



Wednesday, January 18, 2023; 6:00 P.M.; County Administration Conference Room;
1 Center Street, Chatham, Virginia 24531

AGENDA

I. CALL TO ORDER

II. ROLL CALL

III. ANY ADDITIONS/REVISIONS TO AGENDA

IV. APPROVAL OF AGENDA

V. CONSENT AGENDA

- A. Approval of December Meeting Minutes
- B. Review/Approval of December Financials

VI. NOMINATION AND ELECTION OF OFFICERS

- A. Election of Officers for Calendar Year 2023– (*Matthew Rowe, Pittsylvania County Economic Development Director*):
 - I. Election of Chairman (see Bylaws, Article VI, page 3-4)
 - II. Election of Vice Chairman (see Bylaws, Article VI, page 3-4)
 - III. Election of Secretary from the Authority’s staff – Matthew D. Rowe, Director of Economic Development, Pittsylvania County
 - IV. Election of Treasurer from the Authority’s staff – Kim Van Der Hyde, Finance Director, Pittsylvania County

VII. OLD BUSINESS

- A. Cyber Park Shell-Building Update (*M. Rowe*)

VIII. NEW BUSINESS

- A. Overview of IDA Audit (*K. Van Der Hyde*)

IX. ECONOMIC DEVELOPMENT UPDATES

- A. Overview of announced projects (*M. Rowe*)

X. MATTERS FROM IDA MEMBERS

XI. CLOSED SESSION

- A. Discussion concerning a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business or industry’s interest in locating or expanding its facilities in the community.

Authority: Virginia Code §2.2-3711(A)(5)

Subject Matters: Project Big Bang

Purpose: Updates on Prospective Unannounced Businesses/Industries

XII. RETURN TO OPEN SESSION AND CLOSED SESSION CERTIFICATION

- A. Closed Session Certification

PITTSYLVANIA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY CLOSED MEETING CERTIFICATION

BE IT RESOLVED that at the meeting of the Pittsylvania County Industrial Development Authority (“Authority”) on January 18th, 2023, the Authority hereby certifies by a recorded vote that to the best of each Authority member’s knowledge only public business matters lawfully exempted from the Open Meeting requirements of the Virginia Freedom of Information Act (“Act”) and identified in the motion authorizing the closed meeting were heard, discussed, or considered in the closed meeting. If any authority member believes that there was a departure from the requirements of the Act, he shall so state prior to the vote indicating the substance of the departure. The statement shall be recorded in the Authority’s minutes.

	<u>Vote</u>
Joey Faucette	Yes/No
John Daniel	Yes/No
Ronnie L. Haymore	Yes/No
Timothy Reynolds	Yes/No
Bill Nuckols	Yes/No
Steven Merricks	Yes/No
Charles L. Minter	Yes/No

XIII. ADJOURNMENT

Agenda Section:	Consent Agenda (Section V(A))
Agenda Title:	Approval of December Minutes
Staff Contact:	Matthew Rowe
Agenda Date:	January 18, 2023
Attachments:	1 (December Meeting Minutes)

SUMMARY:

A copy of the December Meeting Minutes is included in the packet for your review, comment, and approval.

FINANCIAL IMPACT AND FUNDING SOURCE:

None

RECOMMENDATION:

County Staff recommends the IDA approve the December Meeting Minutes as presented.

MOTION:

“I make a Motion to approve the December Meeting Minutes as presented.”

PITTSYLVANIA COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY
12/21/22 MEETING MINUTES

I. CALL TO ORDER

Faucette called Meeting to order at 6:02 PM.

II. ROLL CALL

Saunders conducted Roll Call. The following IDA Members present: Faucette, Daniel, Reynolds, Nuckols, Merricks, and Minter. Staff present: Rowe and Saunders.

III. REVISIONS TO AGENDA

The 2023 IDA schedule was amended.

IV. APPROVAL OF AGENDA

Motion by Nuckols, seconded by Daniels, to approve Agenda. Motion passed unanimously by IDA Members present.

V. CONSENT AGENDA

A. Approval of November Minutes

B. Review/Approval of November Financials

Motion by Daniel, seconded by Nuckols, to approve Consent Agenda. Motion passed unanimously by IDA Members present.

