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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2024

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

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FINANCIAL SECTION

Independent Auditors' Report

To the Honorable Members of
Industrial Development Authority of Washington County
Abingdon, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the Industrial Development Authority of Washington County (the Authority), a component unit of Washington County, Virginia, as of and for the year ended June 30, 2024, 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 Industrial Development Authority of Washington County, as of June 30, 2024, 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 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.

Responsibility 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 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' Responsibility 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 opinions. 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, *Governmental 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, *Governmental 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management has omitted the 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 16, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox, Associates

Blacksburg, Virginia
August 16, 2024

Basic Financial Statements

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

ASSETS		
Current Assets:		
Cash and cash equivalents	$	2,769,850
Rent receivable		22,752
Accounts receivable		33,665
Notes receivable, current portion		819,958
Leases receivable, current portion		265,423
Due from Washington County		27,999
Total Current Assets	$	3,939,647
Noncurrent Assets:		
Notes receivable, net of current portion	$	6,286,000
Leases receivable, net of current portion		282,471
Total Other Assets	$	6,568,471
Capital Assets:		
Nondepreciable	$	13,835,901
Depreciable, net of depreciation		1,586,311
Total Capital Assets	$	15,422,212
Total Noncurrent Assets	$	21,990,683
TOTAL ASSETS	$	25,930,330
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunded bond	$	1,320,936
LIABILITIES		
Current Liabilities:		
Accrued interest	$	33,449
Accounts payable		22,496
Bonds payable, current portion		1,066,388
Total Current Liabilities	$	1,122,333
Noncurrent Liabilities:		
Bonds payable, net of current portion	$	8,991,002
TOTAL LIABILITIES	$	10,113,335
DEFERRED INFLOWS OF RESOURCES		
Lease related	$	526,277
NET POSITION		
Investment in capital assets	$	15,422,212
Unrestricted		1,189,442
TOTAL NET POSITION	$	16,611,654

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES:		
Rent revenue	$	263,862
Incentive payments from local government		517,060
Miscellaneous		3,455
TOTAL OPERATING REVENUES	$	784,377
OPERATING EXPENSES:		
Depreciation	$	107,602
Economic development payments		10,000
Grants to industries		517,061
Professional fees		40,395
Meeting expenses		3,108
Meeting stipend		20,200
Other expenses		1,410
Insurance		6,110
Property management expenses		30,315
Secretary and operating expenses		45,000
Property maintenance expenses		13,905
Travel		240
TOTAL OPERATING EXPENSES	$	795,346
OPERATING INCOME (LOSS)	$	(10,969)
NONOPERATING REVENUES (EXPENSES):		
Interest income	$	151,294
Interest expense		(353,453)
Contributions from Washington County		568,243
Capital contribution to industries		(217,970)
TOTAL NONOPERATING REVENUES (EXPENSES)	$	148,114
CHANGE IN NET POSITION	$	137,145
NET POSITION AT BEGINNING OF YEAR		16,474,509
NET POSITION AT END OF YEAR	$	16,611,654

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF WASHINGTON COUNTY
(A COMPONENT UNIT OF WASHINGTON COUNTY, VIRGINIA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Other receipts	$	520,515
Receipts from rent		260,745
Payments to and suppliers and service providers		(638,446)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	142,814
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	$	(298,086)
CASH FLOWS FROM NONCAPTIAL FINANCING ACTIVITIES		
Principal payments on notes receivable from Washington County	$	796,093
Interest reimbursement from Washington County		285,379
Principal payments on bonds		(952,000)
Interest payments on bonds		(357,314)
Contributions from Washington County		287,842
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	$	60,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	$	151,294
CHANGE IN CASH AND CASH EQUIVALENTS	$	56,022
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,713,828
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	2,769,850
RECONCILIATION OF OPERATING INCOME TO NET CASH		
PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating Income	$	(10,969)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:		
Depreciation		107,602
Changes in operating assets and liabilities:		
Accounts payable		(1,970)
Deferred inflows of resources		(263,861)
Lease receivable		260,744
Accounts receivable		51,268
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$	142,814
NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES:		
Donation of land to industry	$	217,970

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity:

