

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

PARTICIPATION COMMITTEE
Wood Haven Road Project

WVRIFA PARTICIPATION COMMITTEE MEETING

Friday, September 15, 2023 at 10:00 a.m.
Roanoke Valley – Alleghany Regional Commission (Top Floor Conference Room)
313 Luck Ave., SW, Roanoke VA

Note: The September 15th meeting will be a Joint Meeting with the WVRIFA Board (both meetings will be held in conjunction with each other on the same date, time and location).

AGENDA

1. Call Meeting to Order Chair Cowell
2. Roll Call Virginia Mullen
3. **Action Requested:** Approval of Consent Agenda Items. Chair Cowell
 - A. Approval of Agenda
 - B. August 18, 2023 WVRIFA Participation Committee Minutes, pp. 3 – 5
4. Public Comment Period..... Chair Cowell

The WVRIFA Participation Committee 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. **Action Requested:** Acceptance of FY23 Audit Report, pp. 6 – 28. Corbin Stone, CPA
Robinson, Farmer, Cox Associates
6. Project Update.....John Hull
7. Other Business Chair Cowell
8. Request for Closed Meeting, p. 29..... Chair Cowell

Pursuant to Section 2.2-3711 A. 3. of the Code of Virginia, 1950, as amended, for the purpose of discussion or consideration of acquisition of real property for a public purpose, or of the disposition of publicly held real property where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

ADMINISTERED BY:

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

- 9. End of Closed Mtg. Reconvene Regular Participation Committee Mtg..... *Chair Cowell*
- 10. Adoption of Certification Resolution of Closed Meeting, p. 30 *Chair Cowell*
- 11. Action by the Participation Committee as a Result of the Closed Meeting *Chair Cowell*
- 12. Adjournment

ADMINISTERED BY:

Roanoke Valley-Alleghany Regional Commission
P.O. Box 2569, Roanoke, VA 24010
540.343.4417 / info@wyrifa.org / www.wvrifa.org

MINUTES

The August meeting of the WVRIFA Participation Committee for the Wood Haven Road Project was held on Friday, August 18, 2023 at 10:00 a.m. at the Roanoke Valley – Alleghany Regional Commission office (Top Floor Conference Room), 313 Luck Avenue, SW, Roanoke VA.

NOTE: *The August 18, 2023 Meetings of the WVRIFA Board of Directors and the WVRIFA Participation Committee were held simultaneously (jointly) since several items on both agendas were the same*

1. CALL MEETING TO ORDER

Chair Cowell called the meeting to order at 10:00 a.m.

2. ROLL CALL

Chair Cowell welcomed those in attendance and asked Virginia Mullen to call the roll. Ms. Mullen noted that a quorum was established.

Participation Committee Members Present: James Taliaferro, City of Salem; Bob Cowell, City of Roanoke; and Doug Blount (sitting in for Richard Caywood), Roanoke County.
Editorial Note: Mr. Caywood attended part of the meeting, he joined late.

Staff Present: John Hull, WVRIFA Director; Matt Miller, Roanoke Regional Partnership; Sam Darby, WVRIFA Counsel; Virginia Mullen, WVRIFA Finance/Administrative Staff.

Others Present: Gary Larrowe, Botetourt County; Ken McFadyen, Botetourt County; Michael Burnette, Franklin County; Megan Baker, Roanoke County; Herbert Berdin, City of Roanoke; Marc Nelson; City of Roanoke; Rob Light, City of Salem; Richard “Pete” Peters, Town of Vinton.

3. ACTION REQUESTED: APPROVAL OF CONSENT AGENDA ITEMS

The following consent agenda items were distributed earlier: (A) August 18, 2023 WVRIFA Participation Committee Agenda, (B) May 19, 2023 WVRIFA Participation Committee Minutes, (C) Financial Reports Ending June 30, 2023 and (D) Audit Engagement Letter.

Motion: by Doug Blount to approve the consent agenda items (A), (B), (C) and (D) as presented. The motion was seconded by James Taliaferro.

WVRIFA Participation Committee Action: Motion carried.

4. PUBLIC COMMENT PERIOD

ADMINISTERED BY:

There were no comments.

5. PROJECT UPDATE

Mr. Hull reported that the Virginia Economic Development Partnership (VEDP) has authorized an informal amendment to the Virginia Business Ready Site Program grant that is going to allow a slightly different approach regarding the acquisition of real estate.

Mr. Hull noted that the Roanoke Regional Partnership has submitted the Wood Haven Technology Park eleven times this year to VEDP for projects. Most projects are manufacturing related, several of them are still active. Investments range from \$45 million to \$1.5 billion. The site's utility capacities are suitable. There has been a significant interest in the property.

6. OTHER BUSINESS

No other business was discussed.

7. REQUEST FOR CLOSED MEETING

Motion was made by James Taliaferro that the Committee convene in a Closed Meeting to discuss the potential disposition of publicly held real 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. The motion was seconded by Doug Blount. The motion carried. The WVRIFA Participation Committee went into a Closed Meeting at 10:09 a.m.

