

**BOARD OF DIRECTORS' MEETING
of the
Western Virginia Regional Industrial Facility Authority**

**Friday, October 18, 2019 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 *Chairman Larrowe*
2. Roll Call *Virginia Mullen*
3. Approval of Consent Agenda Items *Chairman Larrowe*
 - A. Minutes of the September 20, 2019 WVRIFA Board Meeting, pp. 2-4
 - B. Financial Reports Ending September 30, 2019, pp. 5-8
4. Public Comment Period *Chairman Larrowe*

The WVRIFA Board will allow a 30-minute public comment period in which a citizen may sign-up for up to three (3) minutes of speaking time.
5. Presentation of the FY2019 Audit Report, pp. 9-29 *Corbin Stone, CPA
Robinson, Farmer, Cox Associates*
6. Other Business *Chairman Larrowe*
7. Adjournment *Chairman Larrowe*

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

MINUTES

The September Board of Directors' meeting of the Western Virginia Regional Industrial Facility Authority (WVRIFA) was held on Friday, September 20, 2019 at 10:34 a.m. at the Roanoke Valley-Alleghany Regional Commission office (Top Floor Conference Room), 313 Luck Avenue, SW, Roanoke, VA.

1. CALL MEETING TO ORDER

Chair Larrowe called the WVRIFA Board of Directors' Meeting to order at 10:34 a.m.

2. ROLL CALL

Chair Larrowe asked Virginia Mullen to call the roll of the WVRIFA Board. Ms. Mullen reported that a quorum was present.

Board Members Present: Gary Larrowe, Botetourt County; Bob Cowell, City of Roanoke; Dan O'Donnell, Roanoke County; Richard Caywood, Roanoke County; Granger Macfarlane, City of Roanoke; Barry Thompson, Town of Vinton; Melinda Payne, City of Salem and James Taliaferro, City of Salem.

Staff Present: Beth Doughty, WVRIFA Director and John Hull, WVRIFA Assistant Director; Sam Darby, WVRIFA Counsel; Sherry Dean and Virginia Mullen, WVRIFA Administrative Staff.

Others Present: Chris Burns, Balzer & Associates, Inc.

3. APPROVAL OF THE JULY 19, 2019 WVRIFA BOARD MINUTES

The July 19, 2019 WVRIFA Board Minutes were distributed earlier.

Motion: by Dan O'Donnell to approve the Minutes of the July 19, 2019 Board meeting, as presented. Motion was seconded by Bob Cowell.

WVRIFA Board Action: Motion carried unanimously.

4. PUBLIC COMMENT PERIOD

There were no comments.

5. CONSIDERATION OF PROPOSED CONTRACT FOR ENGINEERING SERVICES

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

John Hull reported that the Authority had put out a request for proposal for additional engineering services, supporting Phase 1 development of the Park. Distributed with the agenda are a) Term Engineering (Master) contract agreement with Balzer and Associates for additional engineering services and b) Pad Design Work and Permitting Contract Agreement. The Master contract enables the Authority to cover roughly three years of engineering services, potentially required for the Woodhaven project, without additional advertising and procurement actions. The contract does not obligate the Authority to proceed with any of the elements of the contract. In addition, every project would have to be specifically authorized after a cost and scope proposal. The WVRIFA Participation Committee had recommended the approval of the Master and the Pad Design contracts, as presented.

Motion: by Dan O'Donnell, seconded by James Taliaferro, to approve the Term Engineering Agreement with Balzer and Associates, Inc, as presented.

WVRIFA Board Action: Motion carried unanimously.

Motion: by Dan O'Donnell, seconded by James Taliaferro, to approve the Pad Design Agreement with Balzer and Associates, Inc, as presented.

WVRIFA Board Action: Motion carried unanimously.

6. **REQUEST FOR A CLOSED MEETING**

Mr. Larowe stated that there is no need of closed meeting at this time.

7. **PRESENTATION OF ANNUAL REPORT**

Beth Doughty noted that the FY19 Annual Report was distributed with the agenda packet.

8. **RESOLUTION OF SUPPORT FOR VALLEYPONTE PARKWAY IMPROVEMENTS**

Doughty reported that Roanoke County asked the Authority to provide a letter of support for the County's application for road improvement on Valleypointe Parkway. The Resolution of Support was distributed at the meeting.

