

**ECONOMIC DEVELOPMENT AUTHORITY  
OF STAFFORD COUNTY, VIRGINIA**

**(A Component Unit of Stafford County, Virginia)**

**FINANCIAL STATEMENTS**

**June 30, 2021**

**ECONOMIC DEVELOPMENT AUTHORITY OF  
STAFFORD COUNTY, VIRGINIA**

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**ECONOMIC DEVELOPMENT AUTHORITY OF  
STAFFORD COUNTY, VIRGINIA**

**JUNE 30, 2021**

**MEMBERS**

Joel Griffin, Chairman

Donald H. Newlin, Vice-Chairman

Howard Owen, Treasurer

Danielle Davis

John F. Rowley III (Jack)

Marlon Wilson

Heather Hagerman

Charles W. Payne, Jr., Esquire, Counsel

John Holden, Secretary

Robert T. Bishop, CPA  
Elaine F. Farmer, CPA

Harry B. F. Franklin, Jr., CPA  
Harry D. Dickinson, Ph.D., CPA



1  
Members  
American Institute of  
Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors  
Economic Development Authority  
of Stafford County, Virginia  
Stafford, Virginia

### Report on the Financial Statements

We have audited the accompanying financial statements of the Economic Development Authority of Stafford County, Virginia (the "Authority"), a discretely presented component unit of Stafford County, Virginia, as of and for the year ended June 30, 2021, 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.

#### *Auditor's 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 auditor's 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 Authority'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 Authority'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.

**Report on the Financial Statements (Continued)***Auditor's Responsibility (Continued)*

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

*Opinion*

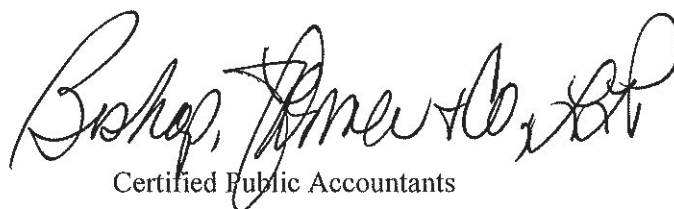
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Authority of Stafford County, Virginia, as of June 30, 2021, and its changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2022 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, 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.



Certified Public Accountants

Fredericksburg, Virginia  
February 21, 2022



## Stafford County Economic Development Authority

### MANAGEMENT'S DISCUSSION AND ANALYSIS

The Members  
Economic Development Authority  
of Stafford County, Virginia  
Stafford, Virginia

As management of the Economic Development Authority of Stafford County, Virginia, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Economic Development Authority of Stafford County, Virginia for the fiscal year ending June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information presented in the financial statements and notes to the financial statements.

#### Financial Highlights

The Authority's assets exceeded its liabilities by \$2,690,777 for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$2,707,621.

The unreserved net position balance of \$2,690,777 and \$2,281,938 represent the portion available to maintain the Authority's continuing operations as of June 30, 2021 and 2020 respectively.

Net position decreased \$16,844 to \$2,690,777 for June 30, 2021.

The following represents the Authority's financial position for the years ended June 30, 2021, and 2020:

#### SUMMARY OF NET POSITION

	<u>2021</u>	<u>2020</u>
Current assets	\$ 1,475,010	\$ 1,350,461
Non-current assets - capital assets	<u>1,236,051</u>	<u>1,387,085</u>
<b>Total Assets</b>	<b>\$ <u>2,711,061</u></b>	<b>\$ <u>2,737,546</u></b>
Long term liabilities	\$ 10,284	\$ 7,925
Other liabilities	<u>10,000</u>	<u>22,000</u>
<b>Total Liabilities</b>	<b>\$ <u>20,284</u></b>	<b>\$ <u>29,925</u></b>
Net Position:		
Invested in capital assets	\$	\$ 404,013
Unrestricted	2,690,777	2,281,938
Restricted	<u></u>	<u>21,670</u>
<b>Total Net Position</b>	<b>\$ <u>2,690,777</u></b>	<b>\$ <u>2,707,621</u></b>

