INDUSTRIAL DEVELOPMENT AUTHORITY

OF HALIFAX COUNTY, VIRGINIA

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022

INDUSTRIAL DEVELOPMENT AUTHORITY
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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

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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, 2022, 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, 2022, 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.

Change in Accounting Principle

As described in Note 14 to the financial statements, in 2022, the Authority adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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's, ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Industrial Development Authority of Halifax County, Virginia's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023, 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 Authority's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
January 3, 2023

- 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, 2022
(With Comparative Totals for the Prior Year)

	At June 30, 2022	At June 30, 2021
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,562,723	$ 1,244,751
Due from Halifax County	-	4,284
Insurance Receivable	52,315	-
Rent receivable	30,723	57,448
Lease receivable, current portion	1,828,588	-
Property held for resale	2,553,096	2,553,096
Total current assets	$ 6,027,445	$ 3,859,579
Noncurrent Assets:		
Lease receivable, noncurrent portion	$ 4,558,441	$ -
Pension Asset	65,557	-
Capital Assets:		
Land and improvements	1,546,651	1,546,651
Construction in progress	293,790	527,945
Property, plant and equipment	52,489,805	51,928,910
Accumulated depreciation	(18,332,984)	(16,962,031)
Total capital assets	$ 35,997,262	$ 37,041,475
Total assets	$ 46,648,705	$ 40,901,054
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	$ 43,289	$ 55,447
OPEB related items	6,821	6,501
Total deferred outflows of resources	$ 50,110	$ 61,948
Total assets and deferred outflows of resources	$ 46,698,815	$ 40,963,002
LIABILITIES		
Current liabilities:		
Accounts payable	$ 21,090	$ 127,915
Retainage payable	8,177	19,885
Long-term obligations - current portion	887,259	722,941
Total current liabilities	$ 916,526	$ 870,741
Noncurrent liabilities:		
Advance from Halifax County	$ 249,400	$ 249,400
Long-term obligations - net of current portion	9,419,112	9,718,973
Total noncurrent liabilities	$ 9,668,512	$ 9,968,373
Total liabilities	$ 10,585,038	$ 10,839,114
DEFERRED INFLOWS OF RESOURCES		
Lease Related items	$ 6,304,494	$ -
Pension related items	156,777	-
OPEB related items	8,867	1,770
Total deferred inflows of resources	$ 6,470,138	$ 1,770
NET POSITION		
Net investment in capital assets	$ 25,713,728	$ 26,731,275
Restricted:		
Net Pension Asset	65,557	-
Unrestricted	3,864,354	3,390,843
Total Net Position	$ 29,643,639	$ 30,122,118
Total liabilities, deferred inflows of resources and net position	$ 46,698,815	$ 40,963,002

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, 2022
(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2022	**2021**
Operating Revenues:		
County of Halifax, Virginia contributions	$ 201,315	$ 195,972
Rental Income	241,509	-
Lease revenue	1,817,195	1,796,162
Other revenues	122,759	60,224
Total operating revenues	$ 2,382,778	$ 2,052,358
Operating Expenses:		
Personnel services	$ 181,491	$ 188,739
Fringe benefits	35,750	70,235
Contractual services	38,815	25,088
Other charges	714,578	543,791
Contributions to industry	370,724	286,880
Depreciation expense	1,370,953	1,336,563
Total operating expenses	$ 2,712,311	$ 2,451,296
Operating income (loss)	$ (329,533)	$ (398,938)
Nonoperating Revenues (Expenses):		
Commonwealth of Virginia:		
Other State Grants	$ -	$ 350,000
Interest income	104,503	2,656
Interest expense	(422,531)	(433,852)
Total nonoperating revenues (expenses)	$ (318,028)	$ (81,196)
Income (loss) before contributions and grants	$ (647,561)	$ (480,134)
Capital Contributions and Construction Grants:		
Tobacco Indemnification Community Revitalization Commission	$ 169,082	$ 520,698
Federal grants	-	50,386
Total capital contributions and construction grants	$ 169,082	$ 571,084
Change in net position	$ (478,479)	$ 90,950
Net position, beginning of year	30,122,118	30,031,168
Net position, end of year	$ 29,643,639	$ 30,122,118