Dan O'Donnell explained that the project aligns Valleypointe Parkway with the entrance to the Green Ridge Recreational Center. He added that this was part of the original design of the Green Ridge Recreational Center but wasn't accomplished due to lack of funding.

Motion: by James Taliaferro, seconded by Bob Cowell, to approve the Resolution of Support endorsing Roanoke County's application for Valleypointe Parkway improvements, as presented.

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

WVRIFA Board Action: Motion carried unanimously.

9. UPDATE ON WATER/SEWER CONSTRUCTION PROJECT

Hull reported that three weeks ago E.C. Pace initiated work and immediately encountered a significant volume of rock. E. C. Pace performed test drilling at their expense to determine the volume. E.C. Pace had also consulted with Balzer and Associates, Inc. to determine how to resolve the problem. E.C. Pace had estimated that it would cost around \$149,000.00 to remove the rock from the area and about \$16,500.00 for additional rock removal to accommodate future turn lane construction. The Participation Committee recommended a blanket approval for change of orders up to \$200,000.00.

Motion: by Dan O'Donnell, seconded by James Taliaferro, to authorize staff to negotiate change of orders of up to \$200,000.00, should additional work be required.

WVRIFA Board Action: Motion carried unanimously.

10. OTHER BUSINESS

Doughty reported closing on the Bower property. Mr. Bower will vacate the property by September 18, 2020. The Authority's agent is holding \$20,000 out of the purchase price in escrow to be delivered when the property is vacated.

Doughty reported that a phone number for questions was established and provided in a mailing to nearly two thousand residents. The number is listed on www.wvrifa.org and the recently created Facebook page. The intent is to provide opportunities for communication. In addition, staff had made several personal phone calls to key residents to alert them of activity on the property. She noted that a drone video of the Woodhaven property was created by RVTV and showed it at the meeting.

The WVRIFA Board of Directors' meeting adjourned at 10:46 a.m.

Barry W. Thompson, Secretary
WVRIFA Board of Directors

Attest

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
313 Luck Avenue, SW, Roanoke, VA 24016
info@wvrifa.org / www.wvrifa.org

Western Virginia Regional Industrial Facility Authority
As of September 30, 2019
Statement of Cash Balances

Operating Fund	\$ 91,981
Woodhaven Project	<u>\$ 3,570,376</u>
Total Cash	<u><u>\$ 3,662,357</u></u>

**Western Virginia Regional Industrial Facility Authority
 FY2020 (7/1/19-6/30/20)
 Operating Fund Locality Due Payment Summary**

Revenue	FY2020 Budget	Paid as of 9/30/19	Remainder Due
<i>Member Dues</i>			
* Botetourt County	\$ 6,072.59	\$ 3,036.30	\$ (3,036.29)
*** Franklin County	\$ 10,241.82	\$ 10,241.82	\$ -
** Roanoke City	\$ 18,191.90	\$ 4,547.98	\$ (13,643.92)
*** Roanoke County	\$ 15,599.36	\$ 15,599.36	\$ -
** Salem	\$ 4,675.80	\$ 1,168.95	\$ (3,506.85)
*** Vinton	\$ 1,468.53	\$ 1,468.53	\$ -
Total Revenue	\$ 56,250.00	\$ 36,062.94	\$ (20,187.06)

Invoices Outstanding:

\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-

Invoiced outstanding 9/30/19

\$	-
\$	-

Total Revenue Recorded/Accrued as of 9/30/19

\$	36,062.94
----	-----------

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

Western Virginia Regional Industrial Facility Authority
Statement of Financial Position
As of September 30, 2019

