



1100 Confroy Drive  
Suite 1  
South Boston, VA 24592

**BRIGHTER  
BOLDER  
BUSINESS**

**APRIL 16, 2021  
8:30 A.M.  
IDA Conference Room  
Virtual Meeting Held Via Zoom**

## **REGULAR MEETING AGENDA**

1. **CALL TO ORDER** (Chairman, Robert Bates)
2. **DETERMINATION OF QUORUM, AND APPROVAL OF AGENDA** **Action item**
3. **APPROVAL OF MINUTES** **Action Item**
  - A. Minutes of the March 19, 2021 IDA Board meeting.
4. **EXECUTIVE DIRECTOR SEARCH KICK OFF SESSION**
5. **CLOSED MEETING**
  - A. **Request to Enter into Closed Meeting** **(Action Item)**
    1. That this Body go into closed meeting pursuant to Virginia Code Section 2.2-3711
    2. That the purposes which are to be the subject of said executive or closed meeting shall be as follows:
      - To discuss a prospective business or industry, or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding facilities in the community, pursuant to Virginia Code Section 2.2-3711.A.5.
      - To discuss real estate matters, Virginia Code Section 2.2-3711.A.3.
      - To discuss personnel matters, pursuant to Virginia Code Section 2.2-3711.A.1.
      - To discuss the award of a public contract involving the expenditure of public funds, including interviews of bidder or Offerors, and discussion of the terms or scope of such contract, where discussion in open session would adversely affect the bargaining position or negotiating strategy of the Board pursuant to Section 2.2-3711 A. 29. of the Code of Virginia (1950), as amended.
  - B. **REQUEST TO RETURN TO REGULAR SESSION** **(Action Item)**
  - C. **CERTIFICATION OF CLOSED MEETING** **(Action Item)**

**WHEREAS**, the Industrial Development Authority of Halifax County, Virginia has convened a closed meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and **WHEREAS**, § 2.2-3711 OF Code of Virginia requires a certification by this governing body that such closed meeting was conducted in conformity with Virginia law; **NOW, THEREFORE, BE IT RESOLVED** that this governing body hereby certifies that, to the best of each member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification resolution applies, and (ii) only such



public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the governing body

**D. ROLL CALL CERTIFICATION**

**E. ACTION TAKEN ON ITEMS DISCUSSED IN CLOSED MEETING**

**6. REPORTS OF STANDING COMMITTEES AND OFFICERS**

**A. FINANCE COMMITTEE**

Last met December 11, 2020

1. March 2021 Financial Reports Action Item
2. FY1920 Audit Report Action Item

**B. PROPERTIES & PROSPECTS COMMITTEE**

Last met October 2, 2020

**C. EXECUTIVE COMMITTEE**

Last met April 2, 2021

**D. INTERIM DIRECTOR REPORT**

**7. OLD BUSINESS**

**8. NEW BUSINESS**

- A.** Open Comment Period for all Board Members

**9. Public Comment**

**10. NEXT MEETING DATE: MEETING MAY 21, 2021 AT 8:30 AM**

**11. ADJOURNMENT: Board Action Required (Action Item)**



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**MINUTES  
ANNUAL BOARD OF DIRECTORS MEETING  
INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA  
MARCH 19, 2021**

**RE: MEETING:** The Board of Directors of the Industrial Development Authority of Halifax County, Virginia (IDA) held its annual organizational meeting on Friday, March 19, 2021 at 8:30 A.M. in the IDA Conference Room.

**RE: MEMBERS PRESENT:** Those in attendance at the time the meeting was called to order include: Mr. Robert Bates, Mrs. Nancy Pool, Mr. Ryland Clark, Mr. Rick Harrell, Mr. Jeremy Catron, Mr. Jeremy Satterfield, and Dr. Nettie Simon-Owens participated remotely from her office at 820 Bruce Street South Boston Virginia due to COVID-19.

**RE: MEMBERS ABSENT:**

**RE: OTHERS PRESENT:** Mr. Mike Davidson – IDA Interim Executive Director, Mrs. Kristy Johnson, Consultant, Liza Fulton- News and Record, Miranda Baines- Gazette Virginian.

**RE: MEETING CALLED TO ORDER:** Mr. Robert Bates gave a prayer and then called the meeting to order at 8:35 A.M.

**RE: ROLL CALL, DETERMINATION OF QUORUM AND APPROVAL OF AGENDA:**  
Mrs. Kristy Johnson determined that a quorum was present.

Mrs. Pool made a motion to approve the agenda, seconded by Mr. Jeremy Satterfield, and duly carried by the Board.

**RE: ELECTION OF OFFICERS:**

Mr. Mike Davidson opened the floor for nominations for Chair.

Mr. Jeremy Satterfield nominated Mr. Robert Bates, seconded by Mr. Rick Harrell. Mr. Davidson hearing no other nominations closed the floor for nominations.

Mr. Bates opened the floor for nominations for Vice Chair.

Mr. Rick Harrell nominated Jeremy Satterfield for Vice Chair, seconded by Mr. Ryland Clark. Hearing no other nominations Mr. Bates closed the floor for nominations.

Mr. Bates opened the floor for nominations for Secretary Treasurer.

Mr. Jeremy Satterfield nominated Mr. Rick Harrell for Secretary Treasurer, seconded by Mrs. Nancy Pool. Hearing no other nominations Mr. Bates closed the floor for nominations.

**RE: READING AND APPROVAL OF MINUTES:**

Mrs. Kristy Johnson informed the Board of a few corrections to the minutes presented to the Board to include a correction to Mrs. Pool's name on page two and further clarification of Mr.



Bates recommending that Dr. Nettie Simon-Owens be appointment to the Henrietta Lacks Commission by the Governor. Upon motion by Mr. Jeremy Satterfield, seconded by Mr. Ryland Clark and duly carried by the Board to approve the minutes.

**RE: REQUEST TO ENTER INTO CLOSED SESSION:**

Motion was made by Mr. Ryland Clark, seconded by Mr. Jeremy Satterfield, and duly carried that:

1. That this Body go into Closed Session or closed meeting pursuant to Virginia Code Section 2.2-3711. That the purposes which are to be the subject of said executive or closed meeting shall be as follows:
2. That the purposes which are to be the subject of said executive or closed meeting shall be as follows:
  - To discuss a prospective business or industry, or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding facilities in the community, pursuant to Virginia Code Section 2.2-3711.A.5.
  - To discuss real estate matters, Virginia Code Section 2.2-3711.A.3.
  - To discuss personnel matters, pursuant to Virginia Code Section 2.2-3711.A.1.
  - To discuss the award of a public contract involving the expenditure of public funds, including interviews of bidder or offerors, and discussion of the terms or scope of such contract, where discussion in open session would adversely affect the bargaining position or negotiating strategy of the Board pursuant to Section 2.2-3711 A. 29. of the Code of Virginia (1950), as amended.

**REQUEST TO RETURN TO REGULAR SESSION**

Upon Motion by Mr. Jeremy Satterfield, seconded by Mr. Ryland Clark, and duly carried by the Board, the body returned to regular session.

**CERTIFICATION**

Upon Motion by Mrs. Nancy Pool, the Board voted to take roll call certifying that to the best of the member's knowledge (i) only public business matters lawfully exempt from open meeting requirements under the Virginia Freedom of Information Act and (ii) only such public business matters as were identified in the motion by which the closed meeting was convened were heard discussed or considered in the meeting by the public.

**ROLL CALL**

Mr. Robert Bates, Mr. Jeremy Catron, Mrs. Nancy Pool, Mr. Jeremy Satterfield, Mr. Ryland Clark, Mr. Rick Harrell, and Dr. Nettie Simon-Owens, all affirming.