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, 2022
(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2022	**2021**
Cash flows from operating activities:		
Receipts from lessees and agencies	$ 2,278,937	$ 2,253,555
Payments to suppliers	(750,734)	(740,623)
Payments to industries	(370,724)	(286,880)
Payments to employees and fringe benefit providers	(227,671)	(239,430)
Net cash provided by (used for) operating activities	$ 929,808	$ 986,622
Cash flows from noncapital financing activities:		
Grants received	$ 169,082	$ 2,183,766
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	$ (447,932)	$ (4,393,677)
Principal payments on bonds and credit line	(714,958)	(1,521,627)
Proceeds from draws on credit line	-	1,000,000
Proceeds from issuances of notes and loans payable	700,000	1,539,995
Interest payments on indebtedness	(422,531)	(433,852)
Net cash provided by (used for) capital and related financing activities	$ (885,421)	$ (3,809,161)
Cash flows from investing activities:		
Interest received	$ 104,503	$ 2,656
Increase (decrease) in cash and cash equivalents	$ 317,972	$ (636,117)
Cash and cash equivalents at beginning of year	1,244,751	1,880,868
Cash and cash equivalents at end of year	$ 1,562,723	$ 1,244,751
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	$ (329,533)	$ (398,938)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	1,370,953	1,336,563
Changes in operating assets and liabilities:		
(Increase) decrease in due from Halifax County	4,284	212,247
(Increase) decrease in lease receivable	1,817,196	-
(Increase) decrease in rent receivable	26,725	(11,050)
(Increase) decrease in insurance receivable	(52,315)	-
(Increase) decrease in prepaid expenses	-	24,163
(Increase) decrease in pension deferred outflows of resources	12,158	(11,894)
(Increase) decrease in OPEB deferred outflows of resources	(320)	(910)
Increase (decrease) in accounts payable	2,659	(195,907)
Increase (decrease) in compensated absences	9,414	(14,276)
Increase (decrease) in lease deferred inflows of resources	(1,899,731)	-
Increase (decrease) in net pension liability	(184,196)	58,047
Increase (decrease) in net OPEB liability - group life	(11,360)	643
Increase (decrease) in pension deferred inflows of resources	156,777	(10,739)
Increase (decrease) in OPEB deferred inflows of resources	7,097	(1,327)
Net cash provided by (used for) operating activities	$ 929,808	$ 986,622

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:

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 liability and contributions to the pension and OPEB plan made during the current year and subsequent to the net pension liability and net OPEB liability measurement date. 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 two items that qualify for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. Future inflows related to leases also qualify for reporting in this category. 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, 2022 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	$	4,177
Total	$	4,177

Interest Rate Risk:

		Investment Maturity*		
Investment Type		Fair Value		Less than 1
Local Government Investment Pool	$	4,177	$	4,177
Total investments	$	4,177	$	4,177

*Weighted average maturity in years

External Investment Pools:

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 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:

The Authority leases office and industrial space to tenants in Authority owned buildings.

The Authority has received approval from the Commonwealth for grants for public works and infrastructure development in the Southern Virginia Technology Park. Grant proceeds will be received on a reimbursement basis. The following amounts had been expended, but not yet reimbursed, at year-end:

		June 30,		
		2022		2021
Receivable from Halifax County - Misc reimbursement	$	-	$	4,284

NOTE 4 - 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 5 - 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	527,945	326,740	560,895	293,790
Total capital assets not being depreciated	$ 2,074,596	$ 326,740	$ 560,895	$ 1,840,441
Other Capital Assets:				
Building and improvements	$ 48,949,166	$ 560,895	$ -	$ 49,510,061
Equipment	2,906,403	-	-	2,906,403
Vehicles	73,341	-	-	73,341
Total other capital assets	$ 51,928,910	$ 560,895	$ -	$ 52,489,805
Accumulated depreciation:				
Building and improvements	$ (14,245,298)	$ (1,272,704)	$ -	$ (15,518,002)
Equipment	(2,643,392)	(98,249)	-	(2,741,641)
Vehicles	(73,341)		-	(73,341)
Total accumulated depreciation	$ (16,962,031)	$ (1,370,953)	$ -	$ (18,332,984)
Other capital assets, net	$ 34,966,879	$ (810,058)	$ -	$ 34,156,821
Capital assets, net	$ 37,041,475	$ (483,318)	$ 560,895	$ 35,997,262

NOTE 6 - 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 7 - 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, 2022, the liability for accrued vacation leave was $9,414.

