

**INDUSTRIAL DEVELOPMENT AUTHORITY
OF HALIFAX COUNTY, VIRGINIA**

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

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

INDUSTRIAL DEVELOPMENT AUTHORITY
OF HALIFAX COUNTY, VIRGINIA
(A Component Unit of the County of Halifax, Virginia)
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018

DIRECTORS

Robert Bates

Mattie Cowan

Joni Henderson

Nancy Pool

Jeremy Satterfield

Brandon Searce

Chad Francis

OFFICERS

Chad Francis	Chairman
Jeremy Satterfield	Vice-Chairman
Mattie Cowan	Secretary-Treasurer
Matt Leonard	Executive Director

TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-3
<i>Basic Financial Statements:</i>	
Statement of Net Position	4
Statement of Revenues, Expenses and Changes in Net Position	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-48
<i>Required Supplementary Information:</i>	
Schedule of Authority's Proportionate Share of the Net Pension Liability	49
Schedule of Employer Contributions.....	50
Notes to Required Supplementary Information	51
Schedule of Authority's Share of Net OPEB Liability - Group Life Insurance Program	52
Schedule of Employer Contributions - Group Life Insurance Program	53
Notes to Required Supplementary Information - Group Life Insurance Program.....	54-55
<i>Compliance:</i>	
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 <i>Government Auditing Standards</i>	56-57

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Authorities, Boards, and Commissions*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Industrial Development Authority of Halifax County, Virginia, as of June 30, 2018, 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.

Change in Accounting Principle

As described in Note 15 to the financial statements, in 2018, the Authority adopted new accounting guidance, GASB Statement Nos. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* and 85 Omnibus 2017. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 15 to the financial statements, in 2018, the Authority restated beginning balances to reflect the requirements of GASB Statement No. 75. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedules related to pension and OPEB funding on pages 49-55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 the Industrial Development Authority of Halifax County, Virginia's 2017 financial statements, and we expressed an unmodified opinion on those audited financial statements dated January 22, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, 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 November 20, 2018, 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

November 20, 2018

- 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, 2018
(With Comparative Totals for the Prior Year)

	At June 30,	
	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,280,121	\$ 2,455,519
Due from Halifax County	596	-
Grants receivable	26,109	80,897
Rent receivable	3,360	-
Property held for resale	2,553,098	2,553,098
Total current assets	<u>\$ 5,863,284</u>	<u>\$ 5,089,514</u>
Noncurrent Assets:		
Note receivable	\$ 51,755	\$ 51,755
Capital Assets:		
Land and improvements	1,328,342	1,328,342
Construction in progress	1,725,657	1,714,259
Property, plant and equipment	43,391,089	43,391,089
Accumulated depreciation	(12,809,265)	(11,432,261)
Total capital assets	<u>\$ 33,635,823</u>	<u>\$ 35,001,429</u>
Total noncurrent assets	<u>\$ 33,687,578</u>	<u>\$ 35,053,184</u>
Total assets	<u>\$ 39,550,862</u>	<u>\$ 40,142,698</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related items	\$ 17,508	\$ 44,379
OPEB related items	1,752	-
Total deferred outflows of resources	<u>\$ 19,260</u>	<u>\$ 44,379</u>
Total assets and deferred outflows of resources	<u><u>\$ 39,570,122</u></u>	<u><u>\$ 40,187,077</u></u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 70,286	\$ 103,004
Unearned lease revenue	99,360	99,360
Long-term obligations - current portion	481,304	920,549
Total current liabilities	<u>\$ 650,950</u>	<u>\$ 1,122,913</u>
Noncurrent liabilities:		
Advance from Halifax County	\$ 249,400	\$ 249,400
Long-term obligations - net of current portion	8,473,679	7,942,932
Total noncurrent liabilities	<u>\$ 8,723,079</u>	<u>\$ 8,192,332</u>
Total liabilities	<u>\$ 9,374,029</u>	<u>\$ 9,315,245</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related items	\$ 29,328	\$ 2,494
OPEB related items	3,012	-
Total deferred inflows of resources	<u>\$ 32,340</u>	<u>\$ 2,494</u>
Net Position:		
Net investment in capital assets	\$ 24,743,271	\$ 26,244,534
Unrestricted	5,420,482	4,624,804
Total net position	<u>\$ 30,163,753</u>	<u>\$ 30,869,338</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 39,570,122</u></u>	<u><u>\$ 40,187,077</u></u>

