

ECONOMIC DEVELOPMENT AUTHORITY

OF GREENE COUNTY, VIRGINIA

(A Component Unit of the County of Greene, Virginia)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

ECONOMIC DEVELOPMENT AUTHORITY
OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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**ECONOMIC DEVELOPMENT AUTHORITY
OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)
FOR THE YEAR ENDED JUNE 30, 2018**

BOARD OF DIRECTORS - EDA

Julia Roberts, Chairman

Steve Kruskamp, Vice-Chairman

Don Pamenter, Secretary/Treasurer

Whitt Ledford

Gretchen Scheuermann

Michael A. Payne

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DIRECTOR

Alan Yost

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Deanna Gephart

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
STANARDSVILLE, VIRGINIA

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Economic Development Authority of Greene County, Virginia (the "Authority"), a component unit of the County of Greene, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Economic Development Authority of Greene County, Virginia's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Economic Development Authority of Greene County, Virginia, as of June 30, 2018, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2019, on our consideration of the Economic Development Authority of Greene County, 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 the effectiveness of Economic Development Authority of Greene County, Virginia's on 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 Economic Development Authority of Greene County, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates
Charlottesville, Virginia
April 22, 2019

- Basic Financial Statements -

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Statement of Net Position
At June 30, 2018

Assets

Current assets:

Cash and cash equivalents	\$ 244,281
Note receivable - current portion	10,000
Due from Greene County, Virginia - transient occupancy tax	<u>42,369</u>
Total current assets	\$ <u>296,650</u>

Noncurrent assets:

Note receivable - long term portion	\$ <u>37,500</u>
Total assets	\$ <u><u>334,150</u></u>

Liabilities

Current liabilities:

Accounts payable	\$ <u>1,600</u>
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Net position

Unrestricted	\$ <u><u>332,550</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

Operating revenues:	
Contributions from Greene County, Virginia	\$ 148,103
Sponsors and vendors - events	14,593
Miscellaneous income	<u>8,545</u>
Total operating revenues	\$ <u>171,241</u>
Operating expenses:	
Advertising and marketing	\$ 13,219
Donations	100
Marketing events	15,218
Insurance	40
Miscellaneous	36
Office expenses	3,311
Staffing expenses	45,000
Grants - pass through and matching	158,499
Professional services	2,800
Rent	19,200
Travel and meetings	1,605
Utilities	<u>1,356</u>
Total operating expenses	\$ <u>260,384</u>
Operating income (loss)	\$ <u>(89,143)</u>
Nonoperating revenue:	
Interest income	\$ <u>7,048</u>
Change in net position	\$ (82,095)
Net position - beginning of year	<u>414,645</u>
Net position - end of year	\$ <u><u>332,550</u></u>

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

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Statement of Cash Flows
For the Year Ended June 30, 2018

Cash flows from operating activities:	
Operating contributions from Greene County	\$ 140,756
Receipts from others	23,138
Payments to suppliers of goods and services	<u>(258,784)</u>
Net cash provided by (used for) operating activities	\$ <u>(94,890)</u>
 Cash flows from financing activities:	
Repayments of notes receivable	\$ 67,500
Interest income from loans to industries	<u>7,048</u>
 Net cash provided by (used for) financing activities	\$ <u>74,548</u>
 Net increase (decrease) in cash and cash equivalents	\$ (20,342)
Cash and cash equivalents - beginning of year	<u>264,623</u>
Cash and cash equivalents - end of year	<u><u>\$ 244,281</u></u>
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (89,143)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) in due from Greene County	(7,347)
Increase in accounts payable	<u>1,600</u>
Net cash provided by (used for) operating activities	\$ <u><u>(94,890)</u></u>

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

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Notes to Financial Statements
At June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Economic Development Authority of Greene County, Virginia (the Authority) was established pursuant to the Industrial Development and Revenue Bond Act (the Act) of the *Code of Virginia* in August of 1976. It is a political subdivision of the Commonwealth with such public and corporate powers as set forth in the Act. The essential purpose of the Authority is to provide a source of financing for industries locating their facilities in the County. The County, as a part of its creating ordinance, limited the number of concurrent facilities that the Authority may finance to two.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority 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 or sale of the facilities constructed and may be secured by a deed of trust on those facilities.

Financial Reporting Entity:

The basic criterion for including organizations within the reporting entity, as set forth in GASB No. 14 and as amended by GASB No. 39 and GASB No. 61 is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in the reporting entity. These financial statements present Economic Development Authority of Greene County, Virginia which is considered a component unit of Greene County (the primary government). The Economic Development Authority of Greene County, Virginia's financial statements include all operations of the Economic Development Authority of Greene County, Virginia.

