INDUSTRIAL DEVELOPMENT AUTHORITY

OF HALIFAX COUNTY, VIRGINIA

(A Component Unit of the County of Halifax, Virginia)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2024

INDUSTRIAL DEVELOPMENT AUTHORITY
OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

DIRECTORS

Robert Bates

Ryland Clark

Jeremy Catron

Rick Harrell

Nancy Pool

Jeremy Satterfield

Nettie Simon-Owens

OFFICERS

Rick Harrell	Chair
Jeremy Satterfield	Vice-Chair
Nancy Pool	Secretary-Treasurer
Kristy Johnson	Executive Director

TABLE OF CONTENTS

ROBINSON, FARMER, COX ASSOCIATES, PLLC
Certified Public Accountants
CPAs | CONSULTANTS

Independent Auditors' Report

To the Honorable Members of
Industrial Development Authority of Halifax County, Virginia
South Boston, Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of Industrial Development Authority of Halifax County, Virginia, component unit of the County of Halifax, Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Industrial Development Authority of Halifax County, Virginia, as of June 30, 2024, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Industrial Development Authority of Halifax County, Virginia's, internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Industrial Development Authority of Halifax County, Virginia' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information (Continued)

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Report on Summarized Comparative Information

We have previously audited Industrial Development Authority of Halifax County, Virginia's, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2025, on our consideration of Industrial Development Authority of Halifax 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 effectiveness of Industrial Development Authority of Halifax County, Virginia's, internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Industrial Development Authority of Halifax County, Virginia's, internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 3, 2025

- Basic Financial Statements -

INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)

Statement of Net Position
At June 30, 2024
(With Comparative Totals for the Prior Year)

	At June 30, 2024	At June 30, 2023
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,980,390	$ 1,450,342
Interest receivable	27,770	21,838
Accounts receivable	50,865	31,858
Lease receivable, current portion	1,582,462	1,768,404
Property held for resale	2,553,096	2,553,096
Total current assets	$ 6,194,583	$ 5,825,538
Noncurrent Assets:		
Lease receivable, noncurrent portion	$ 8,666,772	$ 9,419,823
Capital Assets:		
Land and improvements	1,546,651	1,546,651
Construction in progress	4,391,492	130,251
Property, plant and equipment	53,207,748	53,236,789
Accumulated depreciation	(20,981,049)	(19,699,178)
Total capital assets	$ 38,164,842	$ 35,214,513
Total noncurrent assets	$ 46,831,614	$ 44,634,336
Total assets	$ 53,026,197	$ 50,459,874
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 18,462	$ 28,023
OPEB related items	6,905	6,936
Total deferred outflows of resources	$ 25,367	$ 34,959
Total assets and deferred outflows of resources	$ 53,051,564	$ 50,494,833
LIABILITIES		
Current liabilities:		
Accounts payable	$ 6,191	$ 15,106
Security deposits held	400,000	400,000
Retainage payable	194,241	-
Long-term obligations - current portion	4,420,979	927,398
Total current liabilities	$ 5,021,411	$ 1,342,504
Noncurrent liabilities:		
Advance from Halifax County	$ 249,400	$ 249,400
Long-term obligations - net of current portion	7,571,811	8,506,543
Total noncurrent liabilities	$ 7,821,211	$ 8,755,943
Total liabilities	$ 12,842,622	$ 10,098,447
DEFERRED INFLOWS OF RESOURCES		
Lease related items	$ 10,635,780	$ 11,293,708
Pension related items	28,176	54,489
OPEB related items	3,475	5,546
Total deferred inflows of resources	$ 10,667,431	$ 11,353,743
NET POSITION		
Net investment in capital assets	$ 26,021,539	$ 25,820,466
Restricted:		
Grants	375,514	-
Unrestricted	3,144,458	3,222,177
Total Net Position	$ 29,541,511	$ 29,042,643
Total liabilities, deferred inflows of resources and net position	$ 53,051,564	$ 50,494,833

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2024
(With Comparative Totals for the Prior Year)