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, 2018
(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2018	2017
Operating Revenues:		
County of Halifax, Virginia contributions	\$ 507,049	\$ 523,149
Sale of land inventory	-	294,183
Lease revenue	1,865,650	1,841,422
Other revenues	198	138
Total operating revenues	\$ 2,372,897	\$ 2,658,892
Operating Expenses:		
Personnel services	\$ 266,657	\$ 256,315
Fringe benefits	62,811	82,387
Contractual services	77,138	63,363
Other charges	753,681	554,291
Contributions to industry	530,394	387,388
Depreciation expense	1,377,004	1,377,516
Total operating expenses	\$ 3,067,685	\$ 2,721,260
Operating income (loss)	\$ (694,788)	\$ (62,368)
Nonoperating Revenues (Expenses):		
Interest income	\$ 19,584	\$ 18,245
Interest expense	(410,141)	(435,802)
Total nonoperating revenues (expenses)	\$ (390,557)	\$ (417,557)
Income (loss) before contributions and grants	\$ (1,085,345)	\$ (479,925)
Capital contributions and construction grants:		
Tobacco Indemnification Community Revitalization Commission	\$ 284,912	\$ 375,996
Federal grants	124,545	37,438
Total capital contributions and construction grants	\$ 409,457	\$ 413,434
Change in net position	\$ (675,888)	\$ (66,491)
Net position, beginning of year, as restated	30,839,641	30,935,829
Net position, end of year	\$ 30,163,753	\$ 30,869,338

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, 2018
(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2018	2017
Cash flows from operating activities:		
Receipts from lessees and agencies	\$ 2,369,339	\$ 2,758,114
Receipts from others	198	138
Payments to suppliers	(863,537)	(537,847)
Payments to industries	(530,394)	(273,888)
Payments to employees/fringe benefit providers	(348,355)	(333,322)
Net cash provided by (used for) operating activities	\$ 627,251	\$ 1,613,195
Cash flows from noncapital financing activities:		
Grants received	\$ 463,649	\$ 332,537
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	\$ (11,398)	\$ (125,769)
Principal payments on bonds and credit line	(5,564,343)	(1,277,291)
Proceeds from issuances of notes and loans payable	5,700,000	-
Interest payments on indebtedness	(410,141)	(435,802)
Net cash provided by (used for) capital and related financing activities	\$ (285,882)	\$ (1,838,862)
Cash flows from investing activities:		
Interest received	\$ 19,584	\$ 18,245
Increase (decrease) in cash and cash equivalents	\$ 824,602	\$ 125,115
Cash and cash equivalents at beginning of year	2,455,519	2,330,404
Cash and cash equivalents at end of year	\$ 3,280,121	\$ 2,455,519
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (694,788)	\$ (62,368)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	1,377,004	1,377,516
Changes in operating assets and liabilities:		
Decrease in rent receivable	(3,360)	-
Decrease in land and buildings held for resale	-	113,500
Increase (decrease) in accounts payable	(32,718)	79,807
Increase (decrease) in unearned lease revenue	-	99,360
(Increase) decrease in pension deferred outflows of resources	26,871	(16,961)
Increase (decrease) in pension deferred inflows of resources	26,834	(24,544)
(Increase) decrease in opeb deferred outflows of resources	(121)	-
Increase (decrease) in opeb deferred inflows of resources	3,012	-
Increase (decrease) in net pension liability	(66,891)	43,964
Increase (decrease) in net OPEB liability - health insurance	(2,600)	300
Increase (decrease) in net OPEB liability - group life	(4,266)	-
Increase (Decrease) in compensated absences	(1,726)	2,621
Net cash provided by (used for) operating activities	\$ 627,251	\$ 1,613,195

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)

Notes to Financial Statements
At June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. The Financial Reporting Entity

Industrial Development Authority of Halifax County, Virginia 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, Industrial Development Authority of Halifax County, Virginia is a component unit of the County of Halifax. The Authority is also classified as a component unit 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
- Notes to Required Supplementary Information
- Schedule of Authority's Share of Net OPEB Liability - Group Life Insurance Program
- Schedule of Employer Contributions - Group Life Insurance Program
- Notes to Required Supplementary Information - Group Life Insurance Program

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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

C. Measurement Focus and Basis of Accounting

Industrial Development Authority of Halifax County, Virginia 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 the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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

F. Capital Assets: (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no interest capitalized during the current or previous fiscal year.

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40
Equipment	5
Vehicles	5

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

Net position is the difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources. Net investment in capital assets represents capital assets, less accumulated depreciation, less any outstanding debt related to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

I. Net Position Flow Assumption

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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 the measurement of the net pension liability and net 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has one item that qualifies for reporting in this category. Certain items related to the measurement of the net pension liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

K. 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.

L. Other Postemployment Benefits (OPEB)

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program 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. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI Program 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 Program 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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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 the Authority 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 and certain corporate notes, 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, 2018 were rated by Standard and Poor's and/or an equivalent national rating organization and the ratings are presented below using Standard and Poor's rating scale.

