

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016



COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF YORK, VIRGINIA

For the Fiscal Year Ended June 30, 2016

Prepared by the Department of Finance,
Division of Accounting and Financial Reporting

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June 30, 2016

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COUNTY ADMINISTRATOR

Neil A. Morgan



BOARD OF SUPERVISORS

Walter C. Zaremba

District 1

Sheila S. Noll

District 2

W. Chad Green

District 3

Jeffrey D. Wassmer

District 4

Thomas G. Shepperd, Jr.

District 5

November 18, 2016

The Board of Supervisors
County of York, Virginia

Dear Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report of the County of York for the fiscal year ended June 30, 2016, as required by the Code of Virginia. The Department of Finance has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP), the standards of financial reporting prescribed by the Governmental Accounting Standards Board, and the Auditor of Public Accounts of the Commonwealth of Virginia. The independent certified public accounting firm of Cherry Bekaert LLP has audited the financial statements, and their opinions are contained within this report.

Responsibility for both the accuracy of the presented data and the fairness of the presentation, including all disclosures, rests with the County. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and the results of operations of the various funds of the County; and that all disclosures necessary to enable the reader to gain maximum understanding of the County's financial activity have been included.

The County government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and Title 2 in the Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Information related to this single audit, including the schedule of expenditures of Federal awards, findings and questioned costs, and auditors' reports on internal control and compliance with applicable laws and regulations are included in the compliance section of this report.

The County, as a separate and distinct political entity, provides a wide range of municipal services as contemplated by statute. Major functions include general government administration services, judicial services, public safety, management services, education, human services, public works, and community services. In addition, the County operates and maintains a solid waste disposal program and water and sewer utility systems, which service geographically dispersed areas of the jurisdiction.

The County has included in its financial statements three discretely presented component units. Discretely presented component units are entities that are legally separate from the County, but for which the County is financially accountable, or whose relationships with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The component units are the York County School Division, the Economic Development Authority (EDA) of York County, and the Marquis Community Development Authority (MCDA).

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The

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A Hampton Roads Community

County's MD&A can be found immediately following the report of the independent auditors, beginning on page C-1 of this report.

PROFILE OF THE GOVERNMENT

Established in 1634, the County has played a role in the development of this nation in that it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781. The County is located in the Virginia coastal plain on the peninsula formed by the James and York Rivers and the Chesapeake Bay. The County consists of 108 square miles and is bounded by James City County and the Cities of Poquoson, Hampton, Newport News, and Williamsburg, and by the York River. The County land area is effectively split into two distinct sections by a large area of federal landholdings, including the Coast Guard Training Center, the Colonial National Historical Park, and the U.S. Naval Weapons Station. In addition, the U.S. Navy's Cheatham Annex, the U.S. Army's Camp Peary, and the U.S. Air Force's Bethel Manor Housing Complex (Langley Air Force Base) with its associated reservoir bring the total federal landholdings in the County to approximately 40%. There are no incorporated towns within the County. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

The County is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County, the Board of Supervisors, establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The County provides a full range of services, including law enforcement and fire protection. The County also is financially accountable for the legally separate School Division, Economic Development Authority, and the financial reporting for the Community Development Authority, all of which are reported separately as discretely presented component units within the County's financial statements. Additional information on each of these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. All departments and agencies of the County are required to submit requests for appropriation to the County Administrator during November of each year. The County Administrator uses these requests as a starting point for developing a proposed budget for presentation to the Board of Supervisors for review in March. The Board of Supervisors is required to hold public hearings on the proposed budget and to adopt a final budget by May 1, or within thirty days of the receipt by the County of the estimates of state funds, whichever shall later occur.

The budget is prepared by fund and function (e.g. public safety). The County Administrator may make transfers of appropriations within functions. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and the tourism fund, a major special revenue fund, this comparison is presented on pages G-2 through G-7 as part of the required supplementary information other than management's discussion and analysis. For governmental funds with appropriated budgets, other than the general and tourism funds, this comparison is presented beginning on page H-4, in the other supplementary information subsection of this report.

ECONOMIC CONDITION AND OUTLOOK

The significant tourism base continues to contribute to the County's improving financial position. During the year ended June 30, 2016, York County began to see positive signs of recovery from the Great Recession with all consumer-driven taxes (sales, meals and lodging) finally rising above their pre-recession levels. Personal property tax collections were particularly strong showing an increase of about 9.3% from the prior year. Fiscal year 2016 was a reassessment year resulting in an increase of about 1.6% in real estate tax revenue for the second half of the fiscal year. In addition, careful monitoring of revenues and expenditures ensured that the County ended the fiscal year in sound financial condition.

MAJOR INITIATIVES

During January of 2016 the Board of Supervisors participated in a retreat where they developed six strategic priorities that guided the process of fiscal year 2017 budget funding decisions. Accordingly, this direction was translated into a number of specific projects to which major portions of available resources were allocated, such as increased funding to agencies that support tourism efforts, emphasis on employee compensation and school funding, as well as funding for a new fire station and enhancements to the regional radio system. The Board's strategic priorities are to:

1. Facilitate quality economic development that is sensitive to community character and the environment.
2. Institutionalize effective and outstanding communications and civic engagement opportunities amongst and between the Board of Supervisors, citizen, boards and commissions, and County staff.
3. Instill excellent customer service as an organizational value, expectation, and outcome.
4. Facilitate quality educational opportunities for all County citizens.
5. Develop leadership and resources necessary to ensure and sustain exemplary public safety functions.
6. Protect and respect the County's natural and built attributes through balanced and cost-effective environmental stewardship.

Operations

The Comprehensive Plan, titled *Charting the Course to 2035*, is the long-range plan for the physical development of the County. The plan was adopted in September 2013 after an extensive review process involving citizens and civic and business groups, the Planning Commission, and the Board of Supervisors. The goals and initiatives discussed in the current plan include encouraging a balance of quality residential and commercial growth, supporting the County's School Division, developing new recreational facilities, beautifying major entrances and commercial corridors including placing existing overhead utilities underground, constructing bicycle and pedestrian improvements leveraged with local funding, and continuing the modernization and improvement of the County's emergency response and management capabilities.

Economic Development

Commercial building permit values remained steady in FY2016 totaling \$33.8 million compared to \$36.2 million in FY2015. However, the number of commercial structures built in FY2016 dropped to 10 compared to 37 in FY2015. Residential building permit values decreased considerably from \$53.6 million in FY2015 to \$33.8 million in FY2016.

At the end of FY2015, Kroger opened its new 90,000 square foot concept store in Kiln Creek along with a fueling station. This \$16 million investment sparked new interest in this retail hub and was followed by announcements from Taco Bell and Panda Express of their intention to build on outparcels in front of Kroger. The Gateway Crossing area (Ft Eustis Blvd. & Rt. 17) continued to lead new retail development in the Rt. 17 corridor. Boulevard Crossing, a new retail center of 12,565 square feet was completed in the summer of 2016, with signed tenants Starbucks and Verizon. Roberts Furniture opened a new store on Rt. 17 near Ft Eustis Blvd. in the former House Key space, becoming the county's largest stand-alone furniture retailer.

One of the fiscal year's largest investments was made by Smith/Packet, a multi-state, senior living facility developer, that broke ground on a new assisted-living community near the intersection of Hampton Highway and Victory Blvd. The 102 unit called The Crossings on the Peninsula will employ 75-100 full and part-time employees. The nearly \$12 million state-of-the-art facility plans to open in the fall of 2016.

The new regional (James City County, York County, City of Williamsburg) economic development marketing organization, The Greater Williamsburg Partnership (GWP), fully organized in FY2016 and launched its web site www.GWPVA.com. The GWP will also serve as the governing body for the Greater Williamsburg Business Incubator, "Launchpad." Launchpad moved into new office space in New Town that will accommodate up to 12 clients and has 2,500 square feet of open space for training and collaboration. Another successful regional effort on the entrepreneurial front was the 4th annual Peninsula-wide business plan competition, START Peninsula, which was held in November at the Applied Research Center in Newport News.

The Office of Economic Development (OED), in partnership with the EDA and York County Chamber of Commerce, co-hosted the area's first Home-Based Business Resource Fair & Conference. This event was very successful and boasted over 125 attendees, 20 speakers, and 22 exhibitors. The conference highlighted the County's new focus on nurturing and growing its extensive home-based business sector.

The EDA leveraged just \$88,000 of incentives to garner over \$2.56 million dollars of commercial investment in new manufacturing activities. These incentives were comprised of grants to three local businesses: the Virginia Beer Company, Brass Canon Brewing, and Williamsburg AleWerks, all craft breweries. Two of the breweries further leveraged their grants by securing matching dollars from the new Virginia Tourism Growth Fund. The EDA sold 5.51 acres in Busch Industrial Park to Marina Electrical Equipment (MEE) for a new manufacturing facility. MEE has been so successful with their new product lines that they needed additional space to accommodate their growth. In April, the EDA executed a sales agreement with Bakerner Properties for 4.28 acres in Busch Industrial Park. Bakerner intends to construct a minimum of 15,000 square feet of light industrial flex space on the property that will be available to lease.

Capital Improvements Program

Growth in the County's population is projected to continue an upward trend. Along with this growth, the County can anticipate an increased demand for government services. The County's six-year capital improvements program (CIP) indicates that a major emphasis will continue to be placed on the expansion of sewer facilities, school facilities, maintenance of buildings, and on drainage improvements.

The Stormwater Maintenance Program continues to address ongoing drainage maintenance within County easements. The Stormwater Capital Improvements Program includes: Tabb Lakes/Kings

Bottom, Goodwin Neck/Rosewood, Claxton Creek, Marlbank Cove Ravine, Poquoson Headwaters, Route 134/Bayberry, Larkin Woods (Stream Restoration), Queens Lakes Ravines, Seige Lane, Middlewood Lane and the Chesapeake Bay TMDL Retrofit Engineering study.

The only current water construction project is the Lightfoot Newport News Waterworks Water Extension. A major sewer construction project is underway at Queen's Lake.

The York County School Division has several major repair/replacement and classroom addition projects planned in its six-year Capital Improvement Program.

Regional and Joint Cooperation

Regional Jail

Along with James City County and the Cities of Williamsburg and Poquoson, the County is a member of the Virginia Peninsula Regional Jail Authority. The Authority was created in 1993 for the purpose of constructing and operating a single jail for the participating localities. The project was developed to relieve the severely overcrowded conditions at existing facilities in the County and other jurisdictions.

Juvenile Jail Facility

A regional coalition was created involving 16 counties and 2 cities, of which the County is a voting member, to secure a juvenile detention facility. A 48-bed facility was opened in December 1997 to meet the demand for secure juvenile detention placements among the member jurisdictions.

Other Projects

The County will continue to participate in a number of entities intended to address regional activities such as transportation, economic development, and planning. The number of studies and planning projects done regionally will likely increase over time as localities within Hampton Roads recognize their shared future. The design, procurement, and operation of the Regional Radio System include partners, James City County and Gloucester County.

FINANCIAL INFORMATION

The County's accounting records for general governmental operations are maintained on the modified accrual basis. This essentially involves the recording of revenues when they become measurable and available and the recording of expenditures when the goods and/or services are received or related fund liability is incurred. Accounting records for the County's enterprise (utility systems) and internal service (motor vehicle pool and health/dental insurance) funds are maintained on the accrual basis.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are a system of methods, practices, and procedures designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived therefrom; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal accounting control evaluations occur within the above framework. We believe that the County's system of internal accounting control adequately safeguards assets and provides reasonable assurance for the proper recording of financial transactions. Budgetary controls are maintained to ensure compliance with the budget approved by the Board of Supervisors. The approved budget is used as a tool to monitor general government expenditures within the limits adopted by the Board. Encumbrances are used to reserve a portion of the applicable appropriation for purchase orders, contracts, and commitments of the County. Open encumbrances are reported in the governmental funds as a component of restricted, committed, and assigned fund balances, as applicable, at year-end.

POLICIES/SIGNIFICANT CHANGES

In FY2016, the County shifted its accounting procedures to accrual based accounting for payroll. The beginning fund balance for FY2016 includes a restatement for this change in accounting principles.

In accordance with Article 8, Chapter 15, Title 15.2 of the Virginia Code, the County and the School Division elected to establish a trust for the purpose of accumulating and investing assets to fund Other Post-Employment Benefits. In June 2016, the County and the School Division joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust. A new fiduciary fund, OPEB Trust Fund, was created for reporting the activity, and the County and School Division's funds that were previously used to account for OPEB funds were closed. The creation of the OPEB Trust Fund is consistent with the guidance of Governmental Accounting Standards Board (GASB) Statements #43 and #45 and improved the County's actuarial position substantially.

The Governmental Accounting Standards Board (GASB) Statement #72 is effective for fiscal year 2016 financial reporting. Accordingly, disclosures have been made about the County's fair value measurements and the level of fair value hierarchy and valuation techniques.

Several reorganizations were effective in FY2016. The Department of Public Works was created, combining the former Departments of Environmental Services and General Services. The Divisions of Building Regulations, Development & Compliance and the Board of Zoning/Subdivision Appeals now report to County Administration. Also, the Department of Financial and Management Services was separated into three departments: Finance, Human Resources and Information Technology. In addition, Library Services and Emergency Communications became departments.

INDEPENDENT AUDIT

The Code of Virginia and the Commonwealth's Auditor of Public Accounts require an annual audit of the books of account, financial records, and the transactions of all administrative departments, agencies, and activities of the County by an independent certified public accountant selected by the Board of Supervisors. This requirement has been complied with and the report of independent auditors has been included in the financial section of this report.

In addition to meeting the requirements set forth in State statutes and regulations, the audit was also designed to meet the requirements of the Single Audit Act Amendments of 1996 and Title 2 in the Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. The reports of the independent auditors that relate specifically to the single audit are also included in the compliance section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of York, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the 30th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

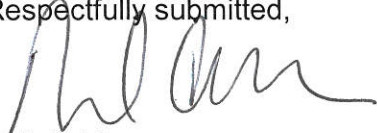
DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers' Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the County of York, Virginia, for its annual budget for the fiscal year beginning July 1, 2015. This was the 13th consecutive year that the County has achieved this prestigious award. In order to receive this award, a governmental entity must publish a budget document that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

ACKNOWLEDGMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Finance Department, in particular the divisions of Accounting and Financial Reporting, Budget, and Fiscal Accounting Services, as well as the Office of the Treasurer, the School Division, and the York/Poquoson Department of Social Services. I would like to express my appreciation to all of the members of these staffs who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors who, both individually and collectively, provided the guidance and support essential to the conduct of the financial operations of the County in a responsible and progressive manner.

Respectfully submitted,



Neil A. Morgan
County Administrator



Vivian Calkins-McGettigan, MBA, CPA, CIA, CPFO, CFE
Deputy County Administrator



Deborah L. Morris, CPA
Finance Director

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

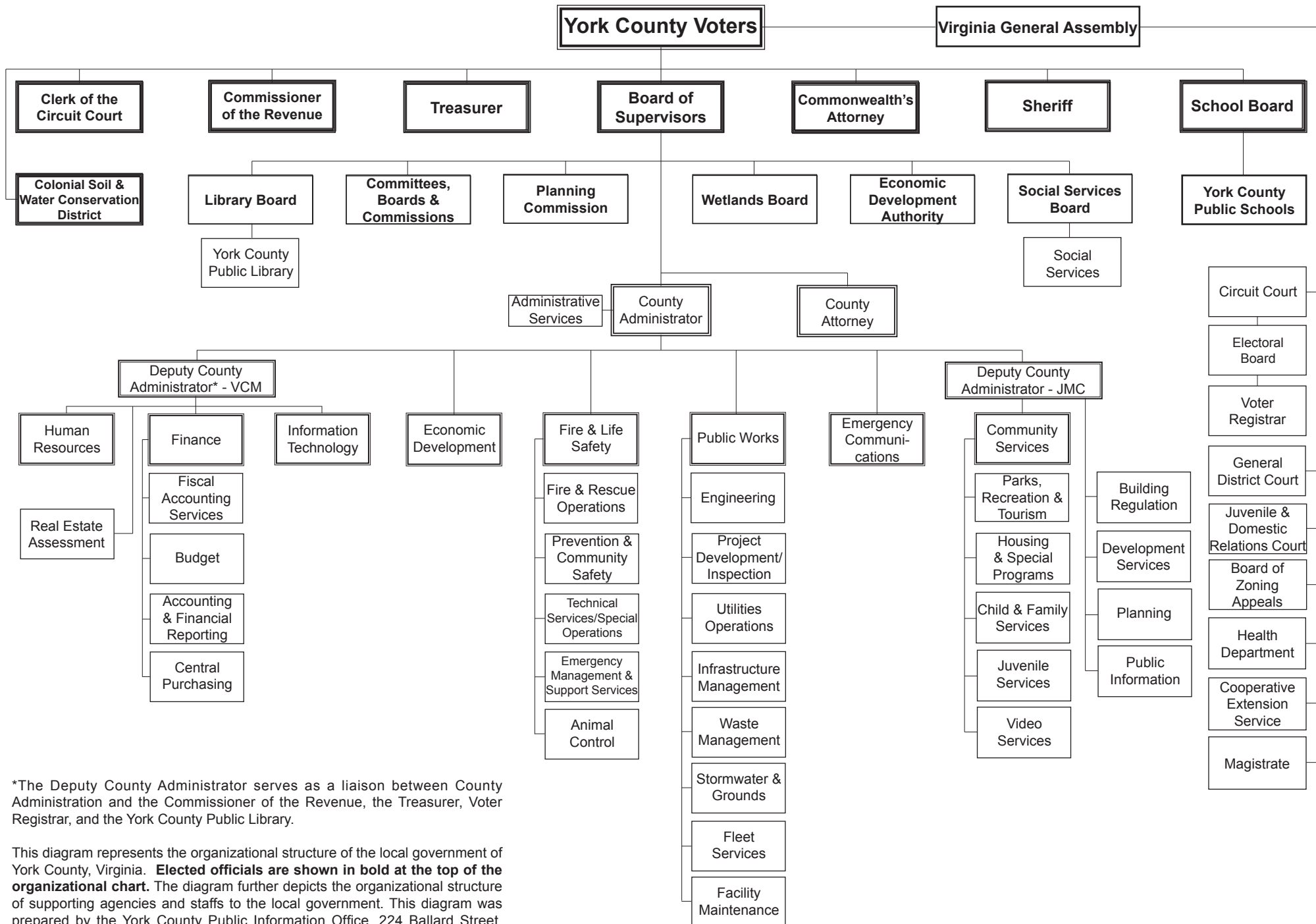
Presented to

**County of York
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



*The Deputy County Administrator serves as a liaison between County Administration and the Commissioner of the Revenue, the Treasurer, Voter Registrar, and the York County Public Library.

This diagram represents the organizational structure of the local government of York County, Virginia. **Elected officials are shown in bold at the top of the organizational chart.** The diagram further depicts the organizational structure of supporting agencies and staffs to the local government. This diagram was prepared by the York County Public Information Office, 224 Ballard Street, Yorktown, Virginia, 23690. Mailing Address: P.O. Box 532, Yorktown, Virginia, 23690-0532. Updated February 2016

COUNTY OF YORK, VIRGINIA
Principal Officials
For the Fiscal Year Ended June 30, 2016

Board of Supervisors

Jeffrey D. Wassmer, Chairman
Sheila S. Noll, Vice-Chairman
Walter C. Zaremba
W. Chad Green
Thomas G. Shepperd, Jr.