	Year Ended June 30, 2024	Year Ended June 30, 2023
Operating Revenues:		
Non-lease rental income and expense reimbursement	$ 249,789	$ 241,584
Lease revenue	1,532,740	1,871,910
Other revenues	14,287	49,596
Total operating revenues	$ 1,796,816	$ 2,492,477
Operating Expenses:		
Personnel services	$ 172,564	$ 178,961
Fringe benefits	57,026	50,252
Contractual services	366,555	760,789
Other charges	889,123	823,834
Loss on remeasurement of leases	78,958	20,310
Contributions to industry	299,217	363,741
Depreciation expense	1,310,912	1,366,194
Total operating expenses	$ 3,174,355	$ 3,564,081
Operating income (loss)	$ (1,377,539)	$ (1,071,604)
Nonoperating Revenues (Expenses):		
Interest income	$ 322,505	$ 173,003
Interest expense	(402,192)	(412,909)
County of Halifax, Virginia contributions	1,533,512	329,387
Total nonoperating revenues (expenses)	$ 1,453,825	$ 89,481
Income (loss) before capital contributions and grants	$ 76,286	$ (1,311,510)
Capital Contributions and Construction Grants:		
Virginia Telecommunication Initiative (VATI) Grant	$ 313,629	$ 710,514
EPA Brownfields Grant	108,953	-
Total capital contributions and construction grants	$ 422,582	$ 710,514
Change in net position	$ 498,868	$ (600,996)
Net position, beginning of year	29,042,643	29,643,639
Net position, end of year	$ 29,541,511	$ 29,042,643

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

INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)

Statement of Cash Flows
Year Ended June 30, 2024
(With Comparative Totals for the Prior Year)

	Year Ended June 30, 2024	Year Ended June 30, 2023
Cash flows from operating activities:		
Receipts from lessees and agencies	$ 1,979,916	$ 3,089,525
Payments to suppliers	(1,264,593)	(1,598,784)
Payments to industries	(299,217)	(363,741)
Payments to employees and fringe benefit providers	(244,547)	(245,233)
Net cash provided by (used for) operating activities	$ 171,559	$ 881,767
Cash flows from noncapital financing activities:		
County of Halifax, Virginia Contributions	$ 1,533,512	$ 329,387
Cash flows from capital and related financing activities:		
Grants received	$ 422,582	$ 710,514
Purchases of property, plant and equipment	(4,067,000)	(583,445)
Principal payments on bonds	(915,268)	(881,311)
Proceeds from issuances of notes payable	3,470,282	-
Interest payments on indebtedness	(402,192)	(412,909)
Net cash provided by (used for) capital and related financing activities	$ (1,491,596)	$ (1,167,151)
Cash flows from investing activities:		
Interest received	$ 316,573	$ 173,003
Increase (decrease) in cash and cash equivalents	$ 530,048	$ (112,381)
Cash and cash equivalents at beginning of year	1,450,342	1,562,723
Cash and cash equivalents at end of year	$ 1,980,390	$ 1,450,342
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (1,377,539)	$ (1,071,604)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	1,310,912	1,366,194
Changes in operating assets and liabilities:		
(Increase) decrease in lease receivable	938,993	(4,801,198)
(Increase) decrease in interest receivable	-	(21,838)
(Increase) decrease in accounts receivable	(19,007)	(1,135)
(Increase) decrease in insurance receivable	-	52,315
(Increase) decrease in pension deferred outflows of resources	9,561	15,266
(Increase) decrease in OPEB deferred outflows of resources	31	(115)
(Increase) in net pension asset	-	65,557
Increase (decrease) in accounts payable	(8,915)	(14,161)
Increase (decrease) in security deposits held	-	400,000
Increase (decrease) in compensated absences	(3,222)	3,189
Increase (decrease) in lease deferred inflows of resources	(657,928)	4,989,214
Increase (decrease) in net pension liability	9,204	1,825
Increase (decrease) in net OPEB liability - group life	(2,147)	3,867
Increase (decrease) in pension deferred inflows of resources	(26,313)	(102,288)
Increase (decrease) in OPEB deferred inflows of resources	(2,071)	(3,321)
Net cash provided by (used for) operating activities	$ 171,559	$ 881,767
Supplemental non-cash disclosure:		
Increase (decrease) in retainage payable	$ 194,241	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Financial Reporting Entity

