

INDUSTRIAL DEVELOPMENT
AUTHORITY
OF DICKENSON COUNTY, VIRGINIA
AUDIT REPORT
JUNE 30, 2019

**INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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INTRODUCTORY SECTION



Industrial Development Authority of Dickenson County

818 Happy Valley Dr.
P.O. Box 1989
Clintwood, VA 24228
Telephone: (276) 926-1699
Fax: (276) 926-1649
www.dickensonva.org

Board of Directors

Ginger Senter, Chairperson
Talbert Bolling, Vice Chairman
Allen Compton
Larry Yates
Shane Hillman
Eric Price
Mark Vanover

Director

Mitzi Sykes
msykes@dickensonva.org
276-393-0210

CAFR - Letter of Transmittal

November 12, 2019

Ginger Senter, Chairperson
Board of Directors
Industrial Development Authority of Dickenson County
P.O. Box 1989
Clintwood, VA 24228

Dear Ms. Senter:

The Comprehensive Annual Financial Report of the Industrial Development Authority of Dickenson County, Virginia (the IDA), for the fiscal year ended June 30, 2019, is presented to you as required under Section 15.1-167 of the Code of Virginia. This report presents the financial position of the governmental activity of the IDA and the results of operations for the year then ended.

This report was prepared to conform to the Standards of Financial Reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia.

The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the IDA. We believe the data, as presented, is accurate in all material aspects. That it's presented in a manner designed to fairly set forth the financial position and results of operations of the IDA as measured by the financial activity of its governmental activity; and that all disclosures necessary to enable the reader to gain the maximum understanding of the IDA's financial affairs have been included.

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

The accounting policies of the IDA conform to generally accepted accounting principles as applicable to governmental units.

Accounting records for the Industrial Development Authority are maintained on the accrual basis. Under the accrual method of accounting, revenue is recognized when earned and expenses when incurred.

In developing and updating the IDA's accounting system, consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance regarding:

- "The safeguarding of assets against loss from unauthorized use or disposition; and the reliability of financial records for preparing financial statements and maintaining accountability for assets."

The concept of reasonable assurance recognizes that:

- “The cost of control should not exceed the benefits likely to be derived;
- and the evaluation of costs and benefits requires estimates and judgments by management.”

Budgetary control is maintained at the activity level by the purchase orders being approved by the Director or Board prior to purchase. Purchases are not made from the County budget until funds are made available and authorized by the County Administrator or by additional transfer or appropriation by the governing body.

As part of the annual audit, our external auditors review and assess the IDA’s systems of internal accounting and financial management controls. We are committed to deriving the maximum benefits from this review process and will continue to actively pursue the implementation of all such recommended policy and procedural changes, where it is practical.

THE REPORTING ENTITY AND ITS SERVICES

Industrial Development Authority of Dickenson County, Virginia, for financial reporting purposes, as a governmental entity, use the enterprise fund for which the IDA has financial accountability. In addition, an organization, that if fiscally dependent on the primary government, should be included in the reporting entity. The financial statements present The Industrial Development Authority of Dickenson County, Virginia, as a component unit of Dickenson County (the primary government).

IDA STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

Dickenson County was formed in 1880 from Russell, Wise, and Buchanan Counties. The district was named for William J. Dickenson, a delegate to the General Assembly, who played a major role in establishing the new county.

The rough mountainous terrain influenced development of the area. The best farmland was located along the streambeds where early settlers located. The first settlements in Dickenson County were Sandlick, Haysi, Holly Creek, (Clintwood), and Nora, all located along streams of the area.

The Board of Director’s is a seven-member body, appointed by the Board of Supervisors. The members elect the Chairman of the Board annually. Each member serves a four-year term. This body enacts ordinances, appropriates funds, and establishes policies for the administration of the IDA’s services.

Dickenson County’s population is 14,781. We have seen our unemployment rate change from 5.3% as of July 2018 to 4.5% as of September 2019. The County is located near the counties of Wise, Buchanan and Russell in Virginia and Letcher and Pike Counties in KY. We are in a mountainous region with no four-lane accessible highways. This lack of transportation system hinders traditional economic development of manufacturing but enhances call centers, e-commerce and tourism opportunities. The IDA continues to work to expand its industrial growth in order to enhance the tax base of Dickenson County, Virginia and to provide jobs for its residents.