Financial Statement Presentation:

The basic financial statements presented by the Authority consist of:

Enterprise Fund Financial Statements

- Management Discussion and Analysis (management has elected to omit this item)
- Statement of Net Position
- Statement of Revenues, Expenses, and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

Measurement Focus and Basis of Accounting:

The Economic Development Authority of Greene County, Virginia operates as an enterprise fund, and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Notes to Financial Statements
At June 30, 2018 (Continued)

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

Measurement Focus and Basis of Accounting: (Continued)

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenue of the Authority is contributions from the County of Greene. Operating expenses include administrative expenses and marketing. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents:

The Authority's cash and cash equivalents consist of cash on hand and demand deposits.

Land and Improvements Held for Resale:

Land and improvements consisting of land, site improvements, and water lines are stated at the lower of cost or market. Land is held by the Authority for sale. The Authority has reserved the rights to repurchase land sold in the Industrial Park if certain obligations agreed to by the purchasing industries are not met.

Use of Estimates:

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

There were no estimates necessary in the preparation of the financial statements.

Net Position:

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

Net Position Flow Assumption:

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 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.

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Notes to Financial Statements
At June 30, 2018 (Continued)

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2018.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Authority does not have any deferred inflows of resources as of June 30, 2018.

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize the Authority to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority held no investments for the year ended June 30, 2018.

NOTE 3 - OPERATING CONTRIBUTIONS FROM GREENE COUNTY:

The Authority receives quarterly operating contributions from the County of Greene, Virginia. For the fiscal year ended June 30, 2018, the County contributed \$148,103, comprised of transient occupancy tax revenue. The fourth quarter payment was not received by year-end and has been recorded as due from Greene County at June 30, 2018.

ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
(A Component Unit of Greene County, Virginia)

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 4 - OPERATING LEASES:

The Authority leases space for the Tourism Development Council at the Greene County Visitor Center. This lease began May 19, 2009 and terminated June 1, 2014. A new agreement of \$1,600 per month is effective June 1, 2014 - June 1, 2019. Below is a summary of future minimum lease payments and total rent expense for fiscal year ended June 30, 2018.

	<u>Total</u>
Future Minimum Lease Payments:	
FY 2019	\$ 19,200
Total Future Minimum Lease Payments	\$ 19,200
Rent Expense - Fiscal Year 2018	\$ 19,200

NOTE 5 - LAND AND IMPROVEMENTS HELD FOR SALE:

The Authority currently holds no land for resale.

NOTE 6 - NOTES RECEIVABLE:

The Authority issued a Note on February 27, 2015 in the amount of \$65,000 to an industry. Interest rate is 5.5% to be paid in equal monthly installments of interest only of \$261.25, commencing on the 27th day of March 2015, and continuing on the 27th day of each month thereafter until February 27, 2016 at which time the entire remaining indebtedness, including all principal and the accrued interest, shall be due and payable in one final balloon installment plus the sum of \$1,000.00. Borrower shall have the option to renew this Note for one additional year at the prime rate as set forth in the Wall Street Journal plus 2.5% interest. Borrower shall pay a \$1,000.00 fee on February 27, 2017. This loan was extended for an additional 6 months to August 27, 2017 and the monthly interest payment was adjusted to \$274.31. This note was paid in full on December 5, 2017.

The Authority issued a Note on May 27, 2016 in the amount of \$25,000 to an industry. Interest rate is 5% to be paid in quarterly installments of \$312.50 and balance of note to be paid in full on May 27, 2017 at which time the entire remaining indebtedness, including all principal and the accrued interest, shall be due and payable in one final balloon installment. Borrower shall have the option to renew this Note for one additional year at which time borrower shall pay a \$500 fee. An additional \$25,000 was loaned on March 9, 2017 and the monthly interest payment was adjusted to \$260.42. On March 20, 2018, the EDA changed the terms to the following: Monthly payments of principal of \$833.33 and interest at 8%. First payment due June 1, 2018 to include months of April-June principal of \$2,500.

Total notes receivable long term is \$37,500 and due within one year at June 30, 2018 is \$10,000.

- Compliance -

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

TO THE BOARD OF DIRECTORS
ECONOMIC DEVELOPMENT AUTHORITY OF GREENE COUNTY, VIRGINIA
STANARDSVILLE, VIRGINIA

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Economic Development Authority of Greene County, Virginia as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Economic Development Authority of Greene County, Virginia's basic financial statements and have issued our report thereon dated April 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Economic Development Authority of Greene County, Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Authority of Greene County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Economic Development Authority of Greene County, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Economic Development Authority of Greene County, 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 determination of financial statement amounts. 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.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia

April 22, 2019