Constitutional Officers

Clerk of the Circuit Court	Kristen N. Nelson
Commissioner of the Revenue	Ann H. Thomas
County Treasurer	Deborah B. Robinson
Commonwealth's Attorney	Benjamin M. Hahn
Sheriff	J. D. Diggs

County Officials

County Administrator	Neil A. Morgan
County Attorney	James E. Barnett
Deputy County Administrator	J. Mark Carter
Deputy County Administrator	Vivian A. Calkins-McGettigan
Director of Community Services	Laurie Blanton-Coleman
Director of Economic Development	James W. Noel, Jr.
Director of Emergency Communications	Donald T. Hall
Director of Finance	Deborah L. Morris
Fire Chief	Stephen P. Kopczynski
Director of Human Resources	David K. Gorwitz
Director of Information Technology	Adam A. Frisch
Director of Library Services	Kevin W. Smith
Director of Public Works	Mark L. Bellamy, Jr.

School Board

Robert W. George, D.D.S., Chair
Barbara S. Haywood, Vice-Chair
Cindy Kirschke
Todd H. Mathes
Mark A. Medford

School Officials

Superintendent of Schools	Dr. Victor D. Shandor
Chief Academic Officer	Dr. Stephanie L. Guy
Chief Financial Officer	Dennis R. Jarrett
Chief Human Resources Officer	Dr. James E. Carroll
Chief Operations Officer	Dr. Carl L. James
Director of Elementary Instruction	Candi L. Skinner
Director of Information Technology	Douglas E. Meade
Director of School Administration	Dr. Catherine L. Jones
Director of Secondary Instruction	Anthony Vladu
Director of Student Services	Dr. Elaine B. Gould

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Report of Independent Auditor

To the Honorable Members of the Board of Supervisors
County of York, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County'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.

Auditor's Responsibility

Our responsibility is to express opinions 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 Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement

As discussed in Note 14 to the financial statements, the net position of the governmental activities, business-type activities, general major fund, tourism major fund, nonmajor governmental funds, sewer utility major fund, nonmajor enterprise funds, and internal service funds as of June 30, 2015 has been restated from the previously issued financial statements to reflect a change in the County's accrual of wages and benefits. Our opinions are 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 management's discussion and analysis, budgetary comparison information, Schedule of Changes in Employer's Net Pension Liability and Related Ratios, Schedule of Employer's Share of Net Pension Liability, Schedule of Employer Contributions, Schedule of Funding Progress and Employer Contributions, and Notes to the Required Supplementary Information on pages C-1 through C-15 and G-2 through G-13 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.

Other Information

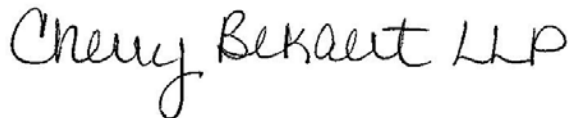
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of York, Virginia's basic financial statements. The Introductory, Other Supplementary Information, and Statistical Section, as presented in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The Other Supplementary Information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2016 on our consideration of the County'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
November 18, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of York's (the "County's") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter on pages A-1 through A-7 at the front of this report and the County's basic financial statements, which begin on page D-1.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2016 (FY2016)

- The assets and deferred outflows of the County on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows as of June 30, 2016 by \$156,171,225 (net position). Under Virginia law, School Divisions hold title to all school property and local governments incur financial obligations for school property. The assets are reported on the School Division's Statement of Net Position and the related debt is reported on the County's Statement of Net Position. Consequently, the County reports \$61,906,639 in school debt without the related assets.
- The County's total net position decreased by \$160,794. Governmental activities decreased by \$3,367,109, primarily due to expenditures related to a debt borrowing for school capital projects and recording liabilities for pension and net OPEB obligations. Business-type activities increased by \$3,206,315, mainly attributable to charges for services revenues and an increase in the transfer of meals tax revenues.
- As of June 30, 2016, the County's governmental funds reported combined ending fund balances of \$63,990,229, an increase of \$2,251,392 from the prior year. Unassigned fund balance totaled \$10,632,672 and is available for spending at the County's discretion. This amount reflects a General Fund unassigned fund balance of \$16,270,680, or 14.1% of total General Fund expenditures and an unassigned fund deficit of \$5,638,008 in the Yorktown Capital Improvements Fund, attributable to a long-term advance payable to another fund.
- The County's noncurrent liabilities at June 30, 2016 were \$132,463,480, which is an increase of \$1,998,468 from the prior year. The key factor in this increase was the issuance of new debt for the School Division capital projects and an increase in the net pension liability, which was partially offset by refunding existing Virginia Resources Authority (VRA) debt.
- Several reorganizations were effective in FY2016. The Department of Public Works was created, combining the former Departments of Environmental Services and General Services. The Divisions of Building Regulations, Development & Compliance and the Board of Zoning/Subdivision Appeals now report to County Administration. Also, the Department of Financial and Management Services was separated into three departments: Finance, Human Resources and Information Technology. In addition, Library Services and Emergency Communications became departments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Comprehensive Annual Financial Report consists of three (3) sections: introductory, financial and statistical. The financial section includes the basic financial statements consisting of three components: 1) Government-wide financial statements; 2) Fund financial statements; and 3) Notes to the basic financial statements. Required Supplementary Information as well as Other Supplementary Information is included in addition to the basic financial statements.

Government-wide Statements - The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector

business. One of the most frequently asked questions about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and the changes in them. One can think of the County's net position - the difference between assets + deferred outflows less liabilities + deferred inflows - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the County property tax base, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County is divided into three kinds of activities:

- Governmental activities - Most of the County's basic services are reported here, including general government, judicial services, public safety, management services including finance and planning, education, human services, public works, and community services. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities - The County charges a fee to customers to help cover the majority of the costs of services it provides. The County's water and sewer utilities, solid waste, Yorktown operations, the two Sanitary Districts, and Regional Radio System operations are reported here.
- Component units - The County includes three separate legal entities in its report - the York County School Division, the Economic Development Authority of York County and the Marquis Community Development Authority. Although legally separate, the County is financially accountable for the School Division and the Economic Development Authority component units and provides operating and capital funding. The County provides the financial reporting for the Marquis Community Development Authority.

The government-wide financial statements can be found on pages D-1 through D-2 of this report.

Fund Financial Statements - Traditional users of government financial statements will find the fund statement presentation more familiar, although the focus is only on the County's most significant funds. The County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The County has three kinds of funds:

- Governmental funds - Most of the County's basic services are reported in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view of the County's general government operations and the basic services it provides.

Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the future to finance the County's programs. Because this information does not address the long-term focus of the government-wide statements, additional information is provided after the governmental funds statements that explains the relationship (or differences) between the fund financial statements and the government-wide financial statements. The basic governmental fund financial statements can be found on pages E-1 through E-4 of this report. The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Tourism Fund, Yorktown Capital Improvements Fund, County Capital Fund and Education Debt Service Fund, all of which are considered to be major funds.

Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages H-2 through H-6 of this report.

- Proprietary funds - Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information.

In fact, the County's enterprise funds (one type of proprietary fund) are its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flow. The basic proprietary fund financial statements can be found on pages E-5 through E-7 of this report. The County maintains eight individual enterprise funds. Information is presented separately in the proprietary fund statement of net position, the proprietary fund statement of revenues, expenses and changes in fund net position and the proprietary fund statement of cash flows for the Sewer Utility Fund, which is a major fund. Data for the other seven enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements on pages I-2 through I-4 of this report.

During fiscal year 2016, the County used three internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities. The Vehicle Maintenance Fund provides for the accumulation of resources to replace capital equipment and maintenance services for the County's vehicle fleet and the Health and Dental Insurance fund provides for the revenues and expenses of the health and dental programs. The Other Postemployment Benefits Fund (OPEB) internal service fund was closed in fiscal year 2016 as a result of the County and School Division establishing joint participation in an OPEB Trust Fund, a fiduciary fund. The internal service funds are presented as a separate column in the proprietary fund financial statements, on pages E-5 through E-7 of this report. Individual fund data for each of these internal service funds is provided in the form of combining statements on pages J-2 through J-4 of this report.

- Fiduciary funds – The County's fiduciary activities are reported in an Other Postemployment Benefit Trust Fund and agency fund statements of fiduciary net position and changes in fiduciary net position. The County excludes these activities from the County's government-wide statements because the County cannot use these assets to finance its operations. The OPEB Trust Fund is irrevocable and agency funds are County custodial funds used to provide accountability of client monies for which the County is the custodian. The OPEB Trust Fund accounts for future benefits payable for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County.

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position can be found on pages E-8 to E-9 of this report. Individual fund data for the agency funds is provided in the form of combining statements on pages K-2 through K-3 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages F-1 through F-64 of this report.

Other information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's General Fund and Tourism Fund budgets and progress in funding its obligations to provide pension benefits and other postemployment benefits to its employees and contributions for other postemployment benefits and for the single-employer defined benefit pension plan of the School Division. Required supplementary information can be found beginning on page G-2 of this report.

The combining statements for nonmajor governmental funds are presented immediately following the required supplementary information. Combining statements can be found on pages H-2 through K-3 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Summary of Statement of Net Position - As of June 30, 2016 and 2015

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
		Restated		Restated		Restated
	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>
Current and other assets	\$ 94,503,804	\$ 98,637,970	\$ 15,479,204	\$ 12,791,298	\$ 109,983,008	\$ 111,429,268
Capital assets	80,948,188	81,547,963	124,422,369	123,843,997	205,370,557	205,391,960
Deferred outflows	<u>8,704,878</u>	<u>4,574,320</u>	<u>1,008,406</u>	<u>813,918</u>	<u>9,713,284</u>	<u>5,388,238</u>
Total assets and deferred outflows	<u>\$ 184,156,870</u>	<u>\$ 184,760,253</u>	<u>\$ 140,909,979</u>	<u>\$ 137,449,213</u>	<u>\$ 325,066,849</u>	<u>\$ 322,209,466</u>
Current and other liabilities	\$ 22,927,555	\$ 21,895,694	\$ 3,545,005	\$ 2,474,558	\$ 26,472,560	\$ 24,370,252
Long-term liabilities	109,776,204	106,734,335	23,064,376	23,730,677	132,840,580	130,465,012
Deferred inflows	<u>8,949,106</u>	<u>10,259,110</u>	<u>633,378</u>	<u>783,073</u>	<u>9,582,484</u>	<u>11,042,183</u>
Total liabilities and deferred inflows	<u>141,652,865</u>	<u>138,889,139</u>	<u>27,242,759</u>	<u>26,988,308</u>	<u>168,895,624</u>	<u>165,877,447</u>
Net position:						
Net investment in capital assets	57,048,477	55,705,954	105,211,098	103,815,937	162,259,575	159,521,891
Restricted	2,245,562	1,901,161	141,802	177,154	2,387,364	2,078,315
Unrestricted (deficit)	<u>(16,790,034)</u>	<u>(11,736,001)</u>	<u>8,314,320</u>	<u>6,467,814</u>	<u>(8,475,714)</u>	<u>(5,268,187)</u>
Total net position	<u>42,504,005</u>	<u>45,871,114</u>	<u>113,667,220</u>	<u>110,460,905</u>	<u>156,171,225</u>	<u>156,332,019</u>
Total liabilities and net position	<u>\$ 184,156,870</u>	<u>\$ 184,760,253</u>	<u>\$ 140,909,979</u>	<u>\$ 137,449,213</u>	<u>\$ 325,066,849</u>	<u>\$ 322,209,466</u>

The County's net position totaled \$156,171,225, a decrease of \$160,794. This result is comprised of a decrease of net position in governmental activities of \$3,367,109, and an increase of \$3,206,315 in business-type activities. The decrease in governmental activities was primarily due to expenditures related to a debt borrowing for school capital projects offset by a refunding of Virginia Resources Authority (VRA) lease revenue bonds as well as recording liabilities for pension and net OPEB obligations. The increase for business-type activities was primarily attributable to capital contributions for the sewer infrastructure and to charges for services revenues and increases in the transfer of meals tax revenues.

Approximately 1.5% of net position represented resources that are subject to external restrictions. Restrictions do not significantly affect the availability of fund resources for future use. The majority of the County's net position reflected its investment in capital assets, less any related debt used to acquire those assets that were still outstanding. These assets are used to provide services to citizens and consequently are not available for future spending. At June 30, 2016, the County reported an unrestricted deficit of \$8,475,714. The increase in the unrestricted deficit of \$3,207,527 is due to a debt borrowing for school capital projects and increases in net pension liability and net OPEB obligation.

Under Virginia law, School Divisions hold title to all school property, except when the governing bodies of the local government and school division agree that title may vest in the locality. Since Virginia school divisions do not have taxing authority, local governments incur financial obligations for school property. In June 2003, the York County Board of Supervisors passed a resolution electing not to acquire tenancy in common of school property in the implementation of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. The County borrows funds to finance the acquisition, construction, and improvement of school property and the School Division holds title to this property.

With the County opting out of Senate Bill 276, the asset values are reported on the School Division's Statement of Net Position and the related debt or liability are reported on the County's Statement of Net Position. Consequently, the County reports \$61,906,639 in school debt without the related assets.

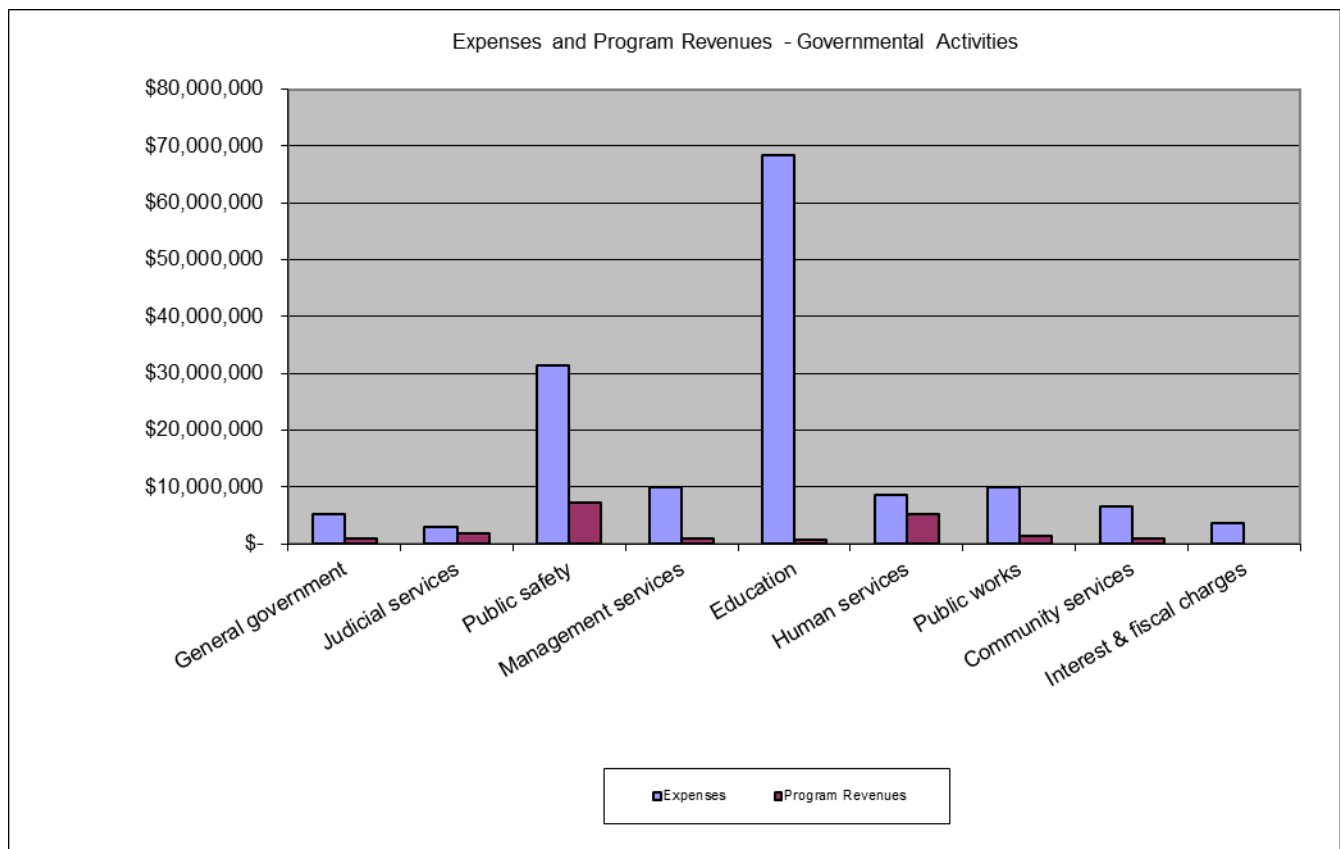
Summary of Changes in Net Position - Years Ended June 30, 2016 and 2015

