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INDUSTRIAL DEVELOPMENT AUTHORITY  
OF GREENSVILLE COUNTY, VIRGINIA  
(A Component Unit of Greensville County, Virginia)  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2016

ROBINSON, FARMER, COX ASSOCIATES

*A PROFESSIONAL LIMITED LIABILITY COMPANY      CERTIFIED PUBLIC ACCOUNTANTS*

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CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ STAUNTON □ BLACKSBURG □ LOUISA



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**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**  
**DIRECTORY OF PRINCIPAL OFFICIALS**

**AUTHORITY MEMBERS**

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James Parham, Jr., Chairman  
Robin Whitman, Vice-Chairman  
Haywood C. Brown  
Len Hobbs  
Herbert Lewis  
Traci Maitland Morris  
Walter D. Rook, Jr.

**OTHER OFFICIALS**

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Natalie Slate, Secretary  
Brenda Parson, Treasurer

# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

## INDEPENDENT AUDITORS' REPORT

TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS  
INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA  
EMPORIA, VIRGINIA

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Industrial Development Authority of Greenville County, Virginia as of and for the year ended June 30, 2016, 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 audits. We conducted our audits 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 Industrial Development Authority of Greenville County, Virginia, as of June 30, 2016, 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*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 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 December 7, 2016, on our consideration of the Industrial Development Authority of Greenville 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 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 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 Industrial Development Authority of Greenville County, Virginia's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Charlottesville, Virginia  
December 7, 2016

# INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA

## Management's Discussion and Analysis Year Ended June 30, 2016

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As management of Industrial Development Authority of Greenville County (the "Authority") we offer this narrative overview and analysis of the financial performance and overview of the Authority's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented herein in connection with the Authority's basic financial statements.

### **Financial Highlights for FY 2016:**

The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$19,310,648.

The Authority's net position increased by \$267,070 for the current year.

### **Overview of the Financial Statements:**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. Since the Authority is engaged only in business-type activities, its basic financial statements comprise two components: 1) enterprise fund financial statements, and 2) notes to the financial statements.

#### **Enterprise Fund Financial Statements**

The enterprise fund financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

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 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 (e.g., earned but unused vacation leave).

#### **Notes to Financial Statements**

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

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

**Table 1 - Summary of Statement of Net Position  
As of June 30, 2016 and 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current and other assets	\$ 682,721	\$ 483,832
Capital assets	2,167,098	2,238,040
Other long-term assets	18,331,098	18,331,098
Total assets	<u>\$ 21,180,917</u>	<u>\$ 21,052,970</u>
Current liabilities	\$ 209,644	\$ 162,337
Long-term liabilities	1,660,625	1,847,055
Total liabilities	<u>\$ 1,870,269</u>	<u>\$ 2,009,392</u>
Net position:		
Net investment in capital assets	\$ 610,304	\$ 555,713
Restricted	303,831	-
Unrestricted	18,396,513	18,498,535
Total net position	<u>\$ 19,310,648</u>	<u>\$ 19,054,248</u>
Total liabilities and net position	<u>\$ 21,180,917</u>	<u>\$ 21,063,640</u>

The Authority's net position increased by \$267,070 during the year as compared to a decrease of \$10,670 in the prior year.

At the end of the current fiscal year, the Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

The following table shows the revenues and expenses of the Authority for the past two fiscal years:

**Table 2 - Changes in Net Position  
For the Fiscal Years Ended June 30, 2016 and 2015**

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Revenues:</b>		
Operating revenues	\$ 304,895	\$ 302,192
Intergovernmental revenue	255,000	-
Industry - pass-through	175,000	-
Other revenue	444	155
Total revenues	<u>\$ 735,339</u>	<u>\$ 302,347</u>
<b>Expenses:</b>		
Operating expenses (less depreciation and property tax rebates)	\$ 47,030	\$ 74,192
Depreciation	135,931	133,765
Property tax rebates	849	2,708
Return of economic performance grant	230,000	-
Interest and other fiscal charges	54,459	102,352
Total expenses	<u>\$ 468,269</u>	<u>\$ 313,017</u>
Increase (decrease) in net position	\$ 267,070	\$ (10,670)
Net position beginning of year	19,043,578	19,054,248
Net position end of year	<u>\$ 19,310,648</u>	<u>\$ 19,043,578</u>

