

**ECONOMIC DEVELOPMENT AUTHORITY
OF YORK COUNTY, VIRGINIA**

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

Financial Statements and Supplemental Information

Year Ended June 30, 2025

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA
Financial Statements and Supplemental Information
Year Ended June 30, 2025

Table of Contents

| | <u>Page</u> |
|--|-------------|
| <u>FINANCIAL SECTION</u> | |
| Report of Independent Auditor | 1 - 3 |
| Management's Discussion and Analysis | 4 - 8 |
| Basic Financial Statements: | |
| Statement of Net Position | 9 |
| Statement of Revenues, Expenses and Changes in Net Position | 10 |
| Statement of Cash Flows | 11 |
| Notes to Basic Financial Statements | 12 - 19 |
| <u>SUPPLEMENTAL INFORMATION</u> | |
| Schedule of Conduit Debt Outstanding | 20 |
| <u>COMPLIANCE SECTION</u> | |
| Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> | 21 - 22 |
| Summary of Compliance Matters | 23 |
| Summary of Findings and Responses | 24 |

Independent Auditor's Report

To the Honorable Members of the Board of Directors of the
Economic Development Authority of York County, Virginia
(A Component Unit of the County of York, Virginia)
Yorktown, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Economic Development Authority of York County, Virginia (the "Authority"), a component unit of the County of York, Virginia, as of and for the year ended June 30, 2025, 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 financial position of the business-type activities of the Economic Development Authority of York County, Virginia, as of June 30, 2025, and the respective 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.

Basis for Opinion

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 *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 Economic Development Authority of York County, Virginia 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 opinion. 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management, and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Economic Development Authority of York County, Virginia’s basic financial statements. The accompanying schedule of conduit debt outstanding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of conduit debt outstanding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 14, 2025

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Management’s Discussion and Analysis

This section of the Economic Development Authority of York County, Virginia’s (the “Authority” or “EDA”) annual financial report presents a discussion and analysis of the Authority’s financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the Authority’s financial statements following this section.

FINANCIAL HIGHLIGHT

- The Authority’s total Net Position was \$3,771,805, which was a decrease in total Net Position during FY2025 of \$106,120 or 3%. The restricted portion of the Authority’s net position is \$492,349, which is to be used for the installation costs of the generator at the Riverwalk Restaurant / Water Street Grille and for a needs study and maintenance recommendations to the Riverwalk Landing buildings.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Statement of Net Position presents information on all Authority assets and liabilities, with the difference between the two 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 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 result in cash flows in future fiscal periods.

Notes to the financial statements are an integral part of the statements and should be read in conjunction with the financial statements and the Management’s Discussion and Analysis.

FINANCIAL ANALYSIS

| Summary of Statement of Net Position at: | <u>6/30/2025</u> | <u>6/30/2024</u> |
|---|-------------------------|-------------------------|
| Current assets | \$ 1,444,233 | \$ 1,147,017 |
| Noncurrent assets | 2,661,737 | 2,109,744 |
| Capital assets | <u>725,573</u> | <u>928,035</u> |
| Total assets | <u>\$ 4,831,543</u> | <u>\$ 4,184,796</u> |
| Current liabilities | \$ 158,693 | \$ 142,614 |
| Noncurrent liabilities | <u>92,905</u> | <u>71,631</u> |
| Total liabilities | <u>251,598</u> | <u>214,245</u> |
| Deferred inflows of resources | <u>808,140</u> | <u>92,626</u> |
| Net investment in capital assets | 725,573 | 928,035 |
| Restricted | 492,349 | 539,844 |
| Unrestricted | <u>2,553,883</u> | <u>2,410,046</u> |
| Total net position | <u>3,771,805</u> | <u>3,877,925</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 4,831,543</u> | <u>\$ 4,184,796</u> |

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Management's Discussion and Analysis

FINANCIAL ANALYSIS, Continued

At the close of the 2025 and 2024 fiscal years, the Authority's assets exceeded liabilities and deferred inflows of resources by \$3,771,805 and \$3,877,925, respectively. In fiscal year 2025, the Authority's total net position decreased by \$106,120, primarily due to a capital improvement project that has been cancelled. A portion of the Authority's net position, \$2,553,883, remains unrestricted and may be used to meet the Authority's ongoing objectives and obligations. The restricted portion of the Authority's net position is \$492,349, which is to be used for the installation costs of the generator at the Riverwalk Restaurant / Water Street Grille and for a needs study and maintenance recommendations to the Riverwalk Landing buildings.

