The Series 2007 Bonds have since been redeemed in full. The Series 2018 Bonds were issued as follows:

	<u>Par Value</u>	<u>Rate</u>	<u>Final Maturity</u>	<u>Price</u>
Term 2023	\$ 2,325,000	4.00%	September 1, 2023	102.338%
Term 2028	\$ 6,000,000	4.50%	September 1, 2028	103.915%
Term 2037	\$ 21,970,000	5.00%	September 1, 2037	104.207%
Term 2045	\$ 38,385,000	5.00%	September 1, 2045	103.453%
Turbo Term Bond	\$ 9,200,000	4.50%	September 1, 2045	100.000%

The Series 2018 Bonds were issued at the request of the developer pursuant to an Amended and Restated Indenture of Trust and an Amended and Restated Memorandum of Understanding to reduce the interest rate and extend the financing terms on the original bonds in order to facilitate additional development to include retail, hotel, office, theater, and residential space.

The Series 2018 Bonds were issued at a premium of \$2,538,970, which is being amortized, using the effective interest method, over the life of each term of the Series 2018 Bonds.

The debt service on the Series 2018 Bonds is paid annually by the revenue received from the special assessments, *ad valorem* taxes levied on the property owners within the District, and incremental tax revenues generated by the business operations within the District. Interest is payable on March 1 and September 1 and began on March 1, 2019. Sinking fund payments began on September 1, 2020.

Revenues

Revenues are being paid from three sources:

- Special Assessments which consist of Annual Payment A collected from property owners to the extent first available pledged revenues are insufficient to fund the annual revenue requirement and Annual Payment B which is equal to 0.50% of sales by retail establishments within the District, also known as the “Retail Portion”,
- Special *Ad Valorem* taxes of \$0.25 per \$100 of assessed value of taxable real estate levied on the parcels in the District, and
- Incremental tax revenues, including real property taxes, sales taxes, meals taxes, and amusement taxes above the base value.

These revenue collections totaled \$4,710,350 and \$4,332,426 for fiscal years 2024 and 2023, respectively. The 2021-2022 Special Assessment Report was amended in April 2022, to account for actual revenues, which resulted in refunds of \$267,394 issued to property owners in fiscal year 2023. Please see Note 7 of the Notes to the Financial Statements for additional information.

Economic Factors and Future Outlook

Presently, the Authority is not aware of any other significant changes in conditions that would have a significant effect on the administrative expenses in the near future.

Contacting Authority's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to reflect the Authority's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Authority's administrator, MuniCap, Inc., at 8965 Guilford Road, Suite 210, Columbia, Maryland 21046.

IV. FINANCIAL STATEMENTS

PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY STATEMENTS OF NET POSITION

As of June 30,

	2024	2023
Assets:		
Current Assets		
Accrued interest receivable	\$ 3,659	\$ 35,198
Accrued facilities charges receivable	48,189	70,607
Due from primary government	2,752,951	2,979,655
Due from trustee	5,000	-
Total Current Assets	2,809,799	3,085,460
Noncurrent Assets		
Restricted cash and cash equivalents	944,119	902,129
Restricted short-term investments	7,111,240	7,074,577
Capital assets, net of depreciation	46,769,775	46,980,603
Total Noncurrent Assets	54,825,134	54,957,309
Total Assets	57,634,933	58,042,769
Deferred outflows of resources		
Deferred loss from restructure of debt	644,180	693,105
Total Deferred Outflows of Resources	644,180	693,105
Total Assets and Deferred Outflows of Resources	58,279,113	58,735,874
Liabilities:		
Current Liabilities		
Accounts payable	91,129	63,517
Accrued interest payable	1,222,217	1,239,908
Short-term portion of long-term debt	1,065,000	935,000
Total Current Liabilities	2,378,346	2,238,425
Noncurrent Liabilities		
Bonds payable, long-term portion	73,710,000	75,110,000
Premium on long-term debt, net	1,692,399	1,837,689
Total Noncurrent Liabilities	75,402,399	76,947,689
Total Liabilities	77,780,745	79,186,114
Net Position:		
Net investment in capital assets	(29,697,624)	(30,902,086)
Restricted	8,055,359	7,976,706
Unrestricted	2,140,633	2,475,140
Total Net Position	\$ (19,501,632)	\$ (20,450,240)