### Revenues:

The Authority's total revenues increased by \$432,992 during the current year with operating revenues comprising only \$2,703 of the increase over the prior fiscal year. The increase in non-operating revenue is attributable to pass-through funds received from an industry and subsequently refunded to the Commonwealth of Virginia. The Authority also received a new performance grant to be paid to a local industry.

### Expenses:

For the fiscal year ended June 30, 2016, total expenses increased by \$155,252 while operating expenses decreased \$26,855. As previously mentioned non-operating expenses and revenues increased due to the receipt and disbursement of a previous performance grant received by an industry and returned to the Commonwealth of Virginia during fiscal year 2016.

### Long-term Debt:

At the end of the current fiscal year, the Authority had \$1,660,625 in long-term debt outstanding versus \$1,847,055 last year, a decrease of \$186,430. Reference Note 5 for additional details on the Authority's long-term debt.

### Capital Assets and Other Investments:

The Authority's investment in capital assets as of June 30, 2016 amounts to \$2,167,098 (net of accumulated depreciation). Below is a comparison of the items that makeup capital assets and other investments as of June 30, 2016 with that of June 30, 2015.

	<u>2016</u>	<u>2015</u>
Property and equipment (net)	\$ 2,167,098	\$ 2,238,040
Net capital assets and other investments	<u>\$ 2,167,098</u>	<u>\$ 2,238,040</u>

The Authority reports investment in industrial land in the amount of \$18,331,098 for fiscal year 2016 and 2015.

### Economic Factors and Review of Operations:

The Industrial Development Authority of Greensville County, Virginia is an organization dedicated to industrial development within Greensville County. The Authority provides a comprehensive approach to industrial development including recruitment, planning organization and financial and legal facilitation. The Authority is governed by a Board of Directors appointed by the Board of Supervisors of Greensville County, Virginia.

With a strategic location 75 miles southeast of Richmond, Virginia (via interstate 95) the Authority offers developed sites for industries including:

- Shell building
- Industrial land and development sites
- Favorable tax exempt financing and property tax relief

In addition to opportunity for future industrial prospects, the Authority has supported its existing local industries with industrial investment expenditures. Many of the Authority's development expenditures are committed to improving the infrastructure.

Additionally, there are a number of industrial prospects considering expanding or locating their business within County of Greensville, Virginia. This new business investment, supported by local leadership, will result in a significant increase in the County's tax base.



**Contacting the Authority's Financial Management:**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Authority's Treasurer, Greenville County Government Center located at 1781 Greenville County Circle, Emporia, VA 23847-0631.

- Basic Financial Statements -

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Statement of Net Position  
At June 30, 2016

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<b><u>ASSETS</u></b>	
Current Assets:	
Cash	\$ 166,163
Cash - restricted	505,144
Lease receivable	3,750
Notes receivable (Note 3)	<u>7,664</u>
Total Current Assets	<u>\$ 682,721</u>
Noncurrent Assets:	
Capital assets:	
Buildings (net of accumulated depreciation of \$1,910,842) (Note 4)	\$ 2,167,098
Other assets:	
Investment in industrial land (Note 4)	<u>18,331,098</u>
Total Noncurrent Assets	<u>\$ 20,498,196</u>
Total Assets	<u>\$ 21,180,917</u>
<b><u>LIABILITIES</u></b>	
Current liabilities:	
Accounts payable	\$ 4,685
Accrued interest payable	3,646
Notes and bond payable (Note 5) - current portion	152,670
Payable from restricted assets:	
Debt service reserve held on behalf of County of Greenville	<u>201,313</u>
Total Current Liabilities	<u>\$ 362,314</u>
Noncurrent Liabilities:	
Notes and bond payable (Note 5) - net of current portion	<u>\$ 1,507,955</u>
Total Noncurrent Liabilities	<u>\$ 1,507,955</u>
Total Liabilities	<u>\$ 1,870,269</u>
<b><u>NET POSITION</u></b>	
Net investment in capital assets	\$ 610,304
Restricted for:	
Industry	200,000
Debt service reserve - IDA	103,831
Unrestricted	<u>18,396,513</u>
Total Net Position	<u>\$ 19,310,648</u>