Summary of Statement of Revenues, Expenses and Changes in Net Position for the year ended:

| | <u>6/30/2025</u> | <u>6/30/2024</u> |
|---|---------------------|---------------------|
| Operating Revenues | | |
| Intergovernmental | \$ 369,535 | \$ 319,535 |
| Waterfront and other rent | 236,451 | 264,399 |
| Administrative fees | 127,468 | 130,404 |
| State grants | - | 3,500 |
| Miscellaneous | 3,500 | 3,500 |
| Total operating revenues | <u>736,954</u> | <u>721,338</u> |
| Operating Expenses | | |
| Intergovernmental - Return of funds to York County | - | 2,405,176 |
| Waterfront operations | 203,269 | 265,689 |
| Economic development | 331,081 | 303,460 |
| Other fees and miscellaneous | 99,955 | 92,699 |
| Total operating expenses | <u>634,305</u> | <u>3,067,024</u> |
| Operating Gain (Loss) | <u>102,649</u> | <u>(2,345,686)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(208,769)</u> | <u>41,911</u> |
| Capital Contribution from primary government - York County | <u>-</u> | <u>78,047</u> |
| Change in Net Position | <u>(106,120)</u> | <u>(2,225,728)</u> |
| Net position, beginning of the year | <u>3,877,925</u> | <u>6,103,653</u> |
| Net position, end of the year | <u>\$ 3,771,805</u> | <u>\$ 3,877,925</u> |

The County contributes to the operations of the Authority on an annual basis and makes economic development contributions for certain incentives, which vary from one year to the next. These contributions are reflected as intergovernmental revenues. The County contributed \$369,535 and \$319,535 for capital improvements, operations and other economic development for fiscal years 2025 and 2024, respectively.

In fiscal year 2025, operating expenses decreased by \$2,432,719. The majority of the decrease was attributable to a return of funds \$2,405,176 to the County in fiscal year 2024, as a result of a renovation project being cancelled.

The Authority continues to work cooperatively and receives significant funding from the County of York. As a result of this relationship, the Authority's fiscal position continues to remain positive and stable.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA
Management's Discussion and Analysis

FINANCIAL ANALYSIS, Continued

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

| | <u>6/30/2025</u> | <u>6/30/2024</u> |
|-----------------------------|-------------------|-------------------|
| Construction in progress | \$ 104,720 | \$ 342,646 |
| Land improvements, net | 961 | 1,601 |
| Leasehold improvements, net | 66,229 | - |
| Infrastructure, net | <u>553,663</u> | <u>583,788</u> |
| Total | <u>\$ 725,573</u> | <u>\$ 928,035</u> |

Construction in progress (CIP) at June 30, 2025, reflects generator and fire alarm system improvements. CIP decreased due to a prior year project expensed in FY2025 due to the finalization of a cancelled renovation project and recognizing a leasehold improvement in FY2025. Capital assets of land improvements and infrastructure at June 30, 2025, reflect assets that provide water and sewer access to property owned by the Authority. Additional information can be found in note 6 to the basic financial statements.