**RE: Action Taken on Items in Closed Meeting**

Mr. Rick Harrell made a motion to authorize IDA Interim Staff to execute a lease with Faneuil Incorporated, the motion was seconded by Mr. Jeremy Satterfield and duly carried by the Board.

Mr. Rick Harrell made a motion to authorize IDA Interim Staff to execute the first amendment to the deed lease agreement with Blue Ribbon Extraction now known as Golden Piedmont Labs. The motion was seconded by Mr. Jeremy Satterfield and duly carried by the Board.

Mr. Jeremy Satterfield made a motion to authorize IDA Interim Staff to negotiate and execute a contract with the top candidate from the RFP for consulting services for the Executive Director search. The motion was seconded by Mr. Ryland Clark and duly carried by the Board.

**RE: Reports of Standing Committees and Officers**

**RE: 2021 Committee Assignments**

Mr. Robert Bates made the following 2021 Committee appointments.

**Executive Committee**

Robert Bates - Chair  
Jeremy Satterfield  
Rick Harrell

**Properties & Prospects**

Jeremy Satterfield - Chair  
Jeremy Catron  
Nettie Simon-Owens

**Finance Committee**

Rick Harrell - Chair  
Ryland Clark  
Nancy Pool

**Executive Director Search Committee**

Robert Bates - Chair  
Rick Harrell  
Scott Simpson  
BOS Member (Selected by Chairman Pannell)  
Mike Davidson

**Interview Committee for IDA Staff positions**

Nancy Pool  
Jeremy Catron  
Mike Davidson  
Kristy Johnson

**Project Review Committee (Floating Assignment)**

Rick Harrell  
Ryland Clark

Mr. Bates asked that Mrs. Kristy Johnson send out an email with all committee assignments to the Board.

Mr. Ryland Clark asked if the Committee meetings will be open to all Board members?  
Mrs. Kristy Johnson confirmed that all Committee meetings will be open public meetings, and anyone is welcome to attend.

**A. Finance Committee**

**1. Current Financials**

Mr. Harrell made a motion to approve the February 2021 Financial Reports as presented. The motion was seconded by Mr. Satterfield duly carried by the Board.

**B. Properties & Prospect Committee**

Mr. Satterfield had no report. He stated that the Property and Prospect Committee will try to meet before the next Board meeting.

**C. Executive Committee**

Mr. Bates welcomed Mr. Rick Harrell to the Executive Committee. He stated the Executive Committee had not met but would hold a meeting before the next regular Board meeting.

**D. Interim Executive Director Report**

Mr. Mike Davidson reported that work continued the Former Daystrom facility, and the Virginia Brownfields Grant program work is moving forward. He stated that part of the work includes enrollment in the Voluntary Remediation Program to continue to work towards a certificate of satisfaction for the facility. Mr. Davidson asked for consensus of the Board that it intends to enroll in the Voluntary Remediation Program. The Board confirmed.

Mr. Davidson presented the Staffing Analysis developed by Riverlink and stated that there may have been some thought that they would look at job descriptions but when they got into, they thought there was more value in looking at different communities of similar sizes. Mr. Davidson reported that Riverlink compared the IDA with 25 communities of similar size, status, and activities of the IDA. They sent a survey to those 25 communities asking about staffing, budget, and priorities. Mr. Davidson stated that in the report you will see that the Halifax IDA operates a little differently from other IDA's. IDA's primarily operate in two modes of operations. The first is that the municipality, County, City, or Town hires and Economic Development Director and provides the staff support for the IDA. The second mode is that the IDA Board hires their own staff. That is the model that this IDA chose to use from very early on. Both models are fine and there is no difference in what the IDA's can do. The only difference is that independent IDA will not have access to the resources of the County, such as finance, HR, and IT support. The Halifax IDA has such a big portfolio of properties, therefore needs one dedicated staff person dedicated to the property portfolio. Mr. Davidson said that he thought the Riverlink report was a good report, he stated that he did not see anything negative. Mr. Davidson stated that he thinks that it reaffirms that the Halifax IDA as it was configured is okay. Mr. Davidson did ask how many of the 25 organizations had a property portfolio similar in size to the Halifax IDA. He stated that five of the organizations had a similar property portfolio. He stated that the Halifax IDA had an impressive property portfolio, and it allowed the IDA to self-fund its operational staff but in turn had to carry the debt load and administrative burden of that portfolio.

Mr. Davidson stated in the report that the bulleted points at the end of the report are the actual responses from the respondents. Those respondents were all anonymous, however some indicated that they would be willing to discuss those comments with the Halifax IDA if desired. Mr. Davidson asked that if anyone had any questions or concerns to let him know and he would request more information. Mr. Davidson stated that the report was complimentary of the Halifax IDA. Mr. Davidson asked for any questions.

Dr. Nettie Simon-Owens stated that she appreciated the report and its content. Dr. Nettie Simon-Owens asked the Chair if there was a possibility of a short-term committee or work group to look at the content of the Riverlink report and the IDA strategic plan, to fully utilize the content of the report.

Mr. Robert Bates thanked Dr. Nettie Simon-Owens for her comments and stated that he felt that those efforts were best suited to wait until the new Executive Director is onboard. That way the new director can have some input into that process as well. Mrs. Pool agreed.

Dr. Nettie Simon-Owens stated that we did not know when that will be and there is a significant part of this will take some time. Mr. Bates asked if that were something that Dr. Nettie Simon-Owens would be willing to take on, Dr. Nettie Simon-Owens stated that she would.

Mrs. Nancy Pool asked to take a moment to clarify her relationship with Liz Povar and the Riverlink Group. She stated that she is not, nor has she ever been an employee of Riverlink. Liz Povar has not ever been her boss. Mrs. Pool stated that they both worked as contractors to Go Virginia. Riverlink acted as the fiscal agent to Go Virginia briefly during a transition period, now the Southside Planning District Commission is now the fiscal agent.

Mr. Jeremy Catron asked that he may add comments to Dr. Nettie Simon-Owens comments, he stated that he is still processing the information that has been provided to him after having been involved in his third Board meeting. He stated that his binder of information provided has been very helpful in getting up to speed, and the most recent reports provided were informative. He stated that he struggled with direction, as to whether to wait for a new director or not. He stated that he was in agreeance with Dr. Nettie Simon-Owens about moving forward. He stated that he noticed that a lot of what is in the two reports are already in the existing strategic plan and it is just a matter of revisiting some of that and finding some measurable points that can be leveraged. He stated he thought that the formation of a new committee would help provide some direction.

Mr. Davidson hearing no other questions or comments moved on to discuss the Virginia Economic Development Partnership (VEDP), Local and Regional Competitiveness Report. Mr. Davidson gave his thanks to VEDP for the work put into create the report. Mr. Davidson stated that the report covered the entire Commonwealth and every aspect of economic development. Every locality has different strategic plan and initiatives that are important to them. For example, cities rely more on retail and counties with more open land rely more on industrial. Every locality cannot do everything, if you look at the four goals that the Halifax IDA has align with the VEDP Report. If you tried to do everything listed in this report, you will need a staff of 20 not a staff of 4. Mr. Davidson stated that he thought the IDA needed to decide which things are the most important, which items will have the most impact on Halifax County. Pick a select number of items and do them well. Mr. Davidson suggested that that the Board look at the peer group that the IDA was compared against, he stated that he thought the comparison is fair but understood that it was plausible to have been placed in a different peer group. Mr. Davidson reported that the IDA is well advanced in the rankings, especially in the budget. Mr. Davidson noted that the financial figures provided included all capital and property line items. If you look at just the economic development activities the true

operating cost are only five hundred thousand dollars. Even with that figure the IDA ranks the highest. Mr. Davidson stated that the report gave credence to the fact that the IDA is doing a lot of things right and well.

Mr. Davidson stated that there are some areas for improvement including communication, community engagement, and strategic planning. He offered to get answers to any specific questions from VEDP.