	<u>Sep 30, 19</u>	<u>Sep 30, 18</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
LGIP Investment Cash Woodhaven	3,564,275.37	4,100,986.10	-536,710.73	-13.09%
Union Bank Bond Cash Woodhaven	6,099.96	72,885.25	-66,785.29	-91.63%
Union WVRIFA Operating	91,981.47	78,926.58	13,054.89	16.54%
Total Checking/Savings	<u>3,662,356.80</u>	<u>4,252,797.93</u>	<u>-590,441.13</u>	<u>-13.88%</u>
Accounts Receivable				
Accounts Receivable	40.50	3,025.29	-2,984.79	-98.66%
Total Accounts Receivable	<u>40.50</u>	<u>3,025.29</u>	<u>-2,984.79</u>	<u>-98.66%</u>
Total Current Assets	<u>3,662,397.30</u>	<u>4,255,823.22</u>	<u>-593,425.92</u>	<u>-13.94%</u>
Fixed Assets				
Land-WoodHaven	5,841,595.40	5,280,954.23	560,641.17	10.62%
Total Fixed Assets	<u>5,841,595.40</u>	<u>5,280,954.23</u>	<u>560,641.17</u>	<u>10.62%</u>
TOTAL ASSETS	<u>9,503,992.70</u>	<u>9,536,777.45</u>	<u>-32,784.75</u>	<u>-0.34%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable				
Accounts Payable	12,617.58	8,564.33	4,053.25	47.33%
Total Accounts Payable	<u>12,617.58</u>	<u>8,564.33</u>	<u>4,053.25</u>	<u>47.33%</u>
Total Current Liabilities	<u>12,617.58</u>	<u>8,564.33</u>	<u>4,053.25</u>	<u>47.33%</u>
Long Term Liabilities				
Revenue Bond Payable	10,000,000.00	10,000,000.00	0.00	0.0%
Total Long Term Liabilities	<u>10,000,000.00</u>	<u>10,000,000.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Liabilities	<u>10,012,617.58</u>	<u>10,008,564.33</u>	<u>4,053.25</u>	<u>0.04%</u>
Equity				
Retained Earnings	62,606.69	55,965.95	6,640.74	11.87%
Net Income	-571,231.57	-527,752.83	-43,478.74	-8.24%
Total Equity	<u>-508,624.88</u>	<u>-471,786.88</u>	<u>-36,838.00</u>	<u>-7.81%</u>
TOTAL LIABILITIES & EQUITY	<u>9,503,992.70</u>	<u>9,536,777.45</u>	<u>-32,784.75</u>	<u>-0.34%</u>

Western Virginia Regional Industrial Facility Authority
Profit & Loss Budget vs. Actual
July through September 2019

	Debt Fund			Operating			Woodhaven		
	Jul - Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
Ordinary Income/Expense									
Income									
Bond Revenue	0.00			0.00			4,215,344.25	3,853,763.00	361,581.25
Grants									
GO VA Grant	0.00			0.00			0.00	123,687.00	-123,687.00
Total Grants	0.00			0.00			0.00	123,687.00	-123,687.00
Investments									
Interest-Savings, Short-term CD	0.00			0.00			16,450.15	75,000.00	-58,549.85
Total Investments	0.00			0.00			16,450.15	75,000.00	-58,549.85
Locality Support Revenue	15,416.30	370,000.00	-354,583.70	36,062.94	56,250.00	-20,187.06	0.00		
Total Income	15,416.30	370,000.00	-354,583.70	36,062.94	56,250.00	-20,187.06	4,231,794.40	4,052,450.00	179,344.40
Expense									
Contract Services									
Accounting Fees	0.00			0.00	7,100.00	-7,100.00	0.00		
Bond Issuance Costs	0.00			0.00			0.00		
Engineering	0.00			0.00			8,278.30	50,000.00	-41,721.70
Entrance Road Construction	0.00			0.00			0.00	191,750.00	-191,750.00
Legal Fees	0.00			1,261.39	2,500.00	-1,238.61	620.11	5,000.00	-4,379.89
Legal Fees Land Acquisition	0.00			0.00			1,444.00	5,000.00	-3,556.00
Structure Demolition	0.00			0.00			0.00	50,000.00	-50,000.00
Utility Extension	0.00			0.00			6,952.00	325,000.00	-318,048.00
Utility Relocation	0.00			0.00			63,471.16	50,000.00	13,471.16
Total Contract Services	0.00	0.00	0.00	1,261.39	9,600.00	-8,338.61	80,765.57	676,750.00	-595,984.43
Facilities and Equipment									
Property Insurance	0.00			0.00			0.00	950.00	-950.00
Property Maintenance	0.00			0.00			1,350.00	5,000.00	-3,650.00
Total Facilities and Equipment	0.00			0.00			1,350.00	5,950.00	-4,600.00
Insurance	0.00			844.00	674.00	170.00	0.00		
Operations									
Bank Fees	0.00			0.00			0.00	200.00	-200.00
Postage, Mailing Service	0.00			0.00			233.08		
Roanoke Reg. Partnership Staff	0.00			6,250.00	25,000.00	-18,750.00	0.00		
RVARC Staff	0.00			6,249.99	25,000.00	-18,750.01	0.00		
Supplies	0.00			114.50	375.00	-260.50	0.00		
Total Operations	0.00			12,614.49	50,375.00	-37,760.51	233.08	200.00	33.08
Other Types of Expenses									
Advertising	0.00			0.00			302.56		
Bond Loan Interest Expense	15,416.30	370,000.00	-354,583.70	0.00			0.00		
Insurance - Liability, D and O	0.00			0.00			0.00		
Marketing	0.00			0.00			0.00	5,000.00	-5,000.00
Technical Assistance	0.00			0.00	601.00	-601.00	800.00	2,250.00	-1,450.00
Total Other Types of Expenses	15,416.30	370,000.00	-354,583.70	0.00	601.00	-601.00	1,102.56	7,250.00	-6,147.44
Total Expense	15,416.30	370,000.00	-354,583.70	14,719.88	61,250.00	-46,530.12	83,451.21	690,150.00	-606,698.79
Net Ordinary Income	0.00	0.00	0.00	21,343.06	-5,000.00	26,343.06	4,148,343.19	3,362,300.00	786,043.19
Net Income	0.00	0.00	0.00	21,343.06	-5,000.00	26,343.06	4,148,343.19	3,362,300.00	786,043.19