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

PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Years Ended June 30,

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Special assessments	\$ 20,131	\$ 439,035
Incremental tax revenues	3,925,145	3,918,844
Facilities charge revenues	547,427	653,911
Total Operating Revenues	<u>4,492,703</u>	<u>5,011,790</u>
Operating Expenses		
Administrative fees	140,680	130,889
Legal fees	34,985	42,366
Lockbox fees	2,586	2,568
Accounting and audit fees	4,500	4,500
Insurance expense	1,298	1,157
Total Operating Expenses	<u>184,049</u>	<u>181,480</u>
Operating Income	<u>4,308,654</u>	<u>4,830,310</u>
Non-Operating Revenues (Expenses)		
Interest income	438,524	269,415
Penalties and interest on delinquent payments	5,988	673
Developer disbursement	(1,188)	(1,707,845)
Bond interest expense	(3,581,602)	(3,624,362)
Repair and replacement expense	(10,940)	(15,400)
Depreciation expense	(210,828)	(210,828)
Total Non-Operating Revenues (Expenses)	<u>(3,360,046)</u>	<u>(5,288,347)</u>
Change in net position	948,608	(458,037)
Net position, beginning of year	<u>(20,450,240)</u>	<u>(19,992,203)</u>
Net position, end of year	<u><u>\$(19,501,632)</u></u>	<u><u>\$(20,450,240)</u></u>

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

PENINSULA TOWN CENTER COMMUNITY DEVELOPMENT AUTHORITY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30,

	2024	2023
Cash Flows from Operating Activities		
Cash received from property owners	\$ 4,140,704	\$ 3,681,749
Cash received from retailers	569,646	650,677
Cash received for lockbox county remittance	32,577	17,382
Cash payments for administrative fees	(133,429)	(125,313)
Cash payments for accounting and audit fees	-	(4,500)
Cash payments for legal fees	(24,109)	(45,714)
Cash payments for lockbox fees	(2,586)	(2,568)
Cash payments for insurance	(1,298)	(1,157)
Net Cash Provided by Operating Activities	<u>4,581,505</u>	<u>4,170,556</u>
Cash Flows from Investing Activities		
Interest received on investments	433,354	183,195
Investments sold	46	316
Net Cash Provided by Investing Activities	<u>433,400</u>	<u>183,511</u>
Cash Flows from Capital and Related Financing Activities		
Interest paid on bonds	(3,695,658)	(3,736,188)
Principal paid on bonds	(1,270,000)	(810,000)
Developer disbursement	(1,188)	(1,708,470)
Payments for repairs and replacement	(10,940)	(15,400)
Penalties and interest received	4,871	1,013
Net Cash Used in Capital and Related Financing Activities	<u>(4,972,915)</u>	<u>(6,269,045)</u>
Net Change in Cash and Cash Equivalents	41,990	(1,914,978)
Cash and Cash Equivalents, Beginning of Year	902,129	2,817,107
Cash and Cash Equivalents, End of Year	<u>\$ 944,119</u>	<u>\$ 902,129</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Operating income	\$ 4,308,654	\$ 4,830,310
Adjustments		
Decrease (increase) in due from property owners	226,704	(650,272)
Decrease (increase) in facilities charges receivable	22,418	(11,333)
Increase in due from trustee	(5,000)	-
Increase in accounts payable	27,612	2,192
Increase (decrease) in penalties and interest accrual	1,117	(341)
Net Cash Provided by Operating Activities	<u>\$ 4,581,505</u>	<u>\$ 4,170,556</u>

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

V. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1—FINANCIAL REPORTING ENTITY

The Peninsula Town Center Community Development Authority (the “Authority”) was established pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5152 *et seq.*, of the Code of Virginia, 1950 as amended (the “Act”). The Act provides for the creation of an authority and a related Special Assessment District (the “District”) for the sole purpose of financing, constructing, and maintaining, if necessary, certain public improvements within, contiguous to or serving the District. In accordance with the Act, the Authority was created as a Virginia public body by the adoption of an ordinance by the City of Hampton City Council (the “City Council”) on February 22, 2006.