ECONOMIC FACTORS

- Despite limited developable land, York County continues to see growth. In Busch Industrial Park, a 20,000 square-foot flex building on Stafford Court is now complete and available for occupancy, with additional buildings planned. The York County Economic Development Authority (EDA) also approved an amendment extending the 134 Stafford Court option and purchase agreement with Lightshift Energy (formerly Delorean Power), adding much-needed industrial space to York County's portfolio.
- Work progressed on Eastern Virginia Regional Industrial Facilities Authority (EVRIFA) owned property at Kings Creek Commerce Center. Dominion Energy has completed the site assessment and pre-engineering work for the new solar array on a 250-acre portion of the site, with construction slated to begin this year following approval of the site plan. York County's active EVRIFA membership helped secure a Tier 4 site readiness designation for the Commerce Center, making it more attractive to high-impact prospects.
- To support Seaford Scallop operations, the scallop fleet, and other Back Creek users, York County and the EDA continued working with the United States Army Corps of Engineers to develop a dredging solution for the channel to the Chesapeake Bay. Extreme shoaling has increased navigation risks and caused multiple groundings, threatening the loss of the scallop fleet to a New England location. The dredging will restore safe navigation, ensuring continued scallop industry operations. The CAP107 feasibility study and public engagement phase were completed, and York County, as the non-federal sponsor, secured \$1 million in state funding. All CAP107 projects are currently on hold nationally pending federal funding.
- The EDA continues assisting businesses with relocation and expansion. Chilled Ponds Yorktown, the former Iceplex facility in Kiln Creek, underwent a \$2 million renovation transforming it into a

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA
Management's Discussion and Analysis

ECONOMIC FACTORS, Continued

regional destination for tournaments, public skating, and youth programs. Upgrades include a new food and beverage concept, replacement of dashboards and ice surface, and expanded locker rooms for a new junior hockey league and larger travel hockey tournaments. The EDA is also helping identify a site for a second sheet of ice. Other new and expanded businesses include Jersey Mike's, Coastal Thirst, Shorty's Diner, Little York Confectionery, and Burgers on the Edge.

- Several Riverwalk Landing tenant leases were renewed or extended in FY2025, keeping the County-owned, EDA-managed facility fully leased with many tenants on multi-year agreements. FY2025 also marked the 20th anniversary of Riverwalk Landing.
- The Department of Economic & Tourism Development continued to drive economic activity through expanded grant and incentive programs, which saw significant increases in both grant allocations and overall economic impact. In FY2025, the EDA awarded 45 grants totaling \$763,723, leveraging \$13.8 million in private investment. Grants supported equipment purchases, property improvements, technology upgrades, marketing initiatives, and new construction or major renovations. A newly launched marketing grant program also saw strong participation.
- FY2025 was another strong year for business growth in York County, with 110 new commercial and 180 home-based businesses launched. The Department of Economic & Tourism Development hosted 20 ribbon cuttings to highlight and celebrate these openings.

REQUESTS FOR INFORMATION

This financial report is designed to provide users (citizens, taxpayers, bondholders, and creditors) with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning the report or requests for additional information should be directed to the Director of Economic & Tourism Development, York County Economic Development Authority, 121 Alexander Hamilton Boulevard, Yorktown, Virginia 23690 or telephone (757) 890-3317.

Page intentionally left blank

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Statement of Net Position

6/30/2025

ASSETS

| | |
|---------------------------------|---------------------|
| Current assets: | |
| Cash and equivalents | \$ 1,112,791 |
| Accounts receivable | 135,142 |
| Other receivables | 1,958 |
| Lease receivables | 192,216 |
| Lease interest receivable | 2,126 |
| Total current assets | <u>1,444,233</u> |
| Noncurrent assets: | |
| Restricted cash and equivalents | 506,470 |
| Land held for resale | 1,077,252 |
| Prepaid expense | 9 |
| Note receivables | 456,627 |
| Lease receivables | 621,379 |
| Nondepreciable capital assets: | |
| Construction in progress | 104,720 |
| Depreciable capital assets: | |
| Land improvements | 9,604 |
| Leasehold improvements | 68,194 |
| Infrastructure | 942,108 |
| Accumulated depreciation | <u>(399,053)</u> |
| Total noncurrent assets | <u>3,387,310</u> |
| Total assets | <u>\$ 4,831,543</u> |

LIABILITIES

| | |
|---|----------------|
| Current liabilities: | |
| Accounts payable | \$ 25,621 |
| Due to Primary Government - York County | 133,072 |
| Total current liabilities | <u>158,693</u> |
| Noncurrent liabilities: | |
| Deposits payable | 14,121 |
| Unearned revenues | 78,784 |
| Total noncurrent liabilities | <u>92,905</u> |
| Total liabilities | <u>251,598</u> |

DEFERRED INFLOWS OF RESOURCES

| | |
|-------------------------------------|----------------|
| Deferred inflows related to leases | <u>808,140</u> |
| Total deferred inflows of resources | <u>808,140</u> |

NET POSITION

| | |
|---|---------------------|
| Net investment in capital assets | 725,573 |
| Restricted for capital projects | 492,349 |
| Unrestricted | <u>2,553,883</u> |
| Total net position | <u>3,771,805</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 4,831,543</u> |

The accompanying notes are an integral part of the basic financial statements.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA
Statement of Revenues, Expenses and Changes in Net Position

| | Year Ended <u>6/30/2025</u> |
|---|--|
| Operating Revenues | |
| Intergovernmental | \$ 369,535 |
| Waterfront and other rent | 236,451 |
| Industrial revenue bond administrative fees | 127,468 |
| Miscellaneous | <u>3,500</u> |
| Total operating revenues | <u>736,954</u> |
| Operating Expenses | |
| Waterfront operations | 135,207 |
| Waterfront rentals | 68,062 |
| Economic development incentives | 331,081 |
| Professional fees | 12,400 |
| Board member fees | 4,200 |
| Miscellaneous | 50,625 |
| Depreciation | <u>32,730</u> |
| Total operating expenses | <u>634,305</u> |
| Operating Gain | <u>102,649</u> |
| Nonoperating Revenues (Expenses) | |
| Interest income | 45,457 |
| Contractual service | <u>(254,226)</u> |
| Total Nonoperating Revenues (Expenses) | <u>(208,769)</u> |
| Change in Net Position | (106,120) |
| Total net position, beginning of year | <u>3,877,925</u> |
| Total net position, end of year | <u>\$ 3,771,805</u> |

The accompanying notes are an integral part of the basic financial statements.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA
Statement of Cash Flows

| | Year Ended <u>6/30/2025</u> |
|---|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Receipts from Primary Government - York County | \$ 369,535 |
| Receipts from rental income | 229,206 |
| Other receipts | 133,754 |
| Payments to suppliers for goods and services | (613,014) |
| Payments to Board members for services | <u>(4,200)</u> |
| Net cash provided by operating activities | <u>115,281</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Acquisition and construction of capital assets | <u>(84,494)</u> |
| Net cash used in capital and related financing activities | <u>(84,494)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Interest income | <u>45,457</u> |
| Net cash provided by investing activities | <u>45,457</u> |
| Net change in cash and cash equivalents | 76,244 |
| Cash and cash equivalents, beginning of year | <u>1,543,017</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,619,261</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | |
| Cash and equivalents | \$ 1,112,791 |
| Restricted cash and equivalents | <u>506,470</u> |
| Cash and cash equivalents, end of year | <u>\$ 1,619,261</u> |
| Reconciliation of operating gain to net cash provided by operating activities: | |
| Operating gain | \$ 102,649 |
| Adjustments to reconcile operating gain to net cash provided by operating activities: | |
| Depreciation | 32,730 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | (23,372) |
| Lease receivables | (718,840) |
| Lease interest receivable | (1,821) |
| Prepaid expense | 1 |
| Note receivables | (31,719) |
| Other receivables | 2,786 |
| Accounts payable | (4,835) |
| Unearned revenues | 21,274 |
| Deferred inflows - leases | 715,514 |
| Due to Primary Government - York County | <u>20,914</u> |
| Net cash provided by operating activities | <u>\$ 115,281</u> |
| Noncash investing, capital and financing activities: | |
| Prior year CIP expensed in current year | <u>\$ 254,226</u> |

The accompanying notes are an integral part of the basic financial statements.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA

Notes to Basic Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Economic Development Authority of York County, Virginia (the "Authority") was created as a tax-exempt political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of the County of York, Virginia (the "County") on July 6, 1972, pursuant to the provisions of the Industrial Development and Revenue Bond Act of the Commonwealth of Virginia, duly enacted into law as 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 of the County. It is authorized to acquire, own, lease and dispose of properties in order to 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 such bonds may be retained by the Authority, or it may be assumed by the enterprises for which the facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to the bond trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the County, the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be collateralized by a deed of trust on those facilities.

The Reporting Entity

The Authority is considered a component unit of the County. Component units are legally separate entities for which a Primary Government is financially accountable. The information in these financial statements will also be included in the County's basic financial statements because of the significance of the Authority's financial relationship with the County.

The Authority exists as a legal entity with a Board of Directors appointed by the County's Board of Supervisors. The Board of Directors manages and allocates operating and marketing budgets and capital funds recorded on the books of the Authority.

Basis of Accounting

The Authority's operations are accounted for as a proprietary fund used to account for the activities of the Authority as noted above. The financial statements are presented on the accrual basis of accounting, using the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA

Notes to Basic Financial Statements

June 30, 2025

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**, Continued

Net Position

Net position may consist of the following components based on the extent of constraints upon the use of the resources:

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt incurred to finance the capital assets.

Restricted – Reported when constraints placed on the use of the resources are either externally imposed by creditors, grantors, contributors, or law or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The Authority first applies restricted resources when an expense is incurred for which both restricted and unrestricted net position is available.

Unrestricted – Consists of funds that are available for any purpose.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted under the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Pass-thru Financing Leases and Conduit Debt

Some activities of the Authority represent pass-through leases. These agreements provide for periodic rental payments in amounts equal to the principal and interest payments due to project bondholders. The Authority has assigned all rights to the rental payments to the trustees of the bondholders and the lessees have assumed responsibility for all operating costs such as utilities, repairs and property taxes. In such cases, the Authority neither receives nor disburses funds. Although title to these properties rests with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained. Deeds of trust collateralize outstanding bond obligations and title will revert to the lessee when the bonds are fully paid. Although the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets or liabilities. Outstanding conduit debt amounted to \$70,657,000 at June 30, 2025.

Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. The Authority considers all certificates of deposits, regardless of their maturity, and other investments with original maturities of three months or less to be cash equivalents.

ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA

Notes to Basic Financial Statements
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Restricted Cash and Equivalents

At June 30, 2025, restricted cash was \$506,470 and consisted of \$492,349 for the Riverwalk Landing needs study and maintenance recommendations and \$14,121 in tenant security deposits.

Accounts and Other Receivables

At June 30, 2025, accounts receivable consisted of Riverwalk Landing rental payments and interest of \$135,142. All outstanding receivables at June 30 have been subsequently collected; therefore, an allowance was not deemed necessary.

At June 30, 2025, other receivables were \$1,958 and consisted of Riverwalk Landing rental payments and expense reimbursements. Other receivables have been deemed collectible; therefore, an allowance was not deemed necessary.

Land Held for Resale

Land held for lease or resale is stated at acquisition cost plus improvements and capitalized interest, if applicable, but not in excess of net realizable value. Capitalized costs of projects are assigned to individual components of the projects based on specific identification. As land is sold, all costs associated with that land are charged to cost of land sold.

Capital Assets

Capital assets are capitalized at historical cost, if purchased. Contributed capital assets are recorded at their acquisition value at the date of donation. The Authority utilizes the County's capitalization threshold of \$5,000 or more for recording equipment, land improvements and infrastructure and \$30,000 for buildings, building improvements and leasehold improvements, for assets with useful lives greater than one year. Capital assets are depreciated over their estimated useful lives using the straight-line, half-year convention method. The estimated useful lives are as follows: equipment (3-20), land improvements (15-20), leasehold improvements (10-50), and infrastructure (10-50).

Leases: Lessor

The Authority is a lessor for noncancellable leases of business space. The Authority recognizes a lease receivable and a deferred inflow of resources in the financial statements.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Notes to Basic Financial Statements
June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Key estimates and judgments include how the Authority determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Authority uses its estimated incremental borrowing rate as the discount rate for leases unless a rate is specified in the lease agreement.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Unearned Revenues

At June 30, 2025, unearned revenues were \$78,784 and consisted of non-refundable deposits received for the sale of property and prepaid rent.

2. DEPOSITS AND INVESTMENTS

The Authority's cash and investments consisted of:

| | <u>June 30, 2025</u> |
|--|-----------------------------|
| Bank deposits and pending bank transfers | \$ 839,301 |
| Local Government Investment Pool (LGIP) | <u>779,960</u> |
| | <u>\$ 1,619,261</u> |
| <u>Reconciliation to Statement of Net Position:</u> | |
| Cash and equivalents | \$ 1,112,791 |
| Restricted cash and equivalents | <u>506,470</u> |
| | <u>\$ 1,619,261</u> |

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia*. Statutes authorize local governments and other public bodies 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, bankers' acceptances, repurchase agreements and the LGIP. LGIP is managed in a manner consistent with the "2a7 like pool" requirements of accounting principles generally accepted in the United States of America. The portfolio securities are valued by the amortized cost method.

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Notes to Basic Financial Statements
June 30, 2025

2. DEPOSITS AND INVESTMENTS, Continued

Credit Risk

As of June 30, 2025, the Authority's investment in the LGIP was rated AAAM by Standard & Poor's.

3. LAND HELD FOR RESALE

Property is stated at acquisition cost plus improvements, but not in excess of net realizable value. Property contributed by the County is stated at the County's cost. Capitalized costs of projects are assigned to individual components of the projects based on specific identification. If specific identification is not practicable, capitalized costs are allocated to each parcel benefited, based on relative fair value before construction. As property is sold, all costs associated with that property are charged to cost of land sold.

Land held for resale at June 30, 2025 consists of the following:

| <u>Property</u> | <u>June 30, 2025</u> |
|---|----------------------|
| Jordan Property-Old York Hampton Highway | \$ 9,242 |
| Busch Property-Stafford Court | 440,163 |
| 6714 George Washington Memorial Highway | 349,800 |
| 3401 Hampton Highway | 200,000 |
| 5751 & 5751A George Washington Memorial Highway | 78,047 |
| | <u>\$ 1,077,252</u> |

4. NOTE RECEIVABLES

In June 2019, the Authority executed an agreement for 1.25 acres to be sold located on 7120 and 7124 George Washington Memorial Highway. As part of this agreement, a note receivable of \$399,000 was recorded with performance obligations outlined below:

- i. \$200,000 shall be forgiven upon the issuance by the York County Building Official of a Certificate of Occupancy for the proposed facility.
- ii. \$75,000 shall be forgiven following the completion of six months of full operations of the facility.
- iii. As additional \$125,000 shall be forgiven after the completion of twelve months of full operation of the facility.
- iv. The balance shall be due and payable in full within eighteen months after the issuance of the Certificate of Occupancy.

As part of the performance obligations, seller will contribute up to \$15,000 toward the cost of a grinder pump and installation as required for the facility to connect to the public sewer system. As of June 30, 2025, none of the performance obligations have been met and the balance of the note is \$399,000.

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Notes to Basic Financial Statements
June 30, 2025

4. NOTE RECEIVABLES, Continued

In December 2020, the Authority provided a three-year loan of \$25,000 plus interest of 1% per annum. In June of 2024, the Authority extended the loan for two additional years. No payments will be due if terms of the performance agreement are met on the fifth anniversary of the execution of the agreement or December 3, 2025. As of June 30, 2025, the balance of the note is \$26,167.

In June 2016, the Authority provided two demolition loans for a total of \$31,460 to G-Square, Inc. In June 2025 the Authority entered into a grant agreement providing potential forgiveness of the 2016 loan and an additional \$150,000 cash grant for expansion of the Yorktown Pub. No payment will be due on the demolition loans if the terms of the performance agreement are met by the one-year anniversary of the execution of the agreement on June 5, 2026. As of June 30, 2025, the balance of the note is \$31,460.

5. LEASE RECEIVABLES AND DEFERRED INFLOWS

For the year ended June 30, 2025, the financial statements include GASB Statement No. 87, Leases, which was implemented in FY2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The EDA rents building space to various businesses at Riverwalk Landing with lease terms ranging from 48 to 99 months. As of June 30, 2025, the value of the lease receivable is \$813,595. As of June 30, 2025, the value of the lease interest receivable is \$2,126. The value of the deferred inflow of resources as of June 30, 2025 was \$808,140 and the EDA recognized lease revenue of \$102,656 during the fiscal year.

The following is a summary of changes in leases receivable:

| Balance | | | Balance |
|----------------------|------------------|-------------------|----------------------|
| <u>June 30, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2025</u> |
| \$ 94,755 | \$ 818,172 | \$ (99,332) | \$ 813,595 |

The following is a summary of changes in deferred inflows:

| Balance | | | Balance |
|----------------------|------------------|-------------------|----------------------|
| <u>June 30, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2025</u> |
| \$ 92,626 | \$ 818,170 | \$ (102,656) | \$ 808,140 |

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Notes to Basic Financial Statements
June 30, 2025

5. LEASE RECEIVABLES AND DEFERRED INFLOWS, Continued

A summary of future principal and interest receipts as of June 30, 2025, were as follows:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|------------------------------|-------------------|------------------|-------------------|
| 2026 | \$ 192,216 | \$ 19,567 | \$ 211,783 |
| 2027 | 196,573 | 14,481 | 211,054 |
| 2028 | 176,698 | 9,503 | 186,201 |
| 2029 | 149,388 | 4,975 | 154,363 |
| 2030-2034 | <u>98,720</u> | <u>1,164</u> | <u>99,884</u> |
| Total minimum lease payments | <u>\$ 813,595</u> | <u>\$ 49,690</u> | <u>\$ 863,285</u> |

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

| | <u>Balance</u> | | | <u>Balance</u> |
|---|---------------------|------------------|---------------------|----------------------|
| | <u>July 1, 2024</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2025</u> |
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 342,646 | \$ 47,494 | \$ (285,420) | \$ 104,720 |
| Total capital assets not being depreciated | <u>342,646</u> | <u>47,494</u> | <u>(285,420)</u> | <u>104,720</u> |
| Capital assets being depreciated: | | | | |
| Land improvements | 9,604 | - | - | 9,604 |
| Leasehold improvements | - | 68,194 | - | 68,194 |
| Infrastructure | <u>942,108</u> | <u>-</u> | <u>-</u> | <u>942,108</u> |
| Total capital assets being depreciated | <u>951,712</u> | <u>68,194</u> | <u>-</u> | <u>1,019,906</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (8,003) | (640) | - | (8,643) |
| Leasehold improvements | - | (1,965) | - | (1,965) |
| Infrastructure | <u>(358,320)</u> | <u>(30,125)</u> | <u>-</u> | <u>(388,445)</u> |
| Total accumulated depreciation | <u>(366,323)</u> | <u>(32,730)</u> | <u>-</u> | <u>(399,053)</u> |
| Total capital assets being depreciated, net | <u>585,389</u> | <u>35,464</u> | <u>-</u> | <u>620,853</u> |
| Total | <u>\$ 928,035</u> | <u>\$ 82,958</u> | <u>\$ (285,420)</u> | <u>\$ 725,573</u> |

In fiscal year 2025, the capital improvement project for Riverwalk Landing Restaurant was cancelled, therefore, reducing the Construction In Progress.