<u>Authority's Rated Debt Investments' Values</u>	
	<u>Quality Ratings</u>
	<u>AAAm</u>
Local Government Investment Pool	\$ <u>3,996</u>
Total	\$ <u><u>3,996</u></u>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk:

Investment Type	Investment Maturity*	
	Fair Value	Less than 1
Local Government Investment Pool	\$ 3,996	\$ 3,996
Total investments	<u>\$ 3,996</u>	<u>\$ 3,996</u>

*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 under the provisions of GASB 79. There are no withdrawal limitations or restrictions imposed on participants.

NOTE 3 - NOTES RECEIVABLE:

The Authority is due \$51,755 as of June 30, 2018 for overpayment of tobacco grants. The industry is making various monthly payments to the IDA to satisfy the note with no interest.

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	860,409
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	<u>\$ 2,553,098</u>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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. Advances made for operating expenditures of the Authority have been treated as expenditures 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
		<u>340,000</u>
	\$	340,000
Less repayment in year ended June 30, 1982		(20,000)
Less repayment in year ended June 30, 1985		<u>(70,600)</u>
	\$	<u><u>249,400</u></u>

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, 2018 the liability for accrued vacation leave was \$11,521.

NOTE 7 - LONG-TERM OBLIGATIONS:

Changes in long-term obligations:

	Restated Balance July 1, 2017	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2018	Due Within One Year
Notes payable	\$ 8,756,895	\$ 5,700,000	\$ 5,564,343	\$ 8,892,552	\$ 480,152
Net OPEB obligation - health insurance	2,600	-	2,600	-	-
Net OPEB liability - group life	31,328	377	4,643	27,062	-
Net pension liability	90,739	100,074	166,965	23,848	-
Compensated absences	13,247	16,116	17,842	11,521	1,152
Total	<u>\$ 8,894,809</u>	<u>\$ 5,816,567</u>	<u>\$ 5,756,393</u>	<u>\$ 8,954,983</u>	<u>\$ 481,304</u>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 7 - LONG-TERM OBLIGATIONS: (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 480,152	\$ 366,238
2020	500,453	345,659
2021	521,627	324,208
2022	543,710	301,847
2023	566,743	278,535
2024-2028	5,361,415	503,033
2029-2032	918,452	59,330
Total	<u>\$ 8,892,552</u>	<u>\$ 2,178,850</u>

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

	<u>Amount outstanding</u>	<u>Amount due within one year</u>
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.	\$ 5,603,329	\$ 281,596
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.	3,226,223	191,556
\$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%.	63,000	7,000
Total notes payable	\$ 8,892,552	\$ 480,152
Net OPEB liability	27,062	-
Net pension liability	23,848	-
Compensated absences	11,521	1,152
Total long-term obligations	<u>\$ 8,954,983</u>	<u>\$ 481,304</u>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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 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 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.

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. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 (Cont.)</p>	<p>About Plan 2 (Cont.)</p>	<p>About the Hybrid Retirement Plan (Cont.)</p> <ul style="list-style-type: none"> • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Hybrid Opt-In Election (Cont.)</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p>Hybrid Opt-In Election (Cont.)</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p>*Non-Eligible Members (Cont.)</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions</p> <p>Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.</p>	<p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Creditable Service Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Creditable Service Same as Plan 1.</p>	<p>Creditable Service <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting (Cont.)	Vesting (Cont.)	<p>Vesting (Cont.) <u>Defined Contribution Component: (Cont.)</u> Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>
<p>Calculating the Benefit The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit (Cont.) An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p>Calculating the Benefit (Cont.)</p>	<p>Calculating the Benefit (Cont.) <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <u>Defined Benefit Component:</u> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p>Political subdivisions hazardous duty employees: Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility <u>Defined Benefit Component:</u> VRS: Age 60 with at least five years (60 months) of creditable service.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: 50 with at least five years of creditable service.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility (Cont.)</p> <p>Political subdivisions hazardous duty employees: Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement (Cont.)</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Plan Description (Continued)

RETIREMENT PLAN PROVISIONS (CONTINUED)		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report-pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5.00% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The Authority's contractually required employer contribution rate for the year ended June 30, 2018 was 7.27% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

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 \$16,566 and \$16,123 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the Authority reported a liability of \$23,848 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. The Authority's proportionate share of the same was calculated using pension contributions for the year ending June 30, 2016 as a basis for allocation. At June 30, 2017 and 2016, the Authority's proportion was 2.96% and 2.96%, respectively.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

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, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of pension liabilities.