MAJOR INITIATIVES

In FY 2018/2019, the IDA continued to seek out new industries to locate in Dickenson County and to work with existing businesses and industries to help them grow. The IDA and the Virginia Coalfield Economic Development successfully built out the majority of the second floor of the call center building located on Technology Drive. This space is now home to SAIC a government contract call center. SAIC employees approximately 45 people from Dickenson County and surrounding areas. The IDA and the Virginia Coalfield Economic Development Authority have enhanced their relationship by working to provide access to capital for existing businesses and industries who wish to expand and for new start-up entrepreneur businesses. Examples of this relationship are the approved SEED grant applications for new small businesses. The IDA continued to work with the Dickenson County Board of Supervisors and Dickenson County School Board on the Elementary School project. This trio also secured bids and began construction on a new roof for Clintwood Elementary school. The IDA is also assisting the Board of Supervisors with a new Department of Social Services facility. The old Longs Fork Middle School building is being renovated for the Department of Social Services and Dickenson

County Food Bank. The IDA also continues to work with the Board of Supervisors to market the old Clintwood High School site. Housing options are being explored for the Clintwood Annex building. The IDA continues to support the Spearhead Regional Recreation Authority and the trail system in Haysi. The Red Onion Sewer project is now complete and opens up opportunities for the Red Onion Industrial site. Having all the infrastructure onsite makes this property more marketable. The Health Wagon has continued to work on securing funding for the Clintwood Clinic. The IDA remains an active member of the Regional Industrial Facilities Act better known as RIFA. The RIFA has had a successful year in obtaining some grant funding for project Intersection in Norton, VA. The IDA partnered with Hillcom on a Tobacco Commission grant to expand broadband in an unserved area.

FOR THE FUTURE

The County of Dickenson will continue to face challenges over the next several years. The IDA continues *“to promote a vibrant, diversified, and sustainable economy to enhance the quality of life for the citizens of Dickenson County.”*

Short term goals to improve the economy and quality of life:

1. Continue to work with VCEDA to recruit new businesses and bring jobs to the county.
2. Remain a vital member of the RIFA to bring new jobs and create profit sharing projects.
3. Develop/improve agency relationships (We continue to work with the Chamber of Commerce, Planning Commission, School Board and the Board of Supervisors to develop a universal strategic plan for the county)
4. Identify possible entrepreneurs and qualifying businesses for the VCEDA SEED Grant fund.
6. Explore funding options to expand broadband.
7. Grow our tourism economy through the SRRA trail system and Breaks Interstate Park
8. Work with the Board of Supervisors to hire a grant writer.

Finally, for the Industrial Development Authority to reach its primary goal of economic development it must also have a list of long-term goals. They are:

1. Promote diverse job opportunities (We are working with entrepreneurs to establish businesses which serve the tourism industry and school project; targeted market areas in electronic information technology, energy & education; as well as continuing to seek other industries).
2. Promote recreational opportunities.
3. Promote construction of the Coalfield Expressway.
4. Marketing (Continue to market the county at tradeshow that pertain to some manufacturing, electronic information technology, energy & education, and backup data centers).
5. Plan for housing.
6. Plan for retail growth.
7. Support the growth of healthcare.

TREASURY MANAGEMENT

The IDA carries out a conservative cash management system. Temporary idle funds are invested in interest bearing accounts.

RISK MANAGEMENT

The Industrial Development Authority of Dickenson County, Virginia maintains a practical insurance program through Virginia Association of Counties (VaCorp), which affords adequate protection against loss and includes comprehensive public liability insurance for bodily injury and property damage in amounts approved by their Risk Consultant.

INDEPENDENT AUDIT

Section 15.1-67 of the Code of Virginia (1950, as amended) requires the IDA to have an annual audit of the books of account, financial records, and transactions of the Authority. Larry D. Sturgill, P.C. was selected and approved by the Industrial Development Authority to perform the required audit. The unmodified audit opinion of Larry D. Sturgill, P.C., the highest possible result of the audit process, accompanies the financial statements in this report.

ACKNOWLEDGMENTS

The IDA has established and continues to maintain a strong and stable financial position through progressive management of financial operations and through sound accounting and financial reporting practices. Appreciation is expressed to the Members of the Industrial Development Authority of Dickenson County for their interest and support in planning and conducting the financial operations of the IDA in a responsible and progressive manner.

We would like to express our appreciation to each who assisted with the annual audit and preparation of the financial statements.

Respectfully submitted,

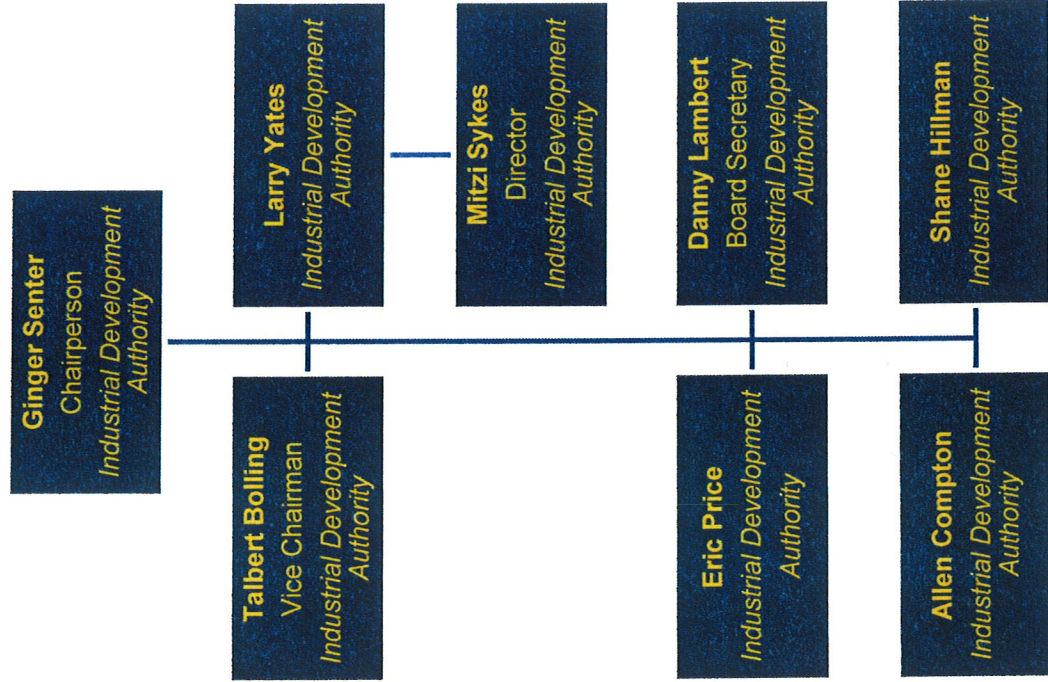
A handwritten signature in black ink, reading "Mitzi Sykes". The signature is written in a cursive, flowing style.