The Peninsula Town Center Community Development Authority, \$92,850,000 Special Obligation Bonds, Series 2007 (the “Series 2007 Bonds”), were issued pursuant to an Indenture of Trust (the “2007 Indenture”) by and between the Authority and Wells Fargo Bank, National Association (the “Trustee”), dated as of September 1, 2007, and a limited offering memorandum for the Series 2007 Bonds dated August 29, 2007. The Series 2007 Bonds were limited obligations payable from (i) special assessments levied on the taxable parcels in the District, (ii) special *ad valorem* taxes to be levied on the taxable parcels in the District, and (iii) certain incremental tax revenues pledged to the payment of the Series 2007 Bonds. The City of Hampton, Virginia (the “City”), applied its customary tax payment enforcement procedures to the collection of any delinquent payments of the taxes and assessments.

At a meeting of the Board of Directors (the “Board”) on October 18, 2016, the Board approved a resolution authorizing the issuance of refunding bonds, to be used to refund the Series 2007 Bonds. The Series 2007 Bonds were refunded with \$77,880,000 of Series 2018 Special Obligation Refunding Bonds (the “Series 2018 Bonds”) on August 15, 2018. The proceeds of the Series 2018 Bonds were also used to pay costs related to their issuance as per the Amended and Restated Indenture of Trust (“the Indenture”) by and between the Authority and the Trustee, dated as of July 1, 2018.

The District consists of approximately seventy-seven acres of land within the City near the southern end of the Virginia peninsula. The development contains shopping, dining, office, entertainment and residential components, all within a short walk of each other. The development’s goal is to be the premiere destination shopping center in the southeastern Virginia peninsula. At a meeting of the Board of Directors on March 29, 2017, the Board approved a revision to the original development plan to include the construction of a hotel and apartments, along with revisions to the roadways. At a meeting of the Board of Directors on September 19, 2017, the Board authorized certain alterations to the District property and easements in connection with a proposal by the developer to make certain changes to Executive Drive to accommodate the “Power Center” improvements. Almost 57,000 square feet of formerly vacant ground floor retail space was demolished in anticipation of developing fifty-two new Class A apartment units. As of June 30, 2024, 100% of developer retail and office space is leased.

The powers of the Authority are exercised by five members appointed by the City Council in accordance with the Act. The City Council also appoints successor members of the Authority for a term of four years. As of June 30, 2024 there was one vacancy.

The Authority's management believes these financial statements present all activities for which the Authority is financially accountable.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) for local governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

A. Basis of Presentation

The Authority's basic financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows. The Authority uses enterprise fund accounting to maintain its financial records during the fiscal year. Enterprise fund accounting focuses on the determination of operating income, financial position and changes in financial position, and cash flows.

B. Measurement Focus and Basis of Accounting

The Authority's financial activity is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Authority are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The Statement of Cash Flows reflects how the Authority finances and meets its cash flow needs.

Net Position is segregated into Net Investment in Capital Assets, Restricted, and Unrestricted components, if applicable.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements, and measurement focus relates to the timing of the measurements made. The Authority uses the accrual basis of accounting, and the flow of economic resources measurement focus for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Cash and Investments

Cash received by the Authority is deposited with a financial institution or invested. Deposits and investments having an original maturity of three months or less at the time they are purchased are presented in the financial statements as Cash and Cash Equivalents. Investments with an initial maturity of more than three months are reported as Investments.

D. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date they are donated. The Authority does not maintain a capitalization threshold as all infrastructure assets are capitalized. The Authority does not depreciate infrastructure improvements that will be donated upon completion/acquisition. Assets owned by the Authority are depreciated on a straight-line basis over the estimated useful life. Interest expense during the period of construction was capitalized, net of investment earnings.

E. Net Position

Net Position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net Position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

F. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Authority. For the Authority, these revenues are special assessments, special *ad valorem* taxes, and incremental tax revenues. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the Authority. All revenues and expenses not meeting this definition are reported as non-operating.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Income Taxes

The Authority is a governmental entity, and therefore, is exempt from all federal and state income taxes.

I. New Accounting Standards

GASB Statement No. 100, Accounting Changes and Error Corrections, became effective in fiscal year 2024. Any accounting changes or error corrections noted during the audit will be presented as per the new standard.

J. Future Accounting Standards

GASB has issued new standards that will become effective in future fiscal years. The Authority will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 3—CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of June 30, 2024, and 2023:

	<u>2024</u>	<u>2023</u>
US Treasury money market funds	\$ 900,592	\$ 856,820
Cash	43,527	45,309
Total cash and cash equivalents	<u>\$ 944,119</u>	<u>\$ 902,129</u>

Cash and cash equivalents are carried at cost, which approximates fair market value.

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. There is no custodial credit risk to these accounts as the entire bank balance was covered by federal depository insurance or collateralized in accordance with the Indenture.

B. Interest Rate Risk

Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. As a means of limiting exposure to fair value losses arising from rising interest rates, the Indenture requires the investment of moneys in the Debt Service Reserve Fund must mature or be payable at the option of the Trustee not more than ten years after the date of their purchase. The Authority's investments in money market funds are withdraw-able on demand.

C. Credit Risk

Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The Indenture specifies the minimum rating of different types of cash equivalents and investments in order to address this risk. Investments in the money market funds at June 30, 2024 and 2023 have met the specified ratings criteria.

Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances, or money market mutual funds, the Indenture establishes stringent credit standards for these investments to minimize portfolio risk. All money held in the funds created by the Indenture which are on deposit with any bank will be continuously secured in the manner required by the Indenture.

D. Concentration of Credit Risk

Concentration of credit risk can also arise by failing to adequately diversify investments. The Indenture establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. Not more than 35% of the Authority's total funds available for investment may be invested in commercial paper, and not more than 5% of the Authority's total funds available for investment may be invested in the commercial paper of any single issuer.

E. Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. The Authority's investments in money market funds totaling \$900,592 are valued using quoted market prices (Level 1 inputs).

NOTE 4—INVESTMENTS

Investments are reported at fair value and are segregated into short-term and long-term components based on the maturity date of the investment. Investments maturing within one year are considered short-term. All investments are expected to be held until maturity. Investments consisted of the following at June 30, 2024:

<u>Fiscal Year 2024</u>	<u>Par Value</u>	<u>Maturity</u>	<u>Fair Market Value</u>
US Treasury Bill	\$7,173,000	8/29/2024	\$ 7,111,240
<u>Fiscal Year 2023</u>	<u>Par Value</u>	<u>Maturity</u>	<u>Fair Market Value</u>
US Treasury Note	\$7,119,000	8/31/2023	\$ 7,074,577

NOTE 5—CAPITAL ASSETS

The Authority's capital asset activity for the years ended June 30, 2024, and 2023 was as follows:

	Beginning Balance	Additions	Transfers	Expense	Ending Balance
2024					
Land	\$ 41,165,179	\$ -	\$ -	\$ -	\$ 41,165,179
Vertical core construction	8,433,205	-	-	-	8,433,205
Total Capital Assets	49,598,384	-	-	-	49,598,384
Accumulated depreciation	(2,617,781)	(210,828)	-	-	(2,828,609)
Net Capital Assets	\$ 46,980,603	\$ (210,828)	\$ -	\$ -	\$ 46,769,775