Industrial Development Authority of Halifax County, Virginia (the "Authority") was created as a political subdivision of the Commonwealth of Virginia by ordinance of the Board of Supervisors on March 1, 1971 pursuant to the provisions of the Industrial Development and Revenue Bond Act, Chapter 49, Section 15.2-4900 et. seq. of the Code of Virginia (1950), as amended. The Authority is governed by seven directors appointed by the Board of Supervisors. It is authorized to acquire, own, lease and dispose of properties to the end that such activities may promote industry and develop trade by inducing enterprises to locate and remain in Virginia.

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

For financial reporting purposes, in conformance with the principles of the Governmental Accounting Standards Board (GASB), the Authority is a component unit of the County of Halifax because its members are appointed by the Board of Supervisors and the County provides significant funding to the Authority. Thus, the County is financially accountable for the Authority. The Authority is reported as a discretely presented component unit in the County's financial report.

B. Financial Statement Presentation

The basic financial statements and required supplementary information presented by the Authority consist of:

-- Enterprise fund financial statements:
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Financial Statements

-- Schedule of Authority's Proportionate Share of the Net Pension Liability
-- Schedule of Employer Contributions – Pension Plan
-- Notes to Required Supplementary Information - Pension Plan
-- Schedule of Authority's Share of Net OPEB Liability - Group Life Insurance Plan
-- Schedule of Employer Contributions - Group Life Insurance Plan
-- Notes to Required Supplementary Information - Group Life Insurance Plan

C. Measurement Focus and Basis of Accounting

The Authority operates as an enterprise fund, and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority accrues revenue for services rendered but not yet billed at the end of the fiscal year. The accompanying financial statements are prepared in accordance with pronouncements issued by GASB. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Measurement Focus and Basis of Accounting: (Continued)

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are sale of property held for resale, charges to industries for bond fees and lease revenue. Operating expenses include contributions to industries, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Cash and Cash Equivalents

The Authority's cash and cash equivalents consist of demand deposits and investments with the Local Government Investment Pool, all of which are readily convertible to known amounts of cash.

E. Inventory

The Authority expenses all materials and supplies when purchased. Any items on hand at year-end are not material in amount and therefore are not shown in the financial statements. However, the Authority does consider its holdings of land held in industrial parks for resale as inventory. Inventory is stated at the lower of cost or market.

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. The costs of constructing industrial parks to be resold are not considered to be capital assets, but instead are recorded as inventory.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Assets	Years
Buildings and improvements	40
Equipment	5
Vehicles	5

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Use of Estimates

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

H. Net Position

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

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

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has one item that qualifies for reporting in this category. It is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Deferred Outflows/Inflows of Resources: (Continued)

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has multiple items that qualify for reporting in this category. Certain items related to pension, OPEB, and leases are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

J. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Industrial Development Authority of Halifax County, Virginia's Retirement Plan has been determined on the same basis as it was reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

K. Other Postemployment Benefits (OPEB)

Group Life Insurance

For purposes of measuring the net GLI Plan OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI Plan OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Leases

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Leases: (Continued)

- The Authority uses the interest rate stated in lease contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the Authority uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease is expected to be in effect, with terms and conditions varying by the type of underlying asset

- Fixed and certain variable payments as well as lease incentives and certain other payments are included in the measurement of the lease receivable (lessor)

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

NOTE 2 - DEPOSITS AND INVESTMENTS:

Deposits:

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments:

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper that has received at least two of the following ratings: P-1 by Moody's Investors Service, Inc.; A-1 by Standard & Poor's; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

The Authority does not have a formal investment policy.

