

WVRIFA BOARD MEETING

Friday, October 20, 2017 at 10:00 a.m.

**Roanoke Valley-Alleghany Regional Commission (Top Floor Conference Room)
313 Luck Avenue, SW, Roanoke, VA 24016**

AGENDA

1. Welcome, Call to Order, Introductions *Chairman Larrowe*
2. Roll Call *Jackie Pace*
3. Approval of the June 9, 2017 Minutes, pp. 2-5 *Brent Robertson*
4. Presentation of Financial Reports, pp. 6-8 *Sherry Dean*
5. Public Comment Period *Chairman Larrowe*
The WVRIFA will allow a 30-minute public comment period in which a citizen may sign-up for up to three (3) minutes of speaking time.
6. Approval of the WVRIFA Financial/Audit Report, pp. 9-29 *Corbin Stone*
(Two Years Ended June 30, 2017) *Managing Director, Robinson, Farmer, Cox Associates*
7. Status Report on Wood Haven Project *Beth Doughty*
8. Consideration of Resolution Approving Modification of or Change Orders to a Contract for Engineering Services, pp. 30-32 *Beth Doughty*
9. Other Business *Chairman Larrowe*
10. Adjournment

Administered by:
Roanoke Valley-Alleghany Regional Commission
P.O. Box 2569, Roanoke, VA 24010
540.343.4417 / info@wrifa.org / www.wrifa.org

MINUTES

The June Board Meeting of the Western Virginia Regional Industrial Facility Authority (WVRIFA) was held Friday, June 9, 2017 at 11:15 a.m. at the Roanoke Valley-Alleghany Regional Commission office (313 Luck Avenue, SW, Roanoke, VA 24016).

MEMBERS PRESENT: Wayne Bowers, City of Roanoke; Brian Townsend, City of Roanoke; Tom Gates, Roanoke County; Jill Loope, Roanoke County; Gary Larrowe, Botetourt County; Ken McFadyen, Botetourt County; Brent Robertson, Franklin County; Ben Tripp (*Alternate for Melinda Payne*), City of Salem; and Barry Thompson, Town of Vinton.

MEMBERS ABSENT: Michael Burnette, Franklin County; Kevin Boggess, City of Salem; and Pete Peters, Town of Vinton.

STAFF/OTHERS PRESENT: Sam Darby, Glenn Feldmann Darby & Goodlatte; Beth Doughty and John Hull, WVRIFA; and Sherry Dean, Jackie Pace and Wayne Strickland, Roanoke Valley-Alleghany Regional Commission. Two citizens were in attendance.

1. CALL TO ORDER, ROLL CALL

Chairman Larrowe called the meeting to order at 11:20 a.m. Jackie Pace called the roll and stated that a quorum was present.

2. ACTION ON THE MARCH 17, 2017 BOARD MINUTES

The Minutes of the March 17, 2017 WVRIFA Board Meeting were previously distributed.

Western Virginia Regional Industrial Facility Authority Board Action:

Tom Gates moved approval of the Minutes of the March 17, 2017 WVRIFA Board Meeting, as presented. The motion was seconded by Wayne Bowers and carried.

3. PUBLIC COMMENT PERIOD

Chairman Larrowe stated that WVRIFA will allow a 30-minute public comment period at which time citizens may sign-up for up to three (3) minutes of speaking time. Chairman Larrowe asked if any citizen would like to make public comments to the WVRIFA Board. No comments were voiced.

4. APPROVAL OF THE DRAFT FY 2018 WVRIFA OPERATING BUDGET

The draft FY 2018 WVRIFA Operating Budget was presented. "Income" totaled \$56,250.00, which included member dues, based on per capita, from localities. "Expenses" included: Staffing (\$38,335.00), Professional Services for Audit (\$6,665.00), Legal (\$10,000.00), Local Government Liability Coverage (\$650.00), and Other Misc. such as postage, supplies, webhosting, etc. (\$600.00).

Western Virginia Regional Industrial Facility Authority Board Action:

Brent Robertson moved approval of the Draft FY 2018 WVRIFA Operating Budget, as presented. The motion was seconded by Wayne Bowers and carried.