**SUMMARY OF CHANGES IN NET POSITION**

	2021		2020	
	Amount	Percent Of Totals	Amount	Percent Of Totals
<b>REVENUES</b>				
Rental property revenue	\$		\$ 28,427	10.09
Sponsorship revenue			1,500	.53
Bond issuance fees	5,201	.23	5,050	1.79
Assistance and grants	2,167,755	94.21	507,000	180.03
Investment income	30,015	1.30	84,727	30.09
Gain (loss) on property sale	98,001	4.26	(745,087)	(264.57)
Property contribution			400,000	142.04
<b>Total Revenues</b>	<u>\$ 2,300,972</u>	<u>100.00</u>	<u>\$ 281,617</u>	<u>100.00</u>
<b>EXPENSES</b>				
Local industry assistance	\$ 2,192,119	94.58	\$ 681,330	86.90
Administration and marketing	75,567	3.26	2,617	.33
Rental property expenses			63,855	8.14
Bank and service fee	1,462	.06	2,600	.33
Professional fees	<u>48,668</u>	<u>2.10</u>	<u>33,704</u>	<u>4.30</u>
<b>Total Expenses</b>	<u>\$ 2,317,816</u>	<u>100.00</u>	<u>\$ 784,106</u>	<u>100.00</u>
<b>OPERATING INCOME (LOSS)</b>				
<b>BEFORE DEPRECIATION</b>	<u>\$ (16,844)</u>		<u>\$ (502,489)</u>	

**Overview of the Financial Statement**

The Authority is a component unit of Stafford County. The financial statements are reported on accrual basis of accounting. Operating expenses and expenses are distinguished from non-operating revenues and expenses.

Following the Management's Discussion and Analysis are the basic financial statements of the Authority together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statement of Net Position* presents information on all the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the Authority's financial position.

The *Statement of Revenues, Expenses and Changes in Net Position* presents information showing how the Authority's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash

flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relates to the cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the Statement of Cash Flows to assist in the understanding of the difference between cash flows from operating activities and operating income. In the fiscal year ended June 30, 2021, cash increased by \$593,820, mainly due to sale of property in Centreport and balance of cash from the Go Virginia grant.

### **Economic Factors**

- The Authority plans to continue the annual promotional appreciation luncheon for local businesses and other projects when necessary to support growth of the business community. Sponsorship revenues secured in 2020 will be applied to this year's event as the event was postponed due to the Pandemic.
- The Authority had pledged of up to \$1,000,000 in matching funds to support the establishment of a Germanna Community College campus in Stafford County, associated with Parcel 38-29, an undeveloped tract of land approximately 14.75 acres in size which is located along US Route 1 near the Stafford Regional Airport. This pledge was revised under an MOU dated September 11, 2022, and the Authority has committed \$750,000 to Germanna Community College to expand its learning and educational footprint in Stafford County.
- While the Authority does not approve a budget for operations, budgetary controls and expenditure tracking has been reported quarterly to the Board of Directors. A budget was set for Fiscal Year 2022 and is reviewed quarterly.
- The Authority was issued \$2,036,000 in funds from Stafford County to assist in business recovery due to the Coronavirus Pandemic (so called "CARES Act Funds"). These funds were used to pay back the \$427,000 of EDA funds it granted to businesses in FY2020 and provide the balance as grants to impacted businesses. The balance of the funds, less \$36,000 was granted to impacted businesses through a series of grant programs during the Fiscal Year.
- The EDA was granted a property in the Centreport Area from Stafford County in 2020 and sold that property in fiscal year 2021. The Virginia Department of Transportation acquired a portion of the lot for \$149,380. The balance of the lot was sold for \$400,000, with the Authority financing the buyer \$304,000 at 4.0% annually and quarterly payments of \$6,762.31.

### **Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional information, contact the Authority's office in Stafford, Virginia.

Respectfully submitted



Howard Owen, Treasurer  
Economic Development Authority of Stafford County, Virginia



## ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA

## STATEMENT OF NET POSITION

(A Component Unit of Stafford County, Virginia)

June 30, 2021

*Exhibit 1*

## ASSETS

## CURRENT ASSETS

Cash and cash equivalents	\$ 1,415,935
Other assets	12,218
Notes receivable - current	<u>46,857</u>

**Total Current Assets** \$ 1,475,010

## NONCURRENT ASSETS

Notes receivable - noncurrent	\$ 702,503
Certificates of deposit	<u>533,548</u>

**Total Noncurrent Assets** \$ 1,236,051

**Total Assets** \$ 2,711,061

## LIABILITIES

## CURRENT LIABILITIES

Accounts payable	\$ 10,284
Other liabilities	<u>10,000</u>

**Total Current Liabilities** \$ 20,284

## NET POSITION

Unrestricted	\$ <u>2,690,777</u>
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**Total Net Position** \$ 2,690,777

See Notes to Financial Statements.

**ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**(A Component Unit of Stafford County, Virginia)**  
**Year Ended June 30, 2021**

*Exhibit 2*

<b>OPERATING REVENUES</b>	
Bond issuance fees	\$ <u>5,201</u>
<b>Total Operating Revenues</b>	\$ <u>5,201</u>
<b>OPERATING EXPENSES</b>	
Local industry assistance and grants	\$ 2,192,119
Administration and marketing	75,567
Professional fees	48,668
Bank and service fees	<u>1,462</u>
<b>Total Operating Expenses</b>	\$ <u>2,317,816</u>
<b>Operating Income (Loss)</b>	\$ <u>(2,312,615)</u>
<b>NON-OPERATING REVENUE (EXPENSE)</b>	
Unrealized gain (loss) on investment	\$ (12,460)
Interest income	42,475
Gain on sale of property	98,001
Contributions from local and state governments	<u>2,167,755</u>
<b>Total Non-Operating Revenue (Expense)</b>	\$ <u>2,295,771</u>
<b>Change in Net Position</b>	\$ (16,844)
<b>NET POSITION, Beginning of Year</b>	<u>2,707,621</u>
<b>NET POSITION, End of Year</b>	\$ <u>2,690,777</u>

See Notes to Financial Statements.

## ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA

## STATEMENT OF CASH FLOWS

(A Component Unit of Stafford County, Virginia)

Year Ended June 30, 2021

*Exhibit 3*

<b>OPERATING ACTIVITIES</b>	
Economic development activities	\$ (2,186,917)
Payments to suppliers	<u>(139,306)</u>
<b>Net Cash Used In Operating Activities</b>	\$ <u>(2,326,223)</u>
<b>NON-CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Contributions from governments	\$ <u>2,674,755</u>
<b>Net Cash Provided By Non-Capital and Related Financing Activities</b>	\$ <u>2,674,755</u>
<b>INVESTING ACTIVITIES</b>	
Interest and other income	\$ 43,562
Payments received on notes receivable	18,712
Cash received – property sale	198,014
Loans	<u>(15,000)</u>
<b>Net Cash Provided By Investing Activities</b>	\$ <u>245,288</u>
<b>Net Increase in Cash and Cash Equivalents</b>	\$ 593,820
<b>CASH AND CASH EQUIVALENTS</b>	
Beginning	<u>822,115</u>
Ending	\$ <u>1,415,935</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>	
Operating loss	\$ (2,312,615)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Unrealized loss	12,460
Changes in operating assets and liabilities:	
Other assets	(86)
Accounts payable	2,359
Other liabilities	<u>(28,341)</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	\$ <u>(2,326,223)</u>

See Notes to Financial Statements.

**ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2021****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity**

The Economic Development Authority of Stafford County, Virginia (the "Authority") is a component unit of Stafford County, Virginia (the "County"). The Authority was established under the Industrial Development and Revenue Bond Act (Chapter 33, Section 15.1-1373 et. seq.) of the *Code of Virginia* (1950, as amended). The Authority has the responsibility to promote industry and develop trade by inviting manufacturing, industrial, and commercial enterprises to locate or to remain in the County. The Authority has been determined to be a component unit of the County in accordance with *Governmental Auditing Standards*. Component units are legally separate entities for which a primary government is financially accountable.

**Measurement Focus and Basis of Accounting**

The Authority's financial statements are reported using the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 arise from bond issuance fees. Operating expenses include various program costs and contractual services. All revenues and expenses not meeting this definition are reported as nonoperating. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Property Assets**

Capital assets are reported at cost or fair market value at time of donation or purchase. Buildings are depreciated using the straight-line method over a useful life of 30 years. At June 30, 2021, the Authority did not have ownership of any property assets.

**Net Position**

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding obligation related 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 obligation are also included in this component of net position.



**ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2021****Page 2****2. CASH AND CASH EQUIVALENTS**

Investments that are highly liquid with an initial maturity of three months or less are considered to be cash and cash equivalents on the accompanying statements of net position and statements of cash flows.