8. END OF CLOSED MEETING, RECONVENE REGULAR PARTICIPATION COMMITTEE MEETING

Motion was made by James Taliaferro and seconded by Doug Blount that the WVRIFA Participation Committee end the Closed Meeting and return to its regular committee meeting. The motion carried. The WVRIFA Participation Committee ended the Closed Meeting and returned to its regular committee meeting at 10:52 a.m.

9. ADOPTION OF CERTIFICATION RESOLUTION OF CLOSED MEETING

Motion was made by James Taliaferro and seconded by Doug Blount to adopt the following certification resolution:

WHEREAS, the Western Virginia Regional Industrial Facility Authority Participation Committee 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 Participation

ADMINISTERED BY:

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

Committee that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, that the Western Virginia Regional Industrial Facility Authority Participation Committee 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 to 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 Participation Committee.

The motion was adopted by a Roll Call vote of 3 to 0 as follows:

Member & Vote

Bob Cowell – Yes

Doug Blount – Yes

James Taliaferro – Yes

10. ACTION BY THE PARTICIPATION COMMITTEE AS A RESULT OF THE CLOSED MEETING

There was no action by the Participation Committee as a result of the closed meeting.

11. ADJOURNMENT OF THE WVRIFA PARTICIPATION COMMITTEE

The WVRIFA Participation Committee Meeting adjourned at 10:54 a.m.

Virginia Mullen, Recording Secretary
WVRIFA Participation Committee

ADMINISTERED BY:

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



August 10, 2023

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, 2023. 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 June 16, 2023. 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 5 to the financial statements.
2. The disclosure of amounts due from participants in Note 6 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 disagreement on 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 10, 2023.

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, Farmer, Cox Associates

August 10, 2023

Client: **52317 - Western Virginia Regional Industrial Facility Authority**
 Engagement: **2023 - Western Virginia Regional Industrial Facility Authority**
 Period Ending: **6/30/2023**
 Trial Balance: **TB.01 - TB**
 Workpaper: **Proposed Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		TB.02		
Proposed entry to post PY entries				
290	Retained Earnings		5,140.00	
330	Locality Support Revenue			1,290.00
330	Locality Support Revenue			3,850.00
Total			<u>5,140.00</u>	<u>5,140.00</u>
Adjusting Journal Entries JE # 2		R-01		
To reduce revenue by deferred amount related to Salem bond payment				
330	Locality Support Revenue		1,218.00	
130	Accounts Receivable			1,218.00
Total			<u>1,218.00</u>	<u>1,218.00</u>
Adjusting Journal Entries JE # 3		R-08		
To adjustment estimate of amount due for WoodHaven				
330	Locality Support Revenue		598,435.00	
140	Accrued Receivables			598,435.00
Total			<u>598,435.00</u>	<u>598,435.00</u>

**WESTERN VIRGINIA REGIONAL
INDUSTRIAL FACILITY AUTHORITY**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

Financial Report
For the Year Ended June 30, 2023

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FINANCIAL SECTION



Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

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, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Western Virginia Regional Industrial Facility Authority, as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Western Virginia Regional Industrial Facility Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Authorities, Boards, and Commissions*, we:

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

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

Required Supplementary Information

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 10, 2023, 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 10, 2023

Basic Financial Statements

**STATEMENT OF NET POSITION
AS OF JUNE 30, 2023**

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 231,260
Accounts receivable	22,569
Prepaid items	940
Due from participants (current portion)	<u>110,401</u>
Total current assets	<u>\$ 365,170</u>
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	\$ 541,845
Inventory held for resale	5,842,017
Due from participants (net of current portion)	<u>3,144,882</u>
Total noncurrent assets	<u>\$ 9,528,744</u>
Total assets	<u>\$ 9,893,914</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 367
Accrued interest payable	115,527
Bond payable (current portion)	<u>586,000</u>
Total current liabilities	<u>\$ 701,894</u>
Noncurrent liabilities:	
Bond payable (net of current portion)	<u>\$ 9,146,000</u>
Total liabilities	<u>\$ 9,847,894</u>
NET POSITION	
Unrestricted	<u>\$ 46,020</u>
Total net position	<u><u>\$ 46,020</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, 2023**

Operating revenues:		
Annual dues	\$	56,250
Participant shares - Industrial Park		260,542
		<hr/>
Total operating revenues	\$	316,792
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Operating expenses:		
Contracted Management and Staff	\$	44,064
Telecommunications		366
Miscellaneous		870
Contracted services		95,055
Property maintenance		8,378
Legal fees		3,627
		<hr/>
Total operating expenses	\$	152,360
		<hr/>
Operating income (loss)	\$	164,432
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Nonoperating revenues (expenses):		
Interest earned	\$	21,580
Interest expense		(260,055)
Intergovernmental revenues:		
Economic Development Authority Grant		75,000
		<hr/>
Total nonoperating revenues (expenses)	\$	(163,475)
		<hr/>
Change in net position	\$	957
Net position, beginning of year		45,063
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Net position, end of year	\$	46,020
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The accompanying notes to financial statements are an integral part of this statement.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