5. UPDATE ON THE WOOD HAVEN ROAD PROJECT

Beth Doughty reported that three voluntary community meetings were held to engage the community/neighborhood on the development of the Wood Haven Road property. Most of the comments heard throughout the process related to traffic, how the property was selected, lighting and design concerns, how the buffer area will be lighted, storm water concerns, and philosophical disagreements about government's role in developing real estate for economic development. Ms. Doughty noted that the concerns are being addressed and posted on the website (www.wvrifa.org) in a "Frequently Asked Questions" format. It is also anticipated to incorporate the design concerns in the Master Plan, which is approaching its final stage of development (to a rezoning) by Draper Aden. The rezoning process is anticipated to begin in the late summer or early fall.

6. REQUEST FOR A CLOSED MEETING

A communication was previously sent from Gary Larrowe, Chairman of the WVRIFA Board, requesting that the Board convene in a Closed Meeting to discuss the potential acquisition of privately-owned property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body, pursuant to section 2.2-3711 A. 3. of the Code of Virginia (1950), as amended.

Motion was made by Tom Gates and seconded by Ken McFadyen to go into a Closed Meeting, per the request pursuant to Section 2.2-3711 A. 3. of the Code of Virginia, 1950, as amended. The WVRIFA Board went into a Closed Meeting at 11:30 a.m.

7. END CLOSED MEETING AND RECONVENE REGULAR MEETING

Motion was made by Tom Gates and seconded by Brent Robertson that the WVRIFA Board end the Closed Meeting and return to its regular committee meeting. The WVRIFA Board ended the Closed Meeting and returned to its regular committee meeting at 11:35 a.m.

8. ADOPTION OF RESOLUTION OF CERTIFICATION OF CLOSED MEETING

Motion was made Tom Gates and seconded by Brent Robertson to adopt the following certification resolution:

WHEREAS, the Western Virginia Regional Industrial Facility Authority Board has convened a closed meeting on this date pursuant to an affirmative

recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification by the Western Virginia Regional Industrial Facility Authority Board that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, that the Western Virginia Regional Industrial Facility Authority Board hereby certifies that, to the best of each member’s knowledge: (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting which this certification resolution applies; and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed, or considered by the Western Virginia Regional Industrial Facility Authority Board.

The motion was adopted by a Roll Call vote as follows:

Member & Vote

Gary Larrowe – Yes	Tom Gates – Yes
Ken McFadyen – Yes	Jill Loope – Yes
Brent Robertson – Yes	Kevin Boggess – Absent
Michael Burnette – Absent	Ben Tripp – Yes
Brian Townsend – Yes	Barry Thompson – Yes
Wayne Bowers – Yes	Pete Peters – Absent

9. OTHER BUSINESS

A copy of a resolution “Authorizing the Sale and Purchase of Property in Roanoke County, Virginia”, along with Exhibit A (Purchase Contract) were distributed at the meeting. Sam Darby, WVRIFA Counsel, stated the contract was negotiated with Mr. Dan Layman, real estate lawyer for Stafford C. Lewis, Sr. and Stafford C. Lewis, Jr. (Trustees of the Lewis Living Trust) whose address is 7838 Wood Haven Road, Rke, VA. The contract is between WVRIFA (Purchaser) and the sellers (Stafford Lewis, Sr. and Stafford C. Lewis, Jr.) for three parcels of property located on Wood Haven Road and Thirlane Road in Roanoke County, VA for a negotiated price of \$1.6 million.

The WVRIFA Participation Committee, at their meeting held prior to the WVRIFA Board meeting, recommended the following action to the WVRIFA Board for consideration: “Unanimous consent by the WVRIFA Participation Committee agreeing to the acquisition of the property addressed in the [Participation Committee] Closed Meeting concerning the Stafford Lewis property of 16 acres in three different parcels on Wood Haven Road, for a negotiated price of \$1.6 million.

Western Virginia Regional Industrial Facility Authority Board Action:

Motion was made by Tom Gates and seconded by Wayne Bowers that the Western Virginia Regional Industrial Facility approve the acquisition of property as described in the resolution, including Exhibit A (Contract) which would provide additional acreage to the Wood Haven Development Project.

The motion was adopted by a Roll Call vote as follows:

Member & Vote

Gary Larrowe – Yes	Tom Gates – Yes
Ken McFadyen – Yes	Jill Loope – Yes
Brent Robertson – Yes	Kevin Boggess – Absent
Michael Burnette – Absent	Ben Tripp – Yes
Brian Townsend – Yes	Barry Thompson – Yes
Wayne Bowers – Yes	Pete Peters – Absent

There being no other business, the meeting was adjourned at 11:40 a.m.