The Industrial Development Authority of Washington County, Virginia was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Washington County Board of Supervisors on November 14, 1966 pursuant to the provisions of the Industrial Development and Revenue Bond Act [Chapter 22, Section 15.1-1373, et. seq. of the Code of Virginia (1950), as amended]. The Authority is governed by seven directors appointed by the Board of Supervisors of Washington County, Virginia. It is authorized to acquire, own, lease, and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

In addition, the Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities. Liability under the bonds may be retained by the Authority or it may be assumed by the enterprises for whom facilities are constructed. Collection of revenues pledged to liquidate the bonds may be assigned to a trustee. The revenue bonds are not deemed to constitute a debt or pledge of the faith and credit of the Commonwealth of Virginia or any municipality thereof. The bonds are payable solely from revenues generated from the lease of the facilities constructed and may be secured by a deed of trust on those facilities.

The Industrial Development Authority of Washington County has been included in the financial statements of Washington County, Virginia as a component unit. The Authority is included as a component unit of the County due to its financial relationship with the County.

B. Basic Financial Statements:

Proprietary Funds - Account for operations that are financed in a manner similar to private business enterprises. The proprietary fund measurement focus is based upon determination of net income and financial position. The proprietary fund of the Authority is an Enterprise Fund which includes all of the Authority's operations.

Enterprise Fund - The Enterprise Fund accounts for the financing of services to the general public where all or most of the operating expenses involved are recovered in the form of charges to users of such services.

C. Basis of Accounting:

The Enterprise Fund uses the accrual basis of accounting. Under this method revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which the related liability is incurred.

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 interest, rent, and grants. Operating expenses include the cost of administration and related expenses. All revenues and expenses not meeting these definitions are reported as nonoperating.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Cash Equivalents:

The Authority considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

E. Investments:

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

F. Prepaid Items:

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both the financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

G. Capital Assets:

Capital assets, which include property, plant and equipment, 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 if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not to be capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Leasehold Improvements	20-50
Buildings	40
Equipment	5

H. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows/Inflows of Resources:

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Authority only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the statement of net position. A deferred charge on refunding resulted from the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

J. 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.

- 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.

K. Leases:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Leases: (continued)

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

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

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

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

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.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

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 Investors Service, Inc.; A-1 by Standard and Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), and certain corporate notes banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

Credit Risk of Debt Securities

The Authority's rated debt investments as of June 30, 2024 were rated by *Standard and Poor's* and the ratings are presented below using the Standard & Poor's rating scale.

Rated Debt Investments' Values

Rated Debt Investments	**Fair Quality Ratings**	
	AAAm	
Local Government Investment Pool (LGIP)	$	685
VML/VACO Pool		646
Total	$	1,331

Interest Rate Risk

The Authority invests funds in low risk investments backed by U.S. government agencies.

	Investment Maturities			
Investment Type	Fair Value		< 1 year	
LGIP	$	685	$	685
VML/VACO Pool		646		646
Total	$	1,331	$	1,331

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. While the Authority does not have a policy regarding custodial credit risk, the Authority's investments at June 30, 2024 were held in the Authority's name by the custodial banks.

Fair Value Measurements

Fair value of the position in the VML/VACO Pool is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date The Authority has measured fair value of the above investments at the net asset value (NAV). The Authority is limited to two withdrawals per month.

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

External Investment Pool
The fair 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 the participants.

NOTE 3 – NOTES RECEIVABLE

The Authority and Washington County entered into an agreement relating to the $14,790,000 and $1,612,500 revenue bonds issued by the Authority. Washington County is responsible for 80.14% and 100%, respectively, of the bond balances. The Authority received $796,093 in principal payments on notes receivable from Washington County for the year ended June 30, 2024.

Description	Ending Balance
$11,193,805 note receivable with the County of Washington, Virginia issued June 2016. The County has agreed to pay 80.14% of the $14,790,000 bond issued net of the related portion of the deferred amount on refunding and premium.	$ 6,579,458
$1,612,500 note receivable with the County of Washington, Virginia issued September 2015. The County has agreed to pay 100% of the $1,162,500 bond issued.	526,500
Total Notes Receivable	$ 7,105,958

NOTE 4 – LEASES RECEIVABLE

The following is a summary of leases receivable transactions of the Authority for the year ended June 30, 2024:

	Beginning Balance	Increases/ Issuances	Decreases/ Retirements	Ending Balance	Interest Revenue
Leases receivable	$ 808,638	$ -	$ (260,744)	$ 547,894	$ 12,273

Lease revenue recognized during the fiscal year was $263,860.