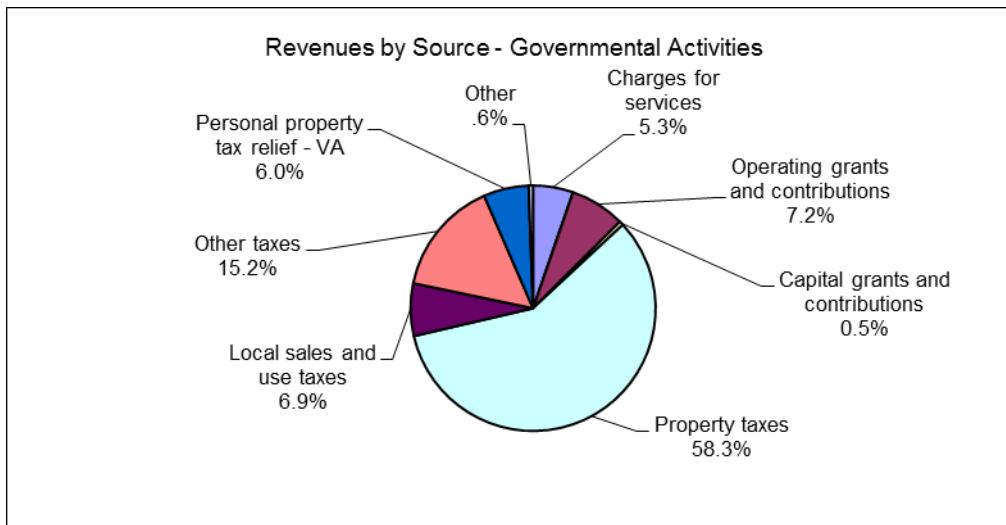
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2016</u>	<u>Restated FY2015</u>	<u>FY2016</u>	<u>Restated FY2015</u>	<u>FY2016</u>	<u>Restated FY2015</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,743,735	\$ 7,428,142	\$ 17,568,734	\$ 18,186,333	\$ 25,312,469	\$ 25,614,475
Operating grants and contributions	10,631,197	10,188,235	291,307	289,674	10,922,504	10,477,909
Capital grants and contributions	797,833	1,369,785	299,948	925,950	1,097,781	2,295,735
General revenues:						
Property taxes	85,362,882	81,767,345	-	-	85,362,882	81,767,345
Other taxes	32,384,904	31,337,281	-	-	32,384,904	31,337,281
Commonwealth of Virginia, net						
Local Aid to Commonwealth	8,741,680	8,665,120	-	-	8,741,680	8,665,120
Unrestricted investment earnings	305,043	149,037	46,907	12,167	351,950	161,204
Miscellaneous	358,177	79,766	32,179	17,684	390,356	97,450
Gain (loss) on sale of capital assets	188,537	(118,576)	7,000	573	195,537	(118,003)
Total revenues	<u>146,513,988</u>	<u>140,866,135</u>	<u>18,246,075</u>	<u>19,432,381</u>	<u>164,760,063</u>	<u>160,298,516</u>
Expenses:						
Governmental activities:						
General government	5,281,219	3,478,672	-	-	5,281,219	3,478,672
Judicial services	2,925,400	3,332,771	-	-	2,925,400	3,332,771
Public safety	31,455,990	32,428,161	-	-	31,455,990	32,428,161
Environmental and development services	-	6,040,976	-	-	-	6,040,976
Management services	9,863,547	-	-	-	9,863,547	-
Finance and planning	-	10,028,150	-	-	-	10,028,150
Education	68,349,890	68,506,584	-	-	68,349,890	68,506,584
Human services	8,538,830	7,894,611	-	-	8,538,830	7,894,611
Public works	9,918,224	-	-	-	9,918,224	-
General services	-	7,057,137	-	-	-	7,057,137
Community services	6,479,836	6,588,469	-	-	6,479,836	6,588,469
Interest and fiscal charges on noncurrent debt	3,643,143	2,735,422	-	-	3,643,143	2,735,422
Business-type activities:						
Sewer Utility	-	-	10,792,409	10,838,891	10,792,409	10,838,891
Water Utility	-	-	332,253	339,656	332,253	339,656
Solid Waste	-	-	4,238,137	4,276,217	4,238,137	4,276,217
Yorktown Operations	-	-	85,983	80,692	85,983	80,692
Sanitary Districts	-	-	418,133	418,133	418,133	418,133
Regional Radio System	-	-	2,597,863	2,634,351	2,597,863	2,634,351
Total expenses	<u>146,456,079</u>	<u>148,090,953</u>	<u>18,464,778</u>	<u>18,587,940</u>	<u>164,920,857</u>	<u>166,678,893</u>
Change in net position, before transfers	57,909	(7,224,818)	(218,703)	844,441	(160,794)	(6,380,377)
Transfers	<u>(3,425,018)</u>	<u>(3,346,849)</u>	<u>3,425,018</u>	<u>3,346,849</u>	<u>-</u>	<u>-</u>
Change in net position	(3,367,109)	(10,571,667)	3,206,315	4,191,290	(160,794)	(6,380,377)
Net position, beginning - restated	<u>45,871,114</u>	<u>56,442,781</u>	<u>110,460,905</u>	<u>106,269,615</u>	<u>156,332,019</u>	<u>162,712,396</u>
Net position, ending	<u>\$ 42,504,005</u>	<u>\$ 45,871,114</u>	<u>\$ 113,667,220</u>	<u>\$ 110,460,905</u>	<u>\$ 156,171,225</u>	<u>\$ 156,332,019</u>

Governmental Activities - For the fiscal year ended June 30, 2016, revenues from governmental activities totaled \$146,513,988. The \$3,595,537 increase from fiscal year 2015 in property taxes is comprised primarily of two revenue sources: real estate and personal property tax revenues. Real estate tax revenue, the County's largest revenue source, was \$69,822,730. The County's assessed real property tax base for calendar year 2016 was \$9,000,762,700. The County's second largest revenue source, personal property taxes, experienced a substantial increase from the prior year of \$1,999,005 or 9.3%, for total current year collections of \$23,396,908. The Commonwealth of Virginia provides a constant \$8,741,680 as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA).

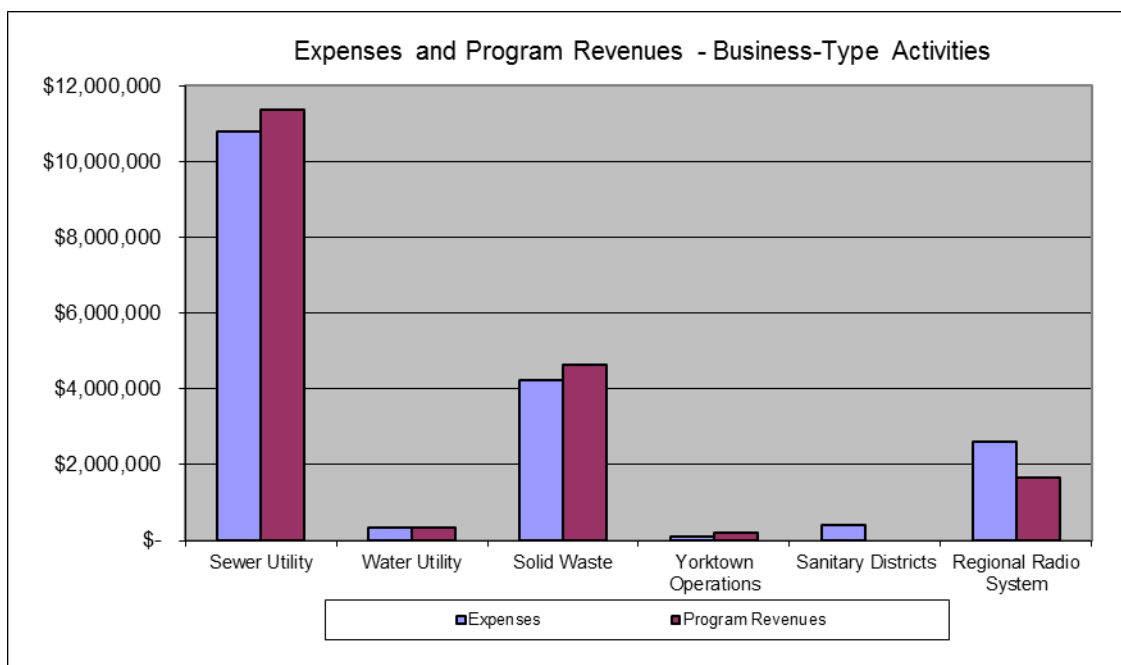
Other taxes increased by \$1,047,623 from the prior year as a result of increases in local sales and use tax revenue, hotel and motel room tax revenue and restaurant food tax revenue. Most of the overall decrease of \$571,952 in capital grants and contributions relate to a higher level of grants for Stormwater projects received in the prior year.

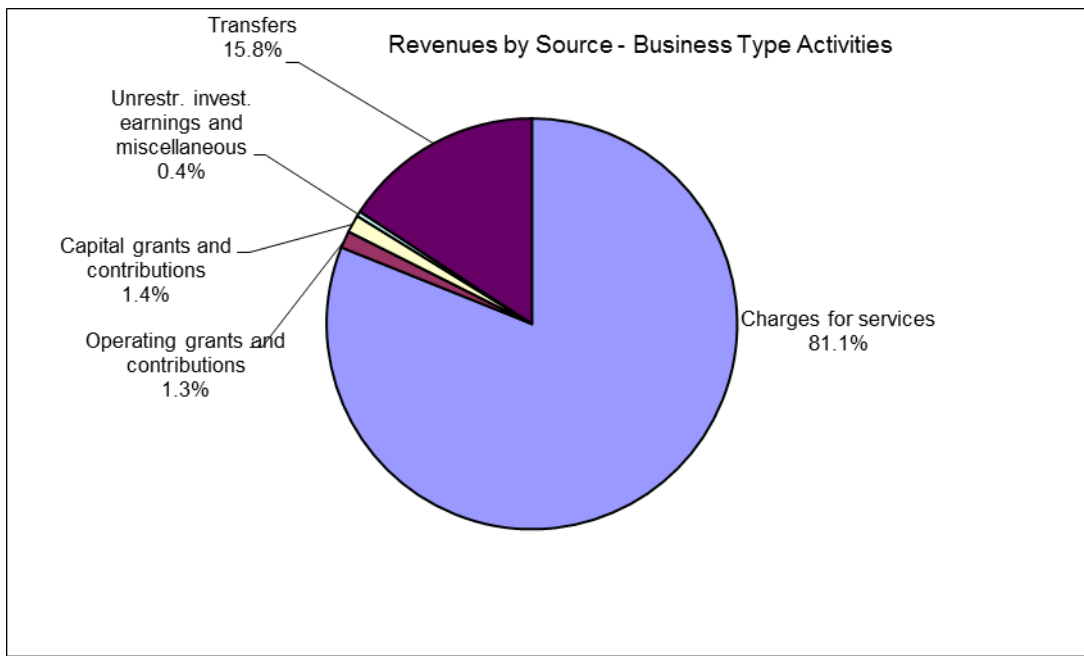
For the fiscal year ended June 30, 2016, expenses for governmental activities totaled \$146,456,079, including the following payments to the component unit - School Division: \$47,124,469 for operations; the component unit - Economic Development Authority: \$49,250 for operations, and the component unit - Community Development Authority: \$909,580 in incremental taxes and special assessments. For further discussion on changes from the prior year for the governmental funds, see page C-12.





Business-Type Activities - Business-type activities increased the County's net position by \$3,206,315 for the fiscal year ended June 30, 2016. This increase is primarily attributable to capital contributions and increase in revenues. Significant transfers include \$2,420,811 of meals tax to support capital projects in the Sewer Utility Fund and \$1,007,931 for the maintenance on the emergency radio system in the Regional Radio System Fund.



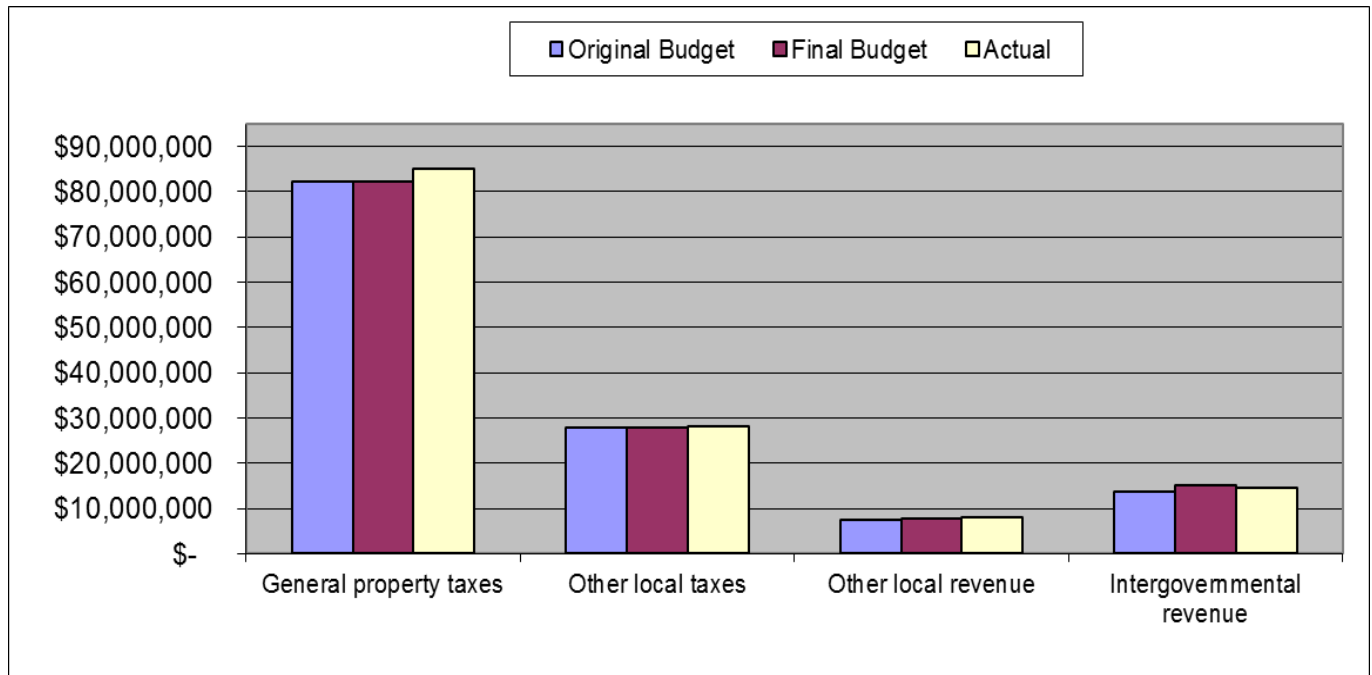


GENERAL FUND

As of June 30, 2016, the County's governmental funds reported combined ending fund balances of \$63,990,229, an increase of \$2,251,392 from the prior year. Unassigned fund balance totaled \$10,632,672 and is available for spending at the County's discretion. Of the remainder of fund balance, \$8,750,971 is nonspendable, \$2,245,562 is restricted, \$18,240,719 is committed and \$24,120,305 is assigned. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$16,270,680, and total fund balance was \$49,430,909. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.1% of total General Fund expenditures while total fund balance represents 42.8% of the same amount.

During the year, the Board of Supervisors approved various budget revisions. The following chart shows the original approved budget, the revised budget at the end of the fiscal year and the actual amounts for both revenues and expenditures in the General Fund.

General Fund Revenue - Comparison of Budget to Actual

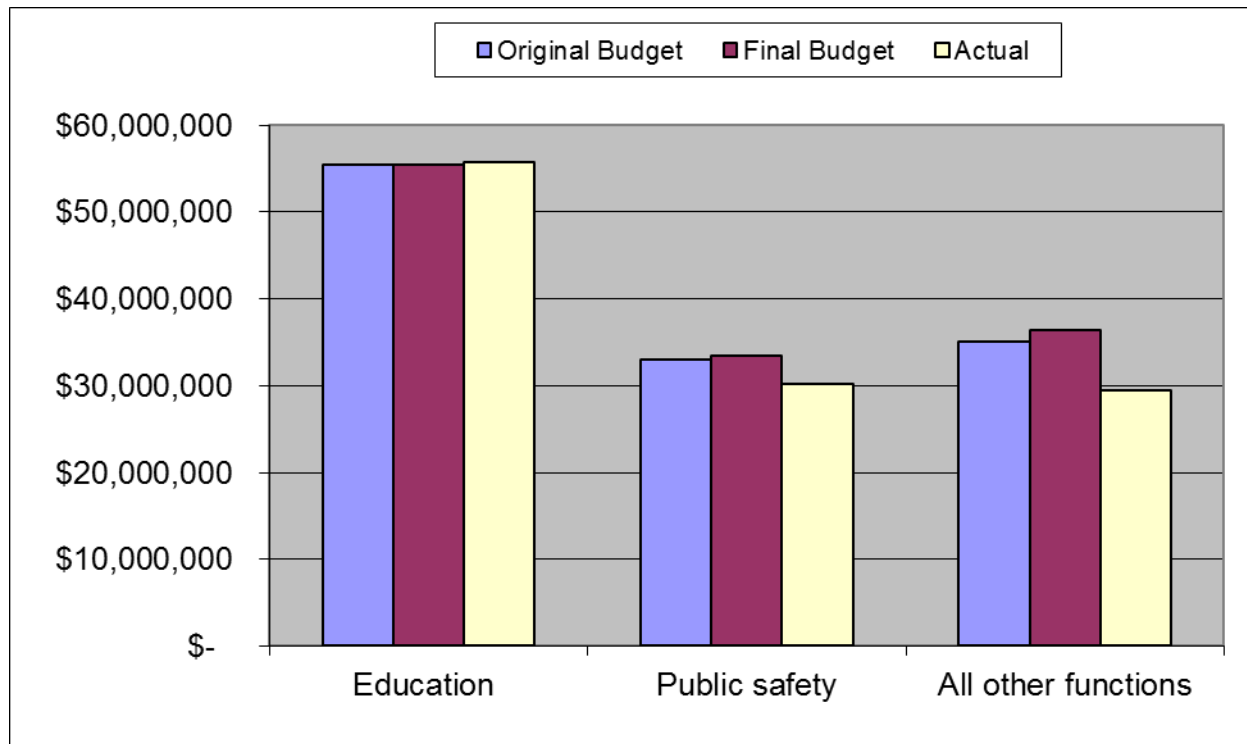


The total General Fund final budgeted revenues were \$1,732,606 or 1.3% over the original budget. The majority of the increase was driven by federal and state grants appropriated during the year.

The total General Fund actual revenues were \$2,944,838 or 2.2% over the final budget. Significant variances include the following:

- General property taxes were higher than the final budget by \$2,763,921 or 3.4%, which was primarily driven by an increase in personal property and real estate tax collections.
- Charges for services were less than the final budget by \$217,427 or 5.4%, mainly due to decreases in collections from medic recovery fees and parks and recreation programs.
- Recovered costs increased by \$372,112 or 22.3% from the final budget. The majority of the increase was a contribution from the York Public School Division for other postemployment benefits.
- Intergovernmental revenue was \$671,327 or 4.4% below the final budget. The main contributor to the budget shortfall was for a Carver Gardens Community Development Block Grant that was approved and appropriated in its entirety in fiscal year 2016, however, the revenue is reimbursement-based and fiscal year 2016 included only a portion of the expenses for the first year of the multi-year grant.

General Fund Expenditures - Comparison of Budget to Actual



The total General Fund final budgeted expenditures were \$2,034,028 or 1.4% over the original budget. The majority of the increase was driven by federal and state grants and donations appropriated and carryovers for the payroll accrual change in accounting principle during the year.

The total General Fund actual expenditures were \$10,856,817 or 7.3% under the final budget. A portion of the variance, \$457,691, is attributable to outstanding encumbrances at June 30, 2016, which are not reflected in the budgetary comparison schedule. Other significant variances include the following:

- Education: payments made on behalf of the School Division are over budget due to the contribution to the OPEB Trust Fund offset by the return of unspent funds to the County per State code.
- Public Safety: the department was under budget due to grants and donations that had not been fully expended at year-end. In addition, personnel savings were realized as a result of turnover. Various amendments to the original budget resulted from donations and the award of grants.
- All Other Functions with significant variances:
 - General Government: With the reorganization that occurred in November 2015, Building Regulation, Board of Zoning/Subdivision Appeals and Development and Compliance are now reported under General Government. There were significant personnel savings in this area and unspent funds set aside for demolition of structures thus resulting in General Government being under budget.
 - Judicial Services: The Circuit Court, the Clerk of the Court, and the Commonwealth's Attorney were under budget as a result of vacancies. The Commonwealth's Attorney office also realized savings due to grants not fully expended at year-end.

- Management Services: these departments were under budget due to vacancies and savings from funds set aside for economic development incentives as well as time-keeping, AS400, network and technology enhancements yet to occur.
- Public Works: this department realized savings in operations and personnel due to vacancies. Also, utility charges for electricity, heating, water and sewer usage came in below budget.
- Community Services: the department had savings from unspent grant funds and realized savings in operations.
- Capital Outlay: the budget underage was due to the timing of projects.
- Transfers Out: savings resulted from lower than budgeted local match transfers for Social Services and budgeted funds set aside for future payments toward other postemployment benefits.