**3. CERTIFICATES OF DEPOSIT**

Certificates of deposits totaling \$533,548 are included on the accompanying financial statements. The certificates bear interest ranging from 3.05 percent to 3.30 percent and have maturities ranging from 54 to 60 months. An investment policy has been adopted by the Authority which states that the funds of the Authority can only be invested in AAA-rated debt instruments or federally insured certificates of deposit.

**4. NOTES RECEIVABLE**

As of June 30, 2021, the notes receivable totaled \$749,360 with a current portion reported in the amount of \$46,857. The notes are the result of property sale financing and the Authority's loan programs. The Authority considers the notes receivable to be collectible; therefore, no allowance for losses has been reported.

**Property Sales Financing**

The Authority has entered into various property sale agreements and as a result has agreed to finance the following sales:

1. In June, 2019, the Authority sold 1318 Jefferson Davis Highway in Stafford County for the amount of \$650,000. A note was executed in the amount of \$455,000 with interest of 5.5 percent per annum and monthly payments of \$2,794.10. The note is amortized over a 25-year period and matures on June 1, 2026. The note is secured by a deed of trust on the property designated as Stafford County, Virginia Tax Map Parcel A, 38-29. At June 30, 2021, the note balance was \$437,064.
2. In March 2021, the Authority sold a portion of the Centreport Parkway property, Parcel 14G for the amount of \$400,000. A note was executed in the amount of \$304,000 with interest of four percent per annum and quarterly payments of \$6,762.31. The note is payable in 20 quarterly payments and matures May 31, 2026. The note is secured by a deed of trust on the property designated as Stafford County, Virginia Tax Map Parcel 38-14G. At June 30, 2021, the note balance was \$300,236.

**Micro Loans**

During FY21 in accordance with the Authority's loan program, a Micro Loan was made in the amount of \$15,000 with interest of two percent and monthly payments of \$513.02. The loan matures on July 15, 2023. At June 30, 2021, the note balance was \$12,060.



**ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2021****Page 3****5. CONDUIT DEBT**

Periodically, the Authority issues Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The Authority is not obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

**6. PROPERTY SALES**

During FY21, property located at Centreport Parkway was sold. Part of the parcel was sold as described in Note 4 for the amount of \$400,000. The remaining portion of the property was sold to the Virginia Department of Transportation (VDOT) for the amount of \$149,380. The Authority paid Stafford County \$30,000 from the sale proceeds as a reimbursement to the County for correcting land erosion.

**7. COMMITMENTS****Germanna Community College Grant**

In September 2020, the Authority pledged a grant to Germanna Community College in the amount of \$750,000 to be paid over a five-year period in equal annual installments. The grant will be used to expand the Barbara J. Fried Center located in Stafford County. The terms of the pledge require Germanna Community College to provide the Authority various project information including a project budget, expansion plans and project approvals before the first grant installment is paid. The first installment continues to be pending as of June 30, 2021.

**Loan Programs**

In July 2019, the Stafford Economic Development Authority Loan Program was approved with a Memorandum of Understanding (MOU) with Rappahannock Economic Development Corporation (REDCO), Virginia Community Capital (VCC) and the University of Mary Washington Small Business Development Center (UMWSBDC) to manage the Stafford EDA Loan Program. The purpose of the program is to encourage expansion of new and existing business in Stafford County. The Authority, REDCO, and VCC will work in coordination and collaboration to accept loan applications, review, underwrite, close and service loans.

In November 2019, the Authority transferred \$100,000 to VCC for the loan program. The loan program offers three loan types to qualified borrowers: Business Growth Loans, Micro Loans and COVID-19 Loans. In July 2020, the Authority entered into the first loan agreement under this program.

In July 2020, the Authority entered into the first loan agreement under the micro loan program. As of June 30, 2021, the amount of \$85,000 remains available for the loan programs.

**Marketing Contract**

In July 2020, the Authority entered into a one-year marketing contract with a monthly fee of \$6,417. The contract was extended for an additional one year commencing August 1, 2021.

## ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS

June 30, 2021

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**8. COVID-19 RELIEF PROGRAMS AND FUNDING**

In FY21 Stafford County provided CARES Act funding for various relief programs to be administered by the Authority. The Authority received \$2,036,000 to administer grant programs including Stay in Stafford Business Grant, Sleep in Stafford Business Grant, Safe in Stafford Business Grant and Critical Tourism grants. All grants were geared toward assistance to area businesses affected by COVID-19. In addition, the Authority provided tech training program grants and broadband grants. In January 2021, funds remaining from CARES Act funding not utilized in the amount of \$36,000 was returned to Stafford County.