Secretary

Attest

**PROPOSED NEXT MEETING DATE OF THE
WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**

**Friday, July 21, 2017 at 10:00 A.M.
Roanoke Valley-Alleghany Regional Commission (Top Floor Conference Room)
313 Luck Avenue, SW, Roanoke, VA 24016**

Western Virginia Regional Industrial Facility Authority
As of September 30, 2017
Statement of Cash Balances

Operating Fund	\$ 43,546
Woodhaven Project	<u>\$ 2,310,030</u>
Total Cash	<u><u>\$ 2,353,576</u></u>

Western Virginia Regional Industrial Facility Authority Profit & Loss Budget vs. Actual July through September 2017

	Debt Fund			Operating			Woodhaven		
	Jul - Sep 17	Budget	\$ Over Budget	Jul - Sep 17	Budget	\$ Over Budget	Jul - Sep 17	Budget	\$ Over Budget
Ordinary Income/Expense									
Income									
Bond Revenue	0.00			0.00			0.00	1,900,000.00	-1,900,000.00
Bond Revenue Carryforward	0.00			0.00			2,350,921.74	2,397,000.00	-46,078.26
Indirect Public Support	0.00			0.00			0.00		
Investments									
Interest-Savings, Short-term CD	0.00			0.00			6,914.01	9,000.00	-2,085.99
Total Investments	0.00			0.00			6,914.01	9,000.00	-2,085.99
Locality Support Revenue	74,925.00			36,103.63	56,250.00	-20,146.37	0.00		
Program Income									
Rent Revenue	0.00			0.00			0.00	10,800.00	-10,800.00
Total Program Income	0.00			0.00			0.00	10,800.00	-10,800.00
Total Income	74,925.00			36,103.63	56,250.00	-20,146.37	2,357,835.75	4,316,800.00	-1,958,964.25
Expense									
Contract Services									
Accounting Fees	0.00			6,665.00	6,665.00	0.00	0.00		
Civil Engineering	0.00			0.00			0.00	5,000.00	-5,000.00
Engineering	0.00			0.00			4,000.00	400,000.00	-396,000.00
Legal Fees	0.00			518.24	10,000.00	-9,481.76	0.00		
Legal Fees Land Acquisition	0.00			0.00			2,555.64	19,000.00	-16,444.36
Legal Fees Rezoning	0.00			0.00			2,714.33	18,000.00	-15,285.67
Master Plan	0.00			0.00			20,857.00	52,100.00	-31,243.00
Rezoning Application	0.00			0.00			0.00	10,950.00	-10,950.00
Total Contract Services	0.00			7,183.24	16,665.00	-9,481.76	30,126.97	505,050.00	-474,923.03
Facilities and Equipment									
Property Acquisition	0.00			0.00			0.00	28,735.00	-28,735.00
Property Maintenance	0.00			0.00			5,147.00	25,000.00	-19,853.00
Total Facilities and Equipment	0.00			0.00			5,147.00	53,735.00	-48,588.00
Insurance	0.00			678.00	650.00	28.00	475.00	950.00	-475.00
Operations									
Bank Fees	0.00			0.00			0.00	500.00	-500.00
Management Fee	0.00			0.00			0.00	864.00	-864.00
Meetings	0.00			0.00			0.00	4,000.00	-4,000.00
Roanoke Reg. Partnership Staff	0.00			2,500.00	10,000.00	-7,500.00	0.00		
RVARC Staff	0.00			6,249.99	25,000.00	-18,750.01	0.00		
Signs	0.00			0.00			0.00	1,000.00	-1,000.00
Supplies	0.00			0.00	600.00	-600.00	0.00		
Total Operations	0.00			8,749.99	35,600.00	-26,850.01	0.00	6,364.00	-6,364.00
Other Types of Expenses									
Advertising	0.00			0.00			0.00	1,900.00	-1,900.00
Bond Loan Interest Expense	74,925.00			0.00			0.00		
Technical Assistance	0.00			0.00	3,335.00	-3,335.00	787.50	2,250.00	-1,462.50
Total Other Types of Expenses	74,925.00			0.00	3,335.00	-3,335.00	787.50	4,150.00	-3,362.50
Total Expense	74,925.00			16,611.23	56,250.00	-39,638.77	36,536.47	570,249.00	-533,712.53
Net Ordinary Income	0.00			19,492.40	0.00	19,492.40	2,321,299.28	3,746,551.00	-1,425,251.72
Net Income	0.00	0.00	0.00	19,492.40	0.00	19,492.40	2,321,299.28	3,746,551.00	-1,425,251.72

