
WILLIAMSBURG
ECONOMIC DEVELOPMENT AUTHORITY
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY
DIRECTORY OF PRINCIPAL OFFICIALS

AUTHORITY MEMBERS

Adam Steely, Chairperson

Rick Overy, Vice Chairperson

John Cale

William H. Carr

David Trichler

Adria Vanhoozier

Robert Willey

OTHER OFFICIALS

Michele Mixner DeWitt, Economic Development Director, City of Williamsburg

Joseph F. Phillips, Attorney and Secretary

Marie Caulford, Secretary to the EDA Attorney

Yuri H. Adams, Economic Development Specialist

- Financial Section -



INDEPENDENT AUDITORS' REPORT

**To the Honorable Members of the Board of Directors
Williamsburg Economic Development Authority
Williamsburg, Virginia**

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Williamsburg Economic Development Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Williamsburg Economic Development Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Williamsburg Economic Development Authority as of June 30, 2020, 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 Matter

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 October 13, 2020 on our consideration of the Williamsburg Economic Development 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 Williamsburg Economic Development 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 Williamsburg Economic Development Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
October 13, 2020

- Basic Financial Statements -

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY
Statement of Net Position
As of June 30, 2020

ASSETS

Current assets:

Cash and cash equivalents	\$ 263,145
Investments	252,748

Other assets

Accounts receivable	43,203
Total current assets	\$ <u>559,096</u>

Total assets	\$ <u><u>559,096</u></u>
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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ <u>60,783</u>
Total current liabilities	\$ <u>60,783</u>

Total liabilities	\$ <u>60,783</u>
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NET POSITION

Unrestricted	\$ <u>498,313</u>
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Total net position	\$ <u>498,313</u>
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Total liabilities and net position	\$ <u><u>559,096</u></u>
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The accompanying notes to financial statements are an integral part of this statement.

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2020

Operating revenues:		
Bond issue fees	\$	24,708
Contribution from City for operations		110,000
Contribution from City for CARES Act program revenue		139,197
Contribution from City for tax incentives		172,786
Existing business program		4,442
Total operating revenues	\$	451,133
Operating expenses:		
Art events and programs	\$	2,090
Board		1,679
EDA grant awards		4,407
Existing business program		10,751
Downtown vibrancy implementation		19,527
CARES Act marketing grants		8,470
CARES Act business grants		130,726
Google Street View for businesses		469
New business recruitment		9,433
Professional services		20,976
Insurance		1,578
Regional entrepreneurship		70,240
Tax incentive payments		172,786
Rental property - Capitol Landing		2,408
Contingency		3,348
Total operating expenses	\$	458,888
Operating income (loss)	\$	(7,755)
Nonoperating revenues (expenses):		
Interest income		4,051
Change in net position	\$	(3,704)
Net position, beginning of year		502,017
Net position, end of year	\$	498,313

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

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY
Statement of Cash Flows
For the Year Ended June 30, 2020

Cash flows from operating activities:

Receipts from customers and users	\$ 158,733
Receipts from grantors	249,197
Payments to suppliers	(176,734)
Payments to grantees	<u>(254,023)</u>

Net cash provided by (used for) operating activities \$ (22,827)

Net increase (decrease) in cash and cash equivalents \$ (22,827)

Cash and cash equivalents, beginning of year \$ 285,972

Cash and cash equivalents, end of year \$ 263,145

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss) \$ (7,755)

Adjustments to reconcile operating income (loss) to cash used for operating activities:

(Increase) Decrease in accounts receivable	(43,203)
(Decrease) Increase in accounts payable	<u>28,131</u>

Net cash provided by (used for) operating activities \$ (22,827)

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

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements As of June 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization and Purpose:

The Williamsburg Economic Development Authority (Authority) is a political subdivision of the Commonwealth of Virginia created on June 8, 1978. The Authority is governed by a seven-member Board of Directors as appointed by the Williamsburg City Council.

B. Financial Reporting Entity:

The basic criteria for including organizations within the reporting entity 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 the activity and functions of the Williamsburg Economic Development Authority (the primary government). The financial statements include all operations of the Williamsburg Economic Development Authority.

C. Financial Statement Presentation:

Management's Discussion and Analysis

Governmental accounting standards require the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A). This analysis is not included herein as required.

Basis of Accounting

The Authority is required to follow the accounting and reporting practices of the GASB. For financial reporting purposes the Operating Fund utilizes the enterprise fund method of accounting using the accrual basis. For the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when incurred, regardless of when the related cash flows take place.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits and when applicable, short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the Authority considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Money market investments, participating interest-earning investment contracts (repurchase agreements) that have a remaining maturity at time of purchase of one year or less, nonparticipating interest-earning investment contracts (nonnegotiable certificates of deposit (CDs)) and external investment pools are measured at amortized cost. All other investments are reported at fair value.

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements As of June 30, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Financial Statement Presentation (Continued):

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.

Operating and Nonoperating Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues, grants and expenses generally result from property sales and rental and other related revenues and expenses resulting from these activities. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2020.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2020.

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, if any, represent 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.

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements As of June 30, 2020

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).

Credit Risk of Debt Securities:

The Authority's rated debt investments as of June 30, 2020 were rated by Standard & Poor's and/or an equivalent national rating organization and the ratings are presented below using Standard & Poor's rating scale.

Authority's Rated Debt Investments' Values	
<u>Rated Debt Investments</u>	<u>Rating</u>
	AAAm
Local Government Investment Pool	<u>\$ 252,748</u>

Interest Rate Risk:

Investment Maturities (in years)		
<u>Investment Type</u>	<u>Value</u>	<u>Less Than One Year</u>
Local Government Investment Pool	<u>\$ 252,748</u>	<u>\$ 252,748</u>

WILLIAMSBURG ECONOMIC DEVELOPMENT AUTHORITY

Notes to Financial Statements As of June 30, 2020

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

External Investment Pool:

The value of the positions in the external investment pool (Local Government Investment Pool) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal restrictions imposed on participants.

NOTE 3 - LITIGATION:

At June 30, 2020, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decision or pending matter not be favorable to the Authority.

NOTE 4 - CONDUIT DEBT:

The Authority can authorize the issuance of 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 enterprises 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 following issues represent conduit or pass-thru debt of the Authority:

Original Amount	Amount Outstanding	Date Due	Project
\$ 4,820,000	\$ 1,440,000	3/1/2021	Williamsburg Landing Project
4,000,000	299,999	12/1/2021	National Center for State Courts Projects
3,000,000	3,000,000	12/1/2022	The Colonial Williamsburg Foundation Project
25,000,000	16,000,000	10/1/2035	The Colonial Williamsburg Foundation Project - Renovate & Improve-Visitors Center Building
5,000,000	3,756,137	9/16/2036	W&M Real Estate Foundation Tribe Square Project
9,000,000	7,160,000	9/1/2037	Williamsburg Landing Project
10,000,000	10,000,000	10/1/2042	Williamsburg Landing Project

NOTE 5 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets errors and omissions; injuries to employees; and natural disasters. The Authority carries commercial insurance for all of these risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

- Compliance Section -



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

To the Honorable Members of the Board of Directors
Williamsburg Economic Development Authority
Williamsburg, 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 the Williamsburg Economic Development Authority as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the Williamsburg Economic Development Authority's basic financial statements and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Williamsburg Economic Development 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.

Robinson, Farmer, Cox Associate

Richmond, Virginia
October 13, 2020