	Beginning Balance	Additions	Transfers	Expense	Ending Balance
2023					
Land	\$ 41,165,179	\$ -	\$ -	\$ -	\$ 41,165,179
Vertical core construction	8,433,205	-	-	-	8,433,205
Total Capital Assets	49,598,384	-	-	-	49,598,384
Accumulated depreciation	(2,406,953)	(210,828)	-	-	(2,617,781)
Net Capital Assets	\$ 47,191,431	\$ (210,828)	\$ -	\$ -	\$ 46,980,603

Public improvements acquired and constructed with the Series 2007 Bonds proceeds consisted of land, road and traffic improvements, parking facilities, storm water management improvements, water and sewer extensions and improvements, streetscaping and parks. Pursuant to the Memorandum of Understanding, the infrastructure improvements were to be transferred by the Authority to the appropriate public entity for their operation and maintenance upon final inspection and acceptance. The public improvements were completed as of June 30, 2009, and the City issued a Certificate of Completion for the public improvements on January 18, 2011.

According to the Development Acquisition Agreement, land for the public portion of the District was purchased from the Developer at bond closing for \$27,600,000. The cost of the land as reported in the financial statements includes the purchase price of the public portion of the District plus site work costs to ready the property for the improvements.

The public parking garage owned by the Authority is being depreciated using the straight-line method over an estimated useful life of forty years.

NOTE 6—LONG-TERM OBLIGATIONS

Long-term debt consisted of the following at June 30, 2024 and 2023:

2024	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2018 Bonds					
Term 2023	\$ 815,000	\$ -	\$ (815,000)	\$ -	\$ -
Term 2028	6,000,000	-	-	6,000,000	930,000
Term 2037	21,970,000	-	-	21,970,000	-
Term 2045	38,385,000	-	-	38,385,000	-
Turbo Term 2045	8,875,000	-	(455,000)	8,420,000	135,000
Series 2018 Bond Premium	1,837,689	-	(145,290)	1,692,399	-
Net Bonds Payable	\$77,882,689	\$ -	\$ (1,415,290)	\$ 76,467,399	\$ 1,065,000

2023	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Series 2018 Bonds					
Term 2023	\$ 1,520,000	\$ -	\$ (705,000)	\$ 815,000	\$ 815,000
Term 2028	6,000,000	-	-	6,000,000	-
Term 2037	21,970,000	-	-	21,970,000	-
Term 2045	38,385,000	-	-	38,385,000	-
Turbo Term 2045	8,980,000	-	(105,000)	8,875,000	120,000
Series 2018 Bond Premium	1,987,465	-	(149,776)	1,837,689	-
Net Bonds Payable	\$78,842,465	\$ -	\$ (959,776)	\$ 77,882,689	\$ 935,000

A. Special Obligation Bonds, Series 2007

On September 6, 2007, the Authority issued \$92,850,000 in Special Obligation Bonds, Series 2007 to finance the construction of public infrastructure improvements located within the District, to fund a reserve fund, to fund capitalized interest on the Series 2007 Bonds, to fund certain administrative expenses, and to pay costs relating to the issuance of the Series 2007 Bonds.

The Series 2007 Bonds were limited obligations of the Authority, payable solely from and secured by revenues collected from special assessment taxes, *ad valorem* taxes and incremental tax revenues after payment of administrative expenses.

The Series 2007 Bonds were redeemed by the Series 2018 Bonds – see Note B.

B. Special Obligation Bonds, Series 2018

On August 10, 2018, the Authority issued \$77,880,000 in Special Obligation Bonds, Series 2018 in five terms as follows:

	Amount	Maturity	Interest Rate	Price
Term 2023	\$ 2,325,000	9/1/2023	4.00%	102.34%
Term 2028	\$ 6,000,000	9/1/2028	4.50%	103.92%
Term 2037	\$ 21,970,000	9/1/2037	5.00%	104.21%
Term 2045	\$ 38,385,000	9/1/2045	5.00%	103.45%
Turbo Term Bonds	\$ 9,200,000	9/1/2045	4.50%	100.00%

The Series 2018 Bonds were issued to refund all outstanding Series 2007 Bonds, fund a repair and replacement account, fund a debt service reserve fund for the Series 2018 Bonds, fund the administrative expenses through July 1, 2020, and pay the costs of issuing the Series 2018 Bonds.