VI. OLD BUSINESS

A. Cyber Park Shell-Building Update-Consideration of Loan Closing Packet

Motion by Merricks, seconded by Daniel, to approve Cyber Park Shell-Building Loan Closing Packet. Motion passed unanimously by IDA Members present.

B. Continued Water/Wastewater Discussion Update

Faucette shared that meetings are still forthcoming. No further updates were provided.

VII. NEW BUSINESS

A. Approval of 2023 Meeting Schedule

Motion by Nuckols, seconded by Reynolds, to approve the 2023 Meeting Schedule as attached. Motion passed unanimously by IDA Members present.

VIII. ECONOMIC DEVELOPMENT UPDATES

A. Overview of announced projects

Rowe provided an update on all economic development projects announced in 2022, as well as potential projects for 2023.

IX. MATTER FROM IDA MEMBERS

There were no updates from IDA Members present.

X. CLOSED SESSION

Motion to enter Closed Session (see attached Agenda Packet for full Closed Session information) by Daniels, seconded by Nuckols. Motion unanimously passed by IDA Members present. IDA entered Closed Session at 6:17 PM.

XI. RETURN TO OPEN SESSION AND CLOSED SESSION CERTIFICATION

IDA returned to Open Session at 6:56 PM and Saunders read the Closed Session Certification paragraph (see attached Agenda Packet for same), and conducted a Closed Session Certification Roll Call, which was unanimously voted "Yes" by IDA Members present.

XII. ADJOURNMENT

Faucette adjourned the Meeting at 6:58 PM.



**Schedule of Meetings
2023**

IDA Meeting	January 18, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	February 22, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	March 22, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	April 19, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	May 17, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	June 21, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	July 19, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	August 16, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	September 20, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	October 18, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	November 22, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531
IDA Meeting	December 20, 2023	Wednesday	6:00 PM - County Administration Conference Room; 1 Center Street, Chatham, Virginia 24531

Agenda Section:	Consent Agenda (Section V(B))
Agenda Title:	Approval of Financials
Staff Contact:	Kim Van Der Hyde
Agenda Date:	January 18, 2023
Attachments:	1 (December Financial Report)

SUMMARY:

A copy of the December Financial Report is included in the packet for your review, comment, and approval.

FINANCIAL IMPACT AND FUNDING SOURCE:

None

RECOMMENDATION:

County Staff recommends the IDA approve the December Financial Report as presented.

MOTION:

“I make a Motion to approve the December Financial Report as presented.”

Pittsylvania County Industrial Development Authority

Balance Sheet

As of December 31, 2022

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
10000 BB&T-Regular Checking	0.00
101000 First Citizens Checking	891,094.87
10200 ANB-Axxor Property Account	0.00
10300 FCB-Panacea Reserve Account	0.00
10400 FCB-IDA SR-Plastics	0.00
10500 ANB-IDA SR-Plastics	0.01
Total Bank Accounts	\$891,094.88
Accounts Receivable	
11000 *Accounts Receivable	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
120000 Accounts Receivable	0.00
Total Other Current Assets	\$0.00
Total Current Assets	\$891,094.88
Fixed Assets	
110000 Inventory	1,300,310.00
15000 Capital Assets	
150100 Land	497,442.00
150200 Industrial Building	2,156,582.40
150500 Construction in Progress	9,573,926.05
Total 15000 Capital Assets	12,227,950.45
160000 Accumulated Depreciation	-76,342.70
Total Fixed Assets	\$13,451,917.75
Other Assets	
120100 Notes Receivable-Intertape	0.00
120200 Note Receivable-Axxor	0.00
120500 Notes Receivable-Axxor-Land	0.00
121000 Note Receivable-Panacea Equip	98,874.36
121100 Notes Rec-Panacea Equip Reserve	0.00
121500 Note Receivable-Panacea Upfit	89,164.53
121600 Note Receivable-VRA Loan-Realty	750,000.00
121700 Note Receivable-ANB-SR Plastics	0.00
121800 Note Receivable-VSBFA-Axxor	3,499,990.00
125000 Other Receivable-ARCO	36,082.10
125100 Other Receivable-SR-Plastics	71,230.08
125200 Other Receivable-Axxor	3,172.00
130000 Interest Receivable	0.00
140000 Lease Receivable	6,662,753.00
Total Other Assets	\$11,211,266.07