Mortality rates:

Largest 10 - Non-Hazardous Duty: 20% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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

Notes to Financial Statements
At June 30, 2018 (Continued)

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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.30%

* The above allocation provides a one-year return of 7.30%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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. Through the fiscal year ending June 30, 2019, the rate contributed by the employer for the County Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed 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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

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

The following presents the Authority's proportionate share of the net pension liability using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Industrial Development Authority of Halifax County's				
Net Pension Liability (Asset)	\$	165,237	\$ 23,848	\$ (93,763)

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

For the year ended June 30, 2018, the Authority recognized pension expense of \$3,710.

At June 30, 2018, 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	\$ 942	\$ 9,607
Change in assumptions	-	3,954
Net difference between projected and actual earnings on pension plan investments	-	15,767
Employer contributions subsequent to the measurement date	16,566	-
Total	\$ 17,508	\$ 29,328

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 9 - PENSION PLAN: (CONTINUED)

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

\$16,566 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 ended June 30, 2019. 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:

<u>Year ended June 30</u>	
2019	\$ (16,180)
2020	(1,333)
2021	(524)
2022	(10,349)
2023	-
Thereafter	-

NOTE 10 -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:

	<u>June 30,</u>	
	<u>2018</u>	<u>2017</u>
Receivable from Halifax County - Misc reimbursement:	\$ 596	\$ -
Receivable from Commonwealth:		
Tobacco Indemnification Community Revitalization Commission	\$ 26,109	\$ 80,897

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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 12 - 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	\$ 1,328,342	\$ -	\$ -	\$ 1,328,342
Construction in progress	1,714,259	11,398	-	1,725,657
Total capital assets not being depreciated	\$ 3,042,601	\$ 11,398	\$ -	\$ 3,053,999
Other Capital Assets:				
Building and improvements	\$ 40,509,572	\$ -	\$ -	\$ 40,509,572
Equipment	2,808,176	-	-	2,808,176
Vehicles	73,341	-	-	73,341
Total other capital assets	\$ 43,391,089	\$ -	\$ -	\$ 43,391,089
Accumulated depreciation:				
Building and improvements	\$ (9,690,414)	\$ (1,120,806)	\$ -	\$ (10,811,220)
Equipment	(1,703,946)	(247,338)	-	(1,951,284)
Vehicles	(37,901)	(8,860)	-	(46,761)
Total accumulated depreciation	\$ (11,432,261)	\$ (1,377,004)	\$ -	\$ (12,809,265)
Other capital assets, net	\$ 31,958,828	\$ (1,377,004)	\$ -	\$ 30,581,824
Capital assets, net	\$ 35,001,429	\$ (1,365,606)	\$ -	\$ 33,635,823

NOTE 13 - 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, 2018
Industrial Development Authority of Halifax County, Public Facilities Lease Revenue Refunding Bonds, Series 2014, issued April 11, 2014 (Refinance outstanding bonds)	\$ 677,000	\$ 353,000
Industrial Development Authority of Halifax County, Public Facilities Lease Revenue Note, Series 2014, issued April 11, 2014	2,771,000	2,353,000
Total	\$ 3,448,000	\$ 2,706,000

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN):

Plan Description

All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program 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 Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. 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 program, it is not included as part of the Group Life Insurance Program OPEB.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">• City of Richmond• City of Portsmouth• City of Roanoke• City of Norfolk• Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Plan Description (Continued)

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (CONTINUED)
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> - The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> - The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> - In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program 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.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. The amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

Contributions

The contribution requirements for the Group Life Insurance Program 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 Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% x 60%) and the employer component was 0.52% (1.31% 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, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 Group Life Insurance Program from the entity were \$1,752 and \$1,631 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2018, the entity reported a liability of \$27,062 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was .00179% as compared to .00179% at June 30, 2016.

For the year ended June 30, 2018, the participating employer recognized GLI OPEB expense of \$376. 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.

At June 30, 2018, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 627
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,003
Change in assumptions	-	1,382
Employer contributions subsequent to the measurement date	<u>1,752</u>	<u>-</u>
Total	<u>\$ 1,752</u>	<u>\$ 3,012</u>

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB (Continued)

\$1,752 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, 2019. 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:

<u>Year Ended June 30</u>		
2019	\$	(627)
2020		(627)
2021		(627)
2022		(627)
2023		(376)
Thereafter		(128)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Inflation	2.5%
Salary increases, including inflation:	
General state employees	3.5% - 5.35%
Teachers	3.5%-5.95%
SPORS employees	3.5%-4.75%
VaLORS employees	3.5%-4.75%
JRS employees	4.5%
Locality - General employees	3.5%-5.35%
Locality - Hazardous Duty employees	3.5%-4.75%
Investment rate of return	7.0%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - General State Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% increase compounded from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - SPORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - VaLORS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - JRS Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males set back 1 year, 85% of rates; females set back 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year; females set back 1 year with 1.5% compounding increase from ages 70 to 85.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males 115% of rates; females 130% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees: (Continued)

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

NET GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

		Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$	2,942,426
Plan Fiduciary Net Position		1,437,586
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,504,840</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		48.86%

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.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (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:

<u>Asset Class (Strategy)</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return</u>
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		<u>4.80%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.30%</u>

*The above allocation provides a one-year return of 7.30%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 14 - GROUP LIFE INSURANCE (GLI) PROGRAM (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 7.00%. 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 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 ending June 30, 2019, 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. From July 1, 2019 on, employers are assumed 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 7.00%, 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 (6.00%) or one percentage point higher (8.00%) than the current rate:

		Rate		
		1% Decrease	Current Discount	1% Increase
		(6.00%)	(7.00%)	(8.00%)
Authority's proportionate share of the Group Life Insurance Program				
Net OPEB Liability	\$	35,002	\$ 27,062	\$ 20,625

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

Notes to Financial Statements
At June 30, 2018 (Continued)

NOTE 15 - ADOPTION OF ACCOUNTING PRINCIPLES:

The Authority implemented the financial reporting provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the fiscal year ended June 30, 2018. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to postemployment benefits other than pensions (other postemployment benefits or OPEB). Note disclosure and required supplementary information requirements about OPEB are also addressed. The requirements of this Statement will improve accounting and financial reporting by state and local governments for OPEB. In addition, the Authority implemented Governmental Accounting Standards Board Statement No. 85, *Omnibus 2017* during the fiscal year ended June 30, 2018. This Statement addresses practice issues identified during implementation and application of certain GASB statements for a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). The implementation of these Statements resulted in the following restatement of net position:

		<u>Fiscal Year Ending June 30, 2017</u>
Net Position, as previously reported	\$	30,869,338
Implementation of GASB 75 - OPEB liability		<u>(29,697)</u>
Net Position, as restated	\$	<u><u>30,839,641</u></u>

In the year of implementation of GASB 75, prior year comparative information was unavailable. Therefore, the 2017 information has not been restated to reflect the requirements of GASB 75 and 85.

- 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
For the Years Ended June 30, 2015 through June 30, 2018

Date (1)	Proportion of the Net Pension Liability (NPL) (2)	Proportionate Share of the NPL (3)	Covered Payroll (4)	Proportionate Share of the NPL as a Percentage of Covered Payroll (3)/(4) (5)	Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability (6)
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 is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, 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

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
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%
2012	21,599	21,599	-	254,405	8.49%
2011	24,572	24,572	-	224,402	10.95%
2010	17,085	17,085	-	231,191	7.39%
2009	14,799	14,799	-	200,257	7.39%

Contributions are from Authority records.

INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA

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

Notes to Required Supplementary Information

For the Year Ended June 30, 2018

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this is a fairly new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Largest 10 - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

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 Program

For the Year Ended June 30, 2018

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
2017	0.0018% \$	27,062 \$	253,881	10.66%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, 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 Program

For the Years Ended June 30, 2009 through June 30, 2018

Date	Contributions in Relation to				Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	
2018	\$ 1,752	\$ 1,752	\$ -	\$ 336,809	0.52%
2017	1,631	1,631	-	331,220	0.49%
2016	1,544	1,544	-	321,735	0.48%
2015	1,550	1,550	-	322,880	0.48%
2014	1,551	1,551	-	323,142	0.48%
2013	1,532	1,532	-	319,208	0.48%
2012	855	855	-	305,448	0.28%
2011	870	870	-	310,888	0.28%
2010	645	645	-	238,808	0.27%
2009	841	841	-	311,469	0.27%

Contributions are from Authority records.

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

General State Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 25%

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

SPORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 85%

VaLORS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020 and reduced margin for future improvement in accordance with experience
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 50% to 35%

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

Notes to Required Supplementary Information
Group Life Insurance Program
For the Year Ended June 30, 2018 (Continued)

JRS Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Decreased rates at first retirement eligibility
Withdrawal Rates	No change
Disability Rates	Removed disability rates
Salary Scale	No change

Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%

Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60% to 70%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

- Compliance -

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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, 2018, 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 November 20, 2018.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Robinson, Farney Cox Associates

Charlottesville, Virginia

November 20, 2018