Credit Risk of Debt Securities:

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

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Authority's Rated Debt Investments' Values

	Quality Ratings
	AAAm
Local Government Investment Pool	$ 4,586
Total	$ 4,586

Interest Rate Risk:

		Investment Maturity*
Investment Type	Fair Value	Less than 1
Local Government Investment Pool	$ 4,586	$ 4,586
Total investments	$ 4,586	$ 4,586

*Weighted average maturity in years

External Investment Pool:

The fair values of the positions in the Local Government Investment Pool (LGIP) are the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP is an amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3 - LAND AND BUILDINGS HELD FOR RESALE:

The Authority's investment in land and buildings held for resale is summarized below:

PRN # 16970 - Southern Virginia Technology Park	$ 872,856
PRN # 15836, 15837, 34219 - Sinai Industrial Park	39,026
PRN # 21134 - Purcell site	177,933
PRN # 33035 - Motorplex	860,407
PRN # 27573 - Presto land	28,897
PRN # 27576 - IDA first addition	20,279
PRN # 15843 - Lot 9	17,777
PRN # 12778 - Flex-Tec land and building	498,433
PRN # 33728 - Pambid land	37,488
Total land and buildings held for resale	$ 2,553,096

NOTE 4 - CAPITAL ASSETS:

A summary of changes in capital assets for the year follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land and improvements	$ 1,546,651	$ -	$ -	$ 1,546,651
Construction in progress	130,251	4,261,241	-	4,391,492
Total capital assets not being depreciated	$ 1,676,902	$ 4,261,241	$ -	$ 5,938,143
Other Capital Assets:				
Building and improvements	$ 50,257,045	$ -	$ -	$ 50,257,045
Equipment	2,906,403	-	-	2,906,403
Vehicles	73,341	-	29,041	44,300
Total other capital assets	$ 53,236,789	$ -	$ 29,041	$ 53,207,748
Accumulated depreciation:				
Building and improvements	$ (16,807,808)	$ (1,302,326)	$ -	$ (18,110,134)
Equipment	(2,818,029)	(8,586)	-	(2,826,615)
Vehicles	(73,341)	-	(29,041)	(44,300)
Total accumulated depreciation	$ (19,699,178)	$ (1,310,912)	$ (29,041)	$ (20,981,049)
Other capital assets, net	$ 33,537,611	$ (1,310,912)	$ -	$ 32,226,699
Capital assets, net	$ 35,214,513	$ 2,950,329	$ -	$ 38,164,842

Outstanding contract commitments are as follows:

Project	Spent-to-date	Remaining Commitment
Shell Building Upfit	$ 3,884,821	$ 335,477
Total	$ 3,884,821	$ 335,477

NOTE 5 - ADVANCES FROM THE COUNTY OF HALIFAX:

Temporary advances from the County of Halifax for the purchase of capital items such as land and buildings are recorded as liabilities to be repaid from the sale of land and other revenues of the Authority. This is reflected as a receivable of the County. Advances for purchases have been made as follows to the Authority:

10-2-78 Shell Building (Sinai site)	$ 125,000
10-5-78 150.524 acres of land (Route 58 site)	215,000
	$ 340,000
Less repayment in year ended June 30, 1982	(20,000)
Less repayment in year ended June 30, 1985	(70,600)
	$ 249,400

NOTE 6 - COMPENSATED ABSENCES:

The Authority's full-time employees earn vacation and sick leave each month at a scheduled rate in accordance with their years of service. Accumulated unpaid vacation and other compensatory leave amounts are accrued when incurred. Upon separation of service with the Authority, employees are compensated for unused vacation leave. At June 30, 2024, the liability for accrued vacation leave was $9,381.

NOTE 7 - LONG-TERM OBLIGATIONS:

Changes in long-term obligations:

	Balance July 1, 2023	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2024	Due Within One Year
Direct borrowings and direct placements					
Notes payable	$ 9,394,046	$ 3,470,282	$ 915,268	$ 11,949,060	$ 4,420,041
Other long-term obligations					
Net OPEB liability - group life	25,467	10,496	12,643	23,320	-
Net pension liability	1,825	137,966	128,762	11,029	-
Compensated absences	12,603	-	3,222	9,381	938
Total	$ 9,433,941	$ 3,618,744	$ 1,059,895	$ 11,992,790	$ 4,420,979