Pittsylvania County Industrial Development Authority

Balance Sheet

As of December 31, 2022

	TOTAL
TOTAL ASSETS	\$25,554,278.70
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20000 *Accounts Payable	457,890.00
Total Accounts Payable	\$457,890.00
Other Current Liabilities	
200000 Accounts Payable	-395,556.00
252500 Note Payable-ANB Axxor Note	0.00
252600 Closing Costs	0.00
253700 Note Payable-TIC-Cyber Park	151,545.70
253800 Note Payable-Cyber Park	283,930.45
260000 Interest Payable	0.00
270000 Reserve-Panacea	0.00
270100 SR-Plastics Reserve	0.00
Total Other Current Liabilities	\$39,920.15
Total Current Liabilities	\$497,810.15
Long-Term Liabilities	
210000 Security Deposit-Panacea	6,750.00
250000 Note Payable-ANB-Intertape	0.00
253000 Bond Payable-Panacea	752,907.00
253200 Note Payable-First Citizens-Pana	99,978.65
253300 Note Payable-VRA Loan-Realty	750,000.00
253400 Note Payable-ANB SR Plastics	8,118,449.91
253500 Note Payable-VSBFA-Axxor	3,499,990.00
253600 Note Payable-VSBFA-SR-Plastics	1,020,000.00
2750 Deferred Inflow of Resources-Leases	6,657,454.00
Total Long-Term Liabilities	\$20,905,529.56
Total Liabilities	\$21,403,339.71
Equity	
30000 Opening Balance Equity	1,943,527.66
32000 Unrestricted Net Assets	1,967,178.32
Net Income	240,233.01
Total Equity	\$4,150,938.99
TOTAL LIABILITIES AND EQUITY	\$25,554,278.70

Pittsylvania County Industrial Development Authority

Transaction List by Date

December 2022

DATE	TRANSACTION TYPE	NUM	POSTING	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT
12/01/2022	Deposit		Yes	RAGE SR-PLASTICS		101000 First Citizens Checking	-Split-	27,731.53
12/08/2022	Deposit		Yes	Panaceutics, Inc.		101000 First Citizens Checking	-Split-	11,475.11
12/09/2022	Check	1087	Yes	Robinson, Farmer, Cox Associates	Invoice #82756 Client #056908	101000 First Citizens Checking	62150 Contract Services:Professional Services	-6,365.00
12/09/2022	Deposit		Yes	American National Bank		10500 ANB-IDA SR-Plastics	253400 Note Payable-ANB SR Plastics	728,282.08
12/09/2022	Journal Entry	119	Yes				-Split-	
12/13/2022	Check	1088	Yes	American National Bank	Account #5001284008	101000 First Citizens Checking	-Split-	-21,862.58
12/13/2022	Check	EFT	Yes	First Citizens Bank		101000 First Citizens Checking	-Split-	-4,511.47
12/20/2022	Check	1089	Yes	VSBFA	Loan ID EDA12301160	101000 First Citizens Checking	-Split-	-7,582.33
12/20/2022	Check	1090	Yes	VSBFA	Loan ID 12301700	101000 First Citizens Checking	-Split-	-2,181.96
12/23/2022	Deposit		Yes	Axxor		101000 First Citizens Checking	45030 Investments:Interest Revenue	13,504.17
12/30/2022	Deposit		Yes	RAGE SR-PLASTICS		101000 First Citizens Checking	-Split-	25,544.54
12/30/2022	Deposit	INTEREST	Yes		Interest Earned	101000 First Citizens Checking	45030 Investments:Interest Revenue	74.49

Agenda Section:	New Business (Section VIII(A))
Agenda Title:	Overview of IDA Audit
Staff Contact:	Kim Van Der Hyde
Agenda Date:	January 18, 2023
Attachments:	IDA Financial Report for the year ended June 30, 2022

SUMMARY:

A copy of the 2022 IDA Audit is included in the packet for your review, comment, and approval.

FINANCIAL IMPACT AND FUNDING SOURCE:

None

RECOMMENDATION:

County Staff recommends the IDA approve the 2022 IDA Audit as presented.

MOTION:

“I make a Motion to approve the 2022 IDA Audit as presented.”

**INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A COMPONENT UNIT OF PITTSYLVANIA COUNTY, VIRGINIA)**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2022

**INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
 (A COMPONENT UNIT OF PITTSYLVANIA COUNTY, VIRGINIA)
 FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2022**

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INTRODUCTORY SECTION

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY

BOARD MEMBERS

Joey Faucette, Chairman

John Daniel, Vice Chairman

Kim Van Der Hyde, Secretary/Treasurer

Ronnie Haymore

Timothy Reynolds

Bill Nuckols

Steven Merricks

Charles Minter

FINANCIAL SECTION



Independent Auditors' Report

**To the Board of Directors
Industrial Development Authority of Pittsylvania County
Chatham, Virginia**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business type activities of the Industrial Development Authority of Pittsylvania County, a component unit of Pittsylvania County, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Industrial Development Authority of Pittsylvania County'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 business-type activities of Industrial Development Authority of Pittsylvania County, as of June 30, 2022, 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; 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Industrial Development Authority of Pittsylvania County, 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 opinion.

Change in Accounting Principle

As described in Note 12 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement Nos. 87, Leases and 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Industrial Development Authority of Pittsylvania County'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.

Auditors' 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 auditors' 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions* 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, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, 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 Industrial Development Authority of Pittsylvania County'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 Industrial Development Authority of Pittsylvania County'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

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 section but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does 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 9, 2022, on our consideration of Industrial Development Authority of Pittsylvania County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Industrial Development Authority of Pittsylvania County'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 Industrial Development Authority of Pittsylvania County's internal control over financial reporting and compliance.

Robison, James, Cox Associates

Blacksburg, Virginia
November 9, 2022

Basic Financial Statements

Industrial Development Authority of Pittsylvania County
(A Component Unit of Pittsylvania County, Virginia)
Statement of Net Position
June 30, 2022

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 847,415
Accounts receivable	45,797
Accounts receivable - reimbursed capital costs	83,449
Notes receivable, current portion	66,372
Interest receivable	44,198
Lease receivable, current portion	52,787
Inventory:	
Property held for resale	<u>1,303,700</u>
 Total current assets	 \$ 2,443,718
Noncurrent Assets:	
Notes receivable, net of current portion	\$ 905,679
Lease receivable, net of current portion	6,609,966
Capital Assets (net of accumulated depreciation):	
Land	497,442
Construction in progress	9,529,836
Industrial building	<u>636,775</u>
 Total capital assets	 \$ 10,664,053
 Total noncurrent assets	 \$ 18,179,698
 Total assets	 \$ 20,623,416
LIABILITIES	
Current Liabilities:	
Accounts payable	\$ 70,982
Accounts payable - construction	1,528,398
Interest payable	24,215
Security deposit	6,750
Due to City of Danville IDA	435,476
Notes payable, current portion	139,102
Bond payable, current portion	<u>100,331</u>
 Total current liabilities	 \$ 2,305,254
Noncurrent Liabilities:	
Notes payable, net of current portion	\$ 6,297,263
Bond payable, net of current portion	<u>1,452,741</u>
 Total noncurrent liabilities	 \$ 7,750,004
 Total liabilities	 \$ 10,055,258
Deferred Inflows of Resources:	
Lease related items	<u>\$ 6,657,454</u>
 Total deferred inflows of resources	 \$ 6,657,454
NET POSITION	
Net investment in capital assets	\$ 2,263,814
Unrestricted	<u>1,646,890</u>
 Total net position	 \$ 3,910,704

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

Industrial Development Authority of Pittsylvania County
(A Component Unit of Pittsylvania County, Virginia)
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

Operating Revenues:	
Rent revenue	\$ 57,353
Contributions from Pittsylvania County	52,093
Land option revenue	50,000
Corporate contributions	1,000
Other miscellaneous	48,533
	<hr/>
Total operating revenues	\$ 208,979
Operating Expenses:	
Bank fees	\$ 2,249
Insurance	1,472
Professional services	125,278
Maintenance	4,363
Miscellaneous	1,727
Contribution to Pittsylvania County Schools	2,000
Depreciation	17,828
	<hr/>
Total operating expenses	\$ 154,917
Operating income (loss)	\$ 54,062
Nonoperating Revenues (Expenses):	
Interest income	\$ 184,717
Interest expense	(211,809)
	<hr/>
Total nonoperating revenues (expenses)	\$ (27,092)
Income (loss) before contributions	\$ 26,970
Capital contributions	\$ 853,685
Change in net position	\$ 880,655
Net position, beginning of year	3,030,049
	<hr/>
Net position, end of year	\$ 3,910,704
	<hr/>

