A G E N D A
JAMES CITY COUNTY ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
101 Mounts Bay Road, Building D
December 14, 2021
4:00 PM

A. CALL TO ORDER

B. ROLL CALL

C. APPROVAL OF MINUTES

1. Minutes for Approval - October 19, 2021

D. FINANCIAL REPORTS

1. Financial Reports for Approval - October 2021
2. Financial Reports for Approval - November 2021

E. CLOSED SESSION

F. NEW BUSINESS

1. Annual EDA Auditor's Report
2. Election of Officers for CY2022
3. Adoption of 2022 EDA Meeting Calendar

G. OLD BUSINESS

H. LIAISON REPORTS

I. DIRECTOR'S REPORT

1. Director's Report

J. UPCOMING DATES OF INTEREST

K. ADJOURNMENT

AGENDA ITEM NO. C.1.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Christopher Johnson- Director of Economic Development
SUBJECT:	Minutes for Approval - October 19, 2021

ATTACHMENTS:

	Description	Type
🗋	Draft Minutes - October 19, 2021	Minutes

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:10 PM

M I N U T E S
JAMES CITY COUNTY ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING

October 19, 2021
4:00 PM

A. CALL TO ORDER

Mr. Campana called the meeting to order at 4:00 p.m.

B. ROLL CALL

Vince Campana, Chair
Brandon Nice - arrived 4:05 p.m.
Joe Stanko
Carlton Stockton
William Turner

Absent:
Ellen Gajda
Lynn Meredith

Also Attending:
Christopher Johnson, Economic Development Authority (EDA) Secretary
Adam Kinsman, EDA Counsel
Kate Sipes, Assistant Director, Economic Development
Sue Sadler, Board of Supervisors' Liaison to the EDA, via phone
Terry Banez, via phone, CEO, Greater Williamsburg Chamber of Commerce (Chamber)

C. APPROVAL OF MINUTES

1. Minutes Adoption - September 21, 2021

A motion to Approve was made by William Turner; motion Passed.
AYES: 4 NAYS: 0 ABSTAIN: 0 ABSENT: 3
Ayes: Campana, Stanko, Stockton, Turner
Absent: Gajda, Meredith, Nice

D. FINANCIAL REPORTS

1. September 2021 Financial Reports

A motion to Approve was made by Carlton Stockton; motion Passed.
AYES: 4 NAYS: 0 ABSTAIN: 0 ABSENT: 3
Ayes: Campana, Stanko, Stockton, Turner
Absent: Gajda, Meredith, Nice

Ms. Sipes referred to the revenue and expense reports for September 2021, noting revenue for the marina property was not received in September due to postal service delays. Ms.

Sipes also noted double payments were received in October, representing the September and October rent payments. Ms. Sipes also informed the EDA the tenant had completed the repayment on all amounts deferred due to the pandemic.

E. CLOSED SESSION

There was no Closed Session.

F. NEW BUSINESS

Mr. Nice arrived.

1. Proposed Amendment to Sales Agreement

A motion to Approve the Proposed Amendment to the Sales Agreement for Project Viking was made by Carlton Stockton; motion Passed.
AYES: 4 NAYS: 0 ABSTAIN: 1 ABSENT: 2
Ayes: Nice, Stanko, Stockton, Turner
Absent: Gajda, Meredith
Abstain: Campana

Mr. Campana recused himself and left the room.

Mr. Johnson presented a proposed sales agreement amendment regarding Project Viking, noting the change was at the request of the proposed buyer.

Mr. Kinsman noted the only change was extending the 180-day deadline for due diligence to 270 days with no penalty.

Mr. Campana returned to the meeting.

2. Proposed Shop Local Program

A motion to Approve the funding to participate in the Boost Shop Local Program was made by Carlton Stockton; motion Passed.
AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 2
Ayes: Campana, Nice, Stanko, Stockton, Turner
Absent: Gajda, Meredith

Mr. Johnson introduced Ms. Banez, CEO, Greater Williamsburg Chamber of Commerce (Chamber), participating via telephone.

Ms. Banez presented a new Shop Local program, in partnership with Chesapeake Bank, the Chamber, and EDAs of Greater Williamsburg Partnership. Ms. Banez explained the program was envisioned to be a five-week long campaign to sell a total of 1,000 VISA gift cards. The value of each card would be $50 with a cost of only $25 to the consumer. The difference would be paid by the participating partners. Ms. Banez requested participation from the EDA, joining York County and the City of Williamsburg EDAs, along with Chesapeake Bank and the Chamber, at $5,000 each.

Mr. Stanko asked if the purchased cards were gift cards or VISA cards.

Ms. Banez responded they were VISA cards that could be used at any business. Ms. Banez noted the consumer could choose to buy a gift card that was redeemable at any of the 133 members of the Williamsburg Area Restaurant Association instead of purchasing a VISA card.

Mr. Campana asked about the success of similar programs in other communities.

Ms. Banez responded those communities sold out of available gift cards within two hours of launching the program. Ms. Banez explained other communities had offered the cards for sale online and advised against doing that due to the high level of interest causing websites to crash.

Mr. Turner asked how the Chamber was planning to quantify the success of the program.

Ms. Banez responded that the Chamber would report back to the EDAs the sales data and the cards are able to be tracked as to where they are redeemed, making it possible to determine how many are redeemed locally (in-market versus out-of-market).

Mr. Campana asked what would happen to the $5,000 from the EDA if the cards were not sold.

Ms. Banez responded the cards would be sold online if they do not sell out at the five in-person events planned over the five weeks of the program.

Ms. Sadler asked for clarification that the cards can actually be used out-of-market.

Ms. Banez responded they could be used anywhere, including out-of-market, but that the program was being marketed as a Shop Local campaign.

Ms. Sadler noted her concern that local dollars would go outside the local market and hoped the marketing kept the buying power local.

Ms. Banez added that the marketing was targeted locally, with WYDaily as a partner.

There was general discussion about the use of QR codes to sell and track the cards.

G. OLD BUSINESS

There was no Old Business.

H. LIAISON REPORTS

Ms. Sadler thanked the EDA for its ongoing efforts.

I. DIRECTOR'S REPORT

Mr. Johnson referred to the Director’s Report in the packet, noting the Grand Opening of a new event venue, The Maine of Williamsburg.

Mr. Johnson also wished Mr. Stockton a very happy birthday and invited the EDA to enjoy the treats provided to celebrate the occasion.

J. UPCOMING DATES OF INTEREST

There were no upcoming dates noted.

K. ADJOURNMENT

A motion to Adjourn was made by William Turner; motion Passed.
AYES: 5 NAYS: 0 ABSTAIN: 0 ABSENT: 2
Ayes: Campana, Nice, Stanko, Stockton, Turner
Absent: Gajda, Meredith

2. Adjourn until November 16, 2021

At approximately 4:30 p.m., Mr. Campana adjourned the Authority.

________________________________	________________________________
Christopher Johnson, Secretary Economic Development Authority	Vince Campana, Chair Economic Development Authority

AGENDA ITEM NO. D.1.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Jeffrey Wiggins - EDA Fiscal Agent
SUBJECT:	Financial Reports for Approval - October 2021

ATTACHMENTS:

	Description	Type
🗋	Revenue Report - October 2021	Exhibit
🗋	Expenditure Report - October 2021	Exhibit
🗋	Balance Sheet - October 2021	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:10 PM

James City County, VA

YEAR-TO-DATE BUDGET REPORT

FOR 2022 04

ACCOUNTS FOR: 300 EDA	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
305 Use Of Money & Property							
300-305-3511- Interest Revenue	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%
TOTAL Use Of Money & Property	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%
308 Charges For Services							
300-308-3400- Lease Income	-14,725	-14,725	.00	.00	.00	-14,725.00	.0%
TOTAL Charges For Services	-14,725	-14,725	.00	.00	.00	-14,725.00	.0%
309 Miscellaneous							
300-309-3699- Miscellaneous Revenue	0	0	-400.00	.00	.00	400.00	100.0%
300-309-3970- Marina Property	-75,239	-75,239	-14,945.44	.00	.00	-60,293.56	19.9%
300-309-3972- Bond Fee Revenue	-15,000	-15,000	-94,212.65	-91,330.00	.00	79,212.65	628.1%
TOTAL Miscellaneous	-90,239	-90,239	-109,558.09	-91,330.00	.00	19,319.09	121.4%
399 Fund Balance							
300-399-3100- Fund Balance	-7,537	-7,537	.00	.00	.00	-7,537.00	.0%
TOTAL Fund Balance	-7,537	-7,537	.00	.00	.00	-7,537.00	.0%
TOTAL EDA	-116,001	-116,001	-109,558.09	-91,330.00	.00	-6,442.91	94.4%
TOTAL REVENUES	-116,001	-116,001	-109,558.09	-91,330.00	.00	-6,442.91	