Annual requirements to amortize the Authority's long-term obligations and related interest are as follows:

Year Ending June 30,	Direct Borrowings and Direct Placements Principal	Interest
2025	$ 4,420,041	$ 340,139
2026	2,666,451	388,333
2027	540,544	278,542
2028	404,191	256,944
2029	423,877	919,676
2030-2034	1,461,068	59,346
2035	2,032,888	38,088
Total	$ 11,949,060	$ 2,281,068

NOTE 7 – LONG-TERM OBLIGATIONS: (CONTINUED)

Details of the Authority's long-term obligations are as follows:

	Amount outstanding	Amount due within one year
Direct borrowings and direct placements:		
Notes payable:		
PRN # 33233 - $5,700,000 4.35% Interest Note Payable dated February 16, 2018 payable to American National Bank with final maturity on July 10, 2024. Principal and interest payments of $43,314 are due monthly from March 10, 2018 through June 10, 2024. Final balloon payment of principal of $3,721,879 is due on July 10, 2024.	$ 3,721,879	$ 3,721,879
$2,350,000 (maximum draw amount) 4.25% Interest Note Payable dated June 16, 2020 payable to American National Bank; interest only for 12 months, then due in monthly installments of $14,630, beginning on July 16, 2021, with a final balloon payment on June 16, 2026.	2,119,950	91,318
PRN # 32682 - $3,572,664 4.0% Interest Note Payable dated June 15, 2016 payable to Carter Bank and Trust with final maturity on August 1, 2031. Principal and interest payments of $26,427 are due monthly from September 1, 2016 through August 1, 2031.	1,953,411	243,583
$210,000 3.97% Interest Note Payable dated September 14, 2011 payable to the Town of South Boston, due in annual principal installments of $14,000, beginning on September 14, 2012 with final maturity on September 14, 2026. The Halifax Tourism Department is paying this note and the IDA is legally responsible for 50% of the note. The South Boston IDA is legally responsible for the other 50%.	21,000	7,000
$550,000 3.75% Interest Note Payable dated June 15, 2021 payable to Halifax County, Virginia, due in annual principal and interest installments of $122,679, beginning on June 15, 2022 with final maturity on June 15, 2026.	232,215	113,970
$700,000 2.5% Interest Note Payable dated June 15, 2022 payable to Halifax County, Virginia, due in annual principal and interest installments of $150,673, beginning on June 15, 2023 with final maturity on June 15, 2027.	430,325	139,915
$4,000,000 Promisory Note Payable dated December 20, 2023 payable to American National Bank; interest only for 9 months beginning January 20, 2024, then due in monthly installments of $28,668, beginning on October 20, 2024, with a final balloon payment of $2,610,302 on September 20, 2034.	3,470,280	102,376
Total notes payable	$ 11,949,060	$ 4,420,041
Other long-term obligations:		
Net OPEB liability	23,320	-
Net pension liability	11,029	-
Compensated absences	9,381	938
Total long-term obligations	$ 11,992,790	$ 4,420,979

NOTE 8 - CONTINGENCIES AND EVENTS OF DEFAULT:

Obligations under the revenue bonds issued to date are secured by lease proceeds on the underlying properties and the Authority retains no liability on pass-through leases. However, the Authority and the County of Halifax, Virginia may choose at their option to assume responsibility for the bonds in the event of default by lessees to preserve the credit rating of the Authority for future issues.

NOTE 9 - PENSION PLAN:

Plan Description

All full-time, salaried permanent employees of the Authority are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. However, two other entities, the County of Halifax, Virginia and the Halifax County Public Library, participate in the same VRS plan and report their proportionate information on the basis of a cost-sharing plan. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.

b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.

c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 – April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

NOTE 9 - PENSION PLAN: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The Authority's contractually required employer contribution rate for the year ended June 30, 2024 was 3.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Authority were $12,285 and $12,815 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTE 9 - PENSION PLAN: (CONTINUED)

Net Pension Liability

At June 30, 2024, the Authority reported a liability of $11,029 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023. The Authority's proportionate share of the same was calculated using creditable compensation as a basis for allocation. At June 30, 2023 and 2022, the Authority's proportion was 2.9630% and 2.9630% respectively.