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

Industrial Development Authority of Pittsylvania County
(A Component Unit of Pittsylvania County, Virginia)
Statement of Cash Flows
For the Year Ended June 30, 2022

Cash Flows from Operating Activities:	
Receipts from renters	\$ 102,054
Receipts from Pittsylvania County, Virginia	52,093
Receipts from others	3,736
Payments for incentives	(2,000)
Payments to suppliers	(89,107)
	<u>66,776</u>
Net cash provided by (used for) operating activities	\$ 66,776
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	\$ (7,241,446)
Corporate contributions for construction	55,868
Issuance of notes payable	6,311,660
Principal payments on indebtedness	(96,067)
Interest payments on indebtedness	(105,193)
	<u>(1,075,178)</u>
Net cash provided by (used for) capital and related financing activities	\$ (1,075,178)
Cash Flows from Noncapital Financing Activities:	
Principal payments on indebtedness	\$ (2,889,930)
Interest payments on indebtedness	(103,950)
Principal payments received on notes receivable	2,794,100
Interest received	145,640
	<u>(54,140)</u>
Net cash provided by (used for) noncapital financing activities	\$ (54,140)
Increase (decrease) in cash and cash equivalents	\$ (1,062,542)
Cash and cash equivalents at beginning of year	<u>1,909,957</u>
Cash and cash equivalents at end of year	<u>\$ 847,415</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 54,062
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	17,828
Changes in operating assets and liabilities:	
(Increase) decrease in accounts receivables	(45,797)
(Increase) decrease in lease receivables	(6,259,552)
Increase (decrease) in deferred inflows of resources related to leases	6,254,253
Increase (decrease) in accounts payable	45,982
	<u>66,776</u>
Net cash provided by (used for) operating activities	\$ 66,776
Supplemental disclosure required:	
Interest paid during the year on indebtedness	\$ 103,950
Loan payable and related receivable forgiven without repayment	400,000
Construction payables	1,528,398
Construction paid directly by City of Danville, Virginia Industrial Development Authority	435,476

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements
June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Financial Reporting Entity:

The Industrial Development Authority of Pittsylvania County, Virginia was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors of Pittsylvania County, Virginia on November 4, 1969, 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 of Pittsylvania County, Virginia. 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 Pittsylvania County, Virginia. The Authority is a component unit of Pittsylvania County, 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 the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease or sale of the facilities constructed and may be secured by a deed of trust on those facilities.

B. Basis of Presentation:

The financial statements have been prepared in accordance with current reporting standards, which provides that the following sections be included in the annual financial report:

1. Management discussion and analysis (omitted)
2. Basic financial statements including a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows
3. Notes to financial statements

C. Basis of Accounting:

For financial reporting purposes, Industrial Development Authority of Pittsylvania County is considered a special-purpose government, engaged only in business-type activities. Accordingly, the Authority's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

D. 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.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E. Cash and Cash Equivalents:

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

F. Prepaid Items:

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

G. Capital Assets:

Property, plant and equipment are carried at cost. No depreciation is taken on industrial projects, which are held for the purpose of development and resale.

Property, plant, equipment, and leasehold improvements are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and Equipment	3-15
Buildings and Improvements	40

H. Pass-through Financing Leases and Installment Sales:

The principal activities of the Authority represent pass-through leases or installments sales. These agreements provided for periodic payments in amounts which are equal to the principal and interest payments due to project bond holders.

The Authority has assigned all rights to the payments to the trustees, agents or the holders of the bonds, and the lessees or purchasers 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 may rest with the Authority, bargain purchase options or other provisions eliminate any equity interest that would otherwise be retained in the lease transactions. Deeds of trust secure outstanding bond obligations and title will pass to the lessee or purchaser at such time as 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 assets, liabilities, rental income or interest expense in its financial statements.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

I. Net Position:

The Statement of Net Position reports the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources as net position.