Mr. Rick Harrell stated that he wanted to point out some of the primary take away from this 175-page document. He stated that he wanted to add that this was the first time this had been done across the state, that it is a self-analysis, and IDA previous director answered the survey. He stated that the financial comparison is not an apples-to-apples comparison because of the inclusion of the financials of operations of IDA owned properties. That is not the amount of money we have to spend on economic development activities. When you are comparing others, he stated that others are being funded by the Board of Supervisors and the Halifax IDA is not being funded by the County. Mr. Harrell stated that he felt that the good rating that the IDA was given is solely the creation of good results from this body over time, the IDA has bootstrapped itself beyond where it should be. The IDA should be classified as Rural Two because Halifax County is not immediately adjacent to a major urban area. The only reason VEDP classified the Halifax IDA this way because it has done so well over time, according to Mr. Harrell.

Mr. Harrell noted that he thought there is a lot to learn from this. He stated that the IDA cannot do all these things, the IDA must contain themselves. The IDA cannot be all things to all people, trying to do everything all at once is a recipe for failure. Bringing new companies in is a good goal but the number one goal is to help the existing people prosper. Even at the state level VEDP is embracing that, sending more manpower to assist with existing industry. Two thirds of economic activity come from existing industry. That is where we need to focus even more than in the past, according to Mr. Harrell.

Mrs. Pool stated that she had just worked on a project looking at all Go Virginia Region 3, in going to each County she saw that the Counties vary greatly in their investment in economic development. In all of the Counties she visited she stated that Halifax County ranked way up there. She stated that several County websites did not even include economic development, some only have economic development committees and no staff. She stated that she thought the overall effect of this will be quite telling for some of the other Counties.

Mr. Davidson stated that he found the case studies very interesting with lots of ideas, and that he thought they might be helpful.

Mr. Davidson asked to reaffirm the timeline for moving forward with advertising and filling the two staff positions. He stated that the timeline showed the Maintenance Manager and Operations Manager positions would be advertised mid-April. He asked to reaffirm the Boards approval of that process.

Mrs. Johnson mentioned that there had been a committee appointed to participate in the hiring process. Mr. Bates stated that the Internal Staff Interview Committee consisted of Mr. Jeremy Catron, Mrs. Nancy Pool, Mr. Mike Davidson, and Mrs. Kristy Johnson.



Mr. Ryland Clark asked if that included developing the job descriptions and roles and responsibilities for those two positions. Mrs. Johnson stated that those already exist and would need to be reviewed and edited prior to advertisement to reflect the elimination of the Administrative Assistant position.

Mr. Ryland Clark asked if any other Board member can have input on the job descriptions and roles and responsibilities. Mr. Bates stated that based on how things are set up nothing will be kept from anyone, but not everyone cannot be involved in everything. He stated that he would make sure the information would be shared openly and honestly as things move forward.

Mr. Ryland Clark stated that it would be good give input, after a meeting send out something to the full Board for feedback. He stated that the Executive Director and two staff positions were going to make or break the IDA going forward.

Mr. Scott Simpson asked that the current job descriptions and roles and responsibilities be sent to the full Board for comment and review, then final review by the Committee. Mrs. Johnson stated that after interim staff review and edits job descriptions and roles and responsibilities would be shared.

Mr. Ryland Clark stated that the IDA really must decide what it wanted to do, that the IDA has building to manage. That is good because it generates revenue, but it also requires a lot of time from a lot of people. That time could be more used to attract new businesses and assisting existing businesses. To make sure that these job descriptions are correct, the Board needs to understand and agree, what is the strategy?

Dr. Nettie Simon-Owens agreed with Mr. Clark, that these items come back before the full Board for decisions. She stated that she understood that everyone cannot be on every committee, but it is important that these matters come before the full Board for candid discussion.

Mr. Jeremy Catron asked if it may help to state that in the Board orientation binder contains the job descriptions and roles and responsibilities. Mrs. Johnson stated that yes, each Board member should have a copy of that, if they still have their orientation binder the documents were included in those. Mrs. Johnson also clarified that these two positions are both operational positions not strategy related positions. These two roles will manage the day-to-day operations of the IDA, management of facilities, grant management, office management, financial management. She stated that ordinarily the hiring and creation of job descriptions and role and responsibilities would all happen at the Executive Director level for these roles. In absence of that this process would involve the Board and Committees.

Mr. Satterfield stated that if the job descriptions and roles and responsibilities are sent out, we can provide feedback, and move the process forward. Mr. Harrell stated that with varying degrees of internal knowledge of the operations here, that he did not think that anyone that looks at it disagrees., but that We have got to keep the lights on, heat running, we have interim staff, we cannot keep that going. We must get someone in place to run this organization. He stated that we are not going to get one hundred percent agreement, and we can only do but so much of an internal study. Mr. Harrell stated that we needed more internal communication he agrees, but he also agrees with the Chair we cannot have everyone involved in everything. We cannot completely

change this process; we cannot do everything we have to limit ourselves. Trying to refine our strategy is important, but at the same time we cannot perfect that but so much at this point.

Mr. Jeremy Catron stated that the most surprising thing to him was that most everything that has been touched on has been provided in the IDA orientation binder. The IDA strategic plan includes improved communications, and he stated that he agreed with Dr. Nettie Simon-Owens and at some point, the IDA needs to do a process check. He stated that he also realized that we are in the middle of a search for a new Executive Director. He stated that his only comment is that a lot of the things we are talking about were provided for us in the IDA Orientation binder.

Mr. Bates stated that the IDA Board has had strategic planning sessions in the past, and biggest obstacle has not been the planning, but execution. That is what the goal of the IDA Board needs to be, we will need a new Executive Director to help get us there according to Mr. Bates.

Dr. Nettie Simon-Owens asked, committees make recommendations not decisions, correct? Mr. Bates affirmed that is correct.

Mrs. Johnson clarified that the goal was to have advertisements prior to the next IDA Board meeting.

Dr. Nettie Simon-Owens stated that she was in agreement with the Executive Director position be posted, but that she was not assured that the two positions discussed should be advertised. Mr. Harrell stated that we agreed that the Consultants for the executive director search would help refine the parameters for the executive director and that position will not be advertised until the IDA Board internally agrees on that role.

Mrs. Johnson clarified that the executive director search and the staff position advertisement were on two different timelines. The executive director search would begin at the next IDA Board meeting pending successful negotiation with the consultant. She clarified that the two staff positions would begin to advertise prior to the next Board meeting with committee oversight.

Dr. Nettie Simon-Owens asked if Mrs. Kristy Johnson planned to apply for any of the open IDA positions. Mrs. Johnson stated she would not be applying for any permanent staff position.

Mr. Clark noted that he knew that the IDA did not have any staff but asked the Board if they wanted to let the Executive Director hire the new staff. Mr. Satterfield stated that they posed that question to all of the consultants interviewed for executive search services and received varying responses. He stated that for the integrity of the organization and the day-to-day operations we need to move forward. Mr. Bates stated that it should be kept in mind that just because a position is advertised does not mean we will immediately hire someone. If we wait for the new executive director it may be the end of the year before the director has the opportunity to hire, and the director was going to have enough on their plate coming in new to the organization. According to Mr. Bates the IDA must move forward now. Mrs. Pool affirmed she thought it would be difficult to have three new staff people to come in at the same time.

Mr. Harrell stated that in fairness to Dr. Nettie Simon-Owens some of our disagreements are issues that the IDA has been groping with for several months. He stated that in those discussions the budget only allows for three staff people, and to keep the lights on we need to hire two of those people immediately. All arguments have been made over the last couple minutes are good arguments, and it would be nice to be able to go through this thing again, but we have got to move on. Mr. Harrell stated that he understood that it made for an imperfect world. Dr. Nettie Simon-Owens stated that with all due respect after the clarifying points to her questions, that she was good.