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

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Statement of Revenues, Expenses and Change in Net Position  
Year Ended June 30, 2016

Operating revenues:	
Lease revenue	\$ 302,968
Miscellaneous	<u>1,927</u>
Total operating revenues	<u>\$ 304,895</u>
Operating expenses:	
Professional fees	\$ 13,947
Board member compensation	1,410
Office expenses	33
Property tax rebates	849
Utilities	4,807
Repairs and maintenance	1,860
Insurance	16,800
Travel and training	978
Miscellaneous	919
Easement acquisition	6,276
Depreciation expense	<u>135,931</u>
Total operating expenses	<u>\$ 183,810</u>
Operating income (loss)	<u>\$ 121,085</u>
Nonoperating revenues (expenses):	
Intergovernmental revenue from County of Greenville, Virginia	\$ 55,000
Intergovernmental revenue from Commonwealth of Virginia	200,000
Return of economic performance grant	(230,000)
Return of incentive from industry - pass-through	175,000
Interest and investment income	444
Interest expense and other fiscal charges	<u>(54,459)</u>
Total nonoperating revenues (expenses)	<u>\$ 145,985</u>
Change in net position	\$ 267,070
Net position beginning of year	<u>19,043,578</u>
Net position end of year	<u><u>\$ 19,310,648</u></u>

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

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Statement of Cash Flows  
Year Ended June 30, 2016

Cash flows from operating activities:	
Receipts from industries	\$ 304,895
Payments to vendors and industries	<u>(43,194)</u>
Net cash provided by (used for) operating activities	<u>\$ 261,701</u>
Cash flows from noncapital financing activities:	
Intergovernmental revenue from County of Greenville, Virginia	\$ 55,000
Intergovernmental revenue from Commonwealth of Virginia	200,000
Increase (decrease) in debt service reserve held for County of Greenville, Virginia	42,127
Return of incentive from industry - pass-through	175,000
Return of economic performance grant	<u>(230,000)</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 242,127</u>
Cash flows from capital and related financing activities:	
Interest payments and bond issue costs on indebtedness	\$ (53,964)
Principal payments on indebtedness	(186,430)
Additions to capital assets	<u>(64,989)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (305,383)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 185</u>
Increase (decrease) in cash and cash equivalents	\$ 198,630
Cash and cash equivalents at beginning of year (includes restricted cash of \$263,015)	<u>472,677</u>
Cash and cash equivalents at end of year (includes restricted cash of \$505,144)	<u><u>\$ 671,307</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 121,085
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation expense	135,931
Changes in operating assets and liabilities:	
Increase (decrease) in accounts payable	<u>4,685</u>
Net cash provided by (used for) operating activities	<u><u>\$ 261,701</u></u>

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

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Notes to Financial Statements  
At June 30, 2016

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Organization and Purpose:**

The Industrial Development Authority of Greenville County (the "Authority") was organized on November 29, 1983 in accordance with Chapter 33 of Title 15.1 of the Code of Virginia (1950), as amended (the "Act"). The purpose of the Authority shall be to acquire, own, lease, and dispose of properties to enable it to promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprises to locate in or remain in the Commonwealth of Virginia and to further the use of its agricultural products and natural resources. The Act empowers the Authority to issue tax exempt bonds so they may acquire, improve, maintain, equip, own, lease, or dispose of properties in order that they may be able to promote industry and develop trade by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth of Virginia. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprises for whom 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 Authority is a separate and distinct entity from County of Greenville, Virginia and is, in accordance with the Act, a political subdivision of the Commonwealth of Virginia.