YEAR-TO-DATE BUDGET REPORT

FOR 2022 04

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	-116,001	-116,001	-109,558.09	-91,330.00	.00	-6,442.91	94.4%

** END OF REPORT - Generated by Jeffrey Wiggins **

James City County, VA

YEAR-TO-DATE BUDGET REPORT

FOR 2022 04

ACCOUNTS FOR: 300 EDA		ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
259 EDA Operating								
300-259-0200-	Advertising	550	550	.00	.00	.00	550.00	.0%
300-259-0205-	Promotion	46,500	46,500	7,652.30	.00	.00	38,847.70	16.5%
300-259-0220-	Travel And Training	1,000	1,000	.00	.00	.00	1,000.00	.0%
300-259-0222-	Local Travel	500	500	.00	.00	.00	500.00	.0%
300-259-0235-	Annual Audit	10,750	10,750	9,000.00	7,000.00	1,676.00	74.00	99.3%
300-259-0319-	Office Supplies	200	200	.00	.00	.00	200.00	.0%
300-259-0710-	Legal Services	6,000	6,000	2,000.00	500.00	.00	4,000.00	33.3%
300-259-5900-	Regional Econ Devel Support	34,500	34,500	34,500.00	.00	.00	.00	100.0%
300-259-5902-	VA High Speed Rail	1,000	1,000	.00	.00	.00	1,000.00	.0%
300-259-5903-	James River Commerce Ctr-Ops	14,800	14,800	.00	.00	.00	14,800.00	.0%
300-259-5904-	Mainland Farm Oper Expenses	100	100	.00	.00	.00	100.00	.0%
300-259-5915-	Marina Property	101	101	.00	.00	.00	101.00	.0%
TOTAL EDA Operating		116,001	116,001	53,152.30	7,500.00	1,676.00	61,172.70	47.3%
TOTAL EDA		116,001	116,001	53,152.30	7,500.00	1,676.00	61,172.70	47.3%
TOTAL EXPENSES		116,001	116,001	53,152.30	7,500.00	1,676.00	61,172.70	

YEAR-TO-DATE BUDGET REPORT

FOR 2022 04

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	116,001	116,001	53,152.30	7,500.00	1,676.00	61,172.70	47.3%

** END OF REPORT - Generated by Jeffrey Wiggins **

James City County, VA

BALANCE SHEET FOR 2022 4

FUND: 300 EDA			NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS				
	300401 0000 300-401-0000-	General Cash	83,830.00	651,579.43
	300413 5921 300-413-5921-	Marina Property Rent Receivabl	.00	40,396.18
	300413 8250 300-413-8250-	Misc Receivables	.00	2,882.65
	300413 8253 300-413-8253-	Loan Receivables	.00	20,711.42
	300417 0916 300-417-0916-	Allowance-Doubtful Accts	.00	-73.42
	300455 0814 300-455-0814-	Land Improvements	.00	237,988.25
	300455 0815 300-455-0815-	Land	.00	710,794.67
	300455 0819 300-455-0819-	Buildings	.00	290,094.53
	300455 0820 300-455-0820-	Accum Deprec-Buildings	.00	-26,608.22
	300455 0831 300-455-0831-	Infrastructure	.00	182,379.34
	300455 0832 300-455-0832-	Accum Deprec-Infrastructure	.00	-22,872.31
	300455 0837 300-455-0837-	Accum Deprec-Land Improvements	.00	-43,688.66
	300455 0840 300-455-0840-	Land Improvements (ND)	.00	34,200.00
	TOTAL ASSETS		83,830.00	2,077,783.86
FUND BALANCE				
	300601 6140 300-601-6140-	Net Pos - Net Invmt Cap Assets	.00	-1,387,765.32
	300601 6142 300-601-6142-	Net Pos - Unrestricted	.00	-633,612.75
	300601 6150 300-601-6150-	Revenue-Year To Date	-91,330.00	-109,558.09
	300601 6151 300-601-6151-	Expenditures-Year To Date	7,500.00	53,152.30
	300601 6152 300-601-6152-	Encumbrances-Year To Date	-7,000.00	11,451.00
	300601 6909 300-601-6909-	Bugetary FB Res for Encumbranc	7,000.00	-11,451.00
	TOTAL FUND BALANCE		-83,830.00	-2,077,783.86
	TOTAL LIABILITIES + FUND BALANCE		-83,830.00	-2,077,783.86

** END OF REPORT - Generated by Jeffrey Wiggins **

AGENDA ITEM NO. D.2.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Jeffrey Wiggins - EDA Fiscal Agent
SUBJECT:	Financial Reports for Approval - November 2021

ATTACHMENTS:

	Description	Type
🗋	Revenue Report - November 2021	Exhibit
🗋	Expenditure Report - November 2021	Exhibit
🗋	Balance Sheet - November 2021	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:11 PM

James City County, VA

YEAR-TO-DATE BUDGET REPORT

FOR 2022 05

ACCOUNTS FOR: 300 EDA	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
305 Use Of Money & Property							
300-305-3511- Interest Revenue	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%
TOTAL Use Of Money & Property	-3,500	-3,500	.00	.00	.00	-3,500.00	.0%
308 Charges For Services							
300-308-3400- Lease Income	-14,725	-14,725	.00	.00	.00	-14,725.00	.0%
TOTAL Charges For Services	-14,725	-14,725	.00	.00	.00	-14,725.00	.0%
309 Miscellaneous							
300-309-3699- Miscellaneous Revenue	0	0	-400.00	.00	.00	400.00	100.0%
300-309-3970- Marina Property	-75,239	-75,239	-20,572.98	-5,627.54	.00	-54,666.02	27.3%
300-309-3972- Bond Fee Revenue	-15,000	-15,000	-94,212.65	.00	.00	79,212.65	628.1%
TOTAL Miscellaneous	-90,239	-90,239	-115,185.63	-5,627.54	.00	24,946.63	127.6%
399 Fund Balance							
300-399-3100- Fund Balance	-7,537	-7,537	.00	.00	.00	-7,537.00	.0%
TOTAL Fund Balance	-7,537	-7,537	.00	.00	.00	-7,537.00	.0%
TOTAL EDA	-116,001	-116,001	-115,185.63	-5,627.54	.00	-815.37	99.3%
TOTAL REVENUES	-116,001	-116,001	-115,185.63	-5,627.54	.00	-815.37	

YEAR-TO-DATE BUDGET REPORT

FOR 2022 05

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	-116,001	-116,001	-115,185.63	-5,627.54	.00	-815.37	99.3%

** END OF REPORT - Generated by Jeffrey Wiggins **

James City County, VA

YEAR-TO-DATE BUDGET REPORT

FOR 2022 05

ACCOUNTS FOR: 300 EDA		ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
259 EDA Operating								
300-259-0200-	Advertising	550	550	.00	.00	.00	550.00	.0%
300-259-0205-	Promotion	46,500	46,500	7,652.30	.00	.00	38,847.70	16.5%
300-259-0220-	Travel And Training	1,000	1,000	.00	.00	.00	1,000.00	.0%
300-259-0222-	Local Travel	500	500	.00	.00	.00	500.00	.0%
300-259-0235-	Annual Audit	10,750	10,750	10,676.00	1,676.00	.00	74.00	99.3%
300-259-0319-	Office Supplies	200	200	.00	.00	.00	200.00	.0%
300-259-0710-	Legal Services	6,000	6,000	2,500.00	500.00	.00	3,500.00	41.7%
300-259-5900-	Regional Econ Devel Support	34,500	34,500	34,500.00	.00	.00	.00	100.0%
300-259-5902-	VA High Speed Rail	1,000	1,000	.00	.00	.00	1,000.00	.0%
300-259-5903-	James River Commerce Ctr-Ops	14,800	24,575	4,887.50	4,887.50	4,887.50	14,800.00	39.8%
300-259-5904-	Mainland Farm Oper Expenses	100	100	.00	.00	.00	100.00	.0%
300-259-5915-	Marina Property	101	101	.00	.00	.00	101.00	.0%
TOTAL EDA Operating		116,001	125,776	60,215.80	7,063.50	4,887.50	60,672.70	51.8%
TOTAL EDA		116,001	125,776	60,215.80	7,063.50	4,887.50	60,672.70	51.8%
TOTAL EXPENSES		116,001	125,776	60,215.80	7,063.50	4,887.50	60,672.70	

YEAR-TO-DATE BUDGET REPORT

FOR 2022 05

	ORIGINAL APPROP	REVISED BUDGET	YTD EXPENDED	MTD EXPENDED	ENCUMBRANCES	AVAILABLE BUDGET	PCT USED
GRAND TOTAL	116,001	125,776	60,215.80	7,063.50	4,887.50	60,672.70	51.8%