### **RE: Old Business**

### **RE: New Business**

#### **A. Open Comment Period**

- Mr. Jeremy Catron, no comment
- Mrs. Nancy Pool stated that the Go Virginia state Board approved a project for Region 3 with the Entrepreneurial Innovation Strategy, which is a partnership between the Sova Innovation Hub, Longwood University, and other partners. To grow our entrepreneurial eco system in the Region.
- Mr. Jeremy Satterfield, thank you everyone for taking the time, I do not think the road has gotten any easier, but we have gotten further down the tracks. We are starting to see small specks of opportunity at the end of this tunnel. I am appreciative that everyone has been engaged and active. As always, a huge kudos to Mike and Kristy for keeping the lights on.
- Dr. Nettie Simon-Owens, again thank you to the Board for bearing with me as I learn and hopefully become even more engaged. I would like to thank Mike Davidson and Jeremy Satterfield for participating in the Henrietta Lacks Commission meeting. I also wanted to thank Kristy for always being responsive.
- Mr. Ryland Clark, no comment
- Mr. Rick Harrell, no comment
- Mr. Robert Bates, I wanted to reiterate what Jeremy said, we have always said we wanted to be a working Board. We are planting the seeds now and will be see the harvest that I believe will be great for this community. Let us stay the course.

### **RE: NEXT MEETING DATE**

The IDA will hold the next scheduled meeting on April 16, 2021 at 8:30 A.M. in the Halifax IDA Conference Room.

### **RE: ADJOURNMENT:**

Motion was made by Mr. Jeremy Satterfield, seconded by Mr. Jeremy Catron, and duly carried to adjourn.

Respectfully Submitted:

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Mr. Mike Davidson, IDA Interim Executive Director

Acknowledged:

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Robert Bates, Chair

Draft



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## IDA CASH & INVESTMENTS INFORMATION

Unrestricted Operating and Reserve	Balance	As of
Benchmark: Reserve Account	\$31,541.20	3/31/21
Benchmark: Operating Account	\$542,004.50	3/31/21
Benchmark: CIP	\$74,040.06	3/31/21
Total	\$647,585.76	

## AMERICAN NATIONAL BANK ACCOUNT

Capital Improvements Accts (Encumbered)	Balance	As of
Checking 3904	\$195,662.71	3/31/21
Money Market	\$175,032.47	3/31/21
Total	\$370,695.18	

**TOTAL CASH & INVESTMENTS: \$ 1,018,280.94**

Loans	Balance	As of
Carter Bank and Trust Building 1	\$2,697,542.16	3/31/21
American National ABB	\$4,809,528.96	3/31/21
American National Golden Piedmont	\$2,349,995.02	3/31/21
Benchmark Line of Credit	\$0	3/31/21
Total	\$9,857,066.14	

# Halifax IDA

## Cash Flow Budget vs. Actual

July 2020 through March 2021

	Jul '20 - Mar 21	Budget	\$ Over Budget	% of Budget
<b>Income</b>				
Total 42000 · SVTP Building Two Revenue	60,800.00	80,700.00	(19,900.00)	75.34%
Total 43000 · SVTP Building One Revenue	341,588.95	463,779.00	(122,190.05)	73.65%
Total 44000 · 1201 Industrial Park	9,155.52	36,664.00	(27,508.48)	24.97%
Total 45500 · SVAMC	81,000.00	113,600.00	(32,600.00)	71.3%
Total 45550 · 1130 Industrial Park Drive	30,240.00	44,400.00	(14,160.00)	68.11%
Total 48650 · ABB Expansion Revenue	894,240.00	1,192,320.00	(298,080.00)	75.0%
48750 · 2525 Houghton Ave	490.51	105,336.00	(104,845.49)	0.47%
Total 49000 · Other Revenue	212,399.16	1,058,231.00	(845,831.84)	20.07%
Total 49050 · Pass-Through Revenue	3,140,296.74	1,785,399.00	1,354,897.74	175.89%
<b>Total Income</b>	<b>4,770,210.88</b>	<b>4,880,429.00</b>	<b>(110,218.12)</b>	<b>97.74%</b>

# Halifax IDA

## Cash Flow Budget vs. Actual

July 2020 through March 2021

	Jul '20 - Mar 21	Budget	\$ Over Budget	% of Budget
<b>Expense</b>				
51000 · Payroll Expenses	166,180.62	268,238.00	(102,057.38)	61.95%
Total 52000 · Fringe Benefits	34,689.01	98,960.00	(64,270.99)	35.05%
Total 53000 · Administrative and General	22,723.51	56,598.00	(33,874.49)	40.15%
Total 54000 · BRE, Prospect, Mktg, and PR	43,953.56	95,282.00	(51,328.44)	46.13%
Total 55000 · Website	1,238.43	2,100.00	(861.57)	58.97%
Total 56000 · Public Relations	0.00	7,000.00	(7,000.00)	0.0%
Total 58000 · SVTP	28,655.20	54,970.00	(26,314.80)	52.13%
Total 59000 · SVTP Building Two	12,670.12	24,400.00	(11,729.88)	51.93%
Total 60000 · SVTP Building One	450,271.14	684,056.00	(233,784.86)	65.82%
Total 61600 · ABB Expansion	389,827.71	519,771.00	(129,943.29)	75.0%
Total 62000 · Southside VA CC Trk. Driver Sch	180.00	180.00	0.00	100.0%
Total 63000 · 1201 Industrial Pk Dr.	2,974.40	7,537.00	(4,562.60)	39.46%
Total 65400 · 2525 Houghton Ave.	612,206.47	249,875.00	362,331.47	245.01%
Total 65600 · SVAMC - 1120 Greens Folly Rd	35,303.18	25,933.00	9,370.18	136.13%
Total 65700 · FlexTec - 1130 Industrial Park	3,664.42	3,890.00	(225.58)	94.2%
Total 65800 · SVTP Shell	2,410,437.09	2,559,357.00	(148,919.91)	94.18%
67000 · Legal and Consulting Services	31,433.00	15,000.00	16,433.00	209.55%
Total 67500 · Real Estate Other	28.00	120,000.00	(119,972.00)	0.02%
68500 · Site Professional Services	0.00	10,000.00	(10,000.00)	0.0%
Total 69000 · Pass Through Funding Projects	1,399,946.95	77,282.00	1,322,664.95	1,811.48%
<b>Total Expense</b>	<b>5,646,382.81</b>	<b>4,880,429.00</b>	<b>765,953.81</b>	<b>115.69%</b>
<b>Net Income</b>	<b>(876,171.93)</b>	<b>0.00</b>	<b>(876,171.93)</b>	<b>100.0%</b>

# Halifax IDA

## Balance Sheet

As of March 31, 2021

Mar 31, 21

### ASSETS

#### Current Assets

##### Checking/Savings

11200 · LGIP 1 Designated	542.82
11300 · LGIP 2 Undesignated	3,621.87
11400 · Petty Cash	75.00
11704 · AM National MM	175,032.47
11712 · Capital Improvement Account	195,662.71
11713 · Benchmark Operating Account	542,004.50
11714 · Bechmark Reserve Account	31,541.20
11715 · Benchmark CIP Acct	74,040.06

Total Checking/Savings	1,022,520.63
------------------------	--------------

##### Other Current Assets

12003 · FY16 AR Audit	1,675,179.98
13000 · Land Held in Inventory	
13010 · SVTP	1,050,790.71
13030 · Sinai Park - Lot 2	30,163.00
13040 · Sinai Park - Lot 1	8,863.00
13063 · Land held inventory PRESTO 1990	28,897.17
13064 · Land Inventory - IDA 1 Add.1987	20,278.55
13065 · Land inventory 11.7 ac 1977lt9	17,776.96
13070 · Day land	860,407.00
13075 · FlexTec Building & 3.071 acres	498,432.73
13076 · .05 Acre from Leete	234.00
13077 · 2.11 Acre from Leete	9,766.00
13078 · SVTP .52 acres from VDOT	14,000.00
13079 · Pambid Road	37,487.00