NOTE 8 - LONG-TERM OBLIGATIONS:

Changes in long-term obligations:

	Balance July 1, 2021	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2022	Due Within One Year
Direct borrowings and direct placements					
Notes payable	$ 10,290,315	$ 700,000	$ 714,958	$ 10,275,357	$ 886,318
Other long-term obligations					
Net OPEB liability - group life	32,960	7,772	19,132	21,600	-
Net pension liability	118,639	163,917	282,556	-	-
Compensated absences	-	9,414	-	9,414	941
Total	$ 10,441,914	$ 881,103	$ 1,016,646	$ 10,306,371	$ 887,259

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
2023	$ 886,319	$ 407,872
2024	921,131	372,775
2025	4,306,795	195,374
2026	2,550,625	160,142
2027	417,655	57,415
2028-2032	1,192,832	102,049
Total	$ 10,275,357	$ 1,295,627

NOTE 8 – 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 $3,714,838 is due on July 10, 2024.	$ 4,399,724	$ 335,009
$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.	2,280,817	80,522
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.	2,411,871	224,734
$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%.	35,000	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.	447,945	105,880
$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.	700,000	133,173
Total notes payable	$ 10,275,357	$ 886,318
Other long-term obligations:		
Net OPEB liability	21,600	-
Net pension liability	-	-
Compensated absences	9,414	941
Total long-term obligations	$ 10,306,371	$ 887,259

NOTE 9 - 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 10 - CONDUIT DEBT OBLIGATIONS:

From time to time, the Authority has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the Authority, the State, nor any political subdivision thereof, is obligated in any matter for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. Bonds issued by the Authority include the following outstanding bonds:

Description	Original Issue	Outstanding June 30, 2022
Industrial Development Authority of Halifax County, Public Facilities Lease Revenue Refunding Bonds, Series 2014, issued April 11, 2014 (Refinance outstanding bonds)	$ 677,000	$ -
Total	$ 677,000	$ -

NOTE 11 - 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.

NOTE 11 – PENSION PLAN: (CONTINUED)

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.

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.

NOTE 11 – PENSION PLAN: (CONTINUED)

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, 2022 was 7.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 $9,688 and $7,226 for the years ended June 30, 2022 and June 30, 2021, respectively.

Net Pension Asset

At June 30, 2022, the Authority reported an asset of $65,557 for its proportionate share of the net pension asset. The Authority's net pension asset was measured as of June 30, 2021. The total pension asset used to calculate the net pension asset was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021. The Authority's proportionate share of the same was calculated using creditable compensation as a basis for allocation. At June 30, 2021 and 2020, the Authority's proportion was 2.96% and 2.96% 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, 2020, 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, 2021.

NOTE 11 – PENSION PLAN: (CONTINUED)

Actuarial Assumptions – General Employees: (Continued)

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

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, 2020 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, 2019. 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 11 - 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
	*Expected arithmetic nominal return		7.39%

* The above allocation provides a one-year expected return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution

NOTE 11 - PENSION PLAN: (CONTINUED)

Discount Rate: (Continued)

rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2021 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 Net Pension Asset to Changes in the Discount Rate

The following presents the net pension asset of the Authority using the discount rate of 6.75%, as well as what the Authority's net pension asset 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%)
Industrial Development Authority of Halifax County's Net Pension Liability (Asset)	$ 110,245	$ (65,557)	$ (210,941)

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

For the year ended June 30, 2022, the Authority recognized pension expense of $6,444. At June 30, 2022, 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	$ 4,036	$ -
Change in assumptions	29,565	-
Net difference between projected and actual earnings on pension plan investments	-	156,777
Employer contributions subsequent to the measurement date	9,688	-
Total	$ 43,289	$ 156,777

NOTE 11 - PENSION PLAN: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: (Continued)

$9,688 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, 2023. 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		
2023	$	(18,334)
2024		(20,564)
2025		(36,522)
2026		(47,756)
2027		-
Thereafter		-

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at https://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 12 – 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.