The Authority's net position is classified as follows:

Net Investment in Capital Assets - This category represents the net value of capital assets (property, plant, and equipment less accumulated depreciation) reduced by the debt incurred to acquire or construct the asset, if any.

Restricted - This category includes resources for which the Authority is legally or contractually obligated to spend in accordance with restrictions imposed by external parties.

Unrestricted - Unrestricted net position represents resources derived from charges to customers for goods received, services rendered or privileges provided, operating grants and contributions, and capital grants and contributions. These resources are used for transactions relating to the operations of the Authority and may be used at the Authority's discretion to meet current expenses for any lawful purposes.

J. Net Position Flow Assumption:

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the Authority 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 includes a separate section for deferred outflows of resources. This separate financial statement element, Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2022.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one type of item that qualifies for reporting in this category. Certain items related to leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

L. Leases:

The Authority leases various assets requiring recognition. A lease is a contract that conveys control of the right to use another entity's nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases.

Lessor

The Authority recognizes leases receivable and deferred inflows of resources in the government-wide and governmental fund financial statements. At commencement of the lease, the lease receivable is measured at the present value of lease payments expected to be received during the lease term, reduced by any provision for estimated uncollectible amounts. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is measured at the initial amount of the lease receivable, less lease payments received from the lessee at or before the commencement of the lease term (less any lease incentives).

Key Estimates and Judgments

Lease accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

The Authority monitors changes in circumstances that would require a remeasurement or modification of its leases. The Authority will remeasure the lease asset and liability (lessee) or the lease receivable and deferred inflows of resources (lessor) if certain changes occur that are expected to significantly affect the amount of the lease liability or lease receivable.

NOTE 2—DEPOSITS AND INVESTMENTS:

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.

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 that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority did not have any investments as of June 30, 2022.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 3—INVENTORY: PROPERTY HELD FOR RESALE:

The Authority purchases land and develops it to promote industry in Pittsylvania County, Virginia. The Authority records this land at the lower of cost or market. The total recorded value as of June 30, 2022 was \$1,303,700.

NOTE 4—NOTES RECEIVABLE:

The Authority has multiple note receivable agreements with various companies in an effort to boost economic development in Pittsylvania County. Payments related to those agreements are due to the Authority as noted below:

Year Ending June 30,	Notes Receivable	
	Principal	Interest
2023	\$ 66,372	\$ 4,129
2024	68,436	2,066
2025	38,988	231
2026	16,364	-
2027	766,364	-
2028	15,527	-
Totals	\$ 972,051	\$ 6,426

The Authority purchased manufacturing equipment on behalf of Panacea Biomatx, Inc. which they need to produce their product. On April 19, 2018 the Authority entered into a manufacturing equipment lease with the Panacea Biomatx, Inc. (the "Company"). The Company is making payments of \$9,100 consisting of principal and interest on the Authority's note dated January 17, 2019 and the remaining amount paid into a debt reserve. As of June 30, 2022, the amount of principal due under this agreement is \$124,704.

The Authority also financed \$143,710 of required upfitting of the building that was purchased in which Panacea Biomatx, Inc. is leasing. The total cost of the upfit was \$310,194, of which Panacea Biomatx, Inc. funded \$166,484. Panacea Biomatx, Inc. is paying monthly payments of \$1,364 until the note is paid off. As of June 30, 2022, the balance of the note is \$97,347.

On March 22, 2021, the Authority issued a promissory note with RealtyLink USA, LLC in the amount of \$350,000. This note is payable in a lump sum in March 2026 including 3% interest.

On March 22, 2021, the Authority issued a promissory note with RealtyLink USA, LLC in the amount of \$800,000. This note is payable in a lump sum in March 2026 including 0% interest. During fiscal year 2022, \$400,000 of this note was forgiven.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 5—LEASE RECEIVABLE:

The following is a summary of leases receivable transactions of the Authority for the year ended June 30, 2022:

	Beginning Balance, as adjusted	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	\$ 403,201	\$ 6,311,606	\$ (52,054)	\$ 6,662,753	\$ 13,946

Lease revenue recognized during the fiscal year was \$57,353.