Total 13000 · Land Held in Inventory	2,577,096.12
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Total Other Current Assets	4,252,276.10
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Total Current Assets	5,274,796.73
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#### Fixed Assets

##### 14000 · Land

14001 · Other Land	254,000.00
14005 · Building Two	28,970.00
14010 · Building One	109,383.00
14015 · Truck Driving School	93,000.00
14020 · Daystrom Facility	79,380.00
14025 · SVTP	209,459.00
14027 · Land - ABB Building	500,000.00

Total 14000 · Land	1,274,192.00
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14026 · Land - Tourism Building	30,150.00
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14028 · Land 2525 Houghton Ave	218,308.59
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##### 14100 · Buildings

14104 · Building Two at SVTP	
14105 · Accumulated Depreciation	-979,792.61



# Halifax IDA

## Balance Sheet

As of March 31, 2021

	Mar 31, 21
14106 · Cost	1,942,432.00
Total 14104 · Building Two at SVTP	962,639.39
14114 · Truck Driving School	
14115 · Accumulated Depreciation	-122,779.07
14116 · Cost	213,533.00
Total 14114 · Truck Driving School	90,753.93
14122 · Daystrom Facility	
14120 · Accumulated Depreciation	-1,515,271.79
14121 · Cost	4,321,600.00
Total 14122 · Daystrom Facility	2,806,328.21
14125 · SVTP Building 1	
14404 · MBC Upfit	
14405 · MBC Upfit Accum Depreciationq	-144,457.05
14404 · MBC Upfit - Other	448,076.00
Total 14404 · MBC Upfit	303,618.95
14125 · SVTP Building 1 - Other	10,997,142.57
Total 14125 · SVTP Building 1	11,300,761.52
14126 · Building 1 Accumulated Dep.	-4,283,210.13
14127 · ABB Building	15,101,992.00
14128 · ABB Building Accum Depreciation	-4,663,122.60
Total 14100 · Buildings	21,316,142.32
14129 · Building - Tourism Building	137,350.00
14130 · Tourism building accum dep.	-30,903.50
14133 · Faneul Upfit	817,902.00
14134 · Faneuil Upfit Accum Dep	-163,579.30
14200 · Infrastructure	
14224 · SVTP	
14225 · Accumulated Depreciation	-1,360,943.36
14226 · Cost	2,363,415.00
Total 14224 · SVTP	1,002,471.64
Total 14200 · Infrastructure	1,002,471.64
14402 · Equipment	
14400 · Accumulated Depreciation	-2,803,744.33
14401 · Cost	2,693,071.10
14403 · Model & Sim Accum Depreciation	-303,435.71
14402 · Equipment - Other	395,782.60
Total 14402 · Equipment	-18,326.34
14406 · Superfici Flat Line	429,900.00
14407 · SVAMC.	3,047,616.00
14408 · Accum. Depreciation SVAMC	-457,141.60
14409 · TMI Center	677,730.86
14410 · Accum. Depreciation TMI	-101,659.08
14411 · C Care Upfit	3,174,019.40
14412 · Accum. Depreciation C Care	-119,025.72
14900 · Construction in Progress	3,018,393.78

# Halifax IDA

## Balance Sheet

As of March 31, 2021

	Mar 31, 21
Total Fixed Assets	34,253,541.05
Other Assets	
19950 · Deferred Outflow -GASB 68	23,920.00
19951 · Def. Outflow	18,940.00
19953 · Def outflow-GASB75 group life	6,916.00
Total Other Assets	49,776.00
<b>TOTAL ASSETS</b>	<b>39,578,113.78</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	-2,220.00
Total Accounts Payable	-2,220.00
Other Current Liabilities	
21000 · Payroll Liabilities	
21010 · Direct Deposit Liabilities	-5,280.41
21030 · VRS Group Life	148.22
21040 · VRS Retirement	1,914.11
21050 · Health Insurance	1,158.74
21060 · Federal Withholding	633.00
21070 · FICA and Medicare	908.82
21071 · Deferred/Define Compensation	39.58
21072 · Short/Long term Disability	11.68
21080 · Virginia Withholding	786.00
Total 21000 · Payroll Liabilities	319.74
21100 · Accrued Leave Payable	14,315.15
21200 · Retainage Payable	121,724.04
21300 · Deferred Revenue	-99,360.00
21401 · FY 2016 Audit Accounts Payable	1,890,475.88
24064 · ANB Const. Loan 2525 Houghton	1,360,000.00
Total Other Current Liabilities	3,287,474.81
Total Current Liabilities	3,285,254.81
Long Term Liabilities	
23000 · Advance from Halifax County	249,400.00
24000 · Notes Payable	
24040 · CNB Building One	
24041 · CNB Bldg 1 Refinance	2,643,749.84
Total 24040 · CNB Building One	2,643,749.84
Total 24000 · Notes Payable	2,643,749.84
24061 · Note Payable - Tourism Building	42,000.00
24063 · American Nat Loan 5.7M	4,746,045.33
24081 · OPEB Liab group life	43,989.00
24099 · Pension Liability Ltd	55,567.00
24100 · Deferred Inflow- GASB 68	-2,559.00
24101 · Def Inflow GASB 75 group life	4,121.00

**Halifax IDA**  
**Balance Sheet**  
As of March 31, 2021

	Mar 31, 21
Total Long Term Liabilities	<u>7,782,313.17</u>
Total Liabilities	11,067,567.98
Equity	
39000 - Retained Earnings	29,386,708.63
Net Income	<u>-876,171.93</u>
Total Equity	28,510,536.70
TOTAL LIABILITIES & EQUITY	<u><u>39,578,104.68</u></u>

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF HALIFAX COUNTY, VIRGINIA  
(A Component Unit of the County of Halifax, Virginia)  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

**DRAFT**

**INDUSTRIAL DEVELOPMENT AUTHORITY  
OF HALIFAX COUNTY, VIRGINIA  
(A Component Unit of the County of Halifax, Virginia)  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2020**

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**DIRECTORS**

---

Robert Bates

Ryland Clark

Mattie Cowan

Rick Harrell

Nancy Pool

Jeremy Satterfield

Brandon Searce

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**OFFICERS**

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Robert Bates

Chair

Jeremy Satterfield

Vice-Chair

Mattie Cowan

Secretary-Treasurer

Brian Brown

Executive Director

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# ROBINSON, FARMER, COX ASSOCIATES, PLLC

*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, 2020, 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, 2020, 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.

## ***Restatement of Net Position***

As described in Note 15 to the financial statements, in 2020, the Authority restated beginning net position related to improperly expensed construction costs. 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 30-35 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 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated December 20, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, 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 January 13, 2021, 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.