The Authority is governed by a Board of Directors appointed by the Board of Supervisors of Greenville County, Virginia to serve a term of four years.

**B. Financial Reporting Entity:**

The basic criterion for including organizations within the reporting entity, as set forth in GASB No. 14 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 Industrial Development Authority of Greenville County, Virginia. Industrial Development Authority of Greenville County, Virginia's financial statements include all operations of Industrial Development Authority of Greenville County, Virginia.

**C. Basic Financial Statements:**

Management's Discussion and Analysis - GASB Statement No. 34 requires 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).

Enterprise Fund Financial Statements

Statement of Net Position - The Statement of Net Position is designed to display financial position of the Authority. Governments 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 a government will be broken down into three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA  
(A Component Unit of Greenville County, Virginia)

Notes to Financial Statements  
At June 30, 2016 (continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

**D. Basis of Accounting:**

Industrial Development Authority of Greenville 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 Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering services in connection with the Authority's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**E. 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.

**F. Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,000 (amount not rounded) and 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 costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous fiscal year.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings & structures	30

**G. Other Significant Accounting Policies:**

- Lease and notes receivables are reported at book value utilizing the direct write-off method for uncollectible accounts. Uncollected balances have not been significant and no allowance for uncollectible accounts is recorded.
- Investments are reported at fair value.
- Other assets are reported at cost.

INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA  
(A Component Unit of Greenville County, Virginia)

Notes to Financial Statements  
At June 30, 2016 (continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

H. 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.

I. 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.

J. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted 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.

K. 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority does not have any deferred outflows of resources as of June 30, 2016.

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, 2016.

L. 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.



**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Notes to Financial Statements  
At June 30, 2016 (continued)

**NOTE 2 - DEPOSITS:**

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 County 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 has no formal investment policy addressing the various risks related to investments.

Credit Risk of Debt Securities:

The Authority's rated debt investments as of June 30, 2016 were rated by Standard & Poor's and the ratings are presented below using Standard & Poor's rating scale.

Authority's Rated Debt Investments' Values					
Rated Debt Investments	Fair Quality Ratings				
	AAA	AA	A	A1	Unrated
U.S. Agency Securities - Money Market	\$ 103,829	\$ -	\$ -	\$ -	\$ -
Total	\$ 103,829	\$ -	\$ -	\$ -	\$ -

Interest Rate Risk:

The Authority reports the following investments and related maturities:

Investment Maturities (in years)		
Investment Type	Fair Value	1 Year
U.S. Agency Securities - Money Market	\$ 103,829	\$ 103,829
Total	\$ 103,829	\$ 103,829

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Notes to Financial Statements  
At June 30, 2016 (continued)

**NOTE 3 - NOTES RECEIVABLE:**

The Authority's notes receivable consists of the following at June 30, 2016:

Notes receivable:	
Virginia Pork Festival	\$ 7,664
	<u>\$ 7,664</u>

In April 1994, the Authority loaned \$42,500 to Virginia Pork Festival, Inc. The note bears interest at an annual rate of 3.5%.

**NOTE 4 - CAPITAL AND OTHER INDUSTRIAL ASSETS:**

Capital asset activity for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets:				
Buildings and improvements	\$ 4,012,951	\$ 64,989	\$ -	\$ 4,077,940
Accumulated depreciation	(1,774,911)	(135,931)	-	(1,910,842)
Total Capital Assets	<u>\$ 2,238,040</u>	<u>\$ (70,942)</u>	<u>\$ -</u>	<u>\$ 2,167,098</u>

The investment in other industrial assets is as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Other Industrial Assets:				
Investment in industrial land	\$ 18,331,098	\$ -	\$ -	\$ 18,331,098
Total Industrial Assets	<u>\$ 18,331,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,331,098</u>