Details of leases receivable:

Lease Description	Commencement Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within
Panacea Building Lease	7/1/2021	7/9/2028	Monthly	4.04%	351,147	52,787
SR Plastics Building Lease*	7/1/2021	6/1/2031	Monthly	3.35%	6,311,606	-
Total					6,662,753	52,787

*Interest only payments of \$17,620 until January 1, 2024; then combined principal and interest payments of \$32,365

NOTE 6—LONG-TERM OBLIGATIONS:

The following is a summary of long-term obligation transactions of the Authority for the year ended June 30, 2022:

	Balance July 1, 2021	Increases/ Issuances	Decreases/ Retirements	Balance June 30, 2022
Direct borrowings:				
Lease revenue bonds	\$ 2,049,139	\$ -	\$ (496,067)	\$ 1,553,072
Notes payable	3,014,634	6,311,660	(2,889,929)	6,436,365
Total	\$ 5,063,773	\$ 6,311,660	\$ (3,385,996)	\$ 7,989,437

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 6—LONG-TERM OBLIGATIONS: (Continued)

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

Year Ending June 30,	Direct Borrowings			
	Notes Payable		Revenue Bonds	
	Principal	Interest	Principal	Interest
2023	\$ 139,102	\$ 214,950	\$ 100,331	\$ 34,154
2024	234,792	207,733	104,784	29,700
2025	211,560	199,683	109,436	25,049
2026	195,364	193,024	114,293	20,192
2027	202,010	186,378	869,366	15,119
2028-2031	5,453,537	674,411	254,862	14,107
Totals	\$ 6,436,365	\$ 1,676,179	\$ 1,553,072	\$ 138,321

Details of long-term indebtedness:

	Interest Rates	Issue Date	Installment Amounts	Final Maturity Date	Amount of Original Issue	Balance Outstanding	Amount Due Within One Year
Direct Borrowings							
Lease Revenue Bonds:							
Panacea	4.39%	1/30/2018	\$67,242 (sa)**	2/1/2029	\$ 1,079,198	\$ 803,072	\$ 100,331
RealtyLink	0.00%	3/1/2021	lump sum	7/16/2025	1,150,000	750,000	-
Notes Payable:							
SR-Plastics	3.55%	6/1/2021	17,620 (m)	6/1/2031	8,672,280	6,311,660	89,093
Panacea	4.05%	1/17/2019	6,614 (m)	11/17/2024	650,000	124,705	50,009
Total Direct Borrowings						\$ 7,989,437	\$ 239,433
Total Long-Term Obligations						\$ 7,989,437	\$ 239,433

(qu) - quarterly installments, including interest as applicable

(sa) - semi-annual installments, including interest as applicable

(m) - monthly installments, including interest as applicable

*installments are interest only of \$17,620 until January 1, 2023, when combined principal and interest payments are \$32,366, with an irregular final payment of \$4,606,762 on June 1, 2031

**semi-annual payments include small change - amount noted is average payment

lump sum bond is due in one lump sum payment at maturity

The direct borrowings above are all secured by a deed of trust and the land, buildings, and equipment of the corresponding companies.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 7—CONDUIT FINANCING:

On January 30, 2018, the Authority issued a \$1,803,802 tax-exempt bond bearing interest at 3.59% that matures on June 30, 2028. The bond proceeds were used for various projects for the benefit of Pittsylvania County, Virginia (the County). The County intends to repay this debt and has agreed to report the debt on their financial statements. Therefore, the impact of this issuance is not reported on the statement of net position of the Authority. The balance on this bond as of June 30, 2022 was \$463,325 as reported in the County's financial statements.

NOTE 8—CONTINGENT LIABILITIES:

Certain programs in which the Authority participates were audited in accordance with the applicable specifications. Pursuant to the provisions of current guidance certain programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by audit, an awarding agency may subject grant programs to additional compliance tests, which may result in disallowed expenditures. In the opinion of management, any future disallowances of current grant program expenditures, if any, would be immaterial.