NOTE 12 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 $8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. 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 $2,212 and $495 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the entity reported a liability of $21,600 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was 0.00186% as compared to 0.00198% at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expense of $902. 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 12 – 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, 2022, 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	$ 2,464	$ 165
Net difference between projected and actual earnings on GLI OPEB program investments	-	5,155
Change in assumptions	1,191	2,955
Changes in proportion	954	592
Employer contributions subsequent to the measurement date	2,212	-
Total	$ 6,821	$ 8,867

$2,212 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, 2023. 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	
2023	$ (1,041)
2024	(802)
2025	(751)
2026	(1,408)
2027	(256)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021. 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 12 – 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

The actuarial assumptions used in the June 30, 2020 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, 2019. 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

NOTE 12 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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, 2021, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Plan
Total GLI OPEB Liability	$	3,577,346
Plan Fiduciary Net Position		2,413,074
Net GLI OPEB Liability (Asset)	$	1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		67.45%

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.

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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

NOTE 12 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return: (Continued)

*The above allocation provides a one-year return of 7.39%. 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 6.94%, including expected inflation of 2.50%.

* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

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, 2021, 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 100% of the actuarially determined contribution rate. From July 1, 2021 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	$ 32,970	$ 21,600	$ 14,165

NOTE 12 – GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/pdf/publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 13 - 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 14 – ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires 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. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the leases:

	Business-type Activities
Lessor activity:	
Leases receivable	$ 8,204,224
Deferred inflows of resources - leases	$ 8,204,224

NOTE 15 – LEASES RECEIVABLE:

The Entity leases building space to tenants under various lease contracts. In fiscal year 2022, the Entity recognized lease revenue and interest revenue in the amount of $1,817,195 and $103,164, respectively. A description of leases is as follows:

Lease Description	End Date	Remaining Term (in months)	Payment Frequency	Discount Rate	Receivable Balance
ABB	7/31/2024	25	Monthly	1.00%	$ 2,459,335
RTP	7/31/2031	109	Monthly	1.89%	1,309,927
GPL	5/31/2031	107	Monthly	2.07%	1,894,393
Sunshine Mills	2/28/2023	8	Monthly	1.00%	71,790
VEC	1/31/2025	31	Monthly	1.00%	219,324
Chemquest	1/31/2026	43	Monthly	1.00%	229,371
Faneuil	12/31/2023	18	Monthly	1.00%	145,365
TMI Autotech	12/31/2023	18	Monthly	1.00%	57,524
Total Receivable					$ 6,387,029

Year Ending June 30,	Principal	Interest	Total
2023	$ 1,828,588	$ 84,049	$ 1,912,637
2024	1,720,582	63,218	1,783,800
2025	546,813	48,750	595,563
2026	384,694	41,276	425,970
2027	352,602	34,207	386,809
2028-2032	1,553,750	65,640	1,619,390
Total	$ 6,387,029	$ 337,140	$ 6,724,169

NOTE 16 – UPCOMING PRONOUNCEMENTS:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

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

- Required Supplementary Information -

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

Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset)
For the Measurement Dates of June 30, 2014 through June 30, 2021

Date	Proportion of the Net Pension Liability (Asset) (NPL)	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)
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%

This schedule is intended to show information for 10 years. However, information prior to the 2014 valuation is not available. Additional years will be included as they become available.

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

Schedule of Employer Contributions - Pension Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution*	Contributions in Relation to Contractually Required Contribution*	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2022	$ 9,688	$ 9,688	$ -	$ 283,164	3.42%
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%
2014	16,333	16,333	-	230,587	7.08%
2013	20,098	20,098	-	185,406	10.84%

*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, 2020 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, 2019. 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, 2021

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
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.

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

Schedule of Employer Contributions
Group Life Insurance Plan
For the Years Ended June 30, 2013 through June 30, 2022

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
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%
2014	1,107	1,107	-	230,587	0.48%
2013	890	890	-	185,406	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, 2020 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, 2019. 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 -

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 as of and for the year ended June 30, 2022, 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 January 3, 2023.

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
January 3, 2023