** END OF REPORT - Generated by Jeffrey Wiggins **

BALANCE SHEET FOR 2022 5

FUND: 300 EDA			NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS				
	300401 0000 300-401-0000-	General Cash	-1,435.96	650,143.47
	300413 5921 300-413-5921-	Marina Property Rent Receivabl	.00	40,396.18
	300413 8250 300-413-8250-	Misc Receivables	.00	2,882.65
	300413 8253 300-413-8253-	Loan Receivables	.00	20,711.42
	300417 0916 300-417-0916-	Allowance-Doubtful Accts	.00	-73.42
	300455 0814 300-455-0814-	Land Improvements	.00	237,988.25
	300455 0815 300-455-0815-	Land	.00	710,794.67
	300455 0819 300-455-0819-	Buildings	.00	290,094.53
	300455 0820 300-455-0820-	Accum Deprec-Buildings	.00	-26,608.22
	300455 0831 300-455-0831-	Infrastructure	.00	182,379.34
	300455 0832 300-455-0832-	Accum Deprec-Infrastructure	.00	-22,872.31
	300455 0837 300-455-0837-	Accum Deprec-Land Improvements	.00	-43,688.66
	300455 0840 300-455-0840-	Land Improvements (ND)	.00	34,200.00
	TOTAL ASSETS		-1,435.96	2,076,347.90
FUND BALANCE				
	300601 6140 300-601-6140-	Net Pos - Net Invmt Cap Assets	.00	-1,387,765.32
	300601 6142 300-601-6142-	Net Pos - Unrestricted	.00	-633,612.75
	300601 6150 300-601-6150-	Revenue-Year To Date	-5,627.54	-115,185.63
	300601 6151 300-601-6151-	Expenditures-Year To Date	7,063.50	60,215.80
	300601 6152 300-601-6152-	Encumbrances-Year To Date	-6,563.50	4,887.50
	300601 6906 300-601-6906-	Estimated Revenues	.00	116,001.00
	300601 6907 300-601-6907-	Appropriations	.00	-125,776.00
	300601 6908 300-601-6908-	Budgetary Fund Balance	.00	9,775.00
	300601 6909 300-601-6909-	Bugetary FB Res for Encumbranc	6,563.50	-4,887.50

BALANCE SHEET FOR 2022 5

FUND: 300 EDA	NET CHANGE FOR PERIOD	ACCOUNT BALANCE
FUND BALANCE		
TOTAL FUND BALANCE	1,435.96	-2,076,347.90
TOTAL LIABILITIES + FUND BALANCE	1,435.96	-2,076,347.90

** END OF REPORT - Generated by Jeffrey Wiggins **

AGENDA ITEM NO. F.1.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Jeffrey Wiggins - EDA Fiscal Agent
SUBJECT:	Annual EDA Auditor's Report

ATTACHMENTS:

	Description	Type
🗋	Audited Financial Statements FY21	Exhibit
🗋	Auditor's Report to the EDA	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:14 PM

Economic Development Authority of James City County, Virginia

(A Component Unit of the County of James City, Virginia)

Financial Statements and Supplemental Information

(With Independent Auditor's Report Thereon)

June 30, 2021 and 2020

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Table of Contents

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)
Authority Officials
June 30, 2021

Board Members

Vince Campana III, Chair

Lynn Meredith, Vice Chair

Brandon Nice

Joseph Stanko

Carlton Stockton

William Turner

Other Officials

P. Sue Sadler, Board of Supervisor Liaison

Christopher Johnson, Secretary

Jennifer Tomes, Treasurer

Adam Kinsman, Legal Counsel

BROWN EDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of
Economic Development Authority of James City County, Virginia
Williamsburg, Virginia

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Economic Development Authority of James City County, Virginia as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents. These financial statements are the responsibility of the Economic Development Authority of James City County, Virginia's management.

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 audits. We conducted our audits 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,* issued by the Comptroller General of the United States; and *Specifications for Audits of Authorities, Boards and Commissions* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Economic Development Authority of James City County, Virginia as of June 30, 2021 and 2020, and the changes in net position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

<u>Required Supplementary Information</u>

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 5 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 audits 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.

<u>Other Information</u>

The Schedules of Revenue Bonds Outstanding - Conduit Debt on page 21 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 6, 2021, on our consideration of the Economic Development Authority of James City County, Virginia'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 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 Economic Development Authority of James City County, Virginia's internal control over financial reporting and compliance.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 6, 2021

This section of the ***Economic Development Authority of James City County, Virginia's*** (Authority) annual financial report presents our discussion and analysis of the Authority's financial performance during the fiscal years ended June 30, 2021 and 2020.

Financial Highlights

The Authority had a decrease in net position of ($167,797) for fiscal year 2021, primarily as a result of a loss related to writing off a capital asset. For fiscal year 2020, the Authority had a decrease in net position of ($92,187), primarily as a result of the loss on the sale of a parcel of land owned by the Authority.

Overview of the Financial Statements

The financial section of this report has two components - Management's Discussion and Analysis (this section) and the basic financial statements. The basic financial statements are comprised of the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Net Position, Statements of Cash Flows, and Notes to the Financial Statements. The Statement of Net Position presents information on the Authority's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between these two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. However, it is also important to consider other nonfinancial factors, such as changes in economic conditions, population and service area growth, and new or changed legislation. The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how net position changed during the fiscal 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 fiscal periods. Notes to the financial statements are an integral part of the statements and should be read in conjunction with the financial statements and Management's Discussion and Analysis.

The Authority is a self-supporting entity and follows enterprise fund accounting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Enterprise fund statements offer short and long-term financial information about the activities and operations of the Authority.

Financial Analysis

Summary of Statements of Net Position

	6/30/2021	6/30/2020	6/30/2019
Current and other assets	$ 659,090	$ 688,238	$ 425,505
Capital assets, net of accumulated depreciation	1,362,288	1,554,276	1,906,816
Total assets	$ 2,021,378	$ 2,242,514	$ 2,332,321
Current liabilities	$ -	$ 53,339	$ 50,959
Net position			
Net investment in capital assets	1,362,288	1,554,276	1,906,816
Unrestricted	659,090	634,899	374,546
Total net position	2,021,378	2,189,175	2,281,362
Total liabilities and net position	$ 2,021,378	$ 2,242,514	$ 2,332,321

Total assets experienced decreases of ($221,136) and ($89,807) at June 30, 2021 and 2020, respectively. For fiscal year 2021, the decrease was primarily due to writing off previously capitalized construction in progress costs. For fiscal year 2020, the decrease was primarily due to the Authority selling a parcel of land at a loss.

Current liabilities experienced a decrease of ($53,339) in fiscal year 2021 due to the payment of performance-based agreements and enterprise zone grants prior to year-end. Current liabilities experienced an increase of $2,380 in fiscal year 2020, primarily as a result of an increase in payables at the end of the fiscal year related to the enterprise zone grant program.

At June 30, 2021 and 2020, assets exceeded liabilities by $2,021,378 and $2,189,175, respectively.

Summary of Statements of Revenues, Expenses and Changes in Net Position for the Year Ended

	6/30/2021	6/30/2020	6/30/2019
Intergovernmental - County contribution	$ 49,767	$ 5,223	$ 79,427
Other operating revenues	103,087	121,817	97,807
Total operating revenues	152,854	127,040	177,234
Community development & Launchpad	93,636	52,730	127,361
Other expenses	64,416	57,567	85,284
Total operating expenses	158,052	110,297	212,645
Operating income (loss)	(5,198)	16,743	(35,411)
Net nonoperating revenues (expenses)	(162,599)	(108,930)	3,070
Change in net position	(167,797)	(92,187)	(32,341)
Net position - beginning of year	2,189,175	2,281,362	2,313,703
Net position - end of year	$ 2,021,378	$ 2,189,175	$ 2,281,362

Revenues represent the County's contribution to the Authority and other operating revenues from bond fees and lease income from the Mainland Farm and marina property. In fiscal year 2021, the County contribution increased by $44,544 as a result of an increase in payments for performance based agreements made by the Authority for which the County provides funding. In fiscal year 2020, the County contribution decreased by ($74,204), primarily as a result of a reduction in payments for performance based agreements mentioned previously. In 2021, other operating revenues decreased by ($18,730) primarily as a result of a decrease in lease income. In 2020, other operating revenues increased by $24,010 primarily attributable to the incremental increase in lease income.

Community development and Launchpad consists primarily of contributions toward local business efforts, grants awarded to local businesses for exceeding certain investment figures, performance agreements, and costs associated with Launchpad, while other expenses include costs such as advertising and professional fees. Community development and Launchpad expenses reflect an increase of 77.6% for fiscal year 2021, mainly because of an increase in payments related to performance based agreements. Community development and Launchpad expenses reflect a decrease of (58.6%) for fiscal year 2020, mainly because of reduced payments related to the James River Commerce Center and performance based agreements.