Mitzi Sykes
Director

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA

Organizational Chart

June 30, 2019



FINANCIAL SECTION

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

CERTIFIED PUBLIC ACCOUNTANT
P. O. BOX 2080 WISE, VIRGINIA 24293-2080

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INDEPENDENT AUDITORS' REPORT

The Honorable Board Members of the
Industrial Development Authority of
Dickenson County, Virginia
Clintwood, Virginia 24228

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activity of the Industrial Developmental Authority of Dickenson County (a component unit of the County of Dickenson, Virginia) as of and for the years ended June 30, 2019 and June 30, 2018 and the related notes to the financial statements, which collectively comprise the 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 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 Audit 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal

control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

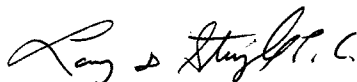
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Industrial Development Authority, as of June 30, 2019 and June 30, 2018, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2019, on our consideration of the Industrial Development Authority of Dickenson County'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 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 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.



Larry D. Sturgill, P.C.
Wise, Virginia
November 18, 2019



Industrial Development Authority of Dickenson County

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Mark Vanover

Director

Mitzi Sykes
msykes@dickensonva.org
276-393-0210

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2019

This discussion and analysis of the Industrial Development Authority (IDA) of Dickenson County, Virginia's financial performance provides an overview of the IDA's financial activities for the fiscal year ended June 30, 2019. Please read it in conjunction with the transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

A. FINANCIAL HIGHLIGHTS

- The assets of the IDA exceeded its liabilities at the close of the most recent fiscal year by \$9,689,234. Of this amount, \$276,822 may be used to meet the IDA's ongoing obligations to operations and creditors.
- The IDA's total debt increased \$1,061,207 during the current fiscal year due to loan proceeds of \$1,541,778 from two VCEDA loans, and less debt retirements of \$480,571.

B. OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements are comprised of one Enterprise Fund and consists of four components: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, (3) Cash-Flow Statement, and (4) notes to the financial statements. The financial statements include only the Authority itself. The Authority is considered to be a component unit of the Town of St. Paul, VA.

The *Statement of Net Position* is designed to display financial position of the Authority. The Authority will report all capital assets in the Statement of Net Position and will report depreciation expense- the cost of "using up" capital assets – in the Statement of Revenues, Expenses, and Changes in Net Position. The net position of the Authority will be broken down into three categories – 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

The *Statement of Revenues, Expenses, and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The *Notes to financial statements* provide additional information that is essential to a full understanding of the data provided in the financial statements.

C. FINANCIAL ANALYSIS

The IDA's Net Position for the fiscal years ended June 30, 2019 and 2018, totaled \$9,689,234 and \$8,571,325, respectively.

Summary of Net Position

The balance of unassigned net position for fiscal years ended June 30, 2019 and 2018 is \$276,822 and \$414,016 respectively. These amounts represent 2.86% and 4.81% of the total net position for each fiscal year respectively, and may be used to meet the IDA's ongoing obligations to creditors.

<u>Industrial Development Authority of Dickenson County, Virginia's Net Position</u>		
<u>ASSETS:</u>	<u>2019</u>	<u>2018</u>
Current and Other Assets	\$ 12,209,898	\$ 11,746,935
Capital Assets	13,340,184	11,402,873
Total Assets	<u>25,550,082</u>	<u>23,149,808</u>
Deferred Outflows of Resources	<u>-0-</u>	<u>-0-</u>
<u>LIABILITIES:</u>		
Long-Term Liabilities Outstanding	15,054,612	13,991,825
Current Liabilities	806,236	586,658
Total Liabilities	<u>15,860,848</u>	<u>14,578,483</u>
Deferred Inflows of Resources	<u>-0-</u>	<u>-0-</u>
<u>NET POSITION:</u>		
Net Investment in Capital Assets	9,234,800	8,003,604
Restricted	177,612	153,705
Unrestricted	276,822	414,016
Total Net Position	<u>\$ 9,689,234</u>	<u>\$ 8,571,325</u>

At the end of the both fiscal years, the Authority was able to report a positive balance in its net position.