**Western Virginia Regional Industrial Facility Authority
 FY2018 (7/1/17-6/30/18)
 Operating Fund Locality Due Payment Summary**

Revenue	FY2018 Budget	Paid as of 9/30/17	Remainder Due
<i>Member Dues</i>			
* Botetourt County	\$ 6,100.63	\$ -	\$ (6,100.63)
*** Franklin County	\$ 10,270.28	\$ 10,270.28	\$ -
** Roanoke City	\$ 18,160.33	\$ -	\$ (18,160.33)
*** Roanoke County	\$ 15,584.79	\$ -	\$ (15,584.79)
** Salem	\$ 4,634.41	\$ 1,158.60	\$ (3,475.81)
*** Vinton	\$ 1,499.56	\$ 1,499.56	\$ -
Total Revenue	\$ 56,250.00	\$ 12,928.44	\$ (43,321.56)

Invoiced Sept. 2017, not yet paid:

Botetourt County	\$ 3,050.32	
Roanoke City	\$ 4,540.08	
Roanoke County	\$ 15,584.79	rec'd 10/3/17
	\$ -	

Invoiced outstanding 9/30/17

\$ 23,175.19

Total Revenue Recorded/Accrued as of 9/30/17

\$ 36,103.63

- * pays biannual
- ** pays quarterly
- *** pays all at one time

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

August 25, 2017

To the Board of Directors
Western Virginia Regional Industrial Facility Authority

We have audited the financial statements of the business-type activities of the Western Virginia Regional Industrial Facility Authority for the two years ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Western Virginia Regional Industrial Facility Authority are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the audit period. We noted no transactions entered into by the entity during the audit period for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the value of land held for resale (inventory) is based on the purchase price of same.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

1. The disclosure of the valuation of land held for resale in Note 4 to the financial statements.
2. The disclosure of amounts due from participants in Note 5 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, which are attached hereto.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 25, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the Western Virginia Regional Industrial Facility Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Robinson, Fauser, Cox Associates

August 25, 2017

Client: **Western Virginia Regional Industrial Facility Authority**
 Engagement: **2017 - Western Virginia Regional Industrial Facility Authority**
 Period Ending: **6/30/2017**
 Trial Balance: **TB.01 - TB**
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		REP-06d		
To record amount due from localities related to Woodhaven project				
140	Accrued Receivables		486,616.00	
330	Locality Support Revenue			486,616.00
Total			<u><u>486,616.00</u></u>	<u><u>486,616.00</u></u>
Adjusting Journal Entries JE # 2		NA		
To move expense at the request of Finance Director				
490	Operations:Meetings		217.00	
440	Facilities and Equipment:Rental Property Maintenance			217.00
Total			<u><u>217.00</u></u>	<u><u>217.00</u></u>

**WESTERN VIRGINIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

FINANCIAL REPORT

TWO YEARS ENDED JUNE 30, 2017

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Financial Report
Two Years Ended June 30, 2017

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FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Honorable Members of
Western Virginia Regional Industrial Facility Authority
Roanoke, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Western Virginia Regional Industrial Facility Authority, as of and for the two years ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Western Virginia Regional Industrial Facility Authority, as of June 30, 2017, and the changes in financial position, and cash flows thereof for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2017, on our consideration of the Western Virginia Regional Industrial Facility 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Western Virginia Regional Industrial Facility Authority's internal control over financial reporting and compliance.

Robinson, Faimer, Cox Associates

Blacksburg, Virginia
August 25, 2017

Basic Financial Statements

Statement of Net Position
As of June 30, 2017

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 48,745
Prepaid items	1,153
Due from participants (current portion)	<u>186,542</u>
Total current assets	<u>\$ 236,440</u>
Noncurrent assets:	
Inventory held for resale	\$ 5,280,954
Due from participants (net of current portion)	518,532
Restricted assets:	
Cash and cash equivalents	<u>2,347,742</u>
Total noncurrent assets	<u>\$ 8,147,228</u>
Total assets	<u>\$ 8,383,668</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 23,320
Accrued interest payable	<u>213,120</u>
Total current liabilities	<u>\$ 236,440</u>
Noncurrent liabilities:	
Bond payable	<u>\$ 8,100,000</u>
Total noncurrent liabilities	<u>\$ 8,100,000</u>
Total liabilities	<u>\$ 8,336,440</u>
NET POSITION	
Unrestricted	<u>\$ 47,228</u>
Total net position	<u><u>\$ 47,228</u></u>