For fiscal year 2021, other expenses increased by $6,849 primarily due to an increase in promotion costs. For fiscal year 2020, other expenses decreased by ($27,717) primarily due to a reduction in promotion costs related to the cancellation of a major local event.

Net nonoperating revenues (expenses) consist of interest income, loss on the disposal of capital assets, and capital contributions. The decrease of ($53,669) in 2021 was primarily due to writing off previously capitalized construction in progress costs. The decrease of ($112,000) in 2020 was primarily due to the loss on the sale of a parcel of land.

Total net position decreased by ($167,797) and ($92,187) in 2021 and 2020, respectively. The decrease in 2021 primarily resulted from writing off previously capitalized construction in progress costs in the fiscal year. The decrease in 2020 primarily resulted from the loss on the sale of a parcel of land.

Capital Assets

	6/30/2021	6/30/2020	6/30/2019
Nondepreciable	$ 744,995	$ 911,505	$ 1,238,661
Depreciable	617,293	642,771	668,155
Capital assets, net	$ 1,362,288	$ 1,554,276	$ 1,906,816

During fiscal year 2021, net capital assets decreased primarily as a result of writing off previously capitalized construction in progress costs. In fiscal year 2020, net capital assets decreased primarily as a result of the sale of property owned by the Authority.

Additional information can be found in Note 6 to the basic financial statements.

Debt Administration

The Authority has issued Economic 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. It should be noted this represents conduit debt and although conduit debt obligations bear the name of the governmental issuer, which is the Authority, the issuer has no obligation for such debt beyond the resources provided by a lease or loan with the third party on whose behalf they are issued. Additional information can be found in the Other Information section on the Schedules of Revenue Bonds Outstanding – Conduit Debt (Unaudited).

Requests for Financial Information

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the James City County Department of Financial and Management Services, 101-F Mounts Bay Road, P.O. Box 8784, Williamsburg, Virginia 23187-8784.

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Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Net Position

		6/30/2021		6/30/2020
Assets				
Current assets				
Cash and short-term investments (Note 2)	$	545,407	$	584,397
Due from James City County (Note 4)		49,767		53,339
Rent receivable (Note 8)		40,396		26,531
Bond fee receivable		2,882		2,973
Accounts receivable		-		360
Total current assets		638,452		667,600
Notes receivable, net allowance (Note 5)		20,638		20,638
Capital assets (Note 6)				
Nondepreciable		744,995		911,505
Depreciable, net		617,293		642,771
Capital assets, net		1,362,288		1,554,276
Total assets	$	2,021,378	$	2,242,514
Liabilities and Net Position				
Current liabilities				
Accounts payable	$	-	$	53,339
Net position				
Net investment in capital assets		1,362,288		1,554,276
Unrestricted		659,090		634,899
Total net position		2,021,378		2,189,175
Total liabilities and net position	$	2,021,378	$	2,242,514

See accompanying notes to financial statements.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended	
	6/30/2021	**6/30/2020**
Operating revenues		
Lease income (Notes 7 and 8)	$ 85,798	$ 104,601
Intergovernmental - County contribution (Note 4)	49,767	5,223
Bond fees	17,289	17,216
Total operating revenues	152,854	127,040
Operating expenses		
Community development & Launchpad	93,636	52,730
Depreciation	25,478	25,384
Promotion	22,207	10,221
Professional fees	16,581	16,638
Other	150	19
Rent abatement	-	5,305
Total operating expenses	158,052	110,297
Operating income (loss)	(5,198)	16,743
Nonoperating revenue (expenses)		
Interest income	3,911	4,219
Loss on disposal of capital assets	(166,510)	(113,149)
Total nonoperating (expenses) revenue, net	(162,599)	(108,930)
Change in net position	(167,797)	(92,187)
Net position, beginning of year	2,189,175	2,281,362
Net position, end of year	$ 2,021,378	$ 2,189,175

See accompanying notes to financial statements.

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Statements of Cash Flows

	Years Ended	
	6/30/201	6/30/2020
Cash flows from operating activities		
Receipts from County and customers	$ 143,012	$ 107,664
Payments to suppliers	(185,913)	(82,533)
Net cash provided by (used in) operating activities	(42,901)	25,131
Cash flows from capital and related financing activities		
Proceeds from sale of capital assets	-	214,007
Cash flows from investing activities		
Interest received	3,911	4,219
Net increase (decrease) in cash	(38,990)	243,357
Cash and short-term investments, beginning of year	584,397	341,040
Cash and short-term investments, end of year	$ 545,407	$ 584,397
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	$ (5,198)	$ 16,743
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities:		
Depreciation	25,478	25,384
Changes in assets and liabilities:		
Due from James City County	3,572	(5,223)
Rent receivable	(13,865)	(26,531)
Bond fee receivable	91	230
Accounts receivable	360	7,786
Notes receivable	-	4,362
Accounts payable	(53,339)	2,380
Net cash provided by (used in) operating activities	$ (42,901)	$ 25,131

See accompanying notes to financial statements.

1) Summary of Significant Accounting Policies

The Economic Development Authority of James City County, Virginia (the Authority) was created as a political subdivision of the Commonwealth of Virginia by ordinance of the governing body of James City County (County) on July 9, 1979, pursuant to the provisions of the Economic Development and Revenue Bond Act (Chapter 33, Section 15.1-1373, et seq., of the *Code of Virginia* (1950), as amended). The Authority is governed by a seven-member board appointed by the Board of Supervisors of James City County, Virginia. The essential purpose of the Authority is to promote industrial and commercial development in the County.

The Reporting Entity

The Authority has been determined to be a component unit of the County in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.* Component units are legally separate entities for which a primary government is financially accountable. The County is financially accountable given the significance of the Authority's fiscal dependence on and financial relationship with the County. As a result of the County's financial accountability for the Authority, the information included in these financial statements is included in the financial statements of the County.

Implementation of these reporting requirements in no way infringes upon the independence of the Authority nor otherwise impairs the Authority's power to perform its functions under state law.

Basis of Accounting and Presentation

The Authority utilizes the economic resources measurement focus and the accrual basis of accounting as an enterprise fund. Accordingly, revenues are recognized in the period earned and expenses are recognized when they are incurred. Enterprise funds are used to account for the ongoing activities that are financed and operated similar to those often found in the private sector. Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from the Authority's ongoing operations. Operating revenues include revenue from the County, bond fees, and lease income. Operating expenses include the costs related to promoting and developing the County and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Authority generally first uses restricted net position for expenses incurred for which both restricted and unrestricted net position are available. The Authority may defer the use of restricted net position based on a review of the specific transaction.

Cash Equivalents

For purposes of the Statements of Cash Flows, cash equivalents are defined as short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near maturity that they present insignificant risk of changes in value because of changes in interest rates. The Authority considers all certificates of deposits, regardless of their maturity, and other investments with original maturities of three months or less to be cash equivalents.

Capital Assets

The Authority's policy is to capitalize assets with a cost basis or acquisition value at time of donation of $5,000 or greater. The costs of major improvements are capitalized, while the costs of maintenance and repairs, which do not improve or extend the life of an asset, are expensed. When appropriate, the Authority provides for depreciation of capital assets using the straight-line method at amounts estimated to amortize the cost or other basis of the assets over their estimated useful lives.

1) Summary of Significant Accounting Policies, Continued

The Authority's capital assets consist of land, land improvements, buildings and improvements, and infrastructure. Depreciation is taken over the capital assets estimated useful lives as follows:

	No. of Years
Land improvements	20
Building and improvements	40
Infrastructure	25-30

Pass-Through Financing Leases

Some activities of the Authority represent pass-through leases. The Authority is authorized to issue revenue bonds for the purpose of obtaining and constructing facilities within the County. These agreements provide for periodic rental payments in amounts, which are equal to the principal and interest payments due to project bondholders. The Authority has assigned all rights to the rental payments to the trustees of the bondholders, and the lessees have assumed responsibility for all operating costs, such as utilities, repairs, and property taxes. In such cases, the Authority neither receives nor disburses funds.

Although title to these properties rests with the Authority, bargain purchase options or other lease provisions eliminate any equity interest that would otherwise be retained. Deeds of trust secure outstanding obligations, and title will revert to the lessee when the bonds are fully paid.

Therefore, while the Authority provides a conduit to execute such transactions, it does not retain either the benefits of asset ownership or the liability for bond liquidation. Accordingly, the Authority does not recognize associated assets, liabilities, deferred inflows or outflows of resources, rental income, or interest expense in its financial statements.