**9. RELATED PARTIES**

Various Board Members of the Authority provide services to the Authority in the normal course of business.

**10. ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued statements which are not yet effective. Statement No.95. *Postponement of the Effective Dates of Certain Authoritative Guidance due to the COVID-19 pandemic* has delayed implementation dates of the various statements. Management of the Authority has not determined the effects, if any, of the new GASB statement on prospective financial statements

**11. SUBSEQUENT EVENTS****American Rescue Plan Act Funds**

Stafford County has been awarded \$29 million by the American Rescue Plan Act funds. The Authority is expecting approximately \$2.4 million of grant funding provided by Stafford County.

**RIoT Program**

The Authority has been awarded a grant from Go Virginia in the amount of \$215,000 to establish a RIoT Accelerator Program in the Rappahannock Regional Entrepreneur Ecosystem. In July 2021, the Authority partnered with RIoT to launch the two-year accelerator program. The Authority will provide space for RIoT staff and programs at no cost to RIoT.

**Center for Innovative Technology Program**

In September 2021, the Authority entered into a two-year agreement with the Center for Innovative Technology (CIT) to launch a new Smart and Cyber Tech Entrepreneur Development Program within the Virginia Smart Community Testbed. The Authority will pay for one-half of the cost for the specialist contractor up to \$130,000 over a two-year program, with that amount, up to \$65,000 of that cost reimbursed by the Go Virginia Grant. CIT (now VIPC) will pay for the other half of the cost to the contractor up to \$65,000.

**ECONOMIC DEVELOPMENT AUTHORITY OF STAFFORD COUNTY, VIRGINIA****NOTES TO FINANCIAL STATEMENTS****June 30, 2021****Page 5****11. SUBSEQUENT EVENTS (Continued)****Coronavirus Impact**

The Coronavirus disease (COVID-19) continues to subject many entities and business operations with a level of uncertainty for the foreseeable future. The impact of COVID-19 on future operations will depend upon the continued duration of the pandemic and related developments which cannot be predicted at this time.

Management has evaluated subsequent events through February 21, 2022, the date which the financial statements were available for issue.

## COMPLIANCE SECTION

**INDEPENDENT AUDITOR'S 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**

Members of the Board of Directors  
Economic Development Authority  
of Stafford County, Virginia

We have audited, 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; the financial statements of the Economic Development Authority of Stafford County (the "Authority"), a discretely presented component unit of Stafford County, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which comprise the Authority's basic financial statements, and have issued our report thereon dated February 21, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

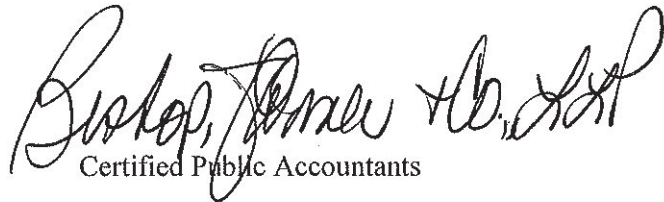


**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants

Fredericksburg, Virginia  
February 21, 2022

**ECONOMIC DEVELOPMENT AUTHORITY OF  
STAFFORD COUNTY, VIRGINIA**

**SCHEDULE OF AUDIT FINDINGS  
June 30, 2021**

**FINDINGS – FINANCIAL STATEMENT AUDIT**

None.

Robert T. Bishop, CPA  
Elaine F. Farmer, CPA  
Harry B. F. Franklin Jr., CPA  
Harry D. Dickinson, Ph.D, CPA



Member  
American Institute of  
Certified Public Accountants

To the Board of Directors  
Economic Development Authority  
of Stafford County, Virginia  
P. O. Box 339  
Stafford, Virginia 22555

We have audited the financial statements of Economic Development Authority of Stafford County, Virginia for the year ended June 30, 2021, and have issued our report thereon dated February 21, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards 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 October 15, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Economic Development Authority of Stafford County, Virginia 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 Fiscal Year 2021. We noted no transactions entered into by the Organization during the year 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 capital assets are significant; therefore, depreciation expenses calculated over estimated asset lives is a significant estimate.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No sensitive disclosure affecting the financial statements were identified.