GOVERNMENTAL FUNDS

The County maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Tourism, Yorktown Capital Improvements, County Capital and the Education Debt Service Funds, all of which are considered to be major funds.

The General Fund decreased by \$2,303,697 primarily because of increases in the amounts transferred to County Debt Service Fund and Capital Fund.

The Tourism Fund accounts for transactions related to the lodging tax restricted by the State for tourism activities. The Yorktown Capital Improvements and County Capital Funds account for major capital improvements. The Education Debt Service Fund accounts for debt service payments for School Division capital projects for which debt was issued.

For fiscal year ended June 30, 2016, the Tourism Fund had an increase in fund balance of \$259,161. The Yorktown Capital Improvements Fund had an increase in fund balance of \$999,502, mainly due to transfers in and a sale of land. The increase in fund balance was used to pay down the advance from the tourism fund resulting in the year-end deficit being reduced to \$5,638,008. The County Capital Fund had an increase in fund balance of \$2,644,776, due to the delay of expenditures for capital projects and increases to the capital reserve for future projects.

PROPRIETARY FUNDS

The County reported operations for eight enterprise funds and three internal service funds with one internal service fund for other postemployment benefits being closed in fiscal year 2016. The enterprise funds provide the means to account for the operations of the County-operated utilities, the two sanitary districts, the County solid waste disposal activity, the operations at Yorktown and the operations of the Regional Radio System.

During fiscal year 2016, the internal service funds were used to account for the operation of the centralized motor vehicle pool, for subsidy payments for eligible retirees towards health insurance coverage and for health and dental insurance programs.

The Sewer Utility Fund earned \$10,788,652 through charges for services. The Vehicle Maintenance Fund (internal service fund) collects its revenues through charges for services imposed on the various County departments to which fleet vehicles are assigned. The expenses relate directly to the maintenance and depreciation of the County's fleet of vehicles. The Other Postemployment Benefits Fund (OPEB), also an internal service fund, allows for subsidy payments for County retirees towards health insurance coverage in a plan sponsored by the County. This fund was closed in fiscal year 2016 as a result of the County and School Division participating in an OPEB Trust Fund. The Health and Dental Insurance Fund, accounts for the health and dental insurance claims, payments to the insurance providers and the IRS as required by the Affordable Care Act, and the contributions from the County and employees.

The enterprise funds in the aggregate had an increase in net position during the fiscal period of \$3,206,315, and the internal service funds reported a decrease in net position of \$39,383. The net position for the enterprise funds and internal service funds were \$113,667,220 and \$7,596,114, respectively, at the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016, the County's investment in capital assets for its governmental and business-type activities amounts to \$205,370,557 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, land improvements, buildings and improvements, infrastructure, equipment, vehicles and computer software. The decrease in governmental activities is mainly attributable to the disposal of land, vehicles and equipment.

The County does not own its roads and they are therefore not included in the capital assets. In addition, the School Division owns school buildings and the related debt is County debt. For this reason, the assets are reflected in the Statement of Net Position of the component unit School Division, while the related debt is reflected in the Statement of Net Position of the County.

The increase in capital assets for business-type activities is driven by developers donating sewer systems to the County, the completion of Hornsbyville/Waterview, and the additional phases of the Queens Lake and Bruton High Sewer projects, captured in construction in progress.

Governmental Activities and Business-Type Activities - Capital Assets, Net of Depreciation and Amortization

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>
Land	\$ 11,872,653	\$ 11,958,341	\$ 3,936,755	\$ 3,936,755	\$ 15,809,408	\$ 15,895,096
Easements	565,004	562,004	640,671	474,824	1,205,675	1,036,828
Construction in progress	2,609,982	500,869	7,819,759	6,107,470	10,429,741	6,608,339
Land improvements	9,175,516	10,457,250	20,723	22,582	9,196,239	10,479,832
Buildings and improvements	33,193,780	33,740,256	8,052,420	8,802,712	41,246,200	42,542,968
Infrastructure	8,879,087	9,346,528	101,608,417	102,670,208	110,487,504	112,016,736
Equipment	6,240,299	6,810,298	1,486,577	1,306,684	7,726,876	8,116,982
Vehicles	8,028,167	7,703,858	844,336	498,987	8,872,503	8,202,845
Computer software	383,700	468,559	12,711	23,775	396,411	492,334
Total	<u>\$ 80,948,188</u>	<u>\$ 81,547,963</u>	<u>\$ 124,422,369</u>	<u>\$ 123,843,997</u>	<u>\$ 205,370,557</u>	<u>\$ 205,391,960</u>

Capital Project Funds

The capital project funds are used by the County to acquire and construct major capital projects.

Yorktown Capital Improvements Fund

For fiscal year 2016, \$734,042 was transferred to the Yorktown Capital Improvements Fund from the Tourism Fund to pay down an advance. This fund had a \$5,638,008 deficit at June 30, 2016, resulting from advances from the Tourism Fund.

County Capital Fund

For fiscal year 2016, a transfer of \$7,774,355 was from the General Fund for future projects. Capital expenditures of \$5,206,082 included the following: voting machine replacement, medic unit and fire apparatus replacement, emergency response equipment, video services equipment; heating, ventilation and air conditioning repairs/replacement; emergency generator replacement; roof, building, parking lot and grounds repairs/maintenance.

Additional information on the County's capital assets can be found in note 5 beginning on page F-17 of this report.

Governmental Activities and Business-Type Activities - Long-Term Debt

At the end of the fiscal year, the County had total bonded debt of \$106,323,328. Capital leases, compensated absences, claims liabilities, net pension liability and net OPEB obligation are not included in these figures.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>	<u>FY2016</u>	<u>FY2015</u>
Bonds payable	\$ 85,154,208	\$ 76,815,391	\$ 21,169,120	\$ 21,696,428	\$ 106,323,328	\$ 98,511,819
Total	\$ 85,154,208	\$ 76,815,391	\$ 21,169,120	\$ 21,696,428	\$ 106,323,328	\$ 98,511,819

Under Virginia state law, school divisions do not have the authority to issue debt. Therefore, all school debt is issued by and is a liability of the County. In fiscal year 2016, the County paid debt service of \$3,755,000 and \$2,473,304 for education related principal and interest and fiscal charges, respectively, through the Education Debt Service Fund.

The County continues to maintain an excellent bond rating for local governmental jurisdictions of its type and size. The rating assigned by Standard & Poor's Corporation is AAA and the Moody's rating is Aa2 for the lease revenue bonds issued in December 2008.

Additional information on the County's long-term debt can be found in note 7 beginning on page F-21 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES

The County's staff and Board of Supervisors considered many factors when developing the fiscal year 2017 budget. The fiscal year 2017 approved budget for the General Fund is \$135,589,000, a 1.6% increase from the fiscal year 2016 budget. Local revenue, which includes property tax, sales, lodging, and occupational license taxes were expected to increase from fiscal year 2016 by 1.7%. State and

federal revenues comprise about 10.4% of the total. State revenues are expected to be up by \$142,823 or 1.1%. Federal revenues are projected to increase by \$77,319 or 21.3%.

The final approved budget resulted in a \$2,187,719 General Fund increase, most of which is expected to be generated by increased property tax and other tax collections. The fiscal year 2017 budget provides a 1.0% compensation package market adjustment plus a \$500 or \$1,250 increase to employees' base pay, depending on the length of their service. It focuses on a sustainable capital budget for both schools and the County although the Capital Improvements Program is still not at a level that will reverse the backlog of capital project needs. In order to maintain the high standard of the County staff's organizational capacity, a small number of positions have been restored in critical areas of the organization in anticipation of future retirements as well as growing customer service and technical support needs.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Deborah Morris, CPA, Finance Director, P.O. Box 532, Yorktown, VA 23690, telephone (757) 890-3700.

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COUNTY OF YORK, VIRGINIA
Statement of Net Position
June 30, 2016

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Marquis Community Development Authority
ASSETS						
Cash and investments	\$ 77,663,300	\$ 13,190,977	\$ 90,854,277	\$ 21,484,249	\$ 440,866	\$ -
Restricted cash	93,014	1,740,360	1,833,374	-	14,510	2,335,908
Receivables, net	13,586,699	2,889,863	16,476,562	2,664,153	164,015	607
Due from Primary Government	-	-	-	12,063,814	637	241,878
Prepaid expenses	794,636	24,159	818,795	1,173,800	18	-
Other assets	-	-	-	-	2,101,412	-
Net OPEB asset	-	-	-	4,594,106	-	-
Internal balances	2,366,155	(2,366,155)	-	-	-	-
Capital assets:						
Nondepreciable/nonamortizable	15,047,639	12,397,185	27,444,824	10,352,592	-	24,416,800
Depreciable/amortizable	129,056,492	175,554,414	304,610,906	216,496,424	860,517	9,000
Less accumulated depreciation/amortization	(63,155,943)	(63,529,230)	(126,685,173)	(85,238,278)	(130,235)	(9,000)
Total assets	<u>175,451,992</u>	<u>139,901,573</u>	<u>315,353,565</u>	<u>183,590,860</u>	<u>3,451,740</u>	<u>26,995,193</u>
DEFERRED OUTFLOWS OF RESOURCES						
Debt refundings resulting in loss transactions, net of accumulated amortization	1,768,517	429,849	2,198,366	-	-	98,580
Pension costs	6,936,361	578,557	7,514,918	13,188,353	-	-
Total deferred outflows of resources	<u>8,704,878</u>	<u>1,008,406</u>	<u>9,713,284</u>	<u>13,188,353</u>	<u>-</u>	<u>98,580</u>
Total assets and deferred outflows of resources	<u>\$ 184,156,870</u>	<u>\$ 140,909,979</u>	<u>\$ 325,066,849</u>	<u>\$ 196,779,213</u>	<u>\$ 3,451,740</u>	<u>\$ 27,093,773</u>
LIABILITIES						
Accounts payable	\$ 3,092,553	\$ 1,854,981	\$ 4,947,534	\$ 5,007,361	\$ 111,059	\$ 6,971
Retainage payable	22,445	61,979	84,424	212,653	5,218	-
Deposits payable	1,934,652	147,489	2,082,141	-	62,210	-
Salaries, taxes and benefits payable	1,805,998	163,040	1,969,038	13,282,632	-	-
Unearned revenue	482,396	1,217,696	1,700,092	141,648	49,157	-
Due to component unit - School Division	12,063,814	-	12,063,814	-	-	-
Due to component unit - EDA	-	637	637	-	-	-
Due to component unit - CDA	241,878	-	241,878	-	-	-
Accrued interest payable	2,161,894	99,183	2,261,077	-	-	409,600
Claims payable	1,121,925	-	1,121,925	-	-	-
Net OPEB obligation	377,100	-	377,100	-	-	-
Noncurrent liabilities:						
Due within one year	6,388,818	561,777	6,950,595	3,475,000	20,000	-
Due in more than one year	103,010,286	22,502,599	125,512,885	112,990,634	116,667	35,089,906
Total liabilities	<u>132,703,759</u>	<u>26,609,381</u>	<u>159,313,140</u>	<u>135,109,928</u>	<u>364,311</u>	<u>35,506,477</u>
DEFERRED INFLOWS OF RESOURCES						
Prepaid taxes, fees and receivables	1,378,112	-	1,378,112	-	-	-
Pension costs	7,570,994	633,378	8,204,372	8,676,432	-	-
Total deferred inflows of resources	<u>8,949,106</u>	<u>633,378</u>	<u>9,582,484</u>	<u>8,676,432</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	57,048,477	105,211,098	162,259,575	141,610,738	730,282	(7,424,212)
Restricted for:						
Public safety	1,057,043	-	1,057,043	-	-	-
Tourism	1,122,661	-	1,122,661	-	-	-
Judicial services	52,808	-	52,808	-	-	-
Community services	6,341	-	6,341	-	-	-
Other purposes	6,709	-	6,709	-	-	-
Debt service	-	141,802	141,802	-	-	574
Food service	-	-	-	918,597	-	-
Unrestricted (deficit)	<u>(16,790,034)</u>	<u>8,314,320</u>	<u>(8,475,714)</u>	<u>(89,536,482)</u>	<u>2,357,147</u>	<u>(989,066)</u>
Total net position	<u>42,504,005</u>	<u>113,667,220</u>	<u>156,171,225</u>	<u>52,992,853</u>	<u>3,087,429</u>	<u>(8,412,704)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 184,156,870</u>	<u>\$ 140,909,979</u>	<u>\$ 325,066,849</u>	<u>\$ 196,779,213</u>	<u>\$ 3,451,740</u>	<u>\$ 27,093,773</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expenses) Revenue and Changes in Net Position			Discretely Presented Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units		
					Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Marquis Community Development Authority
Primary Government:										
Governmental activities:										
General government	\$ 5,281,219	\$ 734,113	\$ 77,729	\$ 219,182	\$ (4,250,195)	\$ -	\$ (4,250,195)	\$ -	\$ -	\$ -
Judicial services	2,925,400	540,591	1,250,351	-	(1,134,458)	-	(1,134,458)	-	-	-
Public safety	31,455,990	3,361,432	3,748,672	45,000	(24,300,886)	-	(24,300,886)	-	-	-
Management services	9,863,547	470,186	363,378	-	(9,029,983)	-	(9,029,983)	-	-	-
Education	68,349,890	431,785	171,334	199,347	(67,547,424)	-	(67,547,424)	-	-	-
Human services	8,538,830	320,155	4,904,363	-	(3,314,312)	-	(3,314,312)	-	-	-
Public works	9,918,224	1,308,871	3,730	131,227	(8,474,396)	-	(8,474,396)	-	-	-
Community services	6,479,836	576,602	111,640	203,077	(5,588,517)	-	(5,588,517)	-	-	-
Interest and fiscal charges on noncurrent debt	3,643,143	-	-	-	(3,643,143)	-	(3,643,143)	-	-	-
Total governmental activities	146,456,079	7,743,735	10,631,197	797,833	(127,283,314)	-	(127,283,314)	-	-	-
Business-type activities:										
Sewer Utility	10,792,409	10,788,652	278,704	299,948	-	574,895	574,895	-	-	-
Water Utility	332,253	323,387	-	-	-	(8,866)	(8,866)	-	-	-
Solid Waste	4,238,137	4,626,276	12,603	-	-	400,742	400,742	-	-	-
Yorktown Operations	85,983	186,905	-	-	-	100,922	100,922	-	-	-
Sanitary Districts	418,133	-	-	-	-	(418,133)	(418,133)	-	-	-
Regional Radio System	2,597,863	1,643,514	-	-	-	(954,349)	(954,349)	-	-	-
Total business-type activities	18,464,778	17,568,734	291,307	299,948	-	(304,789)	(304,789)	-	-	-
Total Primary Government	\$ 164,920,857	\$ 25,312,469	\$ 10,922,504	\$ 1,097,781	(127,283,314)	(304,789)	(127,588,103)	-	-	-
Component units:										
School Division	\$ 128,048,434	\$ 2,711,303	\$ 68,291,758	\$ -	-	-	-	\$ (57,045,373)	\$ -	\$ -
Economic Development Authority	699,044	391,508	-	-	-	-	-	-	(307,536)	-
Marquis Community Development Authority	2,428,685	-	-	4,288	-	-	-	-	-	(2,424,397)
Total component units	\$ 131,176,163	\$ 3,102,811	\$ 68,291,758	\$ 4,288	-	-	-	(57,045,373)	(307,536)	(2,424,397)
General revenues:										
Taxes:										
Property taxes					85,362,882	-	85,362,882	-	-	-
Local sales and use taxes					10,146,625	-	10,146,625	-	-	-
Hotel and motel room taxes					4,994,074	-	4,994,074	-	-	-
Restaurant food taxes					6,047,842	-	6,047,842	-	-	-
Business license taxes					6,187,990	-	6,187,990	-	-	-
Motor vehicle licenses					1,591,953	-	1,591,953	-	-	-
Taxes on recordation and wills					1,477,446	-	1,477,446	-	-	-
Other local taxes					1,938,974	-	1,938,974	-	-	895,883
Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth					8,741,680	-	8,741,680	-	-	-
Payment from Primary Government					-	-	-	60,055,486	49,250	909,580
Unrestricted shared intergovernmental revenues					-	-	-	12,594,334	-	-
Unrestricted investment earnings					305,043	46,907	351,950	22,026	6,591	-
Miscellaneous					358,177	32,179	390,356	202,427	156,020	50,000
Gain on sale of capital assets					188,537	7,000	195,537	-	12,840	-
Transfers					(3,425,018)	3,425,018	-	-	-	-
Total general revenues and transfers					123,916,205	3,511,104	127,427,309	72,874,273	224,701	1,855,463
Change in net position					(3,367,109)	3,206,315	(160,794)	15,828,900	(82,835)	(568,934)
Net position, beginning restated					45,871,114	110,460,905	156,332,019	37,163,953	3,170,264	(7,843,770)
Net position, ending					\$ 42,504,005	\$ 113,667,220	\$ 156,171,225	\$ 52,992,853	\$ 3,087,429	\$ (8,412,704)

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2016

ASSETS	General	Tourism Special Revenue	Capital Project		Nonmajor Governmental Funds	Total Governmental Funds
			Yorktown Capital Improvements	County Capital		
Cash and investments	\$ 49,975,332	\$ 1,014,899	\$ 587,113	\$ 15,859,847	\$ 3,687,971	\$ 71,125,162
Restricted cash	93,014	-	-	-	-	93,014
Receivables, net	11,513,047	138,539	136,845	961,566	824,394	13,574,391
Due from other funds	10,590	-	-	-	187,326	197,916
Prepaid expenditures	37,336	-	-	-	-	37,336
Advances to other funds	8,713,635	6,361,966	-	-	-	15,075,601
Total assets	<u>\$ 70,342,954</u>	<u>\$ 7,515,404</u>	<u>\$ 723,958</u>	<u>\$ 16,821,413</u>	<u>\$ 4,699,691</u>	<u>\$ 100,103,420</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 1,267,151	\$ 243,673	\$ -	\$ 358,131	\$ 217,327	\$ 2,086,282
Retainage payable	-	-	-	2,445	20,000	22,445
Deposits payable	1,839,281	-	-	95,371	-	1,934,652
Salaries, taxes and benefits payable	1,633,753	9,578	-	-	130,281	1,773,612
Unearned revenue	49,652	-	-	97,400	157,700	304,752
Due to other funds	421,171	9,398	-	-	275	430,844
Due to component unit - School Division	12,063,814	-	-	-	-	12,063,814
Due to component unit - CDA	-	-	-	-	241,878	241,878
Advances from other funds	-	6,113,635	6,361,966	-	-	12,475,601
Total liabilities	<u>17,274,822</u>	<u>6,376,284</u>	<u>6,361,966</u>	<u>553,347</u>	<u>767,461</u>	<u>31,333,880</u>
Deferred inflows of resources:						
Unavailable revenue - property taxes, fees and grants	3,195,786	16,459	-	20,061	168,893	3,401,199
Unearned revenue - prepaid taxes, fees and receivables	441,437	-	-	936,675	-	1,378,112
Total deferred inflows of resources	<u>3,637,223</u>	<u>16,459</u>	<u>-</u>	<u>956,736</u>	<u>168,893</u>	<u>4,779,311</u>
Fund balances (deficit):						
Nonspendable	8,750,971	-	-	-	-	8,750,971
Restricted	1,106,571	1,122,661	-	-	16,330	2,245,562
Committed	12,027,362	-	-	3,447,447	2,765,910	18,240,719
Assigned	11,275,325	-	-	11,863,883	981,097	24,120,305
Unassigned	16,270,680	-	(5,638,008)	-	-	10,632,672
Total fund balances (deficit)	<u>49,430,909</u>	<u>1,122,661</u>	<u>(5,638,008)</u>	<u>15,311,330</u>	<u>3,763,337</u>	<u>63,990,229</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,342,954</u>	<u>\$ 7,515,404</u>	<u>\$ 723,958</u>	<u>\$ 16,821,413</u>	<u>\$ 4,699,691</u>	<u>\$ 100,103,420</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

Fund balances - Total governmental funds \$ 63,990,229

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. 78,070,626

Other noncurrent assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

Unavailable revenue property taxes, fees and grants	\$ 3,401,199	
Less allowance for doubtful accounts, fees	<u>(101,225)</u>	3,299,974

Deferred outflows and inflows of resources related to the net pension obligation are not recognized in the funds.