Charlottesville, Virginia  
January 13, 2021



- 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, 2020  
(With Comparative Totals for the Prior Year)

	At June 30,	
	2020	2019
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 1,880,868	\$ 2,998,595
Due from Halifax County	216,531	-
Grants receivable	1,262,682	247,801
Rent receivable	46,398	9,713
Prepaid expenses	24,163	-
Property held for resale	2,553,096	2,553,096
Total current assets	\$ 5,983,738	\$ 5,809,205
Noncurrent Assets:		
Capital Assets:		
Land and improvements	\$ 1,546,651	\$ 1,328,342
Construction in progress	4,613,802	130,249
Property, plant and equipment	45,076,326	45,076,326
Accumulated depreciation	(15,625,468)	(14,232,863)
Total capital assets	\$ 35,611,311	\$ 32,302,054
Total assets	\$ 41,595,049	\$ 38,111,259
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related items	\$ 43,553	\$ 16,815
OPEB related items	5,591	4,400
Total deferred outflows of resources	\$ 49,144	\$ 21,215
Total assets and deferred outflows of resources	\$ 41,644,193	\$ 38,132,474
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 1,848,933	\$ 105,564
Retainage payable	121,724	-
Long-term obligations - current portion	523,055	501,609
Total current liabilities	\$ 2,493,712	\$ 607,173
Noncurrent liabilities:		
Advance from Halifax County	\$ 249,400	\$ 249,400
Long-term obligations - net of current portion	8,856,077	7,979,909
Total noncurrent liabilities	\$ 9,105,477	\$ 8,229,309
Total liabilities	\$ 11,599,189	\$ 8,836,482
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related items	\$ 10,739	\$ 16,030
OPEB related items	3,097	4,036
Total deferred inflows of resources	\$ 13,836	\$ 20,066
<b>NET POSITION</b>		
Net investment in capital assets	\$ 26,217,640	\$ 23,882,967
Unrestricted	3,813,528	5,392,959
Total net position	\$ 30,031,168	\$ 29,275,926
Total liabilities, deferred inflows of resources and net position	\$ 41,644,193	\$ 38,132,474

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, 2020

(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2020	2019
Operating Revenues:		
County of Halifax, Virginia contributions	\$ 271,740	\$ 360,446
Lease revenue	1,912,224	1,908,724
Other revenues	132	10,593
Total operating revenues	<u>\$ 2,184,096</u>	<u>\$ 2,279,763</u>
Operating Expenses:		
Personnel services	\$ 272,133	\$ 226,779
Fringe benefits	88,755	55,367
Contractual services	30,585	30,077
Other charges	636,106	601,903
Contributions to industry	446,873	860,164
Depreciation expense	1,392,605	1,423,598
Total operating expenses	<u>\$ 2,867,057</u>	<u>\$ 3,197,888</u>
Operating income (loss)	<u>\$ (682,961)</u>	<u>\$ (918,125)</u>
Nonoperating Revenues (Expenses):		
Interest income	\$ 15,091	\$ 13,137
Industry incentives	-	(51,755)
Interest expense	(345,659)	(366,238)
Total nonoperating revenues (expenses)	<u>\$ (330,568)</u>	<u>\$ (404,856)</u>
Income (loss) before contributions and grants	<u>\$ (1,013,529)</u>	<u>\$ (1,322,981)</u>
Capital Contributions and Construction Grants:		
Tobacco Indemnification Community Revitalization Commission	\$ 1,240,645	\$ 241,929
Federal grants	278,126	193,225
Total capital contributions and construction grants	<u>\$ 1,518,771</u>	<u>\$ 435,154</u>
Change in net position	\$ 505,242	\$ (887,827)
Net position, beginning of year, as restated	29,525,926	30,163,753
Net position, end of year	<u><u>\$ 30,031,168</u></u>	<u><u>\$ 29,275,926</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 Cash Flows  
Year Ended June 30, 2020  
(With Comparative Totals for the Prior Year)

	Year Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Receipts from lessees and agencies	\$ 1,930,880	\$ 2,174,050
Payments to suppliers	(573,903)	(596,702)
Payments to industries	(446,873)	(860,162)
Payments to employees/fringe benefit providers	(356,980)	(289,688)
Net cash provided by (used for) operating activities	\$ 553,124	\$ 427,498
Cash flows from noncapital financing activities:		
Grants received	\$ 581,770	\$ 214,058
Cash flows from capital and related financing activities:		
Purchases of property, plant and equipment	\$ (2,703,720)	\$ (89,829)
Principal payments on bonds and credit line	(500,453)	(480,152)
Proceeds from issuances of notes and loans payable	1,360,000	-
Interest payments on indebtedness	(345,659)	(366,238)
Net cash provided by (used for) capital and related financing activities	\$ (2,189,832)	\$ (936,219)
Cash flows from investing activities:		
Interest received	\$ 15,091	\$ 13,137
Increase (decrease) in cash and cash equivalents	\$ (1,039,847)	\$ (281,526)
Cash and cash equivalents at beginning of year	2,998,595	3,280,121
Cash and cash equivalents at end of year	\$ 1,958,748	\$ 2,998,595
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (682,961)	\$ (918,125)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation expense	1,392,605	1,423,598
Changes in operating assets and liabilities:		
(Increase) decrease in due from Halifax County	(216,531)	-
(Increase) decrease in rent receivable	(36,685)	(6,353)
(Increase) decrease in prepaid expenses	(24,163)	-
(Increase) decrease in property held for resale	-	2
(Increase) decrease in pension deferred outflows of resources	(26,738)	693
(Increase) decrease in OPEB deferred outflows of resources	(1,191)	(2,648)
Increase (decrease) in accounts payable	116,951	35,278
Increase (decrease) in unearned lease revenue	-	(99,360)
Increase (decrease) in compensated absences	2,715	40
Increase (decrease) in net pension liability	41,769	(5,025)
Increase (decrease) in net OPEB liability - group life	(6,417)	11,672
Increase (decrease) in pension deferred inflows of resources	(5,291)	(13,298)
Increase (decrease) in OPEB deferred inflows of resources	(939)	1,024
Net cash provided by (used for) operating activities	\$ 475,244	\$ 427,498

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, 2020

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. The Financial Reporting Entity**

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

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

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

**B. Financial Statement Presentation**

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

- Enterprise fund financial statements:
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements
- Schedule of Authority's Proportionate Share of the Net Pension Liability
- Schedule of Employer Contributions - Pension Plan
- Notes to Required Supplementary Information - Pension Plan
- Schedule of Authority's Share of Net OPEB Liability - Group Life Insurance Plan
- Schedule of Employer Contributions - Group Life Insurance Plan
- Notes to Required Supplementary Information - Group Life Insurance Plan

**C. Measurement Focus and Basis of Accounting**

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

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

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

**D. Cash and Cash Equivalents**

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

**E. Inventory**

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

**F. Capital Assets**

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

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

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

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

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

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

**G. Use of Estimates**

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

**H. Net Position**

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

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

**I. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position 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.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

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.

**J. Pensions**

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

**K. Other Postemployment Benefits (OPEB)**

***Group Life Insurance***

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

**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.



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Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 2 - DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Investments:**

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

The Authority does not have a formal investment policy.

**Credit Risk of Debt Securities:**

The Authority's rated debt investments as of June 30, 2020 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.

<b>Authority's Rated Debt Investments' Values</b>	
	<b>Quality Ratings</b>
	<b>AAAm</b>
Local Government Investment Pool	\$ 4,160
Total	\$ 4,160

**Interest Rate Risk:**

<b>Investment Type</b>	<b>Investment Maturity*</b>	
	<b>Fair Value</b>	<b>Less than 1</b>
Local Government Investment Pool	\$ 4,160	\$ 4,160
Total investments	\$ 4,160	\$ 4,160

\*Weighted average maturity in years

**External Investment Pools:**

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

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 3 - ACCOUNTS RECEIVABLE AND DUE FROM OTHER GOVERNMENTS:**

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

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

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
Receivable from Halifax County - Misc reimbursement	\$ 216,531	\$ -
Grants Receivable:		
Receivable from Commonwealth:		
Tobacco Indemnification Community Revitalization Commission	\$ 1,184,802	\$ 239,659
Receivable from Federal Government:		
Environmental Protection Agency	77,880	8,142
Total Grants Receivable	\$ 1,262,682	\$ 247,801