NOTE 4 – LEASE RECEIVABLE (CONTINUED)

Details of leases receivable:

Lease Description	Original Issue Date	End Date	Payment Frequency	Discount Rate	Ending Balance	Amount Due Within One Year
Commonwealth of VA Dept of General Services	7/1/2016	6/30/2026	Monthly	1.78%	$ 301,698	$ 143,420
Department of Social Services	7/1/2016	6/30/2026	Monthly	1.78%	246,196	122,003
Total					$ 547,894	$ 265,423

Annual requirements to amortize the above leases receivable and related interest are as follows:

Year Ending June 30	Principal	Interest
2025	$ 265,423	$ 7,594
2025	270,186	2,831
2026	12,285	18
Totals	$ 547,894	$ 10,443

NOTE 5 – CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 14,053,871	$ -	$ (217,970)	$ 13,835,901
Contruction in Progress	130,806	298,086	(428,892)	-
Total capital assets, being depreciated	$ 14,184,677	$ 298,086	$ (646,862)	$ 13,835,901
Capital assets, not being depreciated:				
Buildings	$ 2,076,690	$ -	$ -	$ 2,076,690
Equipment	29,954	-	-	29,954
Leasehold improvements	1,006,600	428,892	-	1,435,492
Total capital assets, being depreciated	$ 3,113,244	$ 428,892	$ -	$ 3,542,136
Accumulated depreciation:				
Buildings	$ (1,435,758)	$ (51,918)	$ -	$ (1,487,676)
Equipment	(29,137)	(306)	-	(29,443)
Leasehold improvements	(383,328)	(55,378)	-	(438,706)
Total accumulated depreciation	$ (1,848,223)	$ (107,602)	$ -	$ (1,955,825)
Total capital assets being depreciated, net	$ 1,265,021	$ 321,290	$ -	$ 1,586,311
Net capital assets	$ 15,449,698	$ 619,376	$ (646,862)	$ 15,422,212

NOTE 6 – LONG-TERM DEBT

The following is a summary of changes in long-term obligations of the Authority for the fiscal year ended June 30, 2024:

	Beginning Balance	Issuances	Retirements	Ending Balance
Revenue Bonds	$ 10,583,500	$ -	$ (952,000)	$ 9,631,500
Premium on Bond Issuance	511,725	-	(85,835)	425,890
Total	$ 11,095,225	$ -	$ (1,037,835)	$ 10,057,390

Details of long-term debt:

Description	Ending Balance	Amount Due Within One Year
Revenue Bonds		
$14,790,000 Public Infrastructure Facilities Revenue Refunding Bond Series 2010, issued June 2016, semi-annual principal and interest payments beginning December 2016 due through June 2040 in various amounts. Interest is payable at rates from 2-4%.	$ 9,105,000	$ 815,000
$1,612,500 Public Infrastructure Facilities Revenue Refunding Bond Series 2015, issued September 2015, semi-annual principal and interest payments beginning January 2016 due through June 2027 in various amounts, with interest payable at 2.49%.	526,500	171,000
Subtotal	$ 9,631,500	$ 986,000
Plus: Premium on issuance	425,890	80,388
Total Revenue Bonds	$ 10,057,390	$ 1,066,388

Annual requirements to amortize the above bonds payable and related interest are as follows:

Year Ending	Revenue Bonds	
June 30	Principal	Interest
2025	$ 1,066,388	$ 323,956
2026	1,100,817	286,242
2027	1,119,514	247,116
2028	962,998	208,975
2029	816,904	175,075
2030-2034	2,358,715	554,850
2035-2039	2,165,748	241,716
2040	466,306	7,265
Totals	$ 10,057,390	$ 2,045,195

NOTE 7 – UPCOMING PRONOUNCEMENTS

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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
Industrial Development Authority of Washington County
Abingdon, 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 Industrial Development Authority of Washington County, a component unit of Washington County, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Industrial Development Authority of Washington County's basic financial statements and have issued our report thereon dated August 16, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Industrial Development Authority of Washington County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Industrial Development Authority of Washington County's internal control. Accordingly, we do not express an opinion on the effectiveness of Industrial Development Authority of Washington County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Industrial Development Authority of Washington County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 16, 2024