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

Statement of Revenues, Expenses and Changes in Net Position
For the two years ending June 30, 2017

Operating revenues:	
Annual dues	\$ 83,884
Rental and miscellaneous income	5,400
Participant shares - Industrial Park	699,736
Grant revenue	20,000
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Total operating revenues	\$ 809,020
Operating expenses:	
Contracted Management and Staff	\$ 31,265
Advertising/Media	756
Bank Fees	380
Office Supplies	782
Postage	853
Meeting expense	3,600
Insurance	928
Technical assistance	2,875
Contracted services	191,747
Property acquisition costs	86,643
Property maintenance	115
Legal Fees	10,972
	<hr/>
Total operating expenses	\$ 330,916
Operating income (loss)	\$ 478,104
Nonoperating revenues (expenses):	
Interest earned	\$ 14,827
Bond issuance cost	(232,583)
Interest expense	(213,120)
	<hr/>
Total nonoperating revenues (expenses)	\$ (430,876)
Change in net position	\$ 47,228
Net position, beginning of period	<hr/> -
Net position, end of year	\$ 47,228
	<hr/> <hr/>

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

Statement of Cash Flows
For the two years ending June 30, 2017

Cash flows from operating activities:	
Receipts from operating grants and participating jurisdictions	\$ 103,946
Purchase of property for resale - inventory	(5,280,954)
Payments to suppliers	<u>(308,749)</u>
Net cash provided by (used for) operating activities	<u>\$ (5,485,757)</u>
Cash flows from noncapital financing activities:	
Proceeds from revenue bonds (excludes bond issuance costs of \$232,583)	<u>\$ 7,867,417</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ 7,867,417</u>
Cash flows from investing activities:	
Interest received	<u>\$ 14,827</u>
Net cash provided by (used for) investing activities	<u>\$ 14,827</u>
Increase (decrease) in cash and cash equivalents	\$ 2,396,487
Cash and cash equivalents at beginning of period	<u>-</u>
Cash and cash equivalents at end of year (Includes restricted amount of \$2,347,742)	<u><u>\$ 2,396,487</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 478,104
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Changes in operating assets and liabilities:	
(Increase) decrease in prepaid items	(1,153)
(Increase) decrease in accounts receivable	(705,074)
(Increase) decrease in inventory held for resale	(5,280,954)
Increase (decrease) in payables and accrued expenses	<u>23,320</u>
Net cash provided by (used for) operating activities	<u><u>\$ (5,485,757)</u></u>

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

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2017

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 more significant policies:

A. Financial Reporting Entity

Western Virginia Regional Industrial Facility Authority was created as a governmental subdivision of the Commonwealth of Virginia by concurrent resolutions of the Board of Supervisors of Botetourt, Franklin, and Roanoke Counties; the City Councils of Roanoke and Salem; and the Town Council of Vinton on December 11, 2013. The Authority was created pursuant to the provisions of the Virginia Regional Industrial Facilities Act (Chapter 64 of Title 15.2 of the Code of Virginia, 1950 as amended). The Authority is governed by up to twelve directors appointed by the participating localities. Each member government may appoint two members for a total of twelve members of the Board of Directors. The purpose of the Authority is to enhance the economic base for the member localities by developing, owning, and operating one or more facilities on a cooperative basis. As such, the Authority is authorized to expend such funds as may be available to it for the purpose of developing facilities, including but not limited to (i) purchasing real estate; (ii) grading sites; (iii) improving, replacing, and extending water, sewer, natural gas, electrical, and other utility lines; (iv) constructing, rehabilitating, and expanding buildings; (v) constructing parking facilities; (vi) constructing access roads, streets, and rail lines; (vii) purchasing or leasing machinery and tools; and (viii) making any other improvements deemed necessary by the Authority to meet its objectives. "Facility" means any structure or park, including real estate and improvements as applicable, for manufacturing, warehousing, distribution, office, or other industrial, residential, recreational or commercial purposes.

B. Basis of Accounting

The Authority operates as an enterprise fund and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are contributions, revenue sharing payments and land sale proceeds. Operating expenses include the cost of administrative expenses, economic incentive payments, and revenue sharing payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Inventory Valuation

Inventory held for resale consists of land on Wood Haven Road and is valued at cost, which the Authority believes approximates market.