Deferred outflows of resources related to pension costs	\$ 6,825,027	
Deferred inflows of resources related to pension costs	<u>(7,449,569)</u>	(624,542)

Costs incurred from the issuance of long-term debt are recognized as expenditures in the fund statements, but are deferred in the government-wide statements.

Deferred charge on refunded debt	\$ 1,909,641	
Less accumulated amortization	<u>(141,124)</u>	1,768,517

Internal service funds are used by management to provide certain goods and services to governmental funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

Assets

Current assets	\$ 7,408,971	
Capital assets	7,308,130	
Less accumulated depreciation/amortization	(4,430,568)	
Deferred outflows of resources	<u>111,334</u>	
	10,397,867	
Liabilities	(2,680,328)	
Deferred inflows of resources	<u>(121,425)</u>	7,596,114

Noncurrent liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable	\$ (2,161,894)	
Net OPEB obligation	(377,100)	
Net pension liability	(16,886,520)	
General obligation bonds, net	(61,906,639)	
Capital leases	(2,420,659)	
Lease revenue bonds, net	(23,247,569)	
Compensated absences	<u>(4,596,532)</u>	<u>(111,596,913)</u>

Total net position - Statement of Net Position \$ 42,504,005

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

			<u>Capital Project</u>				
	<u>General</u>	<u>Tourism Special Revenue</u>	<u>Yorktown Capital Improvements</u>	<u>County Capital</u>	<u>Debt Service Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES							
General property taxes	\$ 85,054,921	\$ -	\$ -	\$ -	\$ -	\$ 313,299	\$ 85,368,220
Other local taxes	28,296,892	3,450,964	-	-	-	596,001	32,343,857
Intergovernmental:							
Federal	882,192	-	-	27,329	55,428	3,479,716	4,444,665
State	13,691,112	-	-	19,651	34,341	1,694,752	15,439,856
Permits, fees, and licenses	779,390	-	-	-	-	-	779,390
Fines and forfeitures	308,039	-	-	-	-	-	308,039
Use of money and property	614,844	3,630	265,460	17,001	-	11,456	912,391
Charges for services	3,809,854	-	-	-	-	31,967	3,841,821
Miscellaneous	460,868	-	-	23,238	-	82,482	566,588
Recovered costs	2,038,477	-	-	122,806	109,578	276,821	2,547,682
Total revenues	<u>135,936,589</u>	<u>3,454,594</u>	<u>265,460</u>	<u>210,025</u>	<u>199,347</u>	<u>6,486,494</u>	<u>146,552,509</u>
EXPENDITURES							
Current:							
General administration	4,125,373	-	-	-	-	-	4,125,373
Judicial services	2,602,558	-	-	-	-	5,026	2,607,584
Public safety	30,245,518	-	-	-	-	-	30,245,518
Management services	8,608,717	255,091	-	-	-	-	8,863,808
Education	55,759,868	-	-	-	12,481,017	-	68,240,885
Human services	1,504,138	-	-	-	-	7,106,948	8,611,086
Public works	8,623,135	-	-	-	-	-	8,623,135
Community services	2,978,198	2,173,319	-	-	-	-	5,151,517
Non-departmental	933,976	-	-	-	-	759,580	1,693,556
Capital outlay	22,032	-	-	5,206,082	-	760,220	5,988,334
Debt service:							
Principal retirement	-	32,981	-	-	3,755,000	1,637,042	5,425,023
Interest and fiscal charges	-	-	-	-	2,389,184	1,118,777	3,507,961
Refunding debt issuance costs	-	-	-	-	84,120	96,396	180,516
Total expenditures	<u>115,403,513</u>	<u>2,461,391</u>	<u>-</u>	<u>5,206,082</u>	<u>18,709,321</u>	<u>11,483,989</u>	<u>153,264,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,533,076</u>	<u>993,203</u>	<u>265,460</u>	<u>(4,996,057)</u>	<u>(18,509,974)</u>	<u>(4,997,495)</u>	<u>(6,711,787)</u>
OTHER FINANCING SOURCES (USES)							
Insurance recovery	11,756	-	-	66,478	-	-	78,234
Transfers in	150,000	-	734,042	7,774,355	5,944,837	5,700,909	20,304,143
Issuance of debt	-	-	-	-	11,575,000	10,375,000	21,950,000
Premium on bonds issued	-	-	-	-	990,137	2,321,936	3,312,073
Deposits for refunding	-	-	-	-	-	(12,598,700)	(12,598,700)
Transfers out	(22,998,529)	(734,042)	-	(200,000)	-	(150,000)	(24,082,571)
Total other financing sources and uses	<u>(22,836,773)</u>	<u>(734,042)</u>	<u>734,042</u>	<u>7,644,833</u>	<u>18,509,974</u>	<u>5,649,145</u>	<u>8,963,179</u>
Net change in fund balance	(2,303,697)	259,161	999,502	2,644,776	-	651,650	2,251,392
Fund balance (deficit), beginning of year as restated	51,734,606	863,500	(6,637,510)	12,666,554	-	3,111,687	61,738,837
Fund balance (deficit), end of year	<u>\$ 49,430,909</u>	<u>\$ 1,122,661</u>	<u>\$ (5,638,008)</u>	<u>\$ 15,311,330</u>	<u>\$ -</u>	<u>\$ 3,763,337</u>	<u>\$ 63,990,229</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ 2,251,392

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and the loss on disposal of capital assets in the current period.

Capital outlay expenditures	\$ 4,550,368	
Depreciation and amortization expenses	(4,936,185)	
Loss on disposal of capital assets	<u>(140,371)</u>	(526,188)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenue decreased by this amount in the current year. (92,690)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of those differences in the treatment of long-term debt and related items.

Principal repayments	\$ 5,425,023	
Issuance of debt	(21,950,000)	
Premium on issuance of noncurrent debt, net	(3,312,073)	
Deferred charge on refunded debt	1,274,329	
Deposit for refunding	11,410,000	
Amortization of premium on issuance of noncurrent debt	528,256	
Amortization of deferred charge on refunded debt	<u>(69,208)</u>	(6,693,673)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Accrued interest increased and compensated absences decreased by the amounts provided below in the current year.

Accrued interest payable	\$ (499,343)	
Net OPEB obligation	(377,100)	
Net pension liability and related outflows/inflows	2,609,025	
Compensated absences	<u>851</u>	1,733,433

The internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of this internal service fund is reported with governmental activities. (39,383)

Change in net position of governmental activities \$ (3,367,109)

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities			Governmental Activities
	Sewer Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 8,169,958	\$ 5,021,019	\$ 13,190,977	\$ 6,538,138
Restricted cash	1,740,360	-	1,740,360	-
Receivable, net	1,991,854	898,009	2,889,863	113,533
Due from other funds	233,845	-	233,845	-
Prepaid expenses	5,939	18,220	24,159	757,300
Total current assets	<u>12,141,956</u>	<u>5,937,248</u>	<u>18,079,204</u>	<u>7,408,971</u>
Noncurrent assets:				
Nondepreciable capital assets:				
Land	491,353	3,445,402	3,936,755	-
Construction in progress	3,903,219	3,916,540	7,819,759	-
Easements	640,671	-	640,671	-
Depreciable capital assets:				
Land improvements	37,155	-	37,155	221,446
Buildings and improvements	16,905,052	5,329,046	22,234,098	-
Infrastructure	121,874,948	23,422,860	145,297,808	-
Equipment	4,239,308	1,620,627	5,859,935	1,287,882
Vehicles	1,424,025	631,121	2,055,146	5,697,290
Computer software	70,272	-	70,272	101,512
Less accumulated depreciation	(39,900,638)	(23,571,031)	(63,471,669)	(4,359,511)
Less accumulated amortization	(57,561)	-	(57,561)	(71,057)
Total noncurrent assets	<u>109,627,804</u>	<u>14,794,565</u>	<u>124,422,369</u>	<u>2,877,562</u>
DEFERRED OUTFLOWS OF RESOURCES				
Debt refundings resulting in loss transactions, net of accumulated amortization	429,849	-	429,849	-
Deferred outflows related to pension costs	480,045	98,512	578,557	111,334
Total deferred outflows	<u>909,894</u>	<u>98,512</u>	<u>1,008,406</u>	<u>111,334</u>
Total assets and deferred outflows of resources	<u>\$ 122,679,654</u>	<u>\$ 20,830,325</u>	<u>\$ 143,509,979</u>	<u>\$ 10,397,867</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 393,912	\$ 1,461,069	\$ 1,854,981	\$ 1,006,271
Retainage payable	61,979	-	61,979	-
Deposits payable	147,489	-	147,489	-
Salaries, taxes and benefits payable	137,088	25,952	163,040	32,386
Unearned revenue	1,185,473	32,223	1,217,696	177,644
Due to other funds	-	-	-	917
Due to component unit - EDA	-	637	637	-
Accrued interest payable	99,183	-	99,183	-
Revenue bonds - current	536,277	-	536,277	-
Compensated absences - current	24,500	1,000	25,500	6,000
Total current liabilities	<u>2,585,901</u>	<u>1,520,881</u>	<u>4,106,782</u>	<u>1,223,218</u>
Noncurrent liabilities:				
Revenue bonds - net current	20,632,843	-	20,632,843	-
Compensated absences - net current	280,891	34,516	315,407	59,301
Claims payable	-	-	-	1,121,925
Net pension liability	1,279,948	274,401	1,554,349	275,884
Advance from other fund	-	2,600,000	2,600,000	-
Total noncurrent liabilities	<u>22,193,682</u>	<u>2,908,917</u>	<u>25,102,599</u>	<u>1,457,110</u>
Total liabilities	<u>24,779,583</u>	<u>4,429,798</u>	<u>29,209,381</u>	<u>2,680,328</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension costs	526,721	106,657	633,378	121,425
NET POSITION				
Net investment in capital assets	90,416,533	14,794,565	105,211,098	2,877,562
Restricted for debt service	141,802	-	141,802	-
Unrestricted	6,815,015	1,499,305	8,314,320	4,718,552
Total net position	<u>97,373,350</u>	<u>16,293,870</u>	<u>113,667,220</u>	<u>7,596,114</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 122,679,654</u>	<u>\$ 20,830,325</u>	<u>\$ 143,509,979</u>	<u>\$ 10,397,867</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities			Governmental Activities Internal Service Funds
	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	
Operating Revenues				
Use of property	\$ -	\$ 1,782,167	\$ 1,782,167	\$ -
Charges for services	10,788,652	4,997,915	15,786,567	13,968,058
Miscellaneous	24,302	7,877	32,179	69,961
Total operating revenues	<u>10,812,954</u>	<u>6,787,959</u>	<u>17,600,913</u>	<u>14,038,019</u>
Operating Expenses				
Personal services	3,493,212	745,487	4,238,699	1,749,042
Contractual services	696,870	5,912,750	6,609,620	10,835,127
Materials and supplies	1,846,374	478,880	2,325,254	1,306,388
Depreciation	3,483,175	535,252	4,018,427	577,852
Amortization	46,884	-	46,884	20,302
Total operating expenses	<u>9,566,515</u>	<u>7,672,369</u>	<u>17,238,884</u>	<u>14,488,711</u>
Operating income (loss)	<u>1,246,439</u>	<u>(884,410)</u>	<u>362,029</u>	<u>(450,692)</u>
Nonoperating Revenues (Expenses)				
Federal subsidy for interest on debt	278,704	-	278,704	-
Grant income	-	12,603	12,603	-
Interest income	29,939	16,968	46,907	44,863
Amortization of debt premium	6,815	-	6,815	-
Interest and fiscal charges	(1,232,709)	-	(1,232,709)	-
Gain (loss) on disposal of capital assets	7,000	-	7,000	16,760
Total nonoperating revenues (expenses), net	<u>(910,251)</u>	<u>29,571</u>	<u>(880,680)</u>	<u>61,623</u>
Income (loss) before contributions and transfers, net	336,188	(854,839)	(518,651)	(389,069)
Capital Contributions	299,948	-	299,948	-
Transfers In	2,420,811	1,007,941	3,428,752	349,686
Transfers Out	<u>(3,734)</u>	<u>-</u>	<u>(3,734)</u>	<u>-</u>
Change in net position	3,053,213	153,102	3,206,315	(39,383)
Total net position, beginning of year, restated	<u>94,320,137</u>	<u>16,140,768</u>	<u>110,460,905</u>	<u>7,635,497</u>
Total net position, end of year	<u>\$ 97,373,350</u>	<u>\$ 16,293,870</u>	<u>\$ 113,667,220</u>	<u>\$ 7,596,114</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities			Governmental Activities
	Sewer Utility	Nonmajor Enterprise Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 10,937,995	\$ 6,769,384	\$ 17,707,379	\$ 13,208,906
Other receipts	24,302	7,877	32,179	69,961
Payments to suppliers for goods and services	(2,670,885)	(5,215,214)	(7,886,099)	(18,614,366)
Payments to employees for services	(3,690,096)	(785,512)	(4,475,608)	(1,805,503)
Receipts (payments) from (for) interfund activity	3,286	(564,243)	(560,957)	1,719,960
Net cash provided by (used in) operating activities	<u>4,604,602</u>	<u>212,292</u>	<u>4,816,894</u>	<u>(5,421,042)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grant income	-	12,603	12,603	-
Transfers in	2,420,811	1,007,941	3,428,752	349,686
Transfers out	(10)	-	(10)	-
Net cash provided by noncapital financing activities	<u>2,420,801</u>	<u>1,020,544</u>	<u>3,441,345</u>	<u>349,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Contributed capital	299,948	-	299,948	-
Acquisition and construction of capital assets	(3,418,406)	(1,193,181)	(4,611,587)	(566,434)
Net proceeds from the disposal of capital assets	7,000	-	7,000	58,627
Federal subsidy for interest on debt	278,704	-	278,704	-
Principal paid on capital debt	(845,794)	-	(845,794)	-
Interest paid on capital debt	(1,234,109)	-	(1,234,109)	-
Net cash used in capital and related financing activities	<u>(4,912,657)</u>	<u>(1,193,181)</u>	<u>(6,105,838)</u>	<u>(507,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	27,447	15,443	42,890	44,074
Net cash provided by investing activities	<u>27,447</u>	<u>15,443</u>	<u>42,890</u>	<u>44,074</u>
Net increase (decrease) in cash and cash equivalents	2,140,193	55,098	2,195,291	(5,535,089)
Cash and cash equivalents, beginning of year	7,770,125	4,965,921	12,736,046	12,073,227
Cash and cash equivalents, end of year	<u>\$ 9,910,318</u>	<u>\$ 5,021,019</u>	<u>\$ 14,931,337</u>	<u>\$ 6,538,138</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 8,169,958	\$ 5,021,019	\$ 13,190,977	\$ 6,538,138
Restricted cash	1,740,360	-	1,740,360	-
Cash and cash equivalents, end of year	<u>\$ 9,910,318</u>	<u>\$ 5,021,019</u>	<u>\$ 14,931,337</u>	<u>\$ 6,538,138</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 1,246,439	\$ (884,410)	\$ 362,029	\$ (450,692)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,483,175	535,252	4,018,427	577,852
Amortization	46,884	-	46,884	20,302
Decrease (increase) in:				
Receivables	86,543	(19,693)	66,850	(56,917)
Due from/to component unit - EDA	-	6,146	6,146	-
Due from other funds	3,286	-	3,286	1,727,828
Prepaid expenses	-	-	-	(66,200)
Increase (decrease) in:				
Accounts payable	(135,265)	1,176,416	1,041,151	210,938
Retainage payable	7,624	-	7,624	-
Salaries, taxes and benefits payable	(31,317)	(11,897)	(43,214)	(6,433)
Unearned revenue	62,800	2,849	65,649	(702,235)
Due to other funds	-	(514,243)	(514,243)	(7,868)
Net pension liability and related outflows/inflows	(174,519)	(32,876)	(207,395)	(43,200)
Claims payable	-	-	-	158,902
Compensated absences	8,952	4,748	13,700	(6,828)
Advance from other fund	-	(50,000)	(50,000)	-
Net OPEB obligation	-	-	-	(6,776,491)
Net cash provided by (used in) operating activities	<u>\$ 4,604,602</u>	<u>\$ 212,292</u>	<u>\$ 4,816,894</u>	<u>\$ (5,421,042)</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets	<u>\$ 299,948</u>	<u>\$ -</u>	<u>\$ 299,948</u>	<u>\$ -</u>

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Other Postemployment Benefit Trust Fund	Agency Funds
ASSETS		
Cash	\$ -	\$ 4,275,165
Investments at fair value:		
Investment in pooled funds - County	6,774,540	-
Investment in pooled funds - School Division	5,380,377	-
Other receivables	-	80,461
Total assets and deferred outflows of resources	<u>\$ 12,154,917</u>	<u>\$ 4,355,626</u>
LIABILITIES		
Accounts payable	\$ -	\$ 1,079,006
Salaries, taxes and benefits payable	-	145,450
Amounts held for others	-	3,131,170
Total liabilities and deferred inflows of resources	<u>\$ -</u>	<u>\$ 4,355,626</u>
NET POSITION		
Held in trust for OPEB benefits	<u>12,154,917</u>	
Total liabilities and net position	<u>\$ 12,154,917</u>	

The accompanying notes are an integral part of the basic financial statements.

COUNTY OF YORK, VIRGINIA
Statement of Changes in Fiduciary Net Position
Other Postemployment Benefits Trust Fund
June 30, 2016

	Other Postemployment Benefit Trust Fund
ADDITIONS	
Contributions:	
County	\$ 6,776,491
School Division	5,381,926
Total additions	<u>\$ 12,158,417</u>
DEDUCTIONS	
Administrative expenses	\$ 3,500
Total deductions	<u>\$ 3,500</u>
Change in net position	<u>12,154,917</u>
Total net position, beginning of year	<u>-</u>
Total net position, end of year	<u>\$ 12,154,917</u>

The accompanying notes are an integral part of the basic financial statements.

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COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

York County, which was originally named Charles River County, was one of Virginia's eight original "shires" formed in 1634. It was renamed nine years later in 1643 when the river that determines the County's character was also given the name of the then Duke of York. York County has played a major role in the development of this nation. Most importantly, it was the location of the culminating battle of the Revolutionary War and the subsequent surrender of Lord Cornwallis and his British army on October 19, 1781.

The County of York, Virginia (the County) is organized under the traditional form of government (as defined under Virginia Law). The governing body of the County is the Board of Supervisors that establishes policies for the administration of the County. The Board of Supervisors comprises five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board of Supervisors appoints a County Administrator to act as the administrative head of the County.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted primary standard-setting body for establishing governmental accounting and financial reporting principles. The County's significant accounting and reporting policies are described below.

In fiscal year 2016, the County adopted the provisions of a new GASB statement: GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*, which provides guidance for determining a fair value measurement for financial reporting, and establishes a hierarchy of inputs to valuation techniques used to measure fair value and also requires additional related note disclosures.

The Reporting Entity

The County's financial reporting entity is defined and its financial statements are presented in accordance with GAAP where in it defines the distinction between the County as a Primary Government and its related entities.

The financial reporting entity consists of the Primary Government and its discretely presented component units, which are legally, separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the Primary Government, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government.

The Primary Government may also be financially accountable if the component unit is fiscally dependent on the Primary Government regardless of whether the component unit has a separately elected governing board.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As such, the York County School Division (the School Division), the Economic Development Authority of York County (EDA) and the Marquis Community Development Authority (CDA) are reported as separate and discretely presented component units in the County's reporting entity. The Primary Government is hereafter referred to as the "County" and the reporting entity, which includes the County and its component units, is hereafter referred to as the "Reporting Entity."

As required by GAAP, the accompanying basic financial statements include all activities of the County. The component unit columns in the basic financial statements include the financial data of the County's three discretely presented component units. The discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the primary discretely presented component units follows:

The **York County School Division (the School Division)** is a separate legal entity that is responsible for elementary and secondary education within the County. Since January 1, 1996, the citizens of the County have elected the members of the School Board; however the School Division is fiscally dependent upon the County because the Board of Supervisors approves the School Division's annual budget and levies the necessary taxes to finance the School Division's operations. The Board of Supervisors makes an annual appropriation to the School Division, but is prohibited from exercising any control over specific expenditures of the School Division's operating funds. The School Division may not issue debt, so the Board of Supervisors borrows funds to finance the acquisition, construction, and improvement of School Division property. The School Division holds title to this property, while the County remains responsible for repayment of the debt. The majority of the School Division's funding is from the County and the Commonwealth of Virginia. Separate audited financial statements are available from the School Division at 302 Dare Road, Yorktown, Virginia, 23692.

The **Economic Development Authority of York County (EDA)** was originally established under the Industrial Development and Revenue Bond Act - *Code of Virginia* (Code). The 2004 General Assembly amended the Code of Virginia Section 15.2-4903 to allow localities to change the name of their Industrial Development Authorities if so authorized by the local governing body and the EDA took such action. A separate board appointed by the Board of Supervisors governs the EDA. The EDA is fiscally dependent upon the County because substantially all of its income is derived from an appropriation from the County. The EDA has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the County. Separate audited financial statements are available from the EDA at P.O. Box 612, Yorktown, Virginia, 23690.

The **Marquis Community Development Authority (CDA)** was created pursuant to the Virginia Water and Waste Authorities Act (the "Act"), beginning with 15.2-5100 *et. seq.* of the Code of Virginia, 1950, by an ordinance adopted by York County's Board of Supervisors on December 19, 2006. The Marquis Development Authority District (the "District") consists of a land area of approximately 222.85 acres in York County, Virginia just outside of the City of Williamsburg, Virginia. The Act provides that the Authority may issue bonds to finance infrastructure improvements located within or benefiting the District and the Board of Supervisors, at the request of the Authority, may levy and collect special assessments within the District and appropriate such sums to the Authority for use in paying the administrative expenses and debt service requirement in connection with any such bonds.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The CDA is fiscally dependent upon the County for the remittance of the incremental tax revenues to be used to meet to its debt service requirements. On November 28, 2007, the Authority issued \$32,860,000 Revenue Bonds, Series 2007 which were restructured on March 1, 2012. On October 27, 2015, the CDA issued convertible capital appreciation revenue bonds. The principal of and the interest on the 2007 bonds do not constitute a pledge of the faith and credit of York County and therefore the faith and credit of York County have not been pledged to the payment of the principal of or interest on the 2007 bonds. The issuance of the bonds does not directly, indirectly or contingently obligate York County to levy any taxes or to make any appropriation for their payment except from the revenues and receipts pledged therefore. Pursuant to the Act, York County is expressly precluded from paying the principal of or interest on the bonds except from the special assessments and the incremental tax revenues. A separate board appointed by the Board of Supervisors governs the CDA. Separate audited financial statements are available from Deborah L. Morris, Marquis Community Development Authority at 120 Alexander Hamilton Boulevard, Yorktown, Virginia 23690.

Joint Venture Government Organizations

The County does not include in the basic financial statements certain authorities created as separate governments under the laws of the Commonwealth of Virginia. These authorities are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. The County does not include these entities as component units because they do not meet the criteria as set forth in GAAP.

The **Virginia Peninsulas Public Service Authority (VPPSA)** was established under the Code, Virginia Water and Sewer Authorities Act. A separate ten-member board of which the County appoints one representative governs VPPSA. VPPSA was formed for the purpose of developing regional refuse collection, waste reduction and disposal alternatives with the ultimate goal of acquiring, financing, constructing and/or operating and maintaining a residential, commercial and industrial garbage and refuse collection and disposal system or systems. VPPSA is fiscally independent of the County because substantially all of its income is generated through the collection of user fees. Separate audited financial statements are available from VPPSA at 300 McLaws Circle, Suite 200, Williamsburg, Virginia 23185.

The **Virginia Peninsula Regional Jail Authority (Jail Authority)** was created pursuant to Article 3.1, Chapter 3, Title 53.1 of the Code to finance, acquire, construct, equip, maintain and operate a regional jail. A separate seven-member board of which the County Sheriff serves as a member and the County appoints one representative governs the Jail Authority. The Jail Authority is fiscally independent of the County because substantially all of its income is generated from payments by the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs, a portion of salaries and benefits of certain regional jail employees and a charge for prisoners housed at the jail.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Separate audited financial statements are available from the Jail Authority, c/o the County of James City at P.O. Box 8784, Williamsburg, Virginia 23187-8784.

The **Middle Peninsula Juvenile Detention Commission (the Commission)** was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility serving the eighteen member jurisdictions of which the Director of Community Services serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o the County of James City at P. O. Box 8784, Williamsburg, Virginia 23187-8784.

Government-wide and Fund Financial Statements

The basic financial statements are composed of both government-wide and fund financial statements. The government-wide statements, the Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units.

Generally, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for services. The Primary Government is reported separately from certain legally separate component units for which the Primary Government is financially accountable.

The Statement of Activities presents a comparison between direct expenses of a function and program revenues. Direct expenses are those that are specifically associated with a specific function or segment. Program revenues include fees, fines and charges paid by the recipients of goods or services offered by the function or segment; and grants and contributions that are restricted to meet the operations or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, Financial Statement Presentation

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which are custodial in nature (assets and liabilities) and have no measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are generally considered available to be used to pay liabilities of the current period if they are collectible within the current period or within 45 days thereafter, or within 90 days thereafter for intergovernmental reimbursement grants. The primary revenues susceptible to accrual include property taxes, sales taxes, other local taxes and intergovernmental revenues. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Expenditures are generally recorded when the related fund liability is incurred. Debt service expenditures, as well as compensated absences and claims and judgments, are recorded when payment is due.

The County reports the following major governmental funds:

General Fund: The County's primary operating fund; accounts for revenue sources and expenditures not required to be accounted for in other funds.

Tourism Fund: Accounts for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities.

Yorktown Capital Improvements Fund: Accounts for revenue and expenditures related to capital improvements in the historical Yorktown area.

County Capital Fund: Accounts for revenue and expenditures related to construction or acquisition of facilities and equipment in general governmental areas (other than those financed by proprietary funds).

Education Debt Service Fund: Accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of educational facilities and equipment.

The County reports the following nonmajor governmental funds:

Special Revenue Funds: The Children and Family Services, Virginia Public Assistance, Law Library and Community Development Authority Revenue Account Funds are used to account for the proceeds of federal, state, and local sources that are legally restricted to expenditures for specified purposes.

County Debt Service Fund: Accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of County facilities and equipment.

Stormwater Capital Projects Fund: Accounts for revenue and expenditures related to the drainage maintenance projects.

The County reports the following major enterprise fund:

Sewer Utility Fund: Accounts for the operations of the County's sewer utility systems.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The County reports the following nonmajor enterprise funds:

Yorktown Operations Fund: Accounts for the operations at the Yorktown waterfront.

York Sanitary District Fund: Accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

Upper County Utility Fund: Accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

Solid Waste Fund: Accounts for the operations of the County's solid waste disposal system.

Water Utility Fund: Accounts for operations of the County's water utility systems.

Sanitary District No. 2 Fund: Accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

Regional Radio System Fund: Accounts for the County's joint emergency communication system with James City County and Gloucester County.

The County reports the following additional fund types:

Internal Service Funds: The Vehicle Maintenance Fund accounts for the operation of the vehicle maintenance and replacement services provided to County departments on a cost reimbursement basis. The Health and Dental Insurance Fund accounts for the payment of claims and other expenses related to medical and dental benefits provided to employees and retirees. The Other Postemployment Benefits Fund accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan.

Fiduciary Funds:

Agency Funds: The County's agency funds account for fiscal funds held for the Colonial Behavioral Health; the Colonial Group Home Commission; the Special Welfare Board; regional projects, the Peninsula Public Sports Facility Authority, the Darby-Firby Neighborhood Corporation, and the Library Board.

Other Postemployment Benefits (OPEB) Trust Fund: Accounts for the resources held in trust for members and beneficiaries other postemployment benefits.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's Sewer Utility and various other functions of the government; elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted on an as needed basis.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

The two major sources of property taxes are described below:

Real Estate: The County levies real estate taxes on all real estate within its boundaries, except that exempted by statute, each year as of January 1 on the estimated market value of the property. All real estate property is assessed biennially.

Real estate taxes are billed in semi-annual installments due June 25 and December 5. Liens are placed on the property on the date real estate taxes are delinquent, June 26 and December 6, and must be satisfied prior to the sale or transfer of the property. Real estate taxes reported as revenue are for the assessment due December 5, 2015 and June 25, 2016, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2015 and 2016 was \$0.7515, per \$100 of assessed value.

Personal Property: The County levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1. Personal property taxes are billed in equal semi-annual installments due June 25 and December 5. Personal property taxes do not create a lien on property. The personal property taxes reported as revenue are for the levies due December 5, 2015, and June 25, 2016, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2015 and 2016 was \$4.00 per \$100 of assessed value.

The County's property tax collection records show that 96.90% of the property taxes due for the current tax year were collected.

Allowance for Uncollectible Amounts

Provision for uncollectible property taxes is based upon a historical percentage of accounts written off applied to the total levies of all years carried in taxes receivable and, in certain cases, specific account analysis. Provision for uncollectible solid waste, water and sewer service bills is based upon a historical analysis of uncollected accounts and, in certain cases, specific account analysis.

Cash and Temporary Investments

The County utilizes the pooled cash investment method. Income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and temporary investments of each fund to the total pooled cash and temporary investments. See Note 2 for description of cash and temporary investment policies. Investments are stated at fair value.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories consist of materials and supplies held for future consumption and are stated at cost using the first-in, first-out method. Inventory is accounted for under the purchase method.

Prepays

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. Prepaid items are recorded as expenditures when consumed.

Advances

Advances to other funds as reported in the General Fund, net advances from other funds, is offset by a fund balance nonspendable account, to indicate that they are not available for appropriation and are not expendable available financial resources.

Capital Assets

Capital assets include land, land improvements, buildings and improvements, infrastructure, equipment, and vehicles. Intangible assets include easements and computer software. Infrastructure acquired prior to 2002 that meets the County's capitalization threshold has been reported. All acquisitions of land and easements; land improvements, infrastructure, equipment, and computer software that individually costs \$5,000 or more; vehicles that individually cost \$10,000 or more; and buildings and improvements that individually cost \$30,000 or more and with useful lives greater than one year are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if constructed or purchased. Donated capital assets are recorded at acquisition value at the date of donation. Capital and intangible assets are depreciated and amortized over their estimated useful lives using the straight-line, half-year convention method. Land and permanent easements have an indefinite life. Temporary easements are amortized over the period of time the easement covers. The estimated useful lives of other capital and intangible assets are as follows: land improvements (15 - 20), buildings and improvements (10 - 50), infrastructure (10 - 50), equipment (3 - 20), vehicles (3 - 20), and computer software (3 - 7).

Compensated Absences

County employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their then current rates of pay. A liability for these amounts is reported in governmental funds only if they have matured, for the reasons stated above. The current and noncurrent liability for accrued vacation and sick leave benefits at June 30, 2016 has been reported in the government-wide statements, representing the County's commitment to fund such costs from future operations. In the proprietary funds, the amount of compensated absences recognized is the amount earned. Such benefits are included in the government-wide statements. The amount due within one year has been estimated based on historic trends.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt and the amount related to pension costs. The deferred outflow associated with the refunded debt is being amortized over the remaining life of the refunded debt. Additionally, employer contributions subsequent to the measurement date for pensions are recorded as a deferred outflow.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Under the modified accrual basis of accounting, the County has revenues which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds balance sheet as a deferred inflow of resources. Additionally, amounts related to pension costs are recorded as a deferred inflow in the government wide financial statements.

Fund Balances

In the governmental fund financial statements, fund balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

Nonspendable: Amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact.

Restricted: Amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed: Amounts that can be used only for the specific purposes determined by a formal action of the County's highest level of decision making authority, the Board of Supervisors, whom can commit funds, by adoption of an ordinance (establishing rates and fees earmarked for a specific purpose). Once adopted, the limitation cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process.

Assigned: Amounts that are intended to be used for specific purposes, but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Supervisors, or as delegated to the County Administrator. The Board of Supervisors has by resolution authorized the County Administrator to assign fund balance. Unlike commitments, assignments generally only exist temporarily and an additional action is not normally required to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: The residual classification for the County's General Fund and includes all spendable amounts not contained in other classifications.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances (Continued)

The County's policy is to apply expenditures against restricted resources first when either restricted or unrestricted amounts are available. Within unrestricted fund balance, it is the County's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. In a governmental fund other than the General Fund, a negative unassigned fund balance could result if expenditures incurred for a specific purpose exceeds the amounts in the fund that are restricted, committed, and assigned for that purpose.

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, laws and regulations of other governments or imposed by law through state statute.

Statement of Cash Flows

For purposes of the Statement of Cash Flows, cash and temporary investments with original maturities of three months or less are considered to be cash and cash equivalents.

Use of Estimates

Management of the County has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with GAAP. Any differences between these estimates and actual results should immaterially affect the County's reporting of its financial position.

Credit Risk

The assessed value of real estate and personal property for the County's ten largest taxpayers comprises 12.27% of the County's tax base. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the County's customer base.

The *Code of Virginia* (Code), as amended, requires the election of a County Treasurer. The County's Treasurer is the custodian of cash and investments for the County, EDA and School Division. Oversight for investment activity is the responsibility of the Treasurer.

2. DEPOSITS AND INVESTMENTS

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. 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

2. DEPOSITS AND INVESTMENTS (Continued)

Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP). The Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP. It is managed in a manner consistent with the "2a7 like pool" risk limiting requirements of GAAP with the portfolio securities valued by the amortized cost method. Investments with a maturity date of one year or less are stated at amortized cost. The fair value of the County's position in the LGIP is the same as the value of the pool shares. All other investments are stated at fair value.

The County and the School Division are participants in the Virginia Pooled OPEB Trust administered by the VML/VACo Finance Program. Funds of participating jurisdictions are pooled and invested in the name of the Virginia Pooled OPEB Trust. The County and School Division's investment amounts are reported on the Fiduciary Fund statements on pages E-8 and E-9. The Board of Trustees of the Virginia Pooled OPEB Trust have adopted an investment policy to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. Investments are structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.5%. Investment decisions for the fund's assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of market and economic conditions and generally prevailing prudent investment practices. The Board of Trustees also monitors the investments through the appointment and oversight of investment managers and ensures adherence to the adopted policies and guidelines. Specific investment information and written investment policies for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 919 E. Main Street, Suite 1100, Richmond, VA 23219.

The carrying amount of the County's cash and investments at June 30, 2016 is as follows:

	Amount
Restricted cash	\$ 1,833,374
Investments	52,618,595
Deposits with financial institutions	42,506,512
Petty cash	4,335
Total cash and investments	<u>\$ 96,962,816</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

2. DEPOSITS AND INVESTMENTS (Continued)

A reconciliation to the basic financial statements is as follows:

	Primary Government	School Division Component Unit	Economic Development Authority Component Unit	Community Development Authority Component Unit	Total
Cash and investments	\$ 90,854,277	\$ 21,484,249	\$ 440,866	\$ -	\$ 112,779,392
Restricted cash	1,833,374	-	14,510	2,335,908	4,183,792
Fiduciary funds:					
Restricted cash	-	169,769	-	-	169,769
Restricted investments	-	1,629,616	-	-	1,629,616
Agency funds	4,275,165	1,565,045	-	-	5,840,210
Total cash and investments	<u>\$ 96,962,816</u>	<u>\$ 24,848,679</u>	<u>\$ 455,376</u>	<u>\$ 2,335,908</u>	<u>\$ 124,602,779</u>

Restricted Cash

The County's restricted cash of \$1,833,374 at June 30, 2016 consisted of the following: \$5,000 of surety deposits for junkyards held in the County and junkyards' names; \$87,011 of surety deposits for developments; \$1,003 of donations and grants received for specific purposes; \$1,669,657 for debt reserves on the 2005 and 2010 sewer revenue bonds and \$35,424 for debt payments on the 1992 sewer bonds and \$35,279 for funds held in escrow for retainage.

Credit Risk

As required by state statute, the policy requires that commercial paper be rated "prime quality" by at least two nationally recognized statistical rating organizations (A-1 by both Standard & Poor's and Moody's Investor Service) and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's policy further limits credit risk by limiting investments in securities that have higher credit risks. As of June 30, 2016, the County's investments as rated by Standard & Poor's were as follows:

Investment Type	AAA	AA	Unrated
LGIP	\$ 7,436,398	\$ -	\$ -
Money market	-	-	183,430
Federal agency bonds and notes	-	35,663,049	-
Corporate obligations	-	9,335,718	-
Total investments	<u>\$ 7,436,398</u>	<u>\$ 44,998,767</u>	<u>\$ 183,430</u>

Concentration of Credit Risk

State statute limits the percentage of the portfolio that can be invested in any one issuer, excluding the U.S. Government, U.S. Government Agencies, the Commonwealth of Virginia and its authorities, mutual funds and pooled investment funds. Furthermore, no more than 35% of total available funds may be invested in commercial paper.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

2. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's policy limits the investment portfolio holdings to no more than 24 months, unless approved by the Treasurer. As of June 30, 2016, the carrying values and weighted average maturity of the County's investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity in Years
Money market-LGIP	\$ 7,436,398	0.02
Money market	183,430	0.02
Federal agency bonds and notes	35,663,049	1.99
Corporate obligations	9,335,718	1.90
Total investments	<u>\$ 52,618,595</u>	
Weighted average of portfolio		<u>1.69</u>

Custodial Credit Risk

The policy requires that all investment securities purchased by the County be held by an independent third-party custodian and evidenced by safekeeping receipts in the County's name. As of June 30, 2016, all of the County's investments were held in a bank's trust department in the County's name.

Fair Value Hierarchy

In fiscal year 2016, the County adopted GASB Statement No. 72 ("GASB 72"), *Fair Value Measurement and Application*. This new GAAP addresses accounting and financial reporting issues related to fair value measurements and provides guidance for determining a fair value measurement for financial reporting purposes.

GAAP establishes a hierarchy (3 Levels) of valuation techniques used to measure fair value. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. The County has the following fair value measurements as of June 30, 2016:

Fair Value Measurements Using

Investments- At fair value	6/30/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Money market	\$ 183,430	\$ -	\$ 183,430
Federal agency bonds and notes	35,663,049	12,064,890	23,598,159
Corporate obligations	9,335,718	-	9,335,718
Total investments	<u>\$ 45,182,197</u>	<u>\$ 12,064,890</u>	<u>\$ 33,117,307</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

2. DEPOSITS AND INVESTMENTS (Continued)

In addition, investments held by the Virginia Pooled OPEB Trust Fund in the pool in which the County and the School Division participate (Portfolio I) are Level 1 inputs as reported by the Fund's investment advisor, Asset Consulting Group. Total investments at June 30, 2016 are \$636.4 million, including \$11.7 million due to brokers for pending trades.

Discretely Presented Component Units

At June 30, 2016, and excluding fiduciary funds of \$3,364,430 not held by the County Treasurer, the School Division had investments of \$5,108,668 with LGIP, rated AAA by Standard and Poor's.

At June 30, 2016, the EDA had bank deposits of \$307,057 (\$14,510 of which was restricted for tenant security deposits), investments in LGIP of \$148,319, rated AAAM by Standard & Poor's and common stock equity in Waterside Capital Corporation of \$167, stated at fair value.

The CDA's restricted cash and investments of \$2,335,908 at June 30, 2016, consisted of unspent bond proceeds. The total amount was invested in the US Treasury money market funds. The US Treasury money market funds are rated AAAM by Standard & Poor's and were stated at cost, which approximates fair value.

3. RECEIVABLES

At June 30, 2016, receivables were as follows:

	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Property taxes	\$ 5,417,609	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Vehicle registration fees	646,291	-	-	-	-	-	-	-
Other taxes	2,389,817	164,792	-	-	77,768	-	-	-
Accounts	473,739	-	-	-	75,862	2,082,914	980,147	111,548
Interest	17,153	308	178	4,830	1,120	2,492	1,525	1,985
Notes	-	-	136,667	936,675	-	-	-	-
Intergovernmental:								
Federal	116,997	-	-	15,838	325,529	-	-	-
State	4,416,250	-	-	4,223	344,115	-	-	-
Receivables, gross	13,477,856	165,100	136,845	961,566	824,394	2,085,406	981,672	113,533
Less allowance for doubtful accounts	(1,964,809)	(26,561)	-	-	-	(93,552)	(83,663)	-
Receivables, net	<u>\$ 11,513,047</u>	<u>\$ 138,539</u>	<u>\$ 136,845</u>	<u>\$ 961,566</u>	<u>\$ 824,394</u>	<u>\$ 1,991,854</u>	<u>\$ 898,009</u>	<u>\$ 113,533</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS

The composition of interfund balances as of June 30, 2016 is as follows:

<u>Due from Fund</u>	<u>Due to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Nonmajor governmental	Program match	\$ 127,219
	Nonmajor governmental	Meals tax	60,107
	Sewer Utility	Meals tax	233,845
Total Due to other funds			<u>\$ 421,171</u>
Tourism	General	Reimbursement	\$ 9,398
Nonmajor governmental	General	Reimbursement	275
			<u>\$ 9,673</u>
Internal service funds	General	Reimbursement	<u>\$ 917</u>
 <u>Advance from Fund</u>	 <u>Advance to Fund</u>	 <u>Purpose</u>	 <u>Amount</u>
General	Tourism	Infrastructure	\$ 6,113,635
	Yorktown Operations	Land purchase	2,600,000
Total Advances to other funds			<u>\$ 8,713,635</u>
Tourism	Yorktown Capital Improvements	Infrastructure	<u>\$ 6,361,966</u>

The advances from the General Fund and Tourism Fund were capital project loans and are not expected to be fully repaid in the subsequent year. Repayments for the infrastructure loan have begun from the lodging tax revenue generated by tourism. Repayments for the land purchase have also begun, from net rental income generated by the tenant operations managed by the EDA. Repayments in both instances are expected to continue until the advances are fully liquidated.

Due to/from Primary Government:

<u>Due from Entity</u>	<u>Due to Entity</u>	<u>Purpose</u>	<u>Amount</u>
County of York	School Division	Operations	<u>\$ 12,063,814</u>
County of York	EDA	Riverwalk Landing lease	<u>\$ 637</u>
County of York	CDA	Incremental tax revenues	<u>\$ 241,878</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS *(Continued)*

Transfers In and Out:

<u>Fund</u>	<u>Transfers Out Fund</u>	<u>Transfers In Fund</u>
General	\$ 22,998,529	\$ 150,000
Tourism	734,042	-
Yorktown Capital Improvements	-	734,042
County Capital	200,000	7,774,355
Debt Service Education	-	5,944,837
Nonmajor governmental	150,000	5,700,909
Sewer Utility	3,734	2,420,811
Nonmajor enterprise	-	1,007,941
Internal service	-	349,686
Total	<u>\$ 24,086,305</u>	<u>\$ 24,082,581</u>

The difference between transfers out and transfers in of \$3,724 represents a capital asset transferred from the Enterprise Fund – Sewer Utility to the General Fund, which does not report capital assets in the fund statements.

All transfers made during the year were routine and consistent with the activities of the funds.

Significant transactions between the Primary Government and component units during fiscal year 2016 were as follows:

Payments from County to School Division for School operations	\$ 51,275,444
Payments from County to School Division for School technology	877,027
Payments from County to School Division for radio reception project	450,000
Payments to County from School Division - year-end reversion entry	<u>(5,028,002)</u>
Total General Fund	\$ 47,574,469
Bond proceeds from County to School Division for construction - Education Debt Service	<u>12,481,017</u>
Statement of Activities - Payment from County of York	<u>\$ 60,055,486</u>
 Payment from County General Fund to Economic Development Authority for operations; Statement of Activities - Payment from County of York	 <u>\$ 49,250</u>
Payment from County to Community Development Authority for incremental tax revenue - Nonmajor Governmental Fund; Statement of Activities - Payment from County of York	 <u>\$ 909,580</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016 was as follows:

Primary Government:

Governmental Activities:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Capital assets not being depreciated/amortized:				
Land	\$ 11,958,341	\$ -	\$ (85,688)	\$ 11,872,653
Easements	562,004	3,000	-	565,004
Construction in progress	500,869	2,560,305	(451,192)	2,609,982
Total capital assets not being depreciated/amortized	<u>13,021,214</u>	<u>2,563,305</u>	<u>(536,880)</u>	<u>15,047,639</u>
Capital assets being depreciated/amortized:				
Land improvements	22,612,803	10,810	-	22,623,613
Buildings and improvements	48,391,076	483,407	-	48,874,483
Infrastructure	14,876,646	-	-	14,876,646
Equipment	23,959,971	1,101,584	(782,154)	24,279,401
Vehicles	16,188,203	1,502,619	(505,070)	17,185,752
Computer Software	1,104,727	111,870	-	1,216,597
Total capital assets being depreciated/amortized	<u>127,133,426</u>	<u>3,210,290</u>	<u>(1,287,224)</u>	<u>129,056,492</u>
Less accumulated depreciation/amortization for:				
Land improvements	(12,155,553)	(1,292,544)	-	(13,448,097)
Buildings and improvements	(14,650,820)	(1,029,883)	-	(15,680,703)
Infrastructure	(5,530,118)	(467,441)	-	(5,997,559)
Equipment	(17,149,673)	(1,467,158)	577,729	(18,039,102)
Vehicles	(8,484,345)	(1,092,967)	419,727	(9,157,585)
Computer Software	(636,168)	(196,729)	-	(832,897)
Total accumulated depreciation/amortization	<u>(58,606,677)</u>	<u>(5,546,722)</u>	<u>997,456</u>	<u>(63,155,943)</u>
Total capital assets being depreciated/amortized, net	<u>68,526,749</u>	<u>(2,336,432)</u>	<u>(289,768)</u>	<u>65,900,549</u>
Governmental activities capital assets, net	<u>\$ 81,547,963</u>	<u>\$ 226,873</u>	<u>\$ (826,648)</u>	<u>\$ 80,948,188</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

5. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Primary Government for governmental activities as follows:

General government	\$ 1,145,252
Judicial services	300,039
Public safety	1,879,070
Management services	231,053
Education	110,243
Human services	12,814
Public works	228,585
Community services	1,029,129
Internal Service Fund - charged to functions based on usage	<u>598,154</u>
Total depreciation and amortization expenses - governmental activities	<u>\$ 5,534,339</u>

Business-type Activities:	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Capital assets not being depreciated/amortized:				
Land	\$ 3,936,755	\$ -	\$ -	\$ 3,936,755
Easements	474,824	184,737	(18,890)	640,671
Construction in progress	<u>6,107,470</u>	<u>2,895,951</u>	<u>(1,183,662)</u>	<u>7,819,759</u>
Total capital assets not being depreciated/amortized	<u>10,519,049</u>	<u>3,080,688</u>	<u>(1,202,552)</u>	<u>12,397,185</u>
Capital assets being depreciated/amortized:				
Land improvements	37,155	-	-	37,155
Buildings and improvements	22,234,098	-	-	22,234,098
Infrastructure	143,508,715	1,789,093	-	145,297,808
Equipment	5,451,171	518,771	(110,007)	5,859,935
Vehicles	1,629,559	425,587	-	2,055,146
Computer Software	<u>70,272</u>	<u>-</u>	<u>-</u>	<u>70,272</u>
Total capital assets being depreciated/amortized	<u>172,930,970</u>	<u>2,733,451</u>	<u>(110,007)</u>	<u>175,554,414</u>
Less accumulated depreciation/amortization for:				
Land improvements	(14,573)	(1,859)	-	(16,432)
Buildings and improvements	(13,431,386)	(750,292)	-	(14,181,678)
Infrastructure	(40,838,507)	(2,850,884)	-	(43,689,391)
Equipment	(4,144,487)	(335,154)	106,283	(4,373,358)
Vehicles	(1,130,572)	(80,238)	-	(1,210,810)
Computer Software	<u>(46,497)</u>	<u>(11,064)</u>	<u>-</u>	<u>(57,561)</u>
Total accumulated depreciation/amortization	<u>(59,606,022)</u>	<u>(4,029,491)</u>	<u>106,283</u>	<u>(63,529,230)</u>
Total capital assets being depreciated/amortized, net	<u>113,324,948</u>	<u>(1,296,040)</u>	<u>(3,724)</u>	<u>112,025,184</u>
Business-type activities capital assets, net	<u>\$ 123,843,997</u>	<u>\$ 1,784,648</u>	<u>\$ (1,206,276)</u>	<u>\$ 124,422,369</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

5. CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions of the Primary Government for business type activities as follows:

Sanitary District No. 2	\$ 370,655
Solid waste	111,487
Sewer utility	3,494,239
York Sanitary District	31,730
Upper County utility	15,748
Water utility	<u>5,632</u>
Total depreciation and amortization expenses (excluding amortization on capitalized debt costs) - business-type activities	 <u>\$ 4,029,491</u>

Discretely Presented Component Unit - School Division

Capital assets not being depreciated:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Land	\$ 4,824,818	\$ -	\$ -	\$ 4,824,818
Construction in progress	<u>5,357,317</u>	<u>7,290,673</u>	<u>(7,120,216)</u>	<u>5,527,774</u>
Total capital assets not being depreciated	<u>10,182,135</u>	<u>7,290,673</u>	<u>(7,120,216)</u>	<u>10,352,592</u>

Capital assets being depreciated:

Improvements other than buildings	5,518,045	46,584	-	5,564,629
Buildings and improvements	186,800,016	7,424,749	(20,300)	194,204,465
Equipment	3,113,223	259,666	(22,299)	3,350,590
Vehicles	<u>12,660,882</u>	<u>1,134,917</u>	<u>(419,059)</u>	<u>13,376,740</u>
Total capital assets being depreciated	<u>208,092,166</u>	<u>8,865,916</u>	<u>(461,658)</u>	<u>216,496,424</u>

Less accumulated depreciation for:

Improvements other than buildings	(2,719,403)	(218,650)	-	(2,938,053)
Buildings and improvements	(68,747,019)	(3,879,448)	20,300	(72,606,167)
Equipment	(1,907,831)	(210,281)	22,299	(2,095,813)
Vehicles	<u>(7,208,976)</u>	<u>(801,526)</u>	<u>412,257</u>	<u>(7,598,245)</u>
Total accumulated depreciation	<u>(80,583,229)</u>	<u>(5,109,905)</u>	<u>454,856</u>	<u>(85,238,278)</u>

Total capital assets being depreciated, net

School Division capital assets, net	<u>\$ 137,691,072</u>	<u>\$ 11,046,684</u>	<u>\$ (7,127,018)</u>	<u>\$ 141,610,738</u>
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Discretely Presented Component Unit - EDA

Capital assets being depreciated:

	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Land improvements	\$ 9,604	\$ -	\$ -	\$ 9,604
Infrastructure	<u>850,913</u>	<u>-</u>	<u>-</u>	<u>850,913</u>
Total capital assets being depreciated	<u>\$ 860,517</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 860,517</u>

Less accumulated depreciation for:

Land improvements	(2,240)	(641)	-	(2,881)
Infrastructure	<u>(99,053)</u>	<u>(28,301)</u>	<u>-</u>	<u>(127,354)</u>
Total accumulated depreciation	<u>\$ (101,293)</u>	<u>\$ (28,942)</u>	<u>\$ -</u>	<u>\$ (130,235)</u>
Total capital assets being depreciated, net	<u>\$ 759,224</u>	<u>\$ (28,942)</u>	<u>\$ -</u>	<u>\$ 730,282</u>
Economic Development Authority capital assets, net	<u>\$ 759,224</u>	<u>\$ (28,942)</u>	<u>\$ -</u>	<u>\$ 730,282</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

5. CAPITAL ASSETS (Continued)

Discretely Presented Component Unit - CDA	Balance July 1, 2015	Additions	Reductions	Balance June 30, 2016
Capital assets not being depreciated:				
Construction in progress	\$ 18,561,448	\$ 3,530,000	\$ -	\$ 22,091,448
Capitalized interest	2,821,491	-	-	2,821,491
Less interest revenue on investments	(496,139)	-	-	(496,139)
Total capital assets not being depreciated	20,886,800	3,530,000	-	24,416,800
Capital assets being amortized:				
Computer software	9,000	-	-	9,000
Less accumulated amortization	(9,000)	-	-	(9,000)
Total capital assets being amortized, net	-	-	-	-
Community Development Authority capital assets, net	\$ 20,886,800	\$ 3,530,000	\$ -	\$ 24,416,800

6. UNEARNED REVENUE AND DEFERRED INFLOWS

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, unearned revenue reflects amounts that are measurable, but not available. Deferred inflows represent an acquisition of net position that will not be recognized as revenue until a future period. At June 30, 2016, unearned revenues and deferred inflows are provided in the table below.

	General	Tourism	County Capital	Nonmajor Governmental Funds	Sewer Utility	Nonmajor Enterprise Funds	Internal Service Funds
Unearned Revenue							
Advance payments for taxes, services and rents	\$ 49,652	\$ -	\$ 97,400	\$ 157,700	\$ 1,185,473	\$ 32,223	\$ 177,644
Deferred Inflows							
Unavailable property taxes and fees	\$ 3,037,819	\$ 16,459	\$ -	\$ -	\$ -	\$ -	\$ -
Unavailable grants	157,967	-	20,061	168,893	-	-	-
Prepaid taxes and services	441,437	-	-	-	-	-	-
Long-term notes receivable	-	-	936,675	-	-	-	-
Total	\$ 3,637,223	\$ 16,459	\$ 956,736	\$ 168,893	\$ -	\$ -	\$ -

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ended June 30, 2016:

Primary Government:	Balance			Balance	Due Within
<u>Governmental Activities:</u>	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>One Year</u>
General obligation bonds	\$ 50,870,000	\$ 11,575,000	\$ (3,755,000)	\$ 58,690,000	\$ 4,020,000
Premium on bonds	2,400,668	990,137	(174,166)	3,216,639	-
Capital leases	2,860,682	-	(440,023)	2,420,659	454,318
Lease revenue bonds	22,625,000	10,375,000	(12,640,000)	20,360,000	1,690,000
Premium on bonds	919,723	2,321,936	(354,090)	2,887,569	-
Compensated absences	4,669,512	4,153,195	(4,160,874)	4,661,833	224,500
Claims liabilities, IBNR	963,023	158,902	-	1,121,925	1,121,925
Net pension liability	15,612,259	15,204,747	(13,654,602)	17,162,404	-
Net OPEB obligation	6,776,491	747,167	(7,146,558)	377,100	-
Total Governmental Activities	<u>\$ 107,697,358</u>	<u>\$ 45,526,084</u>	<u>\$ (42,325,313)</u>	<u>\$ 110,898,129</u>	<u>\$ 7,510,743</u>

Primary Government:	Balance			Balance	Due Within
<u>Business-type Activities:</u>	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>One Year</u>
Revenue bonds	\$ 21,582,455	\$ -	\$ (520,493)	\$ 21,061,962	\$ 536,277
Premium on bonds	113,973	-	(6,815)	107,158	-
Capital leases	325,301	-	(325,301)	-	-
Net pension liability	1,381,741	1,311,579	(1,138,971)	1,554,349	-
Compensated absences	<u>327,207</u>	<u>329,375</u>	<u>(315,675)</u>	<u>340,907</u>	<u>25,500</u>
Total Business-type Activities	<u>\$ 23,730,677</u>	<u>\$ 1,640,954</u>	<u>\$ (2,307,255)</u>	<u>\$ 23,064,376</u>	<u>\$ 561,777</u>

<u>Discretely Presented</u>	Balance			Balance	Due Within
<u>Component Units:</u>	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>One Year</u>
School Division					
Compensated absences	\$ 2,422,192	\$ 1,333,960	\$ (1,162,667)	\$ 2,593,485	\$ 1,150,000
Claims liabilities	5,835,909	408,017	(548,258)	5,695,668	2,325,000
Net pension liability	100,169,607	28,694,403	(20,687,529)	108,176,481	-
Net OPEB obligation (asset)	<u>993,238</u>	<u>189,820</u>	<u>(5,777,164)</u>	<u>(4,594,106)</u>	<u>-</u>
	\$ 109,420,946	\$ 30,626,200	\$ (28,175,618)	\$ 111,871,528	\$ 3,475,000

Economic Development Authority					
Notes payable	\$ 156,667	\$ -	\$ (20,000)	\$ 136,667	\$ 20,000

Community Development Authority					
Bonds payable	\$ 28,875,000	\$ 4,404,482	\$ -	\$ 33,279,482	\$ -
Accretion of interest payable	\$ 1,218,750	\$ 591,674	\$ -	\$ 1,810,424	\$ -

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

7. LONG-TERM DEBT (Continued)

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U. S. Treasury. As of June 30, 2016, there was no rebate liability.