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Notes to Basic Financial Statements
June 30, 2025

7. TRANSACTIONS WITH PRIMARY GOVERNMENT - YORK COUNTY

Intergovernmental revenues received from York County and related due to and due from the Primary Government consisted of the following:

| <u>Purpose</u> | <u>June 30, 2025</u> |
|---|----------------------|
| Operating contributions | \$ 369,535 |
| Due to Primary Government - York County | 133,072 |

In fiscal year 2025, \$133,072 were due to the County and were related to the Riverwalk Landing Lease agreement.

8. WATERFRONT AND OTHER RENTAL INCOME

In March 2003, the Authority executed a lease agreement with the County for the Yorktown Waterfront property for \$1 per year with a term of 30 years. Under the terms of the agreement, the Authority revitalized the property to include a restaurant, office and retail space, parking facilities, travel ways, landscaping and other improvements. Upon completion of the Yorktown Revitalization Project, there were 11 facilities for lease within the development, referred to as Riverwalk Landing. The Authority executed subleases for the facilities with annual rents of \$235,686 for the fiscal year ended June 30, 2025. Section 4 of the lease provides that the Authority will remit all rents and profits realized from any such sublease to the County to be managed and made available for expenditures for maintenance of the property and redemption of the bonds issued for the development. Of the \$235,687 lease income recorded, \$121,172 was related to leases that were excluded from GASB 87 based on the terms of the leases. See note 5 for information on GASB 87 lease revenue and related receivables.

9. PERFORMANCE AGREEMENTS

The Authority has executed performance agreements with various businesses. Upon completion of the specific requirements, the grant funds are awarded in accordance with the terms of the performance agreements. At fiscal year ending June 30, 2025 the Authority has committed to pay \$696,547 in funds to businesses that satisfy the agreements.

SUPPLEMENTAL INFORMATION

**ECONOMIC DEVELOPMENT AUTHORITY OF YORK COUNTY, VIRGINIA
A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA**

Schedule of Conduit Debt Outstanding (1)

| <u>Issue Name</u> | <u>Facility Description</u> | <u>Date of Original Issue</u> | <u>Trustee</u> | <u>Bonds Aggregate Amount at Issue</u> | <u>Aggregate Outstanding Payable at 6/30/2025</u> |
|--|--|-------------------------------|-----------------|--|---|
| Pollution Control Revenue Bonds (VEPCO), Series 2009A | Pollution control equipment and facility related to the conversion of the Yorktown Power Station | 5/19/2009 | US Bank | \$ 70,000,000 | \$ 70,000,000 |
| Qualified Non-Profit Revenue and Refunding Bond, Series 2013 | Colonial Community Services, Inc. Project | 7/19/2013 | Blue Ridge Bank | \$ 2,750,000 | \$ <u>657,000</u> |
| | | | | Total | \$ <u>70,657,000</u> |

(1) See Report of Independent Auditor

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 of the
Economic Development Authority of York County, Virginia
(A Component Unit of the County of York, Virginia)
Yorktown, Virginia

We have audited, 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, the financial statements of the business-type activities of the Economic Development Authority of York County, Virginia (the “Authority”), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements, and have issued our report thereon dated October 14, 2025.

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 opinion 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.

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

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 14, 2025

Economic Development Authority of York County, Virginia

Summary of Compliance Matters

June 30, 2025

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

Economic Development Authority of York County, Virginia

Schedule of Findings and Responses

June 30, 2025

A – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies and no material weaknesses relating to the audit of the financial statements were reported 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*.
3. No instances of noncompliance material to the financial statements were disclosed.

B – Findings – Financial Statement Audit

None noted.

C – Findings – Commonwealth of Virginia

None noted.