Note 1-Summary of Significant Accounting Policies: (continued)

D. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2017.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2017.

E. Cash and Cash Equivalents

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

F. 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 expenditures/expenses when consumed rather than when purchased.

G. 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.

H. Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets. The Authority's debt was issued for the purchase of capital assets and inventory held for resale. The Authority does not allocate debt between the two classes of assets purchased with same. Currently, outstanding debt exceeds the carrying value of inventory and capital assets.

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 (continued)

Note 1-Summary of Significant Accounting Policies: (continued)

I. 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is Authority's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous year. The Authority did not have any capital assets at June 30, 2017.

Note 2-Deposits and Investments:

Deposits:

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

Investments:

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, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 AS OF JUNE 30, 2017 (continued)

Note 2-Deposits and Investments: (continued)

Credit Risk of Debt Securities

The Authority has not adopted an investment policy for credit risk. The Authority's rated debt investments as of June 30, 2017 were rated by Standard and Poor's rating scale and the ratings are presented below.

Authority's Rated Debt Investments' Values

<u>Rated Debt Investments</u>	<u>Fair Quality Ratings</u>
	<u>AAAm</u>
LGIP	\$ 2,347,742

Interest Rate Risk

The Authority did not hold any investments during the fiscal year or at year end that were subject to interest rate risk.

Custodial Credit Risk

At year end, the Authority was not exposed to any custodial credit risk for deposits or investments. The Authority limits deposits to those banks fully collateralized under the Commonwealth's Security for Public Deposits Act. The Authority's policy in regards to investments requires that all investments be held in the Authority's name.

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool) is the same as the value of the pool shares. As LGIP is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is amortized cost basis portfolios under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

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WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 AS OF JUNE 30, 2017 (continued)

Note 3-Long-term Obligations:

Changes in long-term obligations are as follows:

	Balance July 1, 2015	Issuances	Retirements	Balance June 30, 2017
Bond Payable	\$ -	\$ 8,100,000	\$ -	\$ 8,100,000
Total	\$ -	\$ 8,100,000	\$ -	\$ 8,100,000

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

	For the Year	
	Ended June 30,	Bond Payable
	Principal	Interest
2018	\$ -	\$ 377,123
2019	-	299,700
2020	-	299,700
2021	-	299,700
2022	-	299,700
2023-2027	2,750,000	1,302,400
2028-2032	3,295,000	754,985
2033-2037	2,055,000	145,595
Totals	\$ 8,100,000	\$ 3,778,903

Details of long-term obligations

	Total Amount	Amount Due Within One Year
\$10,000,000 (\$8,100,000 drawn to date) bond issued on October 14, 2016 bearing interest at 3.70%. Interest is payable semi-annually beginning July 15, 2017 and on each July 15 and January 15 through the final maturity of the loan. Principal is payable annually beginning on January 15, 2023 and on each January 15 through the final maturity of the loan on January 15, 2037.	\$ 8,100,000	\$ -
Total long-term obligations	\$ 8,100,000	\$ -

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2017 (continued)

Note 4-Inventory Held for Resale:

Inventory held for resale totaling \$5,280,954 represent the estimated value of land on Wood Haven owned by the Authority. This inventory is valued at cost, which the Authority believes approximates market.

Note 5-Due from Participating Jurisdictions:

The Authority sells shares to participating jurisdictions in industrial development projects initiated by the Authority. Participating jurisdictions are entitled to profits generated by these industrial development projects, as presented in their participation agreements, to the extent taxes (real estate, business and personal property, and machinery and tools) generated by the projects exceed expenses related to the projects.

The amount reported in the statement of net position as due from participants represents the amount necessary to cover the net liabilities of the Wood Haven Industrial Development Project at year end. A portion of this amount is reported as a current asset as same will be necessary to cover current liabilities of the Project in the upcoming fiscal year.