Economic Development Authority  
of Stafford County, Virginia  
Stafford, Virginia

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*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 trivial, and communicate them to the appropriate level of management. Management had no such misstatements. In addition, no misstatements were detected as a result of audit procedures and no corrected misstatements by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's 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 February 21, 2022, a copy of which is enclosed for your review.

*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 Organization's financial statements or a determination of the type of auditor's 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*

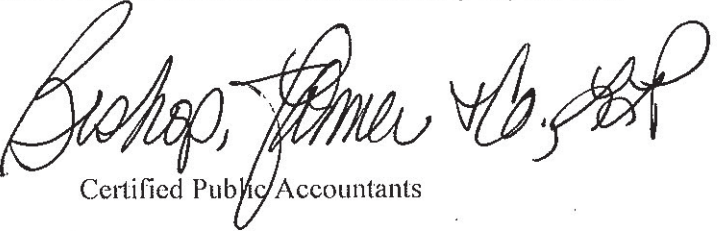
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses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

Economic Development Authority  
of Stafford County, Virginia  
Stafford, Virginia

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**Restriction on Use**

This information is intended solely for the use of management of Economic Development Authority of Stafford County, Virginia and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Fredericksburg, Virginia  
February 21, 2022



Robert T. Bishop, CPA  
Elaine F. Farmer, CPA  
Harry B. F. Franklin Jr., CPA  
Harry D. Dickinson, Ph.D, CPA



Member  
American Institute of  
Certified Public Accountants

Board of Directors and John Holden, Secretary  
Economic Development Authority of  
Stafford County, Virginia  
P. O. Box 339  
Stafford, Virginia 22555

In planning and performing our audit of the financial statements of Economic Development Authority of Stafford County, Virginia as of and for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, we considered Economic Development Authority of Stafford County, Virginia's internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the governmental unit's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

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 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in Economic Development Authority of Stafford County, Virginia's internal control to be significant deficiencies:

#### AUDITOR ASSISTANCE WITH DRAFTING THE FINANCIAL STATEMENTS

The accounting profession, in Statement on Auditing Standards No. 115, "Communicating Internal Control Related Matters Identified in an Audit," (SAS 115) has emphasized that the financial statements are the responsibility of management. If members of management seek the assistance of the auditor in drafting the financial statements because they lack the accounting expertise to prevent, detect, and correct a

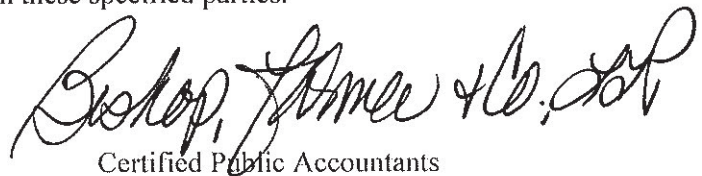
1207 Charles Street • Fredericksburg, Virginia 22401 • (540) 373-8973 • Fax (540) 371-5391  
233 Garrisonville Road • Suite 101 • (540) 720-2606 • Fax (540) 720-2813  
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potential misstatement in the financial statements, then SAS 115 indicates that there is a control deficiency. Having the technical accounting knowledge to prepare the financial statements and disclosures are a higher level of knowledge than possessing the skills, knowledge, or experience to oversee a service provided by the auditor in drafting the financial statements. Like you, the managers of many Authorities have made the evaluation that the costs outweigh the benefits of hiring accounting staff with higher levels of expertise, of following changes in accounting standards, and of maintaining the high level of expertise required to prepare the Authority's financial statements and disclosures in conformity with generally accepted accounting principles.

#### SEGRÉGATION OF DUTIES

Management is responsible for the development and implementation of internal control which is a process designed to provide reasonable assurance about the achievement of an entity's objectives. An ideal system of internal control over financial reporting starts with the basic premise that no one employee should have access to both the physical assets and the related accounting records or have access to all phases of a transaction. The lack of segregation of duties noted in the Authority allows opportunities for fraudulent financial reporting and misappropriation of assets. However, like you, the managers of many Authorities have made the evaluation that the costs outweigh the benefits of hiring additional staff to implement the segregation of duties required by an ideal system of internal control. Statement on Auditing Standards No. 115 "Communicating Internal Control Related Matters Identified in an Audit," requires that we communicate this significant deficiency to you.

This communication is intended solely for the information and use of management, Economic Development Authority of Stafford County, Virginia, and others within the Authority, and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Fredericksburg, Virginia  
February 21, 2022