* shown and manually entered to this report for budget comparison purposes only

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

August 30, 2019

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 year ended June 30, 2019. 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 May 16, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

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 30, 2019.

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 30, 2019

Client: **52317 - Western Virginia Regional Industrial Facility Authority**
 Engagement: **2019 - Western Virginia Regional Industrial Facility Authority**
 Period Ending: **6/30/2019**
 Trial Balance: **TB.01 - TB**
 Workpaper: **Proposed Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		D-04		
To reclassify interest payable from accounts payable and to net same with negative AP into the interest payable line item.				
200	Accounts Payable		185,000.00	
220	Bond Interest Payable		15,416.00	
210	Accrued Payable			15,416.00
220	Bond Interest Payable			185,000.00
Total			<u>200,416.00</u>	<u>200,416.00</u>

**WESTERN VIRGINIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Financial Report
For the Year Ended June 30, 2019

Table of Contents

	<u>Exhibit</u>	<u>Page</u>
<hr/> FINANCIAL SECTION <hr/>		
Independent Auditors' Report		1-2
Basic Financial Statements:		
Statement of Net Position	1	3
Statement of Revenues, Expenses and Changes in Net Position	2	4
Statement of Cash Flows	3	5
Notes to Financial Statements		6-11
<hr/> COMPLIANCE SECTION <hr/>		
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 <i>Government Auditing Standards</i>		12-13

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 year ended June 30, 2019, 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, 2019, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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 30, 2019, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Western Virginia Regional Industrial Facility Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Western Virginia Regional Industrial Facility Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Blacksburg, Virginia
August 30, 2019

Basic Financial Statements

Statement of Net Position
As of June 30, 2019

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 280,211
Accounts receivable	9,732
Prepaid items	844
Due from participants (current portion)	<u>147,481</u>
Total current assets	<u>\$ 438,268</u>
Noncurrent assets:	
Inventory held for resale	\$ 5,259,082
Due from participants (net of current portion)	378,093
Restricted assets:	
Cash and cash equivalents	<u>4,177,825</u>
Total noncurrent assets	<u>\$ 9,815,000</u>
Total assets	<u>\$ 10,253,268</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 5,661
Accrued interest payable	169,584
Unearned revenue	<u>15,416</u>
Total current liabilities	<u>\$ 190,661</u>
Noncurrent liabilities:	
Bond payable	<u>\$ 10,000,000</u>
Total noncurrent liabilities	<u>\$ 10,000,000</u>
Total liabilities	<u>\$ 10,190,661</u>
NET POSITION	
Unrestricted	<u>\$ 62,607</u>
Total net position	<u><u>\$ 62,607</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 year ended June 30, 2019

Operating revenues:	
Annual dues	\$ 56,250
Rental and miscellaneous income	41
Participant shares - Industrial Park	331,150
Participant shares - Rail Switch	291,211
Grant revenue	24,282
	<hr/>
Total operating revenues	\$ 702,934
	<hr/>
Operating expenses:	
Contracted Management and Staff	\$ 40,000
Advertising/Media	1,423
Insurance	939
Contracted services	75,659
Rail Switch - Norfolk Southern	290,600
Loss on the sale of land	9,772
Property maintenance	1,620
Legal Fees	5,173
	<hr/>
Total operating expenses	\$ 425,186
	<hr/>
Operating income (loss)	\$ 277,748
	<hr/>
Nonoperating revenues (expenses):	
Interest earned	\$ 98,893
Interest expense	(370,000)
Total nonoperating revenues (expenses)	\$ (271,107)
	<hr/>
Change in net position	\$ 6,641
	<hr/>
Net position, beginning of period	55,966
	<hr/>
Net position, end of year	\$ 62,607
	<hr/> <hr/>