**NOTE 5 - LONG-TERM DEBT:**

The following table is a summary of changes in long-term debt as of June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Amounts Due Within One Year
Bond payable	\$ 1,075,000	\$ -	\$ 75,000	\$ 1,000,000	\$ 75,000
Notes payable	772,055	-	111,430	660,625	77,670
Total	<u>\$ 1,847,055</u>	<u>\$ -</u>	<u>\$ 186,430</u>	<u>\$ 1,660,625</u>	<u>\$ 152,670</u>

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Notes to Financial Statements  
At June 30, 2016 (continued)

**NOTE 5 - LONG-TERM DEBT: (continued)**

On May 28, 2015, the Authority issued 2015A lease revenue refunding bonds in the amount of \$1,075,000 to currently refund in full the note payable agreement issued on March 31, 1998. Principal is payable annually starting October 1, 2015 through October 1, 2027 in varying amounts with interest payable semi-annually at rates varying from .653% - 4.507%. The outstanding balance at June 30, 2016 is \$1,000,000.

On July 19, 2010, the Authority entered into a note payable agreement in the amount of \$825,000 with Greenville County Water and Sewer Authority for Shell Building 1. The proceeds were used to refinance the note payable agreement dated February 11, 2005 with an outstanding balance of \$820,594. Payments are due monthly in the amount of \$4,913 through July 15, 2030, interest at 5.0%. The outstanding balance of this note at June 30, 2016 is \$619,070.

On December 28, 2006, the Authority entered into a note payable agreement in an amount not to exceed \$400,000. Proceeds were used to finance rail infrastructure in the industrial park. Payments are due monthly in the amount of \$4,050 through December 2016, interest at 4.00%. The outstanding balance of this note at June 30, 2016 is \$27,601.

On March 21, 2008, the Authority entered into a note payable agreement in the amount of \$189,000. Proceeds were used for wetlands mitigation. Payments are due monthly in the amount of \$1,914 through November 2016, interest at 4.00%. The outstanding balance of this note at June 30, 2016 is \$13,955.

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

	VRA 2015A Refunding		VSBFA		GCWSA		VSBFA	
	Shell Building 2		Rail Infrastructure - Toll		Shell Building 1		Wetlands Mitigation - Wheeling	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 75,000	\$ 28,829	\$ 27,601	\$ 749	\$ 36,114	\$ 22,840	\$ 13,955	\$ 1,370
2018	75,000	28,005	-	-	37,507	21,447	-	-
2019	75,000	26,840	-	-	38,953	20,001	-	-
2020	75,000	25,343	-	-	40,456	18,498	-	-
2021	80,000	23,547	-	-	42,016	16,938	-	-
2022	80,000	21,445	-	-	43,636	15,318	-	-
2023	80,000	19,097	-	-	45,319	13,635	-	-
2024	85,000	16,468	-	-	47,067	11,887	-	-
2025	90,000	13,513	-	-	48,882	10,072	-	-
2026	90,000	10,381	-	-	50,767	8,187	-	-
2027	95,000	6,651	-	-	52,725	6,229	-	-
2028	100,000	2,254	-	-	54,757	4,197	-	-
2029	-	-	-	-	56,870	2,084	-	-
2030	-	-	-	-	24,000	565	-	-
2031	-	-	-	-	-	-	-	-
Total	\$ 1,000,000	\$ 222,373	\$ 27,601	\$ 749	\$ 619,069	\$ 171,898	\$ 13,955	\$ 1,370

**INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA**  
**(A Component Unit of Greenville County, Virginia)**

Notes to Financial Statements  
At June 30, 2016 (continued)

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**NOTE 6 - SIGNIFICANT OPERATING LEASES:**

The Authority entered into a lease agreement with Beach, Mold, and Tool for warehouse storage space on June 16, 2002. The lease agreement is for 15,000 square feet of the former Emporia Garment Building and 20,000 square feet of storage space. On February 10, 2016 the Authority entered into a revised lease agreement whereby the Authority will receive monthly rent in the amount of \$3,750 starting March 1, 2016 through December 1, 2023. Additionally, the lease agreement provides for an additional payment of \$877 per month commencing March 1, 2016 and payable through February 1, 2021. Total lease revenue received under this lease for the year ended June 30, 2016 amounted to \$52,258.