Statement of Revenues, Expenses and Changes in Net Position

Activities increased the Authority's net assets by \$1,208,816 and decreased \$52,040 in fiscal years ended June 30, 2019 and 2018, respectively. Key elements of this increase and decrease are as follows:

<u>Industrial Development Authority of Dickenson County, Virginia's Change in Net Position</u>		
<u>REVENUES:</u>	<u>2019</u>	<u>2018</u>
General Revenues:		
Other Local Revenues	\$ 21,475	\$ 128,504
Revenue from Use of Property	241,507	262,640
Total Revenues	<u>262,982</u>	<u>391,144</u>
<u>EXPENSES:</u>		
Community Development	442,567	459,875
Total Expenses	<u>442,567</u>	<u>459,875</u>
<u>NON-OPERATING REVENUES AND (EXPENSES):</u>		
Revenue from Use of Money	2,875	1,995
Grants - VCEDA	328,209	501,988
Transfer – PSA – Red Onion	(290,975)	(501,988)
Grants - USDA	-0-	30,834
Transfer – Judicial Center	-0-	(15,619)
Donation – Longs Fork School	1,355,900	-0-
Miscellaneous	(7,608)	-0-
Interest Expense	-0-	(519)
Total Non-Operating Revenues and (Expenses)	<u>1,388,401</u>	<u>16,691</u>
Change in Net Position	1,208,816	(52,040)
NET POSITION AT BEGINNING OF YEAR	8,571,325	8,623,365
PRIOR PERIOD ADJUSTMENT	(90,907)	-0-
NET POSITION AT END OF YEAR	<u>\$ 9,689,234</u>	<u>\$ 8,571,326</u>

D. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – The Authority's investment in capital assets for its governmental fund as of June 30, 2019 and 2018 amounts to \$13,340,184 and \$11,402,873, respectively, net of accumulated depreciation. This investment is in land, buildings and improvements, site development costs, and office equipment. The total increase in the Authority's net investment in capital assets for the current fiscal year was \$1,937,311. The decrease comes from a combination of the current year depreciation expense and current year asset additions.

<u>Industrial Development Authority of Dickenson County, Virginia's Change in Net Assets</u>		
	<u>2019</u>	<u>2018</u>
Land	\$ 1,060,705	\$ 910,705
Site Development Costs	2,320,404	2,163,625
Buildings and Building Improvements	15,138,841	13,169,496
Automobile	19,216	19,216
Equipment, Furnishings and Signage	<u>437,693</u>	<u>425,196</u>
Total Assets	18,976,859	16,688,238
Less: Accumulated Depreciation	<u>(5,636,675)</u>	<u>(5,285,365)</u>
Net Capital Assets	<u>\$ 13,340,184</u>	<u>\$ 11,402,873</u>

Additional information on the Authority's capital assets can be found in Note 5.

Total Debt – At the end of the current fiscal year, the Authority had total debt outstanding of \$15,639,286.

During the current fiscal year, the Authority's total government debt increased by \$1,061,207.

The following is a schedule of **long-term debt** maturities:

<u>Industrial Development Authority of Dickenson County, Virginia's Long-Term Debt Maturities</u>	
<u>Year Ended</u>	<u>Principal Maturities</u>
2021	\$ 597,182
2022	609,267
2023	621,711
2024	627,098
2025	386,109
2027-2030	3,656,540
2031-2035	2,415,495
2036-2040	1,426,416
2041-2045	1,698,780
2046-2050	1,551,561
2051-2055	<u>1,464,453</u>
TOTAL LONG-TERM DEBT	<u>\$ 15,054,612</u>

Additional information of the Authority's long-term debt can be found in Note 6 of this report.

Acknowledgements

This financial report is designed to provide a general overview of the Industrial Development Authority of Dickenson County, Virginia's finances for all those with an interest in the Authority's financial position. Questions about this report, or need for additional financial information, contact:

Industrial Development Authority
P.O. Box 1989
Clintwood, VA 24228
Phone: (276) 926-1699
E-mail: mitzi.sykes@ida.dcwva.org.

BASIC FINANCIAL STATEMENTS

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT 1

ASSETS

CURRENT ASSETS

	2019	2018
Cash - Operating	\$ 124,906	\$ 167,270
Cash - Reserved	1,485,238	1,509,327
Certificate of Deposit	108,816	108,347
Interest Receivable	4	2
Notes Receivable- Revolving Loans	16,806	16,466
Due from Town of Clintwood - Red Onion	807,074	-
Due from Dickenson Community Hospital	5,500	5,000
Due from Serco	28,191	87,836
Due from Wise County	-	-
Due from Clintwood Inn	12,000	6,000
Due from VCEDA	260,197	38,634
TOTAL CURRENT ASSETS	2,848,732	1,938,882