Advertising Costs

Advertising costs (promotion expenses) are expensed in the period in which they are incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates and assumptions.

2) Cash and Short-Term Investments

The Authority's cash and short-term investments consisted of:

	6/30/2021	6/30/2020
Bank deposits	$ 545,407	$ 342,306
Investments	-	242,091
	$ 545,407	$ 584,397

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the *Code of Virginia.*

2) Cash and Short-Term Investments, Continued

The Authority's investments were as follows:

	6/30/2021		6/30/2020	
Investment Type	**Amount**	**Maturity**	**Amount**	**Maturity**
Cerificate of deposit (cost-based)	$ -	N/A	$ 121,046	2021
Cerificate of deposit (cost-based)	-	N/A	121,045	2021
	$ -		$ 242,091	

The Authority utilizes the Investment Policy (Policy) of the County, which is enforced by the James City County Treasurer. In accordance with the *Code of Virginia* and other applicable law, including regulations, the Authority's Policy permits investments in U.S. government obligations, municipal obligations, commercial paper, and certain corporate notes, bankers' acceptances, repurchase agreements, negotiable certificates of deposit, bank deposit notes, mutual funds that invest exclusively in securities specifically permitted under the Policy, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, which measures its investments at amortized cost). The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP.

The Policy establishes limitations on the holdings of non-U.S. government obligations. The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Treasury obligations	100% maximum
Federal Agency obligations	100% maximum
Registered money market mutual funds	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Bank deposits	100% maximum
Repurchase agreements	50% maximum
Bankers' acceptances	40% maximum
Commercial paper	35% maximum
Negotiable certificates of deposit/bank notes	20% maximum
Municipal obligations	20% maximum
Corporate notes	15% maximum

Credit Risk

As required by state statute, the Policy requires commercial paper have a short-term debt rating of no less than "A-1" (or its equivalent) from at least two of the following: Moody's Investors Service, Standard & Poor's, Fitch Investor's Service, and Duff and Phelps. Corporate notes must have a minimum of "Aa" long-term debt rating by Moody's Investors Service and a minimum of "AA" long-term debt rating by Standard & Poor's. Negotiable certificates of deposit and bank deposit notes maturing in less than one year must have a short-term debt rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investors Service. Notes having a maturity of greater than one year must be rated "AA" by Standard & Poor's and "Aa" by Moody's Investors Service. Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances, or money market mutual funds, the Authority has established stringent credit standards for these investments to minimize portfolio risk.

As of June 30, 2020, the Authority was no longer invested in LGIP.

2) Cash and Short-Term Investments, Continued

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. No more than 5% of the Authority's portfolio will be invested in the securities of any single issuer with the following exceptions:

U.S. Treasury	100% maximum
Commonwealth of Virginia LGIP	100% maximum
Each bank deposit institution	100% maximum
Each money market mutual fund	50% maximum
Each federal agency	35% maximum
Each repurchase agreement counterparty	25% maximum

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Authority's Policy limits the investment of short-term operating funds to an average weighted maturity of no more than 180 days, with a portion of the portfolio continuously invested in readily available funds. The operating fund core portfolio will be invested in permitted investments with a stated maturity of no more than five years from the date of purchase. To control the volatility of the core portfolio, the Treasurer will determine a duration target, not to exceed three years.

Custodial Credit Risk

The Policy requires all investment securities purchased by the Authority or held as collateral on deposits or investments shall be held by the Authority or by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, 2020, all of the Authority's investments are held in a bank's trust department in the Authority's name.

3) Conduit Debt Obligations

From time to time, the Authority has issued Economic Revenue Bonds (the 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. Neither the County, the Commonwealth, nor any political subdivision thereof is obligated in any manner for repayment of the Bonds. Accordingly, the Bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2021 and 2020, there were 15 series of Economic Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $168 million and $181 million, respectively.

4) Transactions with Related Parties

Certain financial management and accounting services are provided to the Authority by the County. Services were provided at no charge during the years ended June 30, 2021 and 2020. In addition, certain personnel costs in 2021 and 2020 were incurred by the County for the benefit of the Authority at no charge to the Authority.

Certain legal services are provided to the Authority by the County. The charges for these services amounted to $6,000, respectively for the years ended June 30, 2021 and 2020, and are included in professional fees in the accompanying statements of revenues, expenses, and changes in net position.

At June 30, 2021 and 2020, the County owed $49,767 and $53,339, respectively, to the Authority for its contribution to fund business incentives related to a performance based agreement and Enterprise Zone grants.

4) Transactions with Related Parties, Continued

The Authority negotiates tax abatements as part of the Enterprise Zone Grant Program, the purpose of which is to bring new commercial and industrial businesses to the County. The County provided $2,568 and $5,223 to the Authority to cover the costs of these payments in fiscal years 2021 and 2020, respectively.

In fiscal year 2016, the Authority entered into a performance agreement with a business to provide incentive payments based on their investment in machinery and tools, and the County agreed to fund the incentive payments. The Authority paid $47,199 during fiscal year 2021 for this incentive and the funding was provided by the County. This payment is included in community development expenses in the accompanying statements of revenues, expenses, and changes in net position. No payments were made in fiscal year 2020 based on the terms of the agreement.

An Authority Board member serves as the Vice President of Construction for a local contractor that performs construction at the marina property for its tenant, Billsburg Brewery (the "Brewery"). Any major improvements on the property, of a structural nature or costing over $5,000, require the Authority's prior written consent per the lease agreement with the Brewery. Additional information on the lease agreement is provided in Note 8.

5) Notes Receivable

A summary of notes receivable for fiscal years 2021 and 2020 is below.

	6/30/2021	6/30/2020
Regina Enterprises, LLC	$ 73	$ 73
MODU System America, LLC	20,638	20,638
Subtotal	20,711	20,711
Allowance for doubtful accounts	(73)	(73)
Total notes receivable	$ 20,638	$ 20,638
Reconcilation to Statements of Net Position:		
Notes receivable, current	$ -	$ -
Notes receivable, non-current	20,638	20,638
Total notes receivable	$ 20,638	$ 20,638

On October 13, 2010, the Authority entered into a loan forgiveness agreement with Regina Enterprises, LLC for $5,000, and the term of the agreement was later extended to March 31, 2019 at 0% interest. During fiscal year 2018, Regina Enterprises, LLC closed, at which time the full balance of the loan became payable, and during fiscal year 2019, the Authority collected $2,500 of the remaining balance due. At June 30, 2021 and 2020, the remaining balance due for this loan was $73, and the corresponding allowance for doubtful accounts reflects this amount.

On May 24, 2016, the Authority entered into an agreement with MODU System America, LLC and OKS International, LLC, in which the Authority made a one-time grant of $25,000 to the businesses in exchange for specified performance. Per the agreement, the grant was in the form of a zero-interest loan to be forgiven at the end of seven years if the terms were satisfied in full. On May 10, 2019, the Authority entered into a supplemental agreement with these businesses to cure defaults that had occurred in the original agreement and provide a method to cure potential future defaults. At the conclusion of fiscal year 2021, it was calculated that a cure payment in the amount of $1,048 is due from MODU System America, LLC. Once the payment is received, the total notes receivable will reflect a decrease of that amount. In fiscal year 2020, the total notes receivable decreased by $4,362 when MODU System America, LLC remitted payment of this amount to cure defaults of prior years.

6) Capital Assets

A summary of the capital asset activity for fiscal years 2021 and 2020 is below.

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021
Capital assets, nondepreciable:				
Land	$ 710,795	$ -	$ -	$ 710,795
Land improvements	34,200	-	-	34,200
Construction in progress	166,510	-	166,510	-
Total capital assets, nondepreciable	911,505	-	166,510	744,995
Capital assets, depreciable:				
Land improvements	237,988	-	-	237,988
Buildings and improvements	290,095	-	-	290,095
Infrastructure	182,379	-	-	182,379
Total capital assets, depreciable	710,462	-	-	710,462
Less accumulated depreciation:				
Buildings and improvements	19,339	7,269	-	26,608
Land improvements	31,731	11,957	-	43,688
Infrastructure	16,621	6,252	-	22,873
Total accumulated depreciation	67,691	25,478	-	93,169
Total capital assets, depreciable, net	642,771	(25,478)	-	617,293
Total capital assets, net	$ 1,554,276	$ (25,478)	$ 166,510	$ 1,362,288

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020
Capital assets, nondepreciable:				
Land	$ 1,037,951	$ -	$ 327,156	$ 710,795
Land improvements	34,200	-	-	34,200
Construction in progress	166,510	-	-	166,510
Total capital assets, nondepreciable	1,238,661	-	327,156	911,505
Capital assets, depreciable:				
Land improvements	237,988	-	-	237,988
Buildings and improvements	290,095	-	-	290,095
Infrastructure	182,379	-	-	182,379
Total capital assets, depreciable	710,462	-	-	710,462
Less accumulated depreciation:				
Buildings and improvements	12,087	7,252	-	19,339
Land improvements	19,832	11,899	-	31,731
Infrastructure	10,388	6,233	-	16,621
Total accumulated depreciation	42,307	25,384	-	67,691
Total capital assets, depreciable, net	668,155	(25,384)	-	642,771
Total capital assets, net	$ 1,906,816	$ (25,384)	$ 327,156	$ 1,554,276

7) Commitment of Operating Subsidies

The following operating subsidy agreements were in effect for fiscal years 2021 and 2020.