Cash flows from operating activities:	
Receipts from operating grants and participating jurisdictions	\$ 902,379
Payments to suppliers	<u>(155,302)</u>
Net cash provided by (used for) operating activities	<u>\$ 747,077</u>
Cash flows from noncapital financing activities:	
Intergovernmental revenues	\$ 75,000
Principal payments on notes payable	(570,000)
Interest payments	<u>(266,821)</u>
Net cash provided by (used for) noncapital financing activities	<u>\$ (761,821)</u>
Cash flows from investing activities:	
Interest received	<u>\$ 21,580</u>
Net cash provided by (used for) investing activities	<u>\$ 21,580</u>
Increase (decrease) in cash and cash equivalents	\$ 6,836
Cash and cash equivalents at beginning of year (Includes restricted amount of \$595,265)	<u>766,269</u>
Cash and cash equivalents at end of year (Includes restricted amount of \$541,845)	<u><u>\$ 773,105</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ 164,432
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	(70)
(Increase) decrease in accounts receivable	585,587
Increase (decrease) in payables	<u>(2,872)</u>
Net cash provided by (used for) operating activities	<u><u>\$ 747,077</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, 2023

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

The 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.

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (continued)

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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority does not have any deferred outflows of resources as of June 30, 2023.

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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority does not have any deferred inflows of resources as of June 30, 2023.

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 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

The difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (continued)

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

H. Net Position (continued)

- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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.

I. 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, when applicable. 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 the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The Authority did not have any capital assets at June 30, 2023.

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

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
 NOTES TO FINANCIAL STATEMENTS
 AS OF JUNE 30, 2023 (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, 2023 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	\$ 541,845

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>
Local Government Investment Pool	\$ 541,845	\$ 541,845
Totals	\$ 541,845	\$ 541,845

External Investment Pools

The value of the positions in the external investment pool (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. 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, 2023 (continued)

Note 3-Long-term Obligations:

Changes in long-term obligations are as follows:

	Balance July 1, 2022	Issuances	Retirements	Balance June 30, 2023
Bonds from direct borrowings	\$ 10,302,000	\$ -	\$ (570,000)	\$ 9,732,000
Total	\$ 10,302,000	\$ -	\$ (570,000)	\$ 9,732,000

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

For the Year Ended June 30,	Bonds from direct borrowings	
	Principal	Interest
2024	\$ 586,000	\$ 252,059
2025	602,000	236,881
2026	617,000	221,290
2027	632,000	205,309
2028-2032	3,412,000	772,623
2033-2037	3,883,000	306,889
Totals	\$ 9,732,000	\$ 1,995,051

Details of long-term obligations

	Total Amount	Amount Due Within One Year
\$10,302,000 bond issued on June 18, 2020 bearing interest at 2.59%. Interest is payable semi-annually beginning on January 15, 2021 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.	\$ 9,732,000	\$ 586,000
Total long-term obligations	\$ 9,732,000	\$ 586,000

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (continued)

Note 4-Inventory Held for Resale:

Inventory held for resale totaling \$5,842,017 represents 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. To date, expenses related to land development have been expensed as they are not expected to increase the market value of inventory held for resale.

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. The portion of this amount reported as a current asset 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>541,845</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 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-Construction Commitments:

The Authority had no outstanding construction contract at year end.

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WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 (continued)

Note 9-Upcoming Pronouncements:

The following reporting pronouncements have been issued and will be effective in future periods:

Statement No. 99, *Omnibus 2022*, addresses (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The Statement has different effective dates for various sections which range from April of 2022 through periods starting after June 15, 2023.

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

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

Implementation Guide No. 2021-1, *Implementation Guidance Update-2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update-2023*, effective for fiscal years beginning after June 15, 2023.

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

COMPLIANCE SECTION



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

To the 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, 2023, 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 10, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 10, 2023

WESTERN VIRGINIA REGIONAL INDUSTRIAL FACILITY AUTHORITY

PARTICIPATION COMMITTEE Wood Haven Road Project

September 7, 2023

Dear Participation Committee Members:

This is to request a Closed Meeting during the next scheduled meeting of the WVRIFA Participation Committee on Friday, September 15, 2023 at 10:00 a.m. at the Roanoke Valley-Alleghany Regional Commission (Top Floor Conference Room), 313 Luck Ave., SW, Roanoke, VA 24016.

The Closed Meeting is in pursuant to Section 2.2-3711 A. 3. of the Code of Virginia, 1950, as amended, for the purpose of discussion or consideration of the acquisition of real property for a public purpose, or of the disposition of publicly held real property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the Authority.

Sincerely,

Bob Cowell
Chair
WVRIFA Participation Committee

Administered by:

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

CERTIFICATION RESOLUTION

RESOLUTION CERTIFYING CLOSED MEETING WAS HELD IN CONFORMITY WITH THE CODE OF VIRGINIA

WHEREAS, the WVRIFA Participation Committee 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 WVRIFA Participation Committee that such closed meeting was conducted in conformity with Virginia law.

NOW, THEREFORE, BE IT RESOLVED, that the WVRIFA Participation Committee 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 WVRIFA Participation Committee.

The 15th day of September 2023