Actuarial Assumptions – General Employees

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50%
Salary increases, including inflation	3.50% – 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non-10 Largest) – Non-Hazardous Duty: 15% of deaths are assumed to be service-related

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

NOTE 9 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

Mortality rates: (Continued)

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTE 9 - PENSION PLAN: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

** On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 9 - PENSION PLAN: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022 actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

		Rate	
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Authority's proportionate share of the County's Retirement Plan Net Pension Liability (Asset)	$ 198,917	$ 11,029	$ (141,372)

NOTE 9 - PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, the Authority recognized pension expense of $16,439. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. At June 30, 2024, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,177	$ 5,293
Net difference between projected and actual earnings on pension plan investments	-	22,883
Employer contributions subsequent to the measurement date	12,285	-
Total	$ 18,462	$ 28,176

$12,285 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	
2025	$ (18,133)
2026	(24,837)
2027	20,212
2028	758
2029	-
Thereafter	-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,254 as of June 30, 2024.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were $2,640 and $2,778 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately $10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the financial statements.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2024, the entity reported a liability of $23,320 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the participating employer's proportion was 0.00194% as compared to 0.00212% at June 30, 2022.

For the year ended June 30, 2024, the participating employer recognized GLI OPEB expense of $1,294. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB: (Continued)

At June 30, 2024, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,329	$ 708
Net difference between projected and actual earnings on GLI OPEB program investments	-	937
Change in assumptions	498	1,616
Changes in proportion	1,438	214
Employer contributions subsequent to the measurement date	2,640	-
Total	$ 6,905	$ 3,475

$2,640 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	
2025	$ 118
2026	(576)
2027	640
2028	250
2029	358
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality Rates – Non-Largest Ten Locality Employers – General Employees

Pre-Retirement:
Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:
Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:
Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:
Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	$	3,907,052
Plan Fiduciary Net Position		2,707,739
Net GLI OPEB Liability (Asset)	$	1,199,313
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		69.30%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
		Inflation	2.50%
		Expected arithmetic nominal return**	8.25%

*The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

**On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

NOTE 10 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	**Current Discount**	**1% Increase**
	(5.75%)	**(6.75%)**	**(7.75%)**
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	$ 34,567	$ 23,320	$ 14,226

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 11 - RISK MANAGEMENT:

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the various insurance policies of the County of Halifax, Virginia for all required coverage.

NOTE 12– LEASES RECEIVABLE:

The Authority leases building space to tenants under various lease contracts. In fiscal year 2024, the Authority recognized lease revenue and interest revenue in the amount of $1,532,740 and $278,430, respectively. A description of leases is as follows:

Lease Description	End Date	Remaining Term (in months)	Payment Frequency	Discount Rate	Receivable Balance
Hitaci Energy	8/10/2034	121	Monthly	2.50%	$ 5,987,107
RTP	7/31/2031	85	Monthly	1.89%	1,051,341
Sunshine Mills	2/28/2029	56	Monthly	5.92%	884,865
Chemquest	1/31/2026	19	Monthly	2.50%	110,887
TMI Autotech	12/31/2028	54	Monthly	5.92%	561,496
EZE Physical	3/31/2026	21	Monthly	5.92%	54,479
Pediatric Therapies	1/31/2026	19	Monthly	2.50%	62,465
Hitaci Energy 2	10/31/2027	40	Monthly	2.50%	598,236
IperionX	10/31/2033	112	Monthly	5.92%	938,358
Total Receivable					$ 10,249,234

Year Ending June 30,	Principal	Interest	Total
2025	$ 1,582,462	$ 310,652	$ 1,893,114
2026	1,615,420	259,073	1,874,493
2027	1,604,953	206,203	1,811,156
2028	1,544,708	152,323	1,697,031
2029	1,384,117	100,706	1,484,823
2030-2034	2,489,617	185,647	2,675,264
2035	27,957	43	28,000
Total	$ 10,249,234	$ 1,214,647	$ 11,463,881