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

Statement of Cash Flows
For the year ended June 30, 2019

Cash flows from operating activities:	
Receipts from operating grants and participating jurisdictions	\$ 890,920
Purchase of property for resale - inventory	21,872
Payments to suppliers	<u>(445,888)</u>
Net cash provided by (used for) operating activities	<u>\$ 466,904</u>
Cash flows from noncapital financing activities:	
Interest payments	<u>\$ (338,382)</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ (338,382)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 98,893</u>
Net cash provided by (used for) investing activities	<u>\$ 98,893</u>
Increase (decrease) in cash and cash equivalents	\$ 227,415
Cash and cash equivalents at beginning of period (Includes restricted amount of \$4,155,932)	<u>4,230,621</u>
Cash and cash equivalents at end of year (Includes restricted amount of \$4,177,825)	<u><u>\$ 4,458,036</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 277,748
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	95
(Increase) decrease in accounts receivable	172,570
(Increase) decrease in inventory held for resale	21,872
Increase (decrease) in payables and accrued expenses	(20,797)
Increase (decrease) in unearned revenue	<u>15,416</u>
Net cash provided by (used for) operating activities	<u><u>\$ 466,904</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, 2019

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, 2019.

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, 2019.

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, 2019 (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, 2019.

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, 2019 (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, 2019 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	\$ <u>4,177,825</u>

Interest Rate Risk

The Authority has not adopted an investment policy for interest rate risk. Investments subject to interest rate risk are presented below along with their corresponding maturities.

<u>Investment Maturities (in years)</u>			
<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year</u>	<u>1-5 Years</u>
Local Government Investment Pool	\$ <u>4,177,825</u>	\$ <u>4,177,825</u>	\$ <u>-</u>
Totals	\$ <u>4,177,825</u>	\$ <u>4,177,825</u>	\$ <u>-</u>

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 an amortized cost basis portfolio under the provisions of GASB Statement No. 79. There are no withdrawal limitations or restrictions imposed on participants.

The remainder of this page left blank intentionally.

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 AS OF JUNE 30, 2019 (continued)

Note 3-Long-term Obligations:

Changes in long-term obligations are as follows:

	Balance July 1, 2018	Issuances	Retirements	Balance June 30, 2019
Bonds from direct borrowings	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000
Total	\$ 10,000,000	\$ -	\$ -	\$ 10,000,000

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

	For the Year	
	Ended June 30,	Bonds Payable
	Principal	Interest
2020	-	370,000
2021	-	370,000
2022	-	370,000
2023	510,000	370,000
2024	530,000	351,130
2025-2029	2,955,000	1,446,700
2030-2034	3,545,000	858,030
2035-2037	2,460,000	184,260
Totals	\$ 10,000,000	\$ 4,320,120

Details of long-term obligations

	Total Amount	Amount Due Within One Year
\$10,000,000 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. This bond is secured by support agreements with the Cities of Roanoke and Salem and the County of Roanoke.	\$ 10,000,000	\$ -
Total long-term obligations	\$ 10,000,000	\$ -

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2019 (continued)

Note 4-Inventory Held for Resale:

Inventory held for resale totaling \$5,259,082 represent the estimated value of land on Wood Haven Road 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 Equivalents:

Restricted cash and cash equivalents consist of the following:

Industrial Development Projects	\$ <u>4,177,825</u>
---------------------------------	---------------------

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 liability, and property insurance with the Virginia Risk Sharing Association. 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.

Note 8-Unearned Revenue

Unearned Revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Unearned revenue totaling \$15,416 is comprised of dues paid in advance.

Note 9-Subsequent Events:

On July 9, 2019, the Authority entered into an agreement to purchase approximately 2.02 acres of land and improvements thereon for \$580,000. The Authority anticipates a closing date in September of 2019.

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 year ended June 30, 2019, 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 30, 2019.

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, Farmer, Cox Associates

Blacksburg, Virginia
August 30, 2019