NONCURRENT ASSETS

Notes Receivable- Revolving Loans	19,961	27,131
Notes Receivable - Bird Dog Distributors, LLC.	34,921	43,760
Due from Dickenson County - Judicial Center	9,306,284	9,737,162
Fixed Assets (Net Accumulated Depreciation)	13,340,184	11,402,873
TOTAL NONCURRENT ASSETS	22,701,350	21,210,926
TOTAL ASSETS	25,550,082	23,149,808
Deferred Outflows	-	-

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	221,562	404
Notes Payable - Current	584,674	586,254
TOTAL CURRENT LIABILITIES	806,236	586,658

NONCURRENT LIABILITIES

Noncurrent Portion of Long-Term Obligation	15,054,612	13,991,825
TOTAL NONCURRENT LIABILITIES	15,054,612	13,991,825
TOTAL LIABILITIES	15,860,848	14,578,483
Deferred Inflows	-	-

NET POSITION

Net Investment in Capital Assets	9,234,800	8,003,604
Restricted For: Economic Development	34,921	34,223
Agricultural Center	31,531	34,890
Judicial Center	-	17,326
Debt Reserve - RD	111,160	67,266
Unrestricted	276,822	414,016
TOTAL NET POSITION (restated)	\$ 9,689,234	\$ 8,571,325

THE ACCOMPANYING LETTER AND NOTES ARE AN INTEGRAL PART HEREOF.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 2

REVENUES:	2019	2018
Other Local Revenues	\$ 21,475	\$ 128,504
Revenue from Use of Property	241,507	262,640
TOTAL REVENUES	262,982	391,144
EXPENSES:		
Current:		
Travel Expense	137	1,750
Board Compensation	4,043	4,243
Board Meeting Expense	2,638	4,396
Contractual Expense	26,069	10,500
Maintenance and Repairs	32,307	39,638
Utilities Expense	6,743	6,649
Telecommunications	1,137	3,327
Prospect and Conference Expense	11,680	29,463
Insurance Expense	510	4,023
Office Expense	3,798	416
Depreciation Expense	351,310	345,062
Other Expenses	2,195	10,408
TOTAL EXPENSES	442,567	459,875
Change in Net Position	(179,585)	(68,731)
NON-OPERATING REVENUES AND (EXPENSES):		
Revenue from Use of Money	2,875	1,995
Grants – VCEDA	328,209	501,988
Transfer – PSA – Red Onion	(290,975)	(501,988)
Grant – UDSA	-	30,834
Transfer – Judicial Center	-	(15,619)
Donation - Longs Fork School	1,355,900	-
Miscellaneous	(7,608)	-
Interest Expense	-	(519)
TOTAL NON-OPERATING REVENUES AND (EXPENSES)	1,388,401	16,691
Net Change in Net Position	1,208,816	(52,040)
NET POSITION AT BEGINNING OF YEAR	8,571,325	8,623,365
PRIOR PERIOD ADJUSTMENT	(90,907)	-
NET POSITION AT END OF YEAR	\$ 9,689,234	\$ 8,571,325

THE ACCOMPANYING LETTER AND NOTES ARE AN INTEGRAL PART HEREOF.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 3

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities		
Revenue From Local Government	\$ 21,475	\$ 128,504
Revenue form Use of Property	241,507	262,640
Cash Paid to Vendors	<u>(167,013)</u>	<u>(104,929)</u>
Net Cash Flow Provided (Used) By Operating Activities	95,969	286,215
Cash Flow From Non Capital Financing Activities		
Operating Grants Received	328,209	532,822
Operating Transfers-Out to Other Funds	<u>(290,975)</u>	<u>(517,607)</u>
Net Cash Provided by Non Capital Financing Activities	<u>37,234</u>	<u>15,215</u>
Cash Flow From Capital and Related Financing Activities		
(Increase) Decrease in Notes Receivable	15,649	(133,925)
(Increase) Decrease in Due from Other	53,145	519,304
(Increase) Decrease in Due from Local Goverments	(177,779)	
(Increase) Decrease in Due From VCEDA	(221,563)	(38,634)
Debt Reduction - Current	(480,571)	(163,873)
Debt Reduction - Non Current	-	(692,391)
Increase (Decrease) in Due to Local Governments	221,563	
Loan Proceeds - Rural Development	-	1,557,255
Loan Proceeds - VCEDA	1,320,215	
Purchase of Fixed Assets	(932,721)	(177,216)
Interest Paid on Debt	<u>-</u>	<u>(519)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(202,062)</u>	<u>870,001</u>
Cash Flow From Investing Activities		
Interest Income on Investments	<u>2,875</u>	<u>1,995</u>
Net Cash Provided by Investing Activities	<u>2,875</u>	<u>1,995</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(65,984)</u>	<u>1,173,426</u>
CASH AND EQUIVALENT, BEGINNING OF THE YEAR	<u>1,784,944</u>	<u>611,518</u>
CASH AND EQUIVALENT, END OF THE YEAR	<u><u>\$ 1,718,960</u></u>	<u><u>\$ 1,784,944</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (used by operating activities)		
Operating Profit (Loss)	<u>\$ 1,208,816</u>	<u>\$ (52,040)</u>
Adjustments:		
Depreciation	351,310	345,062
Asset Donation - Longs Fork School	(1,355,900)	-
Prior Period Adjustment	(108,257)	(6,807)
TOTAL ADJUSTMENTS	<u>(1,112,847)</u>	<u>338,255</u>
Net Cash flow Provided (Used) by Operating Activities	<u><u>\$ 95,969</u></u>	<u><u>\$ 286,215</u></u>

THE ACCOMPANYING LETTER AND NOTES ARE AN INTEGRAL PART HEREOF.