NOTE 13 – UPCOMING PRONOUNCEMENTS:

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

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

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

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

- Required Supplementary Information -

Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2014 through June 30, 2023

Date	Proportion of the Net Pension Liability (Asset) (NPA)	Proportionate Share of the NPL (Asset)	Covered Payroll	Proportionate Share of the NPL (Asset) as a Percentage of Covered Payroll	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)
2023	2.9630%	$ 11,029	$ 316,500	3.48%	99.25%
2022	2.9630%	1,825	409,630	0.45%	99.87%
2021	2.9630%	(65,557)	91,701	-71.49%	104.74%
2020	2.9630%	118,639	269,611	44.00%	90.78%
2019	2.9630%	60,592	232,479	26.06%	95.13%
2018	2.9630%	18,823	265,958	7.08%	98.38%
2017	2.9630%	23,848	253,881	9.39%	97.86%
2016	2.9630%	90,739	249,134	36.42%	91.72%
2015	2.9630%	46,775	227,840	20.53%	95.56%
2014	2.9630%	22,848	230,587	9.91%	97.75%

Schedule of Employer Contributions - Pension Plan
Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	$ 12,285	$ 12,285	$ -	$ 338,446	3.63%
2023	12,815	12,815	-	316,500	4.05%
2022	9,688	9,688	-	409,630	2.37%
2021	7,226	7,226	-	91,701	7.88%
2020	16,530	16,530	-	269,611	6.13%
2019	15,467	15,467	-	232,479	6.65%
2018	16,566	16,566	-	265,958	6.23%
2017	16,123	16,123	-	253,881	6.35%
2016	22,986	22,986	-	249,134	9.23%
2015	21,380	21,380	-	227,840	9.38%

*Excludes contributions (mandatory and match on voluntary) to the defined benefit contribution portion of the Hybrid plan.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) – Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)

Schedule of Authority's Share of Net OPEB Liability
Group Life Insurance Plan
For the Measurement Dates of June 30, 2017 and June 30, 2023

Date	Employer's Proportion of the Net GLI OPEB Liability	Employer's Proportionate Share of the Net GLI OPEB Liability	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
2023	0.00194%	$ 23,320	$ 316,500	7.37%	69.30%
2022	0.00212%	25,467	409,630	6.22%	67.21%
2021	0.00186%	21,600	91,701	23.55%	67.45%
2020	0.00197%	32,960	269,611	12.23%	52.64%
2019	0.00199%	32,317	232,479	13.90%	52.00%
2018	0.00255%	38,734	265,958	14.56%	51.22%
2017	0.00180%	27,062	253,881	10.66%	48.86%

This schedule is intended to show information for 10 years. However, information prior to the 2017 valuation is not available. Additional years will be included as they become available.

Schedule of Employer Contributions
Group Life Insurance Plan
Years Ended June 30, 2015 through June 30, 2024

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	$ 2,640	$ 2,640	$ -	$ 338,446	0.78%
2023	2,778	2,778	-	316,500	0.88%
2022	2,212	2,212	-	409,630	0.54%
2021	495	495	-	91,701	0.54%
2020	1,402	1,402	-	269,611	0.52%
2019	1,209	1,209	-	232,479	0.52%
2018	1,383	1,383	-	265,958	0.52%
2017	1,320	1,320	-	253,881	0.52%
2016	1,196	1,196	-	249,134	0.48%
2015	1,094	1,094	-	227,840	0.48%

Contributions are from Authority records.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

- Compliance -

Robinson, Farmer, Cox Associates, PLLC

Certified Public Accountants

CPAs | Consultants

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

To the Honorable Members of
Industrial Development Authority of Halifax County, Virginia
South Boston, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the business-type activities of Industrial Development Authority of Halifax County, Virginia, a component unit of the County of Halifax, Virginia as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Industrial Development Authority of Halifax County, Virginia's basic financial statements and have issued our report thereon dated February 3, 2025.

Report on Internal Control over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Industrial Development Authority of Halifax County, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
February 3, 2025