During the year ended June 30, 2001, the Authority began leasing the Southside Community Corrections Building to the Southside Community Correction Program. The term of the lease is to be for a period of twenty years beginning January 1, 2001 and continuing thereafter through December 31, 2020. The lease terms as of June 30, 2015 provided for quarterly rent of \$5,724. During the year ended June 30, 2016 lease revenue under this lease was \$22,896.

During the year ended June 30, 2007, the Authority began leasing the Shell Building property to Oran Safety Glass, Inc. The term of the lease is for a period of ten years commencing January 1, 2007 and continuing through December 31, 2016. The monthly payments are \$10,417. During the year ended June 30, 2016, lease revenue under this lease was \$125,000.

During the year ended June 30, 2009, the Authority began leasing the Skippers Road Industrial Building to Business Process Reengineering, Inc. ("BPR"). The term of the lease is to be indefinite commencing January 1, 2009 and can be terminated by either party with written notice. The monthly payments as of June 30, 2016 are \$7,500. During the year ended June 30, 2016, lease revenue under this lease was \$90,000.

In addition to the lease agreements for the various industrial buildings, the Authority entered into lease agreements with two separate hunt clubs. The agreements provide for annual rent to be paid by the hunt clubs for lease of land owned by the Authority.

**NOTE 7 - CONDUIT DEBT OBLIGATIONS:**

From time to time, the Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Authority, the State, nor any political subdivision thereof is obligated in any matter for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**NOTE 8 - TRANSACTIONS WITH COUNTY OF GREENSVILLE:**

The County of Greenville ("County") provides office space, accounting and other administrative functions to the Authority at no cost. During fiscal year 2016 the County contributed \$431,957 (of which \$376,957 was used to satisfy annual debt service of the County-conduit debt) to the Authority.

- Compliance -

# ROBINSON, FARMER, COX ASSOCIATES

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CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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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*

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TO THE HONORABLE MEMBERS OF THE BOARD OF DIRECTORS  
INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA  
EMPORIA, 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 Industrial Development Authority of Greenville County, Virginia as of and for the year ended June 30, 2016, and the related notes to the financial statements, which comprise Industrial Development Authority of Greenville County, Virginia and have issued our report thereon dated December 7, 2016.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Industrial Development Authority of Greenville 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 Industrial Development Authority of Greenville County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of Industrial Development Authority of Greenville 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 Industrial Development Authority of Greenville 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2016:001.

## Authority's Response to Findings

Industrial Development Authority of Greenville County, Virginia's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Industrial Development Authority of Greenville County, Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## 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  
December 7, 2016

# INDUSTRIAL DEVELOPMENT AUTHORITY OF GREENSVILLE COUNTY, VIRGINIA

## Schedule of Findings and Responses For the Year Ended June 30, 2016

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### Section I - Summary of Auditors' Results

#### Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	No
Noncompliance material to financial statements noted?	Yes

### Section II - Financial Statement Findings

#### 2016:001

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##### Condition:

The Authority did not receive Financial Disclosure Statements from all appointed Board Members.

##### Criteria:

The Code of Virginia, § 2.2-3115, requires the governing body of local boards, commissions and councils to file Financial Disclosure Statements.

##### Cause of Condition:

The Authority did not follow-up or require all Members to comply with the requirement to file Financial Disclosure Statements.

##### Effect of Condition:

Violation of the Code of Virginia, § 2.2-3115.

##### Recommendation:

The Authority should establish procedures for requesting the required forms from each Board Member.

##### Management's response:

The Authority will request Financial Disclosure Statements from those Board Members not in compliance.