At the time of the issuance of the Series 2018 Bonds, \$1.7 million was deposited with the trustee to be released to the developer if certain conditions were met by September 15, 2020. If the conditions were not met, the funds would be used to call bonds. The developer met one condition on August 31, 2020, which required completion of an additional development. The developer then

contested the calculation of projected revenues for the next three years, which was prepared by MuniCap as administrator, and was the second condition for the release of funds. After the filing of numerous Complaints and Answers by the developer, Trustee, and Authority, on August 12, 2022, the Court granted the developer's Motion for Partial Summary Judgment, and the Trustee polled the bondholders to determine their desire to appeal. As no appeal was filed, on October 12, 2022, the final motion was filed. In anticipation of this filing, on October 11, 2022, \$1,708,470 was paid to the developer from the Additional Reserve Funds. This is reported as "Developer disbursement" in the financial statements.

Also, at the time of the refunding, \$931,614 remained of an unamortized bond discount from the Series 2007 Bonds. This amount is shown on the financial statements as deferred loss from restructure of debt. It is being amortized using the straight-line method over the original term of the Series 2007 Bonds at \$4,077 per month.

The Series 2018 Bonds are limited obligations of the Authority payable solely from and secured by a pledge of special taxes and certain funds held by the Trustee. The Authority, on behalf of the District, will impose and collect the special taxes and has agreed to apply its customary tax payment enforcement procedures to the collection of any delinquent payments of the special taxes, including assessing penalties and interest and foreclosure proceedings. In addition, when special taxes are imposed, a lien is made on the applicable parcels.

Interest on the Series 2018 Bonds is payable according to the terms specified by the Indenture semiannually on March 1 and September 1 of each year beginning on March 1, 2019. Interest on the Series 2018 Bonds is calculated on the basis of a 360-day year comprised of twelve 30-day months. For the Series 2018 Bonds, interest paid in fiscal years 2024 and 2023 was \$3,695,658 and \$3,736,188, respectively.

The Series 2018 Bonds were issued at a premium of \$2,538,970, which is being amortized, using the effective interest method, over the life of each term of the Series 2018 Bonds.

1. Optional Redemption

The Series 2018 Bonds may be redeemed at the option of the Authority on or after September 1, 2027, from any money available for such purpose, in whole or in part at 100% of the principal amount of the Bonds plus accrued interest to the redemption date.

2. Extraordinary Mandatory Redemption

The Series 2018 Bonds are subject to extraordinary mandatory redemption in whole or in part on any date from any prepayments of special assessments or at any time from any funds remaining in the project fund after completion of the improvements. As of June 30, 2024, no special mandatory redemptions have been made.

C. Mandatory Sinking Fund Redemption

The Series 2018 Bonds are required to be redeemed each September 1 in the years and in the amounts set forth below:

Year Ending June 30:	Term 2028 4.5% \$6,000,000		Term 2037 5% \$21,970,000	
	Principal	Interest	Principal	Interest
2025	\$ 930,000	\$ 249,075	\$ -	\$ 1,098,500
2026	1,055,000	204,413	-	1,098,500
2027	1,190,000	153,900	-	1,098,500
2028	1,335,000	97,088	-	1,098,500
2029	1,490,000	33,525	-	1,098,500
2030-2034	-	-	10,015,000	4,336,875
2035-2039	-	-	11,955,000	1,257,125
2040-2044	-	-	-	-
2045-2046	-	-	-	-
Total	<u>\$ 6,000,000</u>	<u>\$ 738,001</u>	<u>\$ 21,970,000</u>	<u>\$ 11,086,500</u>