NOTE 9—CAPITAL ASSETS:

As of June 30, 2022, capital assets consist of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Capital assets, not being depreciated:				
Land	\$ 497,442	\$ -	\$ -	\$ 497,442
Construction in progress	591,623	8,938,213	-	9,529,836
Total capital assets being depreciated	<u>\$ 1,089,065</u>	<u>\$ 8,938,213</u>	<u>\$ -</u>	<u>\$ 10,027,278</u>
Capital assets, being depreciated:				
Buildings and improvements	<u>\$ 713,118</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 713,118</u>
Accumulated depreciation:				
Buildings and improvements	<u>\$ (58,515)</u>	<u>\$ (17,828)</u>	<u>\$ -</u>	<u>\$ (76,343)</u>
Total capital assets being depreciated, net	<u>\$ 654,603</u>	<u>\$ (17,828)</u>	<u>\$ -</u>	<u>\$ 636,775</u>
Business-type activities capital assets, net	<u>\$ 1,743,668</u>	<u>\$ 8,920,385</u>	<u>\$ -</u>	<u>\$ 10,664,053</u>

NOTE 10—COMMITMENTS:

As of June 30, 2022, the Authority had committed to paying the construction costs as follows:

Project	Amount of Contract	Amount Outstanding	Accounts Payable	Retainage Payable
Staunton River Plastics	\$ 9,926,582	\$ 2,436,940	\$ 1,073,680	\$ 454,718

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 11—LITIGATION:

As of June 30, 2022, there were no matters of litigation involving the Authority which would materially affect the Authority's financial position should any court decisions on pending matters not be favorable.

NOTE 12—ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and *Accounting for Interest Cost Incurred Before the End of a Construction Period* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 89 *Accounting for Interest Cost Incurred Before the End of a Construction Period* does not allow capitalizing interest costs on construction going forward. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

Lease receivable	\$ <u>403,201</u>
Deferred inflows of resources - lease	\$ <u>403,201</u>

NOTE 14—SUBSEQUENT EVENT:

On July 1, 2022, the IDA entered into a loan agreement with the Virginia Small Business Financing Authority (VSBFA) for \$3,500,000 in order to induce manufacturing expansion by aiding in costs of capital acquisition and then leasing the equipment to the company.

In addition, on July 13, 2022, the IDA also entered into a draw-down loan agreement with the VSBFA for \$1,020,000 related to the Staunton River Plastics construction project. The amended agreement includes increased rental costs for Staunton River Plastics to cover the increase in principal and interest cost.

NOTE 15—UPCOMING PRONOUNCEMENTS:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

INDUSTRIAL DEVELOPMENT AUTHORITY OF PITTSYLVANIA COUNTY
(A Component Unit of Pittsylvania County, Virginia)
Notes to Financial Statements (Continued)
June 30, 2022

NOTE 15—UPCOMING PRONOUNCEMENTS: (Continued)

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

COMPLIANCE SECTION



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

**To the Board of Directors
Industrial Development Authority of Pittsylvania County
Chatham, 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 Pittsylvania County, a component unit of Pittsylvania County, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Industrial Development Authority of Pittsylvania County's basic financial statements and have issued our report thereon dated November 9, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Industrial Development Authority of Pittsylvania County'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 Industrial Development Authority of Pittsylvania County's internal control. Accordingly, we do not express an opinion on the effectiveness of the Industrial Development Authority of Pittsylvania County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses, as item 2022-001, that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Industrial Development Authority of Pittsylvania County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Industrial Development Authority of Pittsylvania County's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Industrial Development Authority of Pittsylvania County's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. Industrial Development Authority of Pittsylvania County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, Famer, Cox Associates

Blacksburg, Virginia
November 9, 2022

Industrial Development Authority of Pittsylvania County
(A Component Unit of Pittsylvania County, Virginia)
Schedule of Findings and Responses
For the Year Ended June 30, 2022

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Section II - Financial Statement Findings

Finding 2022-001
(Material Weakness)

Criteria:	An auditee should have controls in place to prepare financial statements in accordance with current reporting standards.
Condition:	The audit identified entries to the books that were necessary for the financial statements to be presented in accordance with current reporting standards.
Cause:	Controls in place were inadequate to identify all year end adjustments that were necessary for the financial statements to be presented in accordance with current reporting standards.
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected by the entity's internal controls over financial reporting.
Recommendation:	In the future, accounts should be reviewed and adjusted as necessary to comply with current reporting standards.
Management's Response:	The Authority's current staff has a good understanding of the Authority's books and accounting processes. It is anticipated that the number of audit adjustments will decrease in future periods as we anticipate fewer complex transactions.