- In fiscal year 2017, the Authority along with the Economic Development Authority of the City of Williamsburg, Virginia (EDA-WMSBG) and the Economic Development Authority of York County, Virginia (EDA-YORK), transferred regional economic development initiatives to the Greater Williamsburg Partnership, including the operation of a regional business incubator, referred to as “Launchpad.” The Authority, EDA-WMSBG, and EDA-YORK agreed that $103,500 was a reasonable estimate of the annual costs to operate Launchpad and that each party would be responsible for one-third of those annual costs. During fiscal years 2020 and 2021, the Authority made annual contributions to Launchpad of $34,500.

- On January 1, 2020, the Authority renewed an ongoing agreement with Renwood Farms, Inc. (Renwood) whereby Renwood would pay the Authority annual rent of $14,725 for use of farm property owned by the County. Under this agreement, Renwood would be compensated from the sale of farm goods produced. The current agreement ends on December 31, 2022 with the ability to renew for one additional two-year term. In fiscal years 2020 and 2021, the Authority received $14,725 from Renwood annually.

8) Rent Receivable

In 2016, the Authority entered into an agreement to lease property at a marina, including a warehouse later constructed on the premises, to Billsburg Brewery (the “Brewery”). The initial term of the lease was for ten years and will automatically renew for up to two additional five year terms. The lease commenced in September 2017, and the rent amount paid for the first year was $60,000. Per the agreement, rent would increase the first five subsequent years by 3% annually and will remain an annual rent of $70,000 for the last four years of the initial term. Rent will increase by 5% for each renewal term.

The warehouse and renovations were capitalized at a cost of $710,462. Depreciation expense on these assets was $25,478 and $25,384 at June 30, 2021 and 2020, respectively. This resulted in accumulated depreciation of $93,169 and $67,691 at June 30, 2021 and 2020, respectively.

The Authority entered into a supplemental agreement with the Brewery on June 18, 2020 due to Executive Orders 53 and 55 issued by the Governor of Virginia that set restrictions for brewery retail operations. This supplemental agreement abated 100% of rent owed by the Brewery for the month of April 2020. This abatement totaled $5,305 and is recognized on the statement of revenues, expenses, and changes in net position for fiscal year 2020. Additionally, the Authority agreed to defer $16,072 of rent owed by the Brewery for the months of July, August, and September 2020 until October 10, 2021. The Brewery began repaying the deferred rent in March 2021, and the remaining balance of $8,036 is included in rent receivable as of June 30, 2021.

The Authority collected $57,209 and $58,041 of rent payments during fiscal years 2021 and 2020, respectively. Excluding the deferred rent amount, the balance of the rent receivable was $32,360 and $26,531 as of June 30, 2021 and 2020, respectively. Future annual rent payments from the Brewery are anticipated as follows:

2022	$ 75,239
2023	69,219
2024	69,926
2025	70,000
2026	70,000
2027-2031	363,417
2032-2036	381,587
2037-2038	90,037
Total	$ 1,189,425

9) COVID-19

During fiscal years 2020 and 2021, the novel coronavirus disease (COVID-19) affected the operations of the Authority as well as the local business environment. The financial activities of the Authority through June 30, 2021 reflect these impacts resulting from COVID-19.

As discussed in Note 8, Executive Orders issued by the Governor of Virginia placed restrictions on brewery operations, and in response, the Authority provided its tenant with a rent abatement in the amount of $5,305 for the month of April 2020 and rent deferrals for the months of July, August, and September 2020 until October 10, 2021.

In addition, COVID-19 resulted in the cancellation of the annual Ladies Professional Golf Association (LPGA) Kingsmill Championship event in May 2020. In February 2020, the Authority paid $30,000 to the Kingsmill Resort for a skybox and catering at the event to promote local businesses. After the cancellation, the Kingsmill Resort provided the Authority with a full refund in June 2020. This refund is reflected as a reduction to promotion expenses in fiscal year 2020 on the statements of revenues, expenses, and changes in net position.

In April 2020, the Authority collaborated with the Economic Development Authorities of York County and the City of Williamsburg to jointly contribute $10,000 to the Greater Williamsburg Partnership (GWP) for the purpose of creating a grant program with the Virginia 30-Day Fund, in partnership with the Williamsburg Community Foundation, for businesses in Greater Williamsburg adversely affected by COVID-19 closures. As part of this effort, the Authority contributed $3,333 to GWP in May 2020, which is reported in community development expenses on the statements of revenues, expenses, and changes in net position.

The Authority's capital assets for the year ended June 30, 2020 included $166,510 of construction in progress, consisting of the design and engineering costs and related site plan for a building at the James River Commerce Center. This site plan expired as of July 1, 2020, and as a result of economic constraints imposed due to COVID-19, the site plan was not renewed prior to this expiration. As a result, in fiscal year 2021, the Authority wrote off this amount of construction in progress..

The extent to which COVID-19 may impact the Authority's operations and financial condition in subsequent fiscal years will depend on future developments, which remain uncertain and cannot be predicted due to the evolving nature of this situation. As a result, the Authority cannot reasonably estimate the future impact of COVID-19 at this time.

* * * * *

Compliance Section

BROWN EDWARDS
certified public accountants

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*

To the Members of
Economic Development Authority of James City County, Virginia
Williamsburg, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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 James City County, Virginia as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the Economic Development Authority of James City County, Virginia's basic financial statements, and have issued our report thereon dated October 6, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Economic Development Authority of James City County, Virginia's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Economic Development Authority of James City County, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of the Economic Development Authority of James City County, Virginia'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 Economic Development Authority of James City County, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 6, 2021

SUMMARY OF COMPLIANCE MATTERS
June 30, 2021

As more fully described in the 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,* we performed tests of the Authority's compliance with certain provisions of the laws, regulations, contracts, and grants shown below.

STATE COMPLIANCE MATTERS

Code of Virginia

Cash and Investment Laws

Conflicts of Interest Act

Procurement Laws

Uniform Disposition of Unclaimed Property Act

Other Information

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA
(A Component Unit of the County of James City, Virginia)

SCHEDULE OF FINDINGS AND RESPONSES
June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements.
2. No significant deficiencies relating to the audit of the financial statements were reported in the 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*.
3. No instances of noncompliance material to the financial statements were disclosed.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS - COMMONWEALTH OF VIRGINIA

None

Economic Development Authority of James City County, Virginia
(A Component Unit of the County of James City, Virginia)

Schedules of Revenue Bonds Outstanding - Conduit Debt (Unaudited)

Bond	Date Issued	6/30/2021	6/30/2020
Lease Revenue Bonds, Series 2011 - James City County	9/30/2011	$ 667,000	$ 1,334,000
Lease Revenue Bonds, Virginia Capital Projects - James City County	9/11/2012	-	14,050,000
Lease Revenue Refunding Bonds, Series 2014 - James City County	8/4/2014	6,375,000	7,510,000
Lease Revenue Refunding Bonds, Series 2015 - James City County	8/5/2016	22,185,000	26,675,000
Lease Revenue Bonds, Series 2016 - James City County	5/6/2016	21,760,000	22,825,000
Lease Revenue Bonds, Series 2018 - James City County	11/29/2018	19,125,000	20,090,000
Lease Revenue Refunding Bonds, Series 2021 - James City County	5/27/2021	11,030,000	-
Economic Development Revenue Bond - Christopher Newport University Educational Foundation	5/18/2001	2,270,119	2,342,119
Revenue Bond, Series B 2003 - Williamsburg Landing Inc.	9/1/2003	5,590,000	5,590,000
Revenue and Refunding Bond, Residential Care Facility - Williamsburg Landing Inc.	5/11/2005	17,715,000	17,765,000
Revenue Refunding Bond, William and Mary Foundation, Series 2011 (Refunding Variable Rate Revenue Bond - William and Mary Foundation, Series 2006, issued 12/1/2006)	1/17/2012	8,090,000	8,090,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013A Senior	5/31/2013	29,040,000	29,525,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013A Subordinated	5/31/2013	9,897,733	9,897,733
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013B Senior	5/31/2013	6,500,000	6,500,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2013C Senior	5/31/2013	1,480,000	1,620,000
Virginia United Methodist Homes of Williamsburg, Inc., Series 2016	9/29/2016	6,547,777	6,726,261
		$ 168,272,629	$ 180,540,113

See accompanying independent auditors' report.