Year Ending June 30:	Term 2045 4.5% \$38,385,000		Turbo Term Bonds 5% \$9,200,000	
	Principal	Interest	Principal	Interest
2025	\$ -	\$ 1,919,250	\$ 135,000	\$ 375,863
2026	-	1,919,250	150,000	369,450
2027	-	1,919,250	170,000	362,250
2028	-	1,919,250	190,000	354,150
2029	-	1,919,250	205,000	345,263
2030-2034	-	9,596,250	1,405,000	1,555,313
2035-2039	3,645,000	9,505,125	2,060,000	1,169,550
2040-2044	22,975,000	5,982,125	2,955,000	609,638
2045-2046	11,765,000	598,625	1,150,000	45,225
Total	<u>\$ 38,385,000</u>	<u>\$ 35,278,375</u>	<u>\$ 8,420,000</u>	<u>\$ 5,186,702</u>

Year Ending June 30:	Total Series 2018 Bonds	
	Principal	Interest
2025	\$ 1,065,000	\$ 3,642,688
2026	1,205,000	3,591,613
2027	1,360,000	3,533,900
2028	1,525,000	3,468,988
2029	3,325,000	3,396,538
2030-2034	12,415,000	15,488,438
2035-2039	15,035,000	11,931,800
2040-2044	25,930,000	6,591,763
2045-2046	12,915,000	643,850
Total	<u>\$ 74,775,000</u>	<u>\$ 52,289,578</u>

D. Additional Bonds

Additional bonds may be issued by the Authority to finance subsequent phases of the District improvements, to refund, defease, or purchase any bonds outstanding, to finance the costs incurred with the issuance and sale of additional bonds, and to fund the debt service reserve fund upon issuance of additional bonds.

NOTE 7—REVENUES

The Series 2018 Bonds are special obligations of the Authority payable solely from and secured by a pledge of District Taxes and Assessments. District Taxes and Assessments are defined as follows:

- (i) special assessments levied on the taxable parcels in the District,
- (ii) special *ad valorem* taxes levied on the taxable parcels in the District, and
- (iii) certain incremental tax revenues pledged to the payment of the Series 2018 Bonds.

The Rate and Method of Apportionment of Special Assessments and the Amended and Restated Rate and Method of Apportionment of Assessments for the Authority adopted by the City Council sets forth the methodology applied in the calculation and collection of the District Taxes and Assessments.

A. Special Assessments

The annual special assessment is to be collected from each parcel of taxable property within the District (excepting those for which the assessment lien has been prepaid) each year in an amount equal to the “Annual Installment”. The Annual Installment will be equal to the assessment amount due in any calendar year.

1. Retail Portion of the Annual Installment (“Annual Payment B”)

A portion of the Special Assessment will be collected in an amount equal to one-half of one percent

of each \$1.00 of retail sales generated and reported each year by all retail establishments located within the District (the “Retail Portion”).

An Amended and Restated Collection Agreement dated July 1, 2018, states the Landowners of the retail property within the District agree to pay or cause to be paid to the City the portion of Annual Payment B that has not been remitted by retailers on a monthly basis. These delinquent amounts will be billed and collected in the same manner and at the same time as the City’s Special *Ad Valorem* real estate taxes. Delinquent Annual Payment B amounts for 2023 totaling \$5,046 were billed to property owners for collection in tax year 2025. Delinquent Annual Payment B amounts for 2022 totaling \$2,094 were billed to property owners for collection in tax year 2024. As of June 30, 2024, there were no delinquencies.

The Retail Portion of the Annual Installment or “Facilities Charge” was collected starting January 1, 2010. The Retail Portion of the Annual Installment totaling \$569,646 and \$650,677 was remitted to the Authority in fiscal years 2024 and 2023, respectively.