NOTES TO FINANCIAL STATEMENTS

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority conform to generally accepted accounting principles (GAAP) applicable to government units promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the more significant policies:

A. The Financial Reporting Entity

The Authority is a political subdivision of the Commonwealth of Virginia created pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1, Code of Virginia of 1950, as amended). The Industrial Development Authority of Dickenson County, Virginia was created by an ordinance adopted in September of 1979 by the Dickenson County Board of Supervisors. The General Assembly of Virginia authorized the creation of industrial development authorities by the several municipalities in the Commonwealth of Virginia so that such authorities may acquire, own, lease, and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth and further the use of its agricultural products and natural resources and vested such authorities with all powers that may be necessary to enable them to accomplish such purposes, which powers shall in all respects be exercised for the benefit of the inhabitants of the Commonwealth, for the increase of their commerce and for the promotion of their safety, health, welfare, convenience, and prosperity.

B. Determination of the Reporting Entity

The basic criterion for including organizations within the reporting entity, as set forth in GASB No. 14 is financial accountability. Financial accountability included 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 Industrial Development Authority of Dickenson County, Virginia (the primary government), which is not considered a component unit of Dickenson County. The Industrial Development Authority of Dickenson County, Virginia's financial statements include all operations of the Industrial Development Authority of Dickenson County, Virginia.

C. Financial Statement Presentation

Basis of Presentation

The financial statements of the Authority have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: (Continued)

The Authority is governed by a seven member Board appointed by The County of Dickenson, Virginia Board of Supervisors. The Board is responsible for appointing the Director. The Authority provides buildings and operations for business expansion in Dickenson County.

Legally, the Authority is a separate governmental entity that has considerable legal, financial, and administrative autonomy. However, as the governing board is not elected but is entirely appointed by the county, the Authority cannot be a primary government. Instead, it qualifies as a discretely presented component unit of Dickenson County, Virginia (the primary government).

Basis of Accounting

The Authority recovers the costs of providing services, including capital costs, through user charges. Accordingly, the Authority uses enterprise funds and the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recorded as incurred. Operating revenues consist of rental charges to Authority users. Operating expenses include repairs, materials and supplies, rental, and depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Tax Status

The Authority, as part of a local government, is not subject to federal, state, or local income taxes, and accordingly, no provision for income taxes is made.

Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit and short-term investments with original maturities of three months or less from the date of acquisition.

All cash of the Authority is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et.seq. of the Code of Virginia or covered by Federal Depository Insurance.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1: (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building Improvements	40
Machinery and Equipment	5-10
Site Development Costs	15

NOTE 2: CASH AND INVESTMENTS

Deposits

At year-end the carrying value of the Authority's deposits with banks was \$1,718,960 and the bank balance was \$1,746,500. Of the bank balance, \$1,746,500 was covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks.

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) and Asian Development Bank, Commercial Paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2: (Continued)

The Authority's investments are categorized to give an indication of the level of risk assumed by the entity. Category 1 included investments that are insured or registered or for which the securities are held by the Authority or its safekeeping agent in the Authority's name. Category 2 included uninsured or unregistered investments for which the securities are held by the broker's or dealer's trust department or safekeeping agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or safekeeping agent but not in the Authority's name.

	Category			Carrying Amount	Market Value
	1	2	3		
Investments	\$0	\$0	\$0	\$ -	\$ -
Total Investments				\$ -	\$ -
Total Deposits				-	1,718,960
Total Deposits and Investments				\$ -	\$ 1,718,960

NOTE 3: INTEREST RECEIVABLE

Interest income was accrued for 2 days at an annual rate of .40% on the Farmers and Miners Bank Certificate of Deposit. The amount of interest receivable as of June 30, 2019 totaled \$4.

NOTE 4: NOTES RECEIVABLE

The Authority loans money to local businesses from its revolving loan funds that meet certain guidelines at 1.25% per annum. The Authority had \$19,961 of outstanding business revolving loans at year-end.