**NOTE 4 - LAND AND BUILDINGS HELD FOR RESALE:**

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

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

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 5 - CAPITAL ASSETS:**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land and improvements	\$ 1,328,342	\$ 218,309	\$ -	\$ 1,546,651
Construction in progress	380,249	4,233,553	-	4,613,802
Total capital assets not being depreciated	<u>\$ 1,708,591</u>	<u>\$ 4,451,862</u>	<u>\$ -</u>	<u>\$ 6,160,453</u>
Other Capital Assets:				
Building and improvements	\$ 42,096,582	\$ -	\$ -	\$ 42,096,582
Equipment	2,906,403	-	-	2,906,403
Vehicles	73,341	-	-	73,341
Total other capital assets	<u>\$ 45,076,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,076,326</u>
Accumulated depreciation:				
Building and improvements	\$ (11,977,499)	\$ (1,117,289)	\$ -	\$ (13,094,788)
Equipment	(2,199,743)	(266,456)	-	(2,466,199)
Vehicles	(55,621)	(8,860)	-	(64,481)
Total accumulated depreciation	<u>\$ (14,232,863)</u>	<u>\$ (1,392,605)</u>	<u>\$ -</u>	<u>\$ (15,625,468)</u>
Other capital assets, net	<u>\$ 30,843,463</u>	<u>\$ (1,392,605)</u>	<u>\$ -</u>	<u>\$ 29,450,858</u>
Capital assets, net	<u>\$ 32,552,054</u>	<u>\$ 3,059,257</u>	<u>\$ -</u>	<u>\$ 35,611,311</u>

**NOTE 6 - ADVANCES FROM THE COUNTY OF HALIFAX:**

Temporary advances from the County of Halifax for the purchase of capital items such as land and buildings are recorded as liabilities to be repaid from the sale of land and other revenues of the Authority. 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>
Less repayment in year ended June 30, 1982	(20,000)
Less repayment in year ended June 30, 1985	(70,600)
	<u>\$ 249,400</u>

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 7 - COMPENSATED ABSENCES:**

The Authority's full-time employees earn vacation and sick leave each month at a scheduled rate in accordance with their years of service. Accumulated unpaid vacation and other compensatory leave amounts are accrued when incurred. Upon separation of service with the Authority, employees are compensated for unused vacation leave. At June 30, 2020, the liability for accrued vacation leave was \$14,276.

**NOTE 8 - LONG-TERM OBLIGATIONS:**

Changes in long-term obligations:

	Balance July 1, 2019	Issuances/ Additions	Retirements/ Deletions	Balance June 30, 2020	Due Within One Year
Direct borrowings and direct placements					
Notes payable	\$ 8,412,400	\$ 1,360,000	\$ 500,453	\$ 9,271,947	\$ 521,627
Other long-term obligations					
Net OPEB liability - group life	38,734	1,387	7,804	32,317	-
Net pension liability	18,823	143,576	101,807	60,592	-
Compensated absences	11,561	8,214	5,499	14,276	1,428
Total	<u>\$ 8,481,518</u>	<u>\$ 1,513,177</u>	<u>\$ 615,563</u>	<u>\$ 9,379,132</u>	<u>\$ 523,055</u>

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

Year Ending June 30,	Direct Borrowings and Direct Placements	
	Principal	Interest
2021	\$ 521,627	\$ 382,008
2022	663,688	357,429
2023	691,930	328,909
2024	721,266	299,294
2025	4,101,544	127,273
2026-2030	2,236,232	245,601
2031-2032	335,660	7,884
Total	<u>\$ 9,271,947</u>	<u>\$ 1,748,398</u>

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 8 - LONG-TERM OBLIGATIONS: (CONTINUED)**

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

	<u>Amount outstanding</u>	<u>Amount due within one year</u>
Direct borrowings and direct placements:		
Notes payable:		
PRN # 33233 - \$5,700,000 4.35% Interest Note Payable dated February 16, 2018 payable to American National Bank with final maturity on July 10, 2024. Principal and interest payments of \$43,314 are due monthly from March 10, 2018 through June 10, 2024. Final balloon payment of principal of \$3,714,838 is due on July 10, 2024.	\$ 5,027,641	\$ 307,144
\$2,350,000 (maximum draw amount) 4.25% Interest Note Payable dated June 16, 2020 payable to American National Bank; interest only for 12 months, then due in monthly installments of \$14,630, beginning on July 16, 2021, with a final balloon payment on June 16, 2026.	1,360,000	-
PRN # 32682 - \$3,572,664 4.0% Interest Note Payable dated June 15, 2016 payable to Carter Bank and Trust with final maturity on August 1, 2031. Principal and interest payments of \$26,427 are due monthly from September 1, 2016 through August 1, 2031.	2,835,306	207,483
\$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%.	49,000	7,000
Total notes payable	\$ 9,271,947	\$ 521,627
Other long-term obligations:		
Net OPEB liability	32,317	-
Net pension liability	60,592	-
Compensated absences	14,276	1,428
Total long-term obligations	<u>\$ 9,379,132</u>	<u>\$ 523,055</u>

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 9 - CONTINGENCIES AND EVENTS OF DEFAULT:**

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

**NOTE 10 - CONDUIT DEBT OBLIGATIONS:**

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

<u>Description</u>	<u>Original Issue</u>	<u>Outstanding June 30, 2020</u>
Industrial Development Authority of Halifax County, Public Facilities Lease Revenue Refunding Bonds, Series 2014, issued April 11, 2014 (Refinance outstanding bonds)	\$ 677,000	\$ 180,000
Industrial Development Authority of Halifax County, Public Facilities Lease Revenue Note, Series 2014, issued April 11, 2014	<u>2,771,000</u>	<u>2,121,000</u>
Total	<u>\$ 3,448,000</u>	<u>\$ 2,301,000</u>

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 11 - PENSION PLAN:**

***Plan Description***

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

***Benefit Structures***

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

- a. Employees hired before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit.
- b. Employees hired 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 are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit.
- c. Non-hazardous duty employees hired on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 11 - PENSION PLAN: (CONTINUED)**

***Average Final Compensation and Service Retirement Multiplier***

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

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

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

***Contributions***

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

The Authority's contractually required employer contribution rate for the year ended June 30, 2020 was 6.86% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017.

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 \$16,530 and \$15,467 for the years ended June 30, 2020 and June 30, 2019, respectively.



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Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 11 - PENSION PLAN: (CONTINUED)**

***Net Pension Liability***

At June 30, 2020, the Authority reported a liability of \$60,592 for its proportionate share of the net pension liability. The Authority's net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The Authority's proportionate share of the same was calculated using creditable compensation as a basis for allocation. At June 30, 2019 and 2018, the Authority's proportion was 2.96% and 2.96%, respectively.

***Actuarial Assumptions - General Employees***

The total pension liability for General Employees in the Authority's Retirement Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, 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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of pension liabilities.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 11 - PENSION PLAN: (CONTINUED)**

***Actuarial Assumptions - General Employees: (Continued)***

Mortality 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.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 11 - PENSION PLAN: (CONTINUED)**

***Long-Term Expected Rate of Return***

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

<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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		<u>5.13%</u>
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

\* The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

**INDUSTRIAL DEVELOPMENT AUTHORITY OF HALIFAX COUNTY, VIRGINIA**  
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Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 11 - PENSION PLAN: (CONTINUED)**

***Discount Rate***

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the Authority was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. From July 1, 2019 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
Industrial Development				
Authority of Halifax County's				
Net Pension Liability (Asset)	\$	217,638 \$	60,592 \$	(64,674)

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

**NOTE 11 - PENSION PLAN: (CONTINUED)**

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

For the year ended June 30, 2020, the Authority recognized pension expense of \$26,265. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,198	\$ 460
Change in assumptions	22,825	224
Net difference between projected and actual earnings on pension plan investments	-	10,055
Employer contributions subsequent to the measurement date	16,530	-
Total	<u>\$ 43,553</u>	<u>\$ 10,739</u>

\$16,530 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2021. 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>	
2021	\$ 13,602
2022	2,138
2023	(206)
2024	750

***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-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, 2020 (Continued)

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**NOTE 12 - GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):**

***Plan Description***

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

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

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

***Eligible Employees***

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

***Benefit Amounts***

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,463 as of June 30, 2020.