General Obligation Bonds

General obligations bonds (GOB) are backed by the full faith and credit of the County. There are no sinking fund requirements. Outstanding general obligation bonds at June 30, 2016 of the Primary Government governmental activities are as follows:

GOB		Bond	Maturity	Interest	Balance
<u>Series</u>	<u>Purpose</u>	<u>Date</u>	<u>Date</u>	<u>Rate</u>	<u>June 30, 2016</u>
VP SA 97I	Various school projects	11/20/97	07/15/17	4.35-5.35%	\$ 2,305,000
VP SA 02B	Bruton High	11/07/02	07/15/22	2.35-5.10%	3,555,000
VP SA 03	Queens Lake	11/06/03	07/15/23	3.10-5.35%	2,030,000
VP SA 05	York High and School Board renovations	11/10/05	07/15/25	4.60-5.10%	9,285,000
VP SA 09	Dare and Mt. Vernon Elementary and Tabb High	12/03/09	07/15/29	3.05-4.05%	3,220,000
VP SA 10	Grafton Bethel Elementary	07/08/10	06/01/27	1.085-1.925%	730,000
VP SA 12	Coventry Elementary and New Horizons HVAC, Grafton Bethel and Coventry Elementary gymnasium roofs, Tabb Elementary classrooms and Grafton Complex gymnasium	05/10/12	07/15/32	2.55-5.05%	6,250,000
VP SA 14	Various schools HVAC, roofs, kitchens, gyms and other repairs	11/20/14	01/15/35	2.05-5.05%	8,335,000
VP SA 14B	Yorktown Middle and New Horizons renovations	05/15/14	07/15/26	3.60-5.35%	7,315,000
VP SA 15	Dare, Magruder, Yorktown Elementary classrooms	02/17/15	07/15/28	4.10-5.35%	4,090,000
VP SA 16	Waller Mill roof and Magruder HVAC and roof	05/17/16	01/15/37	2.30-5.05%	11,575,000
					<u>\$ 58,690,000</u>

The following is a summary of the repayment schedules for fiscal years:

	Governmental Activities	
<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 4,020,000	\$ 2,428,660
2018	4,595,000	2,344,757
2019	3,575,000	2,147,237
2020	3,750,000	1,972,752
2021	3,925,000	1,790,818
2022-2026	20,175,000	6,047,107
2027-2031	10,945,000	2,238,926
2032-2036	6,925,000	608,199
2037-2041	780,000	11,895
	<u>\$ 58,690,000</u>	<u>\$ 19,590,351</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

7. LONG-TERM DEBT (Continued)

Compensated Absences

For governmental activities, compensated absences are typically liquidated by the General Fund.

Net Other Postemployment Benefit Obligation (OPEB)

For governmental activities, net OPEB obligations are typically liquidated by the General Fund.

Advance Refunding

On May 25, 2016, the County issued \$10,375,000 of Lease Revenue Refunding Bonds, Series 2016. The Virginia Resources Authority (VRA) and the County elected to advance refund a portion of the outstanding 2008B VRA Bonds (\$11,410,000), which had interest rates ranging from 3.125% to 5.327%, with proceeds from VRA's Infrastructure and State Moral Obligation Revenue Bonds, Series 2016A. The proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the Series 2008 Lease Revenue Refunding Bonds is considered defeased and the liability for the portion of those bonds has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$1,274,329. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The County refunded the 2008 Series lease revenue bonds to reduce its total debt service payments over 14 years by \$2,020,022 and to obtain an economic gain of \$1,768,406.

Lease Revenue Bonds

Principal payments will be made in annual installments and interest payments will be made in semi-annual installments. Outstanding lease revenue bonds at June 30, 2016 of the Primary Government governmental activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>
2008	Sports Field Complex, fire station additions	12/01/08	10/01/29	3.125-5.327%	\$ 2,190,000
2014	Communications system and building, equipment, parking garage	02/27/14	07/15/23	2.000-4.500%	7,795,000
2016	Sports Field Complex-Partial refunding of Series 2008	05/25/16	10/01/29	4.163-5.125%	10,375,000
					<u>\$ 20,360,000</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,690,000	\$ 850,691
2018	1,755,000	817,669
2019	1,835,000	738,772
2020	1,850,000	653,359
2021	1,920,000	582,519
2022-2026	6,905,000	1,695,898
2027-2031	4,405,000	385,051
	<u>\$ 20,360,000</u>	<u>\$ 5,723,959</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
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7. LONG-TERM DEBT (Continued)

Revenue Bonds

The County anticipates that the amounts required for the payment of interest and principal on the bonds will be provided by the respective enterprise funds revenues. Revenue bonds at June 30, 2016 of the Primary Government business-type activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2016</u>
1992	Lackey sewer system	05/14/92	05/14/32	5.00%	\$ 386,962
2005	Sewer system refunding	06/08/05	06/01/29	3.00-5.00%	6,075,000
2010	Sewer systems	12/01/10	06/01/40	2.00-6.607%	14,600,000
					<u>\$ 21,061,962</u>

The following is a summary of the repayment schedules for fiscal years:

<u>Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 536,277	\$ 1,199,033
2018	552,101	1,181,102
2019	572,966	1,161,725
2020	593,877	1,139,107
2021	619,831	1,115,254
2022-2026	3,505,272	5,169,746
2027-2031	4,372,560	4,218,022
2032-2036	5,264,078	2,733,606
2037-2041	5,045,000	850,322
	<u>\$ 21,061,962</u>	<u>\$ 18,767,917</u>

Virginia Peninsula Regional Jail Authority

In June 2003, the Virginia Peninsula Regional Jail Authority (Jail Authority), of which the County is a member jurisdiction as discussed in Note 1, issued \$21,655,000 of Regional Jail Facility Refunding Revenue Bonds, Series 2003. The original bonds were issued for the purpose of acquiring, constructing and equipping a Regional Jail Facility to serve its member jurisdictions. The bonds bear interest at 2% to 5%, paid semi-annually. The bonds mature in amounts ranging from \$570,000 on October 1, 2003 to \$2,765,000 on October 1, 2018. The outstanding balance at June 30, 2016 was \$6,040,000. The bonds are limited obligations of the Jail Authority, and do not constitute a general obligation debt or pledge of the faith and credit of any member jurisdiction, nor do they obligate any member jurisdiction to levy or pledge any form of taxation. However, the County has entered into a non-binding moral obligation pledge of the member jurisdictions in which the member jurisdictions have agreed to pay their proportionate share of the debt service on the bonds and any debt service funding requirements if the Jail Authority lacks sufficient funds to do so. The County's proportionate share is 34%.

COUNTY OF YORK, VIRGINIA
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7. LONG-TERM DEBT (Continued)

Economic Development Authority

In November 2012, the Authority executed a new property lease for the Riverwalk Restaurant and an adjacent vacant space for another restaurant to a new private company. As part of the negotiations, the Authority also entered into a new equipment lease. The new lease is for \$200,000, with repayments starting on May 1, 2013 for 120 months and with interest on the outstanding balance of 3.14% per annum.

Marquis Community Development Authority

On November 27, 2007, the CDA issued special obligation bonds for \$32,860,000 to finance the construction of public infrastructure improvements located within the District. On March 1, 2012, the Bonds were restructured and reissued pursuant to a Restructuring Memorandum of Understanding. Under the restructuring and reissuance terms, the original 2007 Bonds have been restructured and \$2,805,000 of the original Bonds has been redeemed.

Interest on the bonds is payable each March 1 and September 1. Interest is computed on the basis of a year of 360 days and twelve 30-day months. Interest rates range from 5.1% - 5.625%. The following is a summary of the repayment schedules for fiscal years:

Year Ending June 30,	<u>Series A Bonds 5.100%</u>		<u>Series B Bonds 5.625%</u>		<u>Series C Bonds 5.625%</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ 289,425	\$ -	\$ 939,375	\$ -	\$ -
2018	-	289,425	-	939,375	-	-
2019	-	289,425	-	939,375	-	-
2020	-	289,425	-	939,375	-	-
2021	-	289,425	-	939,375	-	-
2022-2026	-	1,447,125	-	4,696,875	-	-
2027-2031	2,200,000	1,177,845	-	4,696,875	-	-
2032-2036	2,820,000	540,600	6,365,000	3,840,609	-	-
2037-2041	655,000	16,703	8,370,000	1,781,156	-	-
2042-2046	-	-	1,965,000	55,266	6,500,000	26,890,476
Total	<u>\$ 5,675,000</u>	<u>\$ 4,629,398</u>	<u>\$ 16,700,000</u>	<u>\$ 19,767,656</u>	<u>\$ 6,500,000</u>	<u>\$ 26,890,476</u>

On October 27, 2015, the CDA issued convertible capital appreciation revenue bonds in the amount of \$4,404,482 to finance additional public infrastructure improvements located within the District. The 2015 Bonds will initially be issued as capital appreciation bonds and will convert to current interest bonds on September 1, 2021, the "conversion date". Prior to the conversion date, the 2015 Bonds will not pay interest on a current basis, but will increase in value by the accumulation of earned interest from their initial principal amounts on the issue date to the conversion date. Interest will be compounded each March 1 and September 1, commencing March 1, 2016 at a rate of 7.5% according to the table of accreted values. The accreted value at the conversion date will be \$6,773,000. Following the conversion date, interest on the 2015 Bonds will be payable semiannually on each March 1 and September 1, commencing March 1, 2022 at a rate of 7.5%.

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7. LONG-TERM DEBT (Continued)

The Authority's long-term debt activity for the 2015 Bonds for the year ended June 30, 2016 was as follows:

	<u>Balance</u> <u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Series 2015 CAB Bonds	\$ -	\$ 4,404,482	\$ -	\$ 4,404,482
Accretion of interest payable	-	226,049	-	226,049
Total	<u>\$ -</u>	<u>\$ 4,630,531</u>	<u>\$ -</u>	<u>\$ 4,630,531</u>

Mandatory debt service requirements after conversion consist of the following:

<u>Year Ending</u> <u>June 30,</u>	<u>Series 2015 CAB Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ -	\$ -
2018	-	-
2019	-	-
2020	-	-
2021	-	-
2022-2026	-	2,285,888
2027-2031	-	2,539,875
2032-2036	-	2,539,875
2037-2041	-	2,539,875
2042-2046	<u>6,773,000</u>	<u>1,777,837</u>
Total	<u>\$ 6,773,000</u>	<u>\$ 11,683,350</u>

8. FUND BALANCE (DEFICIT)

Fund balance (deficit) is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance (deficit) for the major governmental funds and all other governmental funds are presented below:

COUNTY OF YORK, VIRGINIA
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June 30, 2016

8. FUND BALANCE (DEFICIT) (Continued)

<u>Purpose</u>	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:						
Prepaid expenditures	\$ 37,336	\$ -	\$ -	\$ -	\$ -	\$ 37,336
Advances	8,713,635	-	-	-	-	8,713,635
Total nonspendable	<u>\$ 8,750,971</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,750,971</u>
Restricted:						
Judicial services & Commonwealth's Attorney grants	\$ 37,976	\$ -	\$ -	\$ -	\$ 14,832	\$ 52,808
Public safety grants	1,057,043	-	-	-	-	1,057,043
Tourism projects	-	1,122,661	-	-	-	1,122,661
Other purposes	11,552	-	-	-	1,498	13,050
Total restricted	<u>\$ 1,106,571</u>	<u>\$ 1,122,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,330</u>	<u>\$ 2,245,562</u>
Committed:						
School reversion	\$ 5,028,002	\$ -	\$ -	\$ -	\$ -	\$ 5,028,002
Chesapeake Bay & Wetlands remediation	2,428	-	-	-	-	2,428
Fire and Life Safety grant match	707	-	-	-	-	707
Meals tax for drainage projects	-	-	-	-	2,765,910	2,765,910
Communications system	-	-	-	631,399	-	631,399
Environmental and transportation improvements	-	-	-	2,816,048	-	2,816,048
Workers' compensation	1,885,758	-	-	-	-	1,885,758
Intergovernmental revenue shortfalls for School Division	5,110,467	-	-	-	-	5,110,467
Total committed	<u>\$ 12,027,362</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,447,447</u>	<u>\$ 2,765,910</u>	<u>\$ 18,240,719</u>
Assigned:						
Backup power emergency shelter support	\$ -	\$ -	\$ -	\$ 125,000	\$ -	\$ 125,000
Capital outlay/one time expenditures	6,606,855	-	-	4,386,884	-	10,993,739
Communications system	24,012	-	-	415,320	-	439,332
Community services grant rehabilitation project	763,380	-	-	-	-	763,380
Contractual services	58,362	-	-	-	-	58,362
Courthouse security and operations	-	-	-	293,410	-	293,410
Economic development	1,750,000	-	-	-	-	1,750,000
Environmental and transportation improvements	-	-	-	2,826,254	-	2,826,254
Facility maintenance and repair	42,065	-	-	1,485,459	-	1,527,524
Facility security	100,000	-	-	-	-	100,000
Fire & Life Safety equipment and operations	19,742	-	-	139,608	-	159,350
Fire station replacement	-	-	-	554,530	-	554,530
Grounds maintenance repairs, operations and equipment	12,178	-	-	149,348	-	161,526
Hazard mitigation	-	-	-	1,130,573	-	1,130,573
Head Start and Social Services programs	-	-	-	-	979,258	979,258
Information technology: hardware/software	628,538	-	-	183,922	-	812,460
Library operations	6,000	-	-	-	-	6,000
Mosquito control operations	43,360	-	-	-	-	43,360
Other postemployment benefits	64,000	-	-	-	-	64,000
Other purposes/miscellaneous	243,857	-	-	-	1,839	245,696
Public safety training	2,384	-	-	-	-	2,384
Regional/other commitments	800,000	-	-	-	-	800,000
Safety initiatives	23,000	-	-	-	-	23,000
Sheriff training operations and equipment	87,592	-	-	75,629	-	163,221
Video services equipment	-	-	-	97,946	-	97,946
Total assigned	<u>\$ 11,275,325</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,863,883</u>	<u>\$ 981,097</u>	<u>\$ 24,120,305</u>
Unassigned:	<u>\$ 16,270,680</u>	<u>\$ -</u>	<u>\$ (5,638,008)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,632,672</u>
Total fund balances (deficit)	<u>\$ 49,430,909</u>	<u>\$ 1,122,661</u>	<u>\$ (5,638,008)</u>	<u>\$ 15,311,330</u>	<u>\$ 3,763,337</u>	<u>\$ 63,990,229</u>

COUNTY OF YORK, VIRGINIA
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9. LEASES

County as Lessee

The County leases certain land, equipment and office space under noncancellable operating lease agreements. A summary of future minimum rental payments under these noncancellable operating leases as of June 30, 2016 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2017	\$ 447,774	\$ 211,943
2018	448,646	33,146
2019	442,078	-
2020	428,818	-
2021	277,790	-
2022-2026	1,315,113	-
2027-2031	1,187,000	-
2032-2036	1,187,000	-
2037-2041	1,187,000	-
2042-2046	1,122,069	-
2047-2051	421,750	-
Total minimum lease payments	<u>\$ 8,465,038</u>	<u>\$ 245,089</u>

Rental expenditures for the year ended June 30, 2016 for all operating leases were \$478,483 and \$270,831 for the County and Discretely Presented Component Unit-School Division, respectively.

County as Lessor

The County leases the usage of its communication towers under operating lease agreements. The towers are included in capital assets as communications equipment with a cost of \$9,392,690 and accumulated depreciation of \$9,368,593, for a carrying amount of \$24,097 at June 30, 2016. A summary of the future minimum rental receipts under noncancellable operating leases as of June 30, 2016 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2017	\$ 204,300	\$ 332,237
2018	206,789	328,423
2019	206,172	327,549
2020	193,739	327,898
2021	175,161	328,030
2022-2026	633,493	-
2027-2031	211,873	-
2032-2036	95,042	-
2037-2041	95,010	-
2042-2046	30,079	-
2047-2051	10	-
Total minimum lease payments	<u>\$ 2,051,668</u>	<u>\$ 1,644,137</u>

Rental revenue receipts for all operating leases were \$403,918 for the County and \$415,462 for the School Division for the year ended June 30, 2016.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
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9. LEASES (Continued)

Capital Leases

The County leases certain equipment and a building under capital lease agreements. A summary of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2016 is as follows:

<u>Year</u>	<u>Primary Government - Governmental Activities</u>
2017	\$ 532,827
2018	532,826
2019	503,890
2020	503,889
2021	470,973
2022-2026	<u>115,158</u>
Total minimum lease payments	2,659,563
Less amount representing interest	<u>(238,904)</u>
Present value of principal	<u>\$ 2,420,659</u>

The gross value of capital assets under capital lease agreements is as follows: Governmental Activities - \$3,456,149 (equipment).

10. DEFINED BENEFIT PENSION PLANS

Virginia Retirement System

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 County's Retirement Plan and the York County Schools ("Schools") Professional and Nonprofessional Retirement Plans and the additions to/deductions from the County Retirement Plan's and Schools Professional and Nonprofessional Retirement Plans' net fiduciary position have been determined on the same basis as they were reported by 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.

All full-time, salaried permanent employees of the County and School Division are automatically covered by VRS upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and they and their employer are paying contributions to VRS. Members are eligible to purchase prior public 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 duty military service, certain periods of leave, and previously refunded VRS service.

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10. DEFINED BENEFIT PENSION PLANS (Continued)

Within the plan, the System administers three different benefit structures for covered employees – Plan 1, Plan 2, and Hybrid. Each plan has different eligibility and benefit structures as set forth in the table below:

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>About Plan 1</u> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p>	<p><u>About Plan 2</u> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><u>About the Hybrid Plan</u> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Most members hired on or after January 1, 2014 are in this plan, as well as Plan 1 and Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members").</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Eligible Members</u> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.</p> <p><u>Hybrid Opt-In Election</u> VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.</p>	<p><u>Eligible Members</u> Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><u>Hybrid Opt-In Election</u> Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.</p>	<p><u>Eligible Members</u> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • County employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p><u>Non-Eligible Members</u> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Retirement Contributions</u> Members contribute up to 