NOTE 5: FIXED ASSETS

A summary of changes in general fixed assets for the year ending June 30, 2019 is as follows:

	JULY 1, 2018 BALANCE	ADDITIONS	DELETIONS	JUNE 30, 2019 BALANCE
Land	\$ 910,705	\$ 150,000	\$ -	\$ 1,060,705
Site Development Costs	2,163,625	156,779	-	\$ 2,320,404
Buildings and Improvements	13,169,496	1,969,345	-	\$ 15,138,841
Automobile	19,216	-	-	\$ 19,216
Signage	16,106	12,497	-	\$ 28,603
Equipment and Furnishings	409,090	-	-	\$ 409,090
TOTAL GENERAL				
FIXED ASSETS	\$ 16,688,238	\$ 2,288,621	\$ -	\$ 18,976,859

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: LONG-TERM DEBT

The Authority has the following outstanding loans as of year-end:

\$ 3,625,000 VCEDA promissory note issued on June 2, 2011 for the construction of the Sleep Inn Hotel which was completed as of the year ended. The amount of funds drawn as of year-end is \$ 3,625,000 with a year-end balance of \$3,131,471.

\$ 10,000,000 USDA – Rural Development note was approved on September 27, 2013 as part of the Authority's financing of the Dickenson County Judicial Center. The amount of funds drawn as of year-end is \$10,000,000 with a year-end balance of \$9,340,962.

\$2,500,000 Virginia Small Business Finance Authority (VSBFA) note was obtained and dated October 02, 2013 as part of the Authority's financing of the Dickenson County Judicial Center. The amount of funds drawn and balance as of year-end is \$2,500,000 with a year-end balance of \$1,350,944.

\$147,000 VCEDA promissory note was issued on February 10, 2014 to complete a purchase of 104 acres of land from Heartwood Forest Find IV, L.P. for the Red Onion Industrial Park. The amount of funds drawn and balance as of year-end is \$99,410. The remaining funds can be drawn to aide in the development of the Industrial Park.

\$428,000 VCEDA promissory note was issued on September 02, 2015 to assist with the location of Bird Dog Distributors, LLC., to the DCER building for the purchase of equipment, building improvements, installation costs and delivery expenses. The amount of funds drawn as of year-end is \$42,348 with a year-end balance of \$34,921.

\$ 300,000 VCEDA promissory note was issued on December 15, 2016 to assist with the Acquisition and Development of 1.14 acres. The amount of funds drawn and balance as of year-end is \$139,800.

\$ 2,000,000 VCEDA promissory note was issued on February 15, 2018 for the SAIC Project to build-out the top floor of the SERCO building to accommodate new tenant. The amount of funds drawn and balance as of year-end is \$734,704.

\$ 1,004,890 VCEDA promissory note was issued on April 19, 2019 to The Town of Clintwood, Virginia, to replace sections of The Red Onion water line. The amount of funds drawn and balance as of year-end is \$807,074.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: (Continued)

The following is a summary of debt as of year-end:

	JULY 1, 2018			JUNE 30, 2019
	BALANCE	ADDITIONS	DELETIONS	BALANCE
VCEDA - Sleep Inn Hotel	\$ 3,161,471	\$ -	\$ 30,000	\$ 3,131,471
USDA - RD - Judicial Center	9,487,620	-	146,658	9,340,962
VSBA - Judicial Center	1,618,182	-	267,238	1,350,944
** VCEDA - Red Onion Park	99,410	-	-	99,410
VCEDA - Bird Dog, LLC.	42,349	-	7,428	34,921
** VCEDA - Real Estate Acquisition	139,800	-	-	139,800
USDA - RD - Judicial Center	29,248	-	29,248	-
** VCEDA - SAIC Project	-	734,704	-	734,704
** VECDA - Town of Clintwood	-	807,074	-	807,074
TOTAL DEBT	\$ 14,578,080	\$ 1,541,778	\$ 480,572	\$ 15,639,286

****There is no specific payback schedule attached to these notes.**

Details of Long-term Indebtness:

\$3,625,000 loan payable to VCEDA, with monthly payments of \$14,498 and a 0.00% interest rate. The note is secured by Sleep Inn Hotel Property.

Less: Current Portion

	Long Term Debt
\$ 3,131,471	
<u>(173,972)</u>	\$ 2,957,499

\$10,000,000 loan from USDA – RD – for judicial center construction at a rate of 3.5% with interest only payments for the first two years during the construction phase. The loan is composed of two notes: one \$8 million and one \$2 million. The initial draw occurred on February 18, 2015 and the total drawing on the note as of year-end was \$10,000,000.

Less: Current Portion

9,340,962	
<u>(151,893)</u>	9,189,069

\$2,500,000 loan from VSBFA issued October 02, 2013 for judicial center construction with an interest rate of 2.44% and monthly payments of \$23,500 beginning November 02, 2015. Total drawing on the note as of year-end is \$2,500,000.

Less: Current Portion

1,350,944	
<u>(251,170)</u>	1,099,774

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: (Continued)

\$147,000 loan payable to VCEDA date February 10, 2015 with no specific monthly payback schedule and a 0% on interest rate. The note is secured by deed of trust on Red Onion property. The note matures February 10, 2024
 Total funds drawn on the note as of year-end \$99,410.