***Contributions***

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.31% 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

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Contributions: (Continued)***

all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the entity were \$1,402 and \$1,209 for the years ended June 30, 2020 and June 30, 2019, respectively.

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

At June 30, 2020, the entity reported a liability of \$32,317 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the participating employer's proportion was 0.00199% as compared to 0.00255% at June 30, 2018.

For the year ended June 30, 2020, the participating employer recognized GLI OPEB expense of \$540. 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, 2020, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,149	\$ 419
Net difference between projected and actual earnings on GLI OPEB program investments	-	664
Change in assumptions	2,040	974
Changes in proportion	-	1,040
Employer contributions subsequent to the measurement date	1,402	-
Total	<u>\$ 5,591</u>	<u>\$ 3,097</u>

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

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

\$1,402 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, 2021. 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>		
2021	\$	(92)
2022		(92)
2023		189
2024		446
2025		502
Thereafter		139

***Actuarial Assumptions***

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018, 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, 2019. The assumptions include several employer groups as noted below. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS CAFR.

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

\*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 6.75%. However, since the difference was minimal, and a more conservative 6.75% 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 6.75% to simplify preparation of OPEB liabilities.

**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.



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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Actuarial Assumptions: (Continued)***

**Mortality Rates - Non-Largest Ten Locality Employers - General Employees: (Continued)**

**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, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2019, NOL amounts for the GLI Plan are as follows (amounts expressed in thousands):

		<b>Group Life Insurance OPEB Plan</b>
Total GLI OPEB Liability	\$	3,390,238
Plan Fiduciary Net Position		1,762,972
Net GLI OPEB Liability (Asset)	\$	1,627,266
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.00%

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Actuarial Assumptions: (Continued)***

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

***Long-Term Expected Rate of Return***

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		<b>5.13%</b>
		<b>Inflation</b>	<b>2.50%</b>
		<b>*Expected arithmetic nominal return</b>	<b>7.63%</b>

\*The above allocation provides a one-year return of 7.63%. 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 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation.

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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

***Discount Rate***

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 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 which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>Rate</b>		
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>(5.75%)</b>	<b>(6.75%)</b>	<b>(7.75%)</b>
Authority's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 42,454	\$ 32,317	\$ 24,094

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**NOTE 13 - RISK MANAGEMENT:**

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

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

Notes to Financial Statements  
At June 30, 2020 (Continued)

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**NOTE 14 - UPCOMING PRONOUNCEMENTS:**

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

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

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

**NOTE 15 - RESTATEMENT OF NET POSITION:**

Net position as of June 30, 2019 was restated as follows:

		<u>Fiscal Year Ending June 30, 2019</u>
Net Position, as previously reported	\$	29,275,926
To adjust for construction improperly expensed in FY19		<u>250,000</u>
Net Position, as restated	\$	<u><u>29,525,926</u></u>

**NOTE 16 - COVID-19 PANDEMIC SUBSEQUENT EVENT:**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency stemming from a new strain of coronavirus that was spreading globally (the “COVID-19 outbreak”). On March 11, 2020, the WHO classified the COVID-19 outbreak as a pandemic, triggering volatility in financial markets and a significant negative impact on the global economy. The COVID-19 pandemic has developed rapidly in 2020 and remains a quickly evolving situation. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact economic activity. The Authority is not able to estimate the effects of the COVID-19 pandemic for fiscal year 2021.

- Required Supplementary Information -

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**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 Measurement Dates of June 30, 2014 through June 30, 2019

<b>Date</b>	<b>Proportion of the Net Pension Liability (NPL)</b>	<b>Proportionate Share of the NPL</b>	<b>Covered Payroll</b>	<b>Proportionate Share of the NPL as a Percentage of Covered Payroll</b>	<b>Pension Plan's Fiduciary Net Position as a Percentage of Total Pension Liability</b>
2019	2.9630%	\$ 60,592	\$ 232,479	26.06%	95.13%
2018	2.9630%	18,823	265,958	7.08%	98.38%
2017	2.9630%	23,848	253,881	9.39%	97.86%
2016	2.9630%	90,739	249,134	36.42%	91.72%
2015	2.9630%	46,775	227,840	20.53%	95.56%
2014	2.9630%	22,848	230,587	9.91%	97.75%

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

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

Schedule of Employer Contributions - Pension Plan  
For the Years Ended June 30, 2011 through June 30, 2020

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<u>Date</u>	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a % of Covered Payroll</u>
2020	\$ 16,530	\$ 16,530	\$ -	\$ 269,611	6.13%
2019	15,467	15,467	-	232,479	6.65%
2018	16,566	16,566	-	265,958	6.23%
2017	16,123	16,123	-	253,881	6.35%
2016	22,986	22,986	-	249,134	9.23%
2015	21,380	21,380	-	227,840	9.38%
2014	16,333	16,333	-	230,587	7.08%
2013	20,098	20,098	-	185,406	10.84%
2012	21,599	21,599	-	254,405	8.49%
2011	24,572	24,572	-	224,402	10.95%

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 - Pension Plan  
For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%



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

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

## Schedule of Authority's Share of Net OPEB Liability

Group Life Insurance Plan

For the Measurement Dates of June 30, 2017 and June 30, 2019

<b>Date</b>	<b>Employer's Proportion of the Net GLI OPEB Liability</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability</b>
2019	0.00199% \$	32,317 \$	232,479	13.90%	52.00%
2018	0.00255%	38,734	265,958	14.56%	51.22%
2017	0.00180%	27,062	253,881	10.66%	48.86%

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

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

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

## Schedule of Employer Contributions

## Group Life Insurance Plan

For the Years Ended June 30, 2011 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
2020	\$ 1,402	\$ 1,402	\$ -	\$ 269,611	0.52%
2019	1,209	1,209	-	232,479	0.52%
2018	1,383	1,383	-	265,958	0.52%
2017	1,320	1,320	-	253,881	0.52%
2016	1,196	1,196	-	249,134	0.48%
2015	1,094	1,094	-	227,840	0.48%
2014	1,107	1,107	-	230,587	0.48%
2013	890	890	-	185,406	0.48%
2012	712	712	-	254,405	0.28%
2011	628	628	-	224,402	0.28%

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

#### Group Life Insurance Plan

For the Year Ended June 30, 2020

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

**Changes of assumptions** - The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

#### Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	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 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

- Compliance -

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

*Certified Public Accountants*

**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***

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**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, 2020, and the related notes to the financial statements, which collectively comprise Industrial Development Authority of Halifax County, Virginia's basic financial statements and have issued our report thereon dated January 13, 2021.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we did identify one deficiency in internal control that we consider to be a material weakness.

## Compliance and Other Matters

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

### Purpose of this Report

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

Charlottesville, Virginia  
January 13, 2021

DRAFT

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

Schedule of Findings and Responses  
Year Ended June 30, 2020

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Section II - Financial Statement Findings**

**2019-001**

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Criteria:	Per auditing standards, an auditee should have sufficient controls in place to produce financial statements in accordance with applicable standards. Furthermore, reliance on the auditor to propose adjustments necessary to comply with reporting standards is not a component of such controls.
Condition:	The financial statements as presented for audit, did not contain all necessary adjustments to comply with generally accepted accounting principles (GAAP). As such, the auditor proposed adjustments that were material to the financial statements.
Cause:	The Authority does not have proper controls in place to detect and correct adjustments in closing their year end financial statements
Effect:	There is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected by the Authority's internal controls over financial reporting.
Recommendation:	The Authority should review the auditors' proposed audit adjustments for the fiscal year and develop a plan to ensure the trial balances and related schedules are accurately presented for audit.

Management's  
response: