



Economic Development Authority of Montgomery County

(A Component Unit of Montgomery County, Virginia)

Financial Report

June 30, 2024

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

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INTRODUCTORY SECTION

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**DIRECTORY OF PRINCIPAL OFFICIALS
June 30, 2024**

DIRECTORS

Joseph R. Ferrell, Jr. – Chairman
Mark R. Husband – Vice Chairman

Nathaniel Reid Broughton
Eric K. Johnsen
Michael B. Miller

Pamela P. Simpkins
Elli M. Travis

OFFICIALS

Brian T. Hamilton Secretary/Treasurer
Martin M. McMahon Attorney

INDEPENDENT AUDITORS

Brown, Edwards & Company, L.L.P.

FINANCIAL SECTION

**Financial Section contains the
Basic Financial Statements.**

Independent Auditor's Report

To the Honorable Members of the Board of Directors
Economic Development Authority of Montgomery County
Christiansburg, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Economic Development Authority of Montgomery County (the "Authority"), a component unit of Montgomery County, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Authority's 2023 financial statements, and our report dated October 26, 2023 expressed an unmodified opinion on those financial statements. The 2023 financial information is provided for comparative purposes only. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2024 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 22, 2024

BASIC FINANCIAL STATEMENTS

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

STATEMENT OF NET POSITION

June 30, 2024

		(For Comparative Purposes Only)
	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 609,234	\$ 2,361,369
Restricted cash and cash equivalents (Notes 2 and 8)	-	335,208
Investments	1,850,000	-
Interest receivable	53,053	-
Due from County	14,943	228,246
Prepaid expenses	2,811	2,668
Total current assets	<u>2,530,041</u>	<u>2,927,491</u>
Noncurrent assets		
Inventory (Note 3)	1,464,848	3,983,587
Capital assets (Note 4)		
Nondepreciable	1,984,559	10,700
Depreciable, net	<u>269,113</u>	<u>250,033</u>
Total noncurrent assets	<u>3,718,520</u>	<u>4,244,320</u>
Total assets	<u>6,248,561</u>	<u>7,171,811</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	27,335	240,353
Deposits	<u>-</u>	<u>10,000</u>
Total current liabilities	<u>27,335</u>	<u>250,353</u>
Noncurrent liabilities		
Due in more than one year (Note 5)	<u>6,012,736</u>	<u>6,142,736</u>
Total noncurrent liabilities	<u>6,012,736</u>	<u>6,142,736</u>
Total liabilities	<u>6,040,071</u>	<u>6,393,089</u>
NET POSITION (DEFICIT)		
Net investment in capital assets	1,314,300	260,733
Restricted	-	335,208
Unrestricted	<u>(1,105,810)</u>	<u>182,781</u>
Total net position	<u>\$ 208,490</u>	<u>\$ 778,722</u>

The Notes to Financial Statements are an integral part of this statement.

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION**

For the Year Ended June 30, 2024

	2024	(For Comparative Purposes Only) 2023
OPERATING REVENUES		
Bond fees	\$ -	\$ 57,526
Town of Blacksburg contributions	24,892	25,882
Proceeds from sale of land in inventory	130,000	-
Miscellaneous	25,000	30,000
Total operating revenues	179,892	113,408
OPERATING EXPENSES		
Contributions and incentives	343,507	793,672
Professional services	44,856	48,089
Repairs and maintenance	38,638	13,293
Insurance	2,668	2,909
Other charges	37,794	77,814
Depreciation	33,628	33,478
Cost of land sold	492,172	-
Total operating expenses	993,263	969,255
Operating loss	(813,371)	(855,847)
NONOPERATING REVENUES		
Interest income	61,774	10,822
County contributions	181,365	331,865
Total nonoperating revenues	243,139	342,687
Change in net position	(570,232)	(513,160)
Net position beginning at July 1	778,722	1,291,882
Net position ending at June 30	\$ 208,490	\$ 778,722

The Notes to Financial Statements are an integral part of this statement.

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024**

	2024	(For Comparative Purposes Only) 2023
OPERATING ACTIVITIES		
Receipts from Town of Blacksburg	\$ 24,892	\$ 25,882
Receipts from others	238,303	81,597
Receipts from sale of land in inventory	130,000	-
Receipt of sale of land option security deposit	-	10,000
Land option security deposit return	(10,000)	-
Payments to suppliers	(270,284)	(510,056)
Payments of incentives	(410,340)	(435,320)
Net cash used in operating activities	(297,429)	(827,897)
CAPITAL AND RELATED FINANCING ACTIVITIES		
Contributions from the County	181,365	331,865
Repayment of debt	(130,000)	-
Purchase of land easement	-	(10,700)
Net cash provided by capital and related financing activities	51,365	321,165
INVESTING ACTIVITIES		
Purchase of investments	(1,850,000)	-
Interest received	8,721	10,822
Net cash provided by (used in) investing activities	(1,841,279)	10,822
Net decrease in cash and cash equivalents	(2,087,343)	(495,910)
CASH AND CASH EQUIVALENTS		
Beginning at July 1, including restricted	2,696,577	3,192,487
Ending at June 30, including restricted	\$ 609,234	\$ 2,696,577
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (813,371)	\$ (855,847)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	33,628	33,478
(Increase)/decrease in due from County	213,303	(5,929)
(Increase)/decrease in prepaid expenses	(143)	(228)
(Increase)/decrease in inventory	492,172	-
Increase/(decrease) in accounts payable and accrued liabilities	(213,018)	(9,371)
Increase/(Decrease) in deposits	(10,000)	10,000
Net cash used in operating activities	\$ (297,429)	\$ (827,897)
Noncash operating activities:		
Reevaluation and reclassification of inventory to capital assets	\$ 2,026,567	\$ -

The Notes to Financial Statements are an integral part of this statement.

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 1. Summary of Significant Accounting Policies

Reporting entity

The Economic Development Authority of Montgomery County, Virginia (the “Authority”) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Montgomery County Board of Supervisors on March 1, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373 *et seq.*, of the *Code of Virginia* (1950) as amended). The Authority is governed by seven directors appointed by the Board of Supervisors. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the 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 faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of facilities constructed and may be secured by a deed of trust on those facilities.

For financial reporting purposes, the Authority is a discretely presented component unit of the County of Montgomery, Virginia (the “County”). The Authority is so classified because its members are appointed by the Board of Supervisors and the County provides significant funding to the Authority; thus, the County is financially accountable for the Authority.

Measurement focus and basis of accounting

The Authority’s financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the Authority’s financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Authority also has the *option* of following subsequent private-sector guidance, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority’s principal ongoing operations. The principal operating revenues of the Authority are sale of property and lease revenue. Operating expenses include contributions to industries, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. In addition, the Authority considers certificates of deposit with a maturity of more than three months when purchased to be investments.

Inventory – land and buildings

The cost of land (including acquisition costs) is allocated to subdivided areas for the purpose of accumulating costs to match with sales revenues. Improvement, carrying, and amenity costs are allocated based on acreage. Inventory donated to the Authority is recorded at fair value on the date of donation. Inventory is valued at the lower of cost or market.

Capital assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	20 years
Intangible assets	5-10 years

Deposits

Deposits consist of amounts received on options to purchase inventory.

Net position

Net position is the difference between assets and liabilities. Net investment in capital assets represent capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction, or improvement of those assets.

At June 30, the Economic Development Authority had a deficit in unrestricted net position of \$1,105,810. This deficit is anticipated to be recovered through future revenues, as well as possible contributions from the Primary Government. The 2024 change in deficit unrestricted net position from 2023 was caused by the reclassification of inventory to capital assets as disclosed in Note 4.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

Management uses estimates and assumptions in preparing its financial statements. Actual results could differ from those estimates.

Pass-through financing leases

One activity of the Authority involves the facilitation of pass-through leases. These agreements provide for periodic rental payments in amounts which are equal to the principal and interest payments due to bond holders. The Authority has assigned all rights to the rental payments to the trustees of the bond holders and the lessees have assumed responsibility for all operating costs such as utilities, repairs, and property taxes.

Comparative data

The financial statements include certain prior year summarized comparative information in total but not presented at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the prior year from which the summarized information was derived.

Note 2. Deposits and Investments

Deposits

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

Investments

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

All investment activity during the year was in money market accounts and certificates of deposit.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 3. Inventory

Inventory consists of the following:

Falling Branch Industrial Park: Land and land improvements	\$ 687,510
Cox Property Development Costs	<u>777,338</u>
	<u><u>\$ 1,464,848</u></u>

Note 4. Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not depreciated:				
Land	\$ 10,700	\$ 1,973,859	\$ -	\$ 1,984,559
Total capital assets, not depreciated	<u>10,700</u>	<u>1,973,859</u>	<u>-</u>	<u>1,984,559</u>
Capital assets, being depreciated:				
Land improvements	543,635	52,708	-	596,343
Intangible assets:				
Website	<u>12,500</u>	<u>-</u>	<u>-</u>	<u>12,500</u>
Total capital assets being depreciated	<u>556,135</u>	<u>52,708</u>	<u>-</u>	<u>608,843</u>
Less accumulated depreciation for:				
Land improvements	294,990	32,240	-	327,230
Intangible assets	<u>11,112</u>	<u>1,388</u>	<u>-</u>	<u>12,500</u>
Total accumulated depreciation	<u>306,102</u>	<u>33,628</u>	<u>-</u>	<u>339,730</u>
Total capital assets being depreciated, net	<u>250,033</u>	<u>19,080</u>	<u>-</u>	<u>269,113</u>
Total capital assets, net	<u><u>\$ 260,733</u></u>	<u><u>\$ 1,992,939</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,253,672</u></u>

During 2024, the Authority reevaluated some of the land and land improvements included in inventory and determined there was acreage that is unusable or will be used for roads, stormwater ponds, etc. and will not be sold. These assets were moved out of inventory and into capital assets.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 5. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year:

	Beginning Balance	Issuances	Retirements	Ending Balance	Due within One Year
Advances payable, County	\$ 5,626,109	\$ -	\$ -	\$ 5,626,109	\$ -
Note payable, County	516,627	-	130,000	386,627	-
	<u>\$ 6,142,736</u>	<u>\$ -</u>	<u>\$ 130,000</u>	<u>\$ 6,012,736</u>	<u>\$ -</u>

Details of long-term indebtedness are as follows:

	Issue Date	Maturity Date	Authorized and Issued	Interest Rate	Amount Outstanding
<u>Advances payable, County:</u>					
Construction/Improvements to the Falling Branch Corporate Park	-	-	-	-	\$ 3,525,943
Improvements to the Elliston Lafayette Industrial Park	-	-	-	-	1,093
Repayment of indebtedness	-	-	-	-	<u>2,099,073</u>
					<u>\$ 5,626,109</u>
Note payable, County	06/17/97	-	\$ 1,274,620	-	<u>\$ 386,627</u>

Advances payable, County

Non-interest bearing advances for the purchase of capital items are to be repaid from the sale of land and other revenues of the Authority. There is no deed of trust held by the County for the properties. Therefore, there is opportunity for these properties to be encumbered with additional financing upon approval by the County.

Note payable, County

The Authority agreed to remit to the County all funds received pursuant to property sales or payments received on property leases from the Falling Branch Industrial Park, less reasonable costs, in repayment of this note upon demand by the County.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 6. Risk Management

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority participates with other localities in a public entity risk pool for their coverage of general liability with the Virginia Municipal League Liability Pool. Each member of this risk pool jointly and severally agrees to assume, pay, and discharge any liability. The Authority pays the Virginia Municipal League Liability Pool contributions and assessments based upon classification and rates into a designated cash reserve fund out of which expenses of the pool, claims, and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion in which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Note 7. Related Party Transactions

The County provides personnel and office space to the Authority at no charge.

Note 8. Commitments and Contingencies

Performance agreements

Performance agreement incentives not yet earned as of June 30, 2024 by recipient companies were \$3,521,016. Payments will be made from Montgomery County tax revenues generated from the grantees, but only after agreements are met.

Sale of land and road construction

In June 2022, the Authority entered into an agreement to sell a parcel of land. As part of the agreement, the Authority agreed to reimburse the purchaser up to \$1,066,000 to construct a road. In addition, the Authority agreed to hold \$787,125 in escrow to be used towards the reimbursement of the road construction cost. As of June 30, 2023, \$335,208 remained in escrow and as of June 30, 2024, the project is complete and the funds have been released from escrow.

Note 9. New Accounting Standards

In June 2022, the GASB issued **Statement No. 101**, *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

In December 2023, the GASB issued **Statement No. 102**, *Certain Risk Disclosures*. This statement defines and requires governments to disclose the risks related to concentrations of inflows or outflows of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2024.

(Continued)

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2024**

Note 9. New Accounting Standards (Continued)

In April 2024, the GASB issued **Statement No. 103**, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability as well as addresses certain application issues. The requirements of this Statement are effective for reporting periods beginning after June 15, 2025.

Management has not determined the effects these new GASB Statements may have on prospective financial statements.

COMPLIANCE SECTION



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Members of the Board of Directors
Economic Development Authority of Montgomery County
Christiansburg, 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 Economic Development Authority of Montgomery County (the "Authority"), a component unit of Montgomery County, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 22, 2024.

Report on Internal Control over Financial Reporting

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

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

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



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. **The results of our tests disclosed no instances of noncompliance 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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
November 22, 2024

**ECONOMIC DEVELOPMENT AUTHORITY
OF MONTGOMERY COUNTY**

**SUMMARY OF COMPLIANCE MATTERS
June 30, 2024**

As more fully described in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Uniform Disposition of Unclaimed Property Act