Report to the Members of the Board

ECONOMIC DEVELOPMENT AUTHORITY OF JAMES CITY COUNTY, VIRGINIA

June 30, 2021

BROWNEDWARDS
certified public accountants

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BROWN EDWARDS
certified public accountants

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To the Members of the Board
Economic Development Authority of James City County, Virginia
Williamsburg, Virginia

We have audited the financial statements of Economic Development Authority of James City County, Virginia (the "Authority") for the year ended June 30, 2021, and have issued our report thereon dated October 6, 2021. Professional standards require that we provide you with information about our responsibilities in accordance with auditing standards generally accepted in the United States of America, 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 4, 2021. 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 Economic Development Authority of James City 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 2021. We noted no transactions entered into by the Authority 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 most sensitive estimate affecting the financial statements was:

- Management's estimate of the depreciable lives is based on the James City County's policy. We evaluated the key factors and assumptions used to develop the estimated useful lives in determining that it is reasonable in relation to the financial statements taken as a whole.

We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements include those related to:

- Note 7 - Commitment of Operating Subsidies

The financial statements 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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The schedule in Appendix B summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. There were no audit adjustments posted.

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 included in Appendix A.

Management Consultations with Other 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 Authority'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 Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Schedules of Revenue Bonds Outstanding – Conduit Debt, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

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

Sincerely,

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Newport News, Virginia
October 6, 2021

NEW GASB PRONOUNCEMENTS

In this section, we would like to make you aware of certain confirmed and potential changes that are on the horizon that may affect your financial reporting and audit. The effective dates below are updated based on **Statement No.95**, ***Postponement of the Effective Dates of Certain Authoritative Guidance*** due to the COVID-19 pandemic.

The GASB issued **Statement No. 87**, ***Leases*** in June 2017. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

Definition of a Lease

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

Lease Term

The lease term is defined as the period during which a lessee has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

a. Periods covered by a lessee's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessee will exercise that option.
b. Periods covered by a lessee's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessee will not exercise that option.
c. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
d. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

A fiscal funding or cancellation clause should affect the lease term only when it is reasonably certain that the clause will be exercised.

Lessees and lessors should reassess the lease term only if one or more of the following occur:

a. The lessee or lessor elects to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would not exercise that option.
b. The lessee or lessor elects not to exercise an option even though it was previously determined that it was reasonably certain that the lessee or lessor would exercise that option.
c. An event specified in the lease contract that requires an extension or termination of the lease takes place.

Short-Term Leases

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

Lessee Accounting

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.

Lessor Accounting

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods.

A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

Contracts with Multiple Components and Contract Combinations

Generally, a government should account for the lease and nonlease components of a lease as separate contracts. If a lease involves multiple underlying assets, lessees and lessors in certain cases should account for each underlying asset as a separate lease contract. To allocate the contract price to different components, lessees and lessors should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment, or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining a best estimate is not practicable, multiple components in a lease contract should be accounted for as a single lease unit. Contracts that are entered into at or near the same time with the same counterparty and that meet certain criteria should be considered part of the same lease contract and should be evaluated in accordance with the guidance for contracts with multiple components.

NEW GASB PRONOUNCEMENTS

Lease Modifications and Terminations

An amendment to a lease contract should be considered a lease modification, unless the lessee's right to use the underlying asset decreases, in which case it would be a partial or full lease termination. A lease termination should be accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any difference being recognized as a gain or loss. A lease modification that does not qualify as a separate lease should be accounted for by remeasuring the lease liability and adjusting the related lease asset by a lessee and remeasuring the lease receivable and adjusting the related deferred inflows of resources by a lessor.

Subleases and Leaseback Transactions

Subleases should be treated as transactions separate from the original lease. The original lessee that becomes the lessor in a sublease should account for the original lease and the sublease as separate transactions, as a lessee and lessor, respectively.

A transaction qualifies for sale-leaseback accounting only if it includes a sale. Otherwise, it is a borrowing. The sale and lease portions of a transaction should be accounted for as separate sale and lease transactions, except that any difference between the carrying value of the capital asset that was sold and the net proceeds from the sale should be reported as a deferred inflow of resources or a deferred outflow of resources and recognized over the term of the lease.

A lease-leaseback transaction should be accounted for as a net transaction. The gross amounts of each portion of the transaction should be disclosed.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2021.

NEW GASB PRONOUNCEMENTS

The GASB issued **Statement No. 91**, ***Conduit Debt Obligations*** in May 2019. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved: (1) an issuer, (2) a third-party obligor, and (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

The GASB issued **Statement No. 92**, ***Omnibus 2020*** in January 2020. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 and application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for fiscal years beginning after June 15, 2021. The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

NEW GASB PRONOUNCEMENTS

The GASB issued **Statement No. 93, *Replacement of Interbank Offered Rates*** in March 2020. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with Statement No. 87, *Leases,* as amended, replacement of the rate on which variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.

Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2022. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

The GASB issued **Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*** in March 2020**.** The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, *Leases,* as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancellable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 96, *Subscription-Based Information Technology Arrangements*** in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

The GASB issued **Statement No. 97**, ***Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*** in June 2020. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, *Fiduciary Activities*, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021.

ACCOUNTING AND OTHER MATTERS

June 30, 2021

CURRENT GASB PROJECTS

GASB currently has a variety of projects in process. Some of these projects discussed below.

Conceptual Framework – Recognition. The project's objective is to develop recognition criteria for *whether* information should be reported in state and local governmental financial statements and *when* that information should be reported. This project ultimately will lead to a Concepts Statement on recognition of elements of financial statements. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Conceptual Framework – Disclosure. The project's objective is to develop concepts related to a framework for the development and evaluation of notes to financial statements for the purpose of improving the effectiveness of note disclosures in government financial reports. The framework will establish criteria for the Board to use in evaluating potential note disclosure requirements during future standards-setting activities and in reexamining existing note disclosure requirements. Those concepts also will provide governments a basis for considering the essentiality of information items for which the GASB does not specifically provide authoritative disclosure guidance. This project is currently in exposure draft comment period.

Financial Reporting Model. The objective of this project is to make improvements to the financial reporting model, including Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and other reporting model-related pronouncements (Statements No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, No. 41, *Budgetary Comparison Schedules – Perspective Differences*, and No. 46, *Net Assets Restricted by Enabling Legislation, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*). The objective of these improvements would be to enhance the effectiveness of the model in providing information that is essential for decision-making and enhance the ability to assess a government's accounting and address certain application issues, based upon the results of the pre-agenda research on the financial reporting model. The project is currently in the exposure draft comment period, with an estimated completion of February 2021.

Revenue and Expense Recognition. The objective of this project is to develop a comprehensive application model for the classification, recognition, and measurement of revenues and expenses. The purpose for developing a comprehensive model is (1) to improve the information regarding revenues and expenses that users need to make decisions and assess accountability, (2) to provide guidance regarding exchange and exchange-like transactions that have not been specifically addressed, (3) to evaluate revenue and expense recognition in the context of the conceptual framework, and (4) to address application issues identified in practice, based upon the results of the pre-agenda research on revenue for exchange and exchange-like transactions. The project is currently in the preliminary views comment period, with an estimated completion of February 2021.

Appendix A
Management Representation Letter

James City County
VIRGINIA
Jamestown 1607

Financial and Management Services
101-F Mounts Bay Road
P.O. Box 8784
Williamsburg, VA 23187
P: 757-253-6630
jamescitycountyva.gov

October 6, 2021

Brown, Edwards & Company, L.L.P.
701 Town Center Drive, Suite 700
Newport News, VA 23606-4295

This representation letter is provided in connection with your audits of the financial statements of the Economic Development Authority of James City County, Virginia (the Authority), which comprise the respective financial positions as of June 30, 2021 and 2020, and the related statements of changes in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated April 29, 2021, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information required by generally accepted accounting principles to be included in the financial reporting entity.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
5. Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
6. Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
7. The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected misstatements is attached to the representation letter. Also, there were no adjusting journal entries proposed by you. Further, there were no omitted disclosures.
8. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
9. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed.

Information Provided

10. We have provided you with:

    a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
    b. Additional information that you have requested from us for the purpose of the audit.
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
    d. Minutes of the meetings of the Authority or summaries of actions of recent meetings for which minutes have not yet been prepared.

11. All material transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

13. We have no knowledge of any fraud or suspected fraud that affects the Authority and involves:
    a. Management,
    b. Employees who have significant roles in internal control,
    c. Service organizations used by the entity, or
    d. Others where the fraud could have a material effect on the financial statements.