2. Back-up Portion of Annual Installment (“Annual Payment A”)

The “Back-up Portion” of the Annual Installment is calculated annually by the administrator according to the Rate and Method of Apportionment of Special Assessments and confirmed by the Authority. The Annual Payment A is equal to the difference between the Annual Installment and the sum of all revenues collected and appropriated to the Authority for the Retail Portion from the preceding calendar year, the Incremental Tax Revenues from the preceding year, and the revenues collected from the Special *Ad Valorem* Tax.

Per the Annual Assessment Report and Amendment of the Assessment Roll for the Collection of Assessments in 2023-2024, and as a result of increased other revenue projections, the Back-up Portion of the Annual Installment was \$0 for fiscal year 2024

Per the Annual Assessment Report and Amendment of the Assessment Roll for the Collection of Assessments in 2022-2023, the Back-up Portion of the Annual Installment totaled \$459,000 for fiscal year 2023, payable in two equal installments on December 5, 2022, and June 5, 2023. As of June 30, 2024, all assessments had been collected.

Pursuant to the Amended Annual Assessment Report and Amendment of the Assessment Roll for the Collection of Assessments in 2021-2022, the Back-up Portion of the Annual Installment was decreased from \$1,112,000 to \$310,000 to account for actual revenues received. The revised assessment resulted in refunds of \$267,394 that were netted against the amounts due for the first half collections for fiscal year 2023.

B. Special *Ad Valorem* Taxes

The Special *Ad Valorem* Tax equals \$0.25 per \$100 of the assessed fair market value of any taxable real estate, or the assessable value of taxable leasehold property within the District. Special *Ad Valorem* taxes equal to \$631,179 and \$619,109 were remitted to the City and subsequently

transferred to the Authority in fiscal years 2024 and 2023, respectively. As of June 30, 2024, there were no delinquencies.

C. Incremental Tax Revenues

The Incremental Tax Revenues include the real property tax incremental revenues, and the sales tax incremental revenues, as specified in the Memorandum of Understanding dated April 25, 2006, and the Amended Memorandum of Understanding dated April 11, 2018, among the Authority, the City Council, and the developer. Incremental tax revenues totaling \$3,278,773 and \$3,076,000 were collected and remitted to the Authority in fiscal years 2024 and 2023, respectively. As of June 30, 2024, there were no delinquencies.

NOTE 8—WITHDRAWALS FROM REPAIR AND REPLACEMENT FUND

The Amended and Restated Indenture of Trust established a Repair and Replacement Fund and authorized the monies deposited into the fund to be used for major repairs and replacements to the public improvements. At the January 22, 2024, board meeting, the Authority approved a payment of \$10,940 for such repairs.

NOTE 9—ARBITRAGE

When applicable, arbitrage calculations are performed on the Authority's funds to determine any arbitrage rebate or yield restriction liability. No liabilities for arbitrage rebate or yield restrictions were identified in fiscal years ending June 30, 2024, and 2023.

NOTE 10—CONTINGENT LIABILITIES

As of June 30, 2024, there were no claims or lawsuits pending against the Authority.

NOTE 11—SUBSEQUENT EVENTS

Per the Annual Assessment Report and Amendment of the Assessment Roll for the Collection of Assessments in 2024-2025, the Back-up Portion of the Annual Installment totals \$496,787 for fiscal year 2025, payable in two equal installments on December 5, 2024, and June 5, 2025.

The Delinquent Annual Payment B amount for 2023 was revised in August 2024 to \$154,688. This amount will be collected from property owners in tax year 2025.

NOTE 12—EVALUATION OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 14, 2025, the date which the financial statements were available to be issued.

VI. COMPLIANCE



THE NICHOLS GROUP, P.A.
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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
Peninsula Town Center Community Development Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 the Peninsula Town Center Community Development Authority (Authority) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated February 14, 2025.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

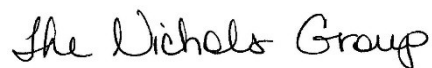
Report on Compliance and Other Matters

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

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.

Sincerely

A handwritten signature in black ink that reads "The Nichols Group". The script is cursive and fluid.

The Nichols Group, PA
Fleming Island, Florida

February 14, 2025