Note 6-Restricted Cash and Cash Equivalent:

Restricted cash and cash equivalents consist of the following:

Industrial Development Projects	\$ <u>2,347,742</u>
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Note 7-Risk Management:

The Authority is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Authority participates with other entities in a public entity risk pool for their coverage of general liability, public officials, and property insurance with VML. Each member of the risk pool jointly and severally agrees to assume, pay and discharge any liability. The Authority makes contributions and assessments into a designated cash reserve fund out of which expenses of the pool, claims and awards are to be paid. In the event of the loss, deficit, or depletion of all available resources, the pool may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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 Honorable Members of
Western Virginia Regional Industrial Facility Authority
Roanoke, 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 the Western Virginia Regional Industrial Facility Authority as of and for the two years ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Western Virginia Regional Industrial Facility Authority's basic financial statements and have issued our report thereon dated August 25, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Western Virginia Regional Industrial Facility Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western Virginia Regional Industrial Facility Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Western Virginia Regional Industrial Facility 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Turner, Cox Associates

Blacksburg, Virginia
August 25, 2017

**RESOLUTION
OF THE BOARD OF THE
WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY**

Approving Modification of or Change Orders to a Contract for Engineering Services

WHEREAS, the Western Virginia Regional Industrial Facility Authority (the “Authority”), an authority formed and existing in accordance with the provisions of Chapter 64 of Title 15.2 of the Code of Virginia, 1950, as amended, the Virginia Regional Industrial Facilities Act (the “Act”), issued and advertised its Request for Qualifications for the due diligence and master planning for selected parcels along Wood Haven Road and Interstate-81 in Roanoke County, Virginia (the “Original Project”); and,

WHEREAS the proposals received in response to the Request for Qualifications were evaluated, three vendors were selected and ranked, and discussions with and evaluations of such vendors resulted on the Authority’s entering into a contract (the “Original Contract”) with Draper Aden Associates (“DAA”) for due diligence and master planning services for the Original Project; and

WHEREAS, the Authority has determined to purchase three (3) additional parcels of real property located on Thirlane Road in Roanoke County, Virginia and adjacent to property owned by the Authority on Wood Haven Road, bearing County of Roanoke Tax Parcel Nos. 026.18-01-12.00-0000, containing 11.14 acres, more or less, 026.18-01-12.01-0000, containing 1.52 acres more or less, and 026.18-01-12.02-0000, containing 3.29 acres, more or less (collectively, the “Stafford Lewis Addition”); and,

WHEREAS, the Executive Director has recommended to the Board that in light of the familiarity DAA has with the Wood Haven site from its work on the Original Project and the efficiencies to be gained by incorporating the additional due diligence into the initial program of work, that the Board consider a modification of or a change order to the Original Contract to provide for due diligence and master planning services for the Stafford Lewis Addition; and

WHEREAS, Virginia Code Section 2.2-4309 provides that while contracts may be modified during performance, no fixed-price contract may be increased by more than twenty-five percent (25%) of the amount of the contract or \$50,000, whichever is greater, without the advance written approval of the governing body of the Authority; and,

WHEREAS, the amount of engineering fees anticipated to be contracted for is approximately \$57,100, which is more than the statutory limit of \$50,000 and requires the advance written approval of the governing body of the Authority; and,

WHEREAS, the Members of the Board of the Authority have carefully considered the benefits to the Authority of modifying the Original Contract rather than go through a request for proposal or a competitive bid process, and have taken into account the efficiencies to be gained from having DAA continue its work at the Wood Haven site.

NOW THEREFORE, be it resolved by the Members of the Board of the Western Virginia Regional Industrial Facility Authority that after consideration of the terms, conditions and benefits thereof, the Members of the Board of Directors of the Western Virginia Regional Industrial Facility Authority do hereby approve the modification of or change order to the Original Contract in an amount up to \$57,100 to provide for the continuation of the due diligence and master planning services of DAA to the Stafford Lewis Addition, as presented to this meeting; and

AND BE IT FURTHER RESOLVED, that the Executive Director is hereby authorized to negotiate modifications of or change orders to the Original Contract consistent with this resolution and to take all such further action as may be necessary or desirable in connection with and that are in conformity with the purposes and intent of this resolution.

This resolution shall take effect immediately.

Directors Absent _____

Votes For _____

Votes Against _____

Abstentions _____

CERTIFICATION

The undersigned secretary of the Western Virginia Regional Industrial Facility Authority does hereby certify that the foregoing is a true, complete and correct Resolution adopted by a vote of a majority of the Members of the Western Virginia Regional Industrial Facility Authority, present at a meeting of the Members of the Western Virginia Regional Industrial Facility Authority duly called and held October 20, 2017 at which a quorum was present and acting throughout, and that the same has not been amended or rescinded and is in full force and effect as of the date of this certification, October _____, 2017.

(SEAL)

Brent Robertson, Secretary,
Western Virginia Regional Industrial Facility Authority