14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements communicated by employees, former employees, regulators, or others.

15. We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or waste or abuse, whose effects should be considered when preparing financial statements.

16. We have disclosed to you all known actual or possible litigation, claims, and assessments, whose effects should be considered when preparing the financial statements. Also, the Authority has not contacted an attorney concerning litigation, claims or assessments during fiscal year 2021 through the date of this letter.

17. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.

Government—specific

18. We have made available to you all financial records and related data.

19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

20. We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, or abuse that you have reported to us.

21. We have a process to track the status of audit findings and recommendations.

22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

23. The Authority has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or equity.

24. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

25. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance. There were none.
26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives. There were none.
27. We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives. There were none.
28. There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
29. The Authority has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
30. The Authority has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
31. We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
32. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.
33. Provisions for uncollectible receivables have been properly identified and recorded.
34. Expenses have been appropriately classified or allocated to functions and programs, and allocations have been made on a reasonable basis.
35. Revenues are appropriately classified.
36. Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
37. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.
38. We have appropriately disclosed the Authority's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI (Management's Discussion and Analysis) is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
40. We are aware that the Schedule of Revenue Bonds Outstanding is unaudited information and take full responsibility for the accuracy of the information.
41. Other than as disclosed in note 9 to the financial statements, no other impacts from the COVID-19 outbreak are necessary to be reflected in those financial statements.
42. We reaffirm the representations made to you in our letter dated October 15, 2020, with respect to the financial statements as of and for the year ended June 30, 2020.

We have evaluated subsequent events through the date of this letter, which is the date the financial statements were available to be issued. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.

Signature: ______________________________

Vince Campana III, Chairman
Economic Development Authority of James City County, Virginia

Signature: ______________________________

Cheryl Cochet, Assistant Director of Financial & Management Services
James City County, Virginia

Appendix B

Schedule of Uncorrected Misstatements

Client:)evelopment Authority of James City Cou

Period End: 6/30/21

SUMMARY OF ADJUSTMENTS PASSED AND EVALUATION
OF ALLOWANCE FOR UNDETECTED ERROR

Scope: All known and projected misstatements and/or classification errors over ________
(Scope should generally not exceed 5% of planning materiality). (1)

Planning Materiality: ________

			Pretax effect Debit (Credit) (2) of Misstatement and Classification Errors On:										
	W/P	Type	Assets		Liabilities		Income Statement						
Description	Reference	(3)	Current	Long-term	Current	Long-term	Revenue	C of Sales	G & A	Selling	Other	Income (5)	Equity
Reversed opening R/E misstatements (4)												-	
Launchpad lease									1,287			1,287	(1,287)
Nonreversed opening R/E misstatements (4)												-	
												-	
												-	
												-	
												-	
												-	
												-	
												-	
												-	
From Subtotal page(s)			-	-	-	-	-	-	-	-	-	-	-
Total (6)			-	-	-	-	-	-	1,287	-	-	1,287	(1,287)
												(7)	1,287
Cumulative Misstatement Errors													-

AGENDA ITEM NO. F.2.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Christopher Johnson- EDA Secretary
SUBJECT:	Election of Officers for CY2022

At its organizational meeting each year in December, the EDA elects a Chair and Vice Chair to serve for the upcoming calendar year. Nominations will be accepted from the floor.

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:15 PM

AGENDA ITEM NO. F.3.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Christopher Johnson- Director of Economic Development
SUBJECT:	Adoption of 2022 EDA Meeting Calendar

ATTACHMENTS:

	Description	Type
🗋	Draft EDA 2022 Meeting Calendar	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:16 PM

2022 DRAFT MEETING CALENDAR
ECONOMIC DEVELOPMENT AUTHORITY
OF JAMES CITY COUNTY, VIRGINIA

4 p.m., Tuesday, January 18, 2022

4 p.m., Tuesday, February 15, 2022

4 p.m., Tuesday, March 15, 2022

4 p.m., Tuesday, April 19, 2022

4 p.m., Tuesday, May 17, 2022

4 p.m., Tuesday, June 21, 2022

4 p.m., Tuesday, July 19, 2022

4 p.m., Tuesday, August 16, 2022

4 p.m., Tuesday, September 20, 2022

4 p.m., Tuesday, October 18, 2022

4 p.m., Tuesday, November 15, 2022

4 p.m., Tuesday, December 13, 2022*

*All meetings except for December are on the third Tuesday. December will be the second Tuesday due to the holidays.

This 2022 Meeting Calendar was adopted by the Economic Development Authority of James City County at its __________ meeting. The Economic Development Authority reserves the right to modify this schedule as necessary. Special meetings may also need to be called as situations warrant.

Unless posted to the contrary, all meetings will be held in the main conference room of 101-D Mounts Bay Road, Williamsburg, VA 23185.

AGENDA ITEM NO. I.1.

ITEM SUMMARY

DATE:	12/14/2021
TO:	The Economic Development Authority
FROM:	Christopher Johnson- EDA Secretary
SUBJECT:	Director's Report

ATTACHMENTS:

	Description	Type
🗋	Director's Report	Exhibit

REVIEWERS:

Department	Reviewer	Action	Date
Economic Development Authority Clerk	Sipes, Kate	Approved	12/9/2021 - 3:16 PM

M E M O R A N D U M

DATE: December 14, 2021

TO: The Board of Supervisors

FROM: Christopher M. Johnson, Director of Economic Development

SUBJECT: Director’s Report, November-December 2021

Hampton Roads Economic Development Alliance - On November 23, the Board of Supervisors adopted a resolution which authorized the County Administrator to execute a Memorandum of Understanding with the Hampton Roads Economic Development Alliance to gain admittance to that regional partnership and transfer funds returned by the Greater Williamsburg Partnership for the remainder of Fiscal Year 2022.

Historic Triangle Recreational Facilities Authority - On November 9, the Board of Supervisors approved the formation of a regional public recreational facilities authority with the City of Williamsburg and York County, which will allow the localities to work together to acquire, construct, and operate a regional facility on property currently owned by Colonial Williamsburg.

START Peninsula - Following four Micro Pitch competitions and 40 hopeful Founders, START Peninsula held its Championship Pitch event on November 3 and announced its three winners for 2021: 1) Bonilla Pet Studio, a photo studio for pets; 2) EWedded, an e-commerce platform for wedding industry businesses; and 3) Pocket Properties App, which allows users to buy and sell fractional shares of real estate. Winners receive $5,000 in seed funding and a six-month membership at the Launchpad.

Manufacturing and Skilled Trades Summit - Staff hosted 31 representatives from employers seeking skilled tradespeople, as well as 20 representatives from educational institutions, including Kindergarten-12, New Horizons Regional Educational Center, Thomas Nelson Community College, and ECPI. The group spent approximately two hours discussing the needs for workforce trained in the trades and manufacturing sector and how educational institutions can better prepare students for work in these and related fields. Staff will continue working with all partners on next steps to create additional opportunities for students in the Greater Williamsburg region.

James River Commerce Center - Staff participated in the James River Commerce Center Association annual meeting on November 29.

Shop Local Boost - The Greater Williamsburg Chamber of Commerce held a series of five weekly events between November 1 to December 10 to sell a total of 1,000 VISA gift cards and Williamsburg Area Restaurant Association gift certificates to promote local small businesses.

James City County Marina - Staff continues to support Parks & Recreation with the ongoing construction project at the James City County Marina. The expected completion of the Phase 1 improvements in February 2022.

Regional Events/Initiatives:

- Staff participated in a planning call for the Southern Economic Development Council (SEDC) Annual Conference which will be held in the Greater Williamsburg region in the spring of 2023.
- Staff participated in two Virginia Economic Developers Association impactED events.
- Staff attended the Virginia Chamber of Commerce Economic Summit on December 3 where the Chamber’s Blueprint Virginia 2030 was presented to Governor-Elect Glenn Youngkin.

- **News:** Habitat for Humanity held a ribbon cutting ceremony in the Forest Heights neighborhood on November 15; Edgewood Outfitters, LLC, celebrated its one-year anniversary at the Premium Outlets on November 19.

Upcoming Dates:

- **Ribbon Cuttings:** The Greater Williamsburg Chamber of Commerce will be co-hosting a ribbon cutting celebration with the Greater Williamsburg Chapter of the NAACP on Friday, December 17, at 11:30 a.m. for four businesses in the Busch Corporate Center: Legacy Labs, 241 McLaws Circle, Suite 103; Round 1 Fitness Training, 240 McLaws Circle, Suite 110; Fine Cutz, 240 McLaws Circle, Suite 101; and All Things New Fine Hair Studio, 240 McLaws Circle, Suite 130.

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