	99,410	
Less: Current Portion	<u>-0-</u>	<u>99,410</u>

\$428,000 loan payable to VCEDA dated September 02, 2015 With an interest rate of 1.625%. The note is for assisting the Location of Bird Dog Distributors, LLC., to the DCER for the purchase of equipment, building improvements, instillation costs and delivery expenses. The first monthly payment is due September 02, 2016 with first twenty-four payments of interest only and remaining sixty payments of principal and interest until paid in full. The total funds drawn on the note as of year-end is \$42,348.

	34,921	
Less: Current Portion	<u>(7,639)</u>	<u>27,282</u>

\$ 300,000 loan payable to VCEDA dated December 15, 2016 with no specific monthly payback schedule and 0% interest rate. The note matures on December 15, 2026.
 Total drawing on the note as of year-end \$139,800

	139,800	
Less: Current Portion	<u>-0-</u>	<u>139,800</u>

\$ 2,000,000 loan payable to VCEDA dated February 15, 2018 with no specific monthly payback schedule with a 0% interest rate. The note matures on February 15, 2028. Total drawing on the note as of year-end was \$734,704.

	734,704	
Less: Current Portion	<u>-0-</u>	<u>734,704</u>

\$ 1,004,890 loan payable to VCEDA dated April 19, 2018 with no specific monthly payback schedule with a 0% interest rate. The note matures on April 19, 2028. Total drawing on the note as of year-end was \$807,074.

	807,074	
Less: Current Portion	<u>-0-</u>	<u>807,074</u>

TOTAL LONG-TERM DEBT		<u><u>\$ 15,054,612</u></u>
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INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6: (Continued)

The following is a schedule of long-term debt maturities:

For the Period Ended June 30,	Principal Maturities
2021	\$ 597,182
2022	609,267
2023	621,711
2024	627,098
2025	386,109
2026-2030	3,656,540
2031-2035	2,415,495
2036-2040	1,426,416
2041-2045	1,698,780
2046-2050	1,551,561
2051-2055	<u>1,464,453</u>
TOTAL	<u>\$15,054,612</u>

NOTE 7: SURETY BONDS

The Authority has a blanket bond with the Division of Risk Management, Commonwealth of Virginia, covering the Chairman and Board members in the amount of \$1,000,000 per occurrence.

NOTE 8: RED ONION INDUSTRIAL PARK

The authority entered into an agreement dated December 22, 2010 with Paramount Coal Company Virginia, LLC to develop approximately 104 acres. The authority gave Paramount \$25,000 and conveyed 12.651 acres known as Frying Pan Property. The property was conveyed to Heartwood Forest Find IV, L.P. on December 16, 2010. The Authority completed purchase of the property from Heartwood-Forest during the year-ended June 30, 2014 for an additional \$ 99,410. The Authority has engaged Thompson and Litton of Wise, Virginia, for engineering and site studies.

NOTE 9: JUDICIAL CENTER

The Authority was approved for a rural development loan not to exceed \$10,000,000 for a portion of the Judicial Center construction and also a VSBFA loan not to exceed \$2,500,000. The loan is scheduled for repayment over a period of 40 years. The payments due the first and second anniversaries were interest only. The loan balance is amortized over the remaining 38 years at 3.5%. A debt service reserve is required and must be accumulated at the rate of 10% of the monthly debt payment until a sum equal to no less than one annual installment is accumulated. The loan was secured by a revenue bond pledging the net revenues from lease payments from Dickenson County to the Authority on parity with any previous revenue bonds, a lease agreement between the county and the IDA, and a deed of trust, having first priority and other agreements between Rural Development and the Authority.

INDUSTRIAL DEVELOPMENT AUTHORITY OF DICKENSON COUNTY, VIRGINIA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10: PRIOR PERIOD ADJUSTMENT

The beginning net position for the year ended June 30, 2018 was restated due to restatement of prior year FRTIB receivables and writing off old outstanding checks. The total prior year adjustment was \$90,907.

NOTE 11: SUBSEQUENT EVENTS

The Authority's management evaluated subsequent events through November 18, 2019 the date at which the report was available to be issued. No subsequent events were identified that would have a material effect on the financial statements.

NOTE 12: LEGAL

In the legal representation letter dated November 22, 2019 provided by Freddie E. Mullins, P.C., the following legal action was disclosed. The IDA has been named as defendant in a declaratory judgment action brought the Dickenson County School Board concerning a dispute with federal funding concerning a proposed elementary school in Dickenson County, Virginia. No money damages are being sought. Since monetary damages are not being sought, The Authority has fulfilled in reporting requirements. Therefore, the lawsuit doesn't affect the financial statements.

Compliance SECTION

LARRY D. STURGILL, P. C.

LARRY D. STURGILL

MEMBER
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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

The Honorable Board Members of the
Industrial Development Authority of
Dickenson County, Virginia
Clintwood, VA 24228

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 with 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 governmental activity of the Industrial Development Authority of Dickenson County, Virginia (a component unit of the County of Dickenson, Virginia) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 18, 2019.

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) to determine the 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

The Honorable Board Members of the
Industrial Development Authority of
Dickenson County, Virginia
Clintwood, VA 24228
Page 2

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 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 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.



Larry D. Sturgill, P.C.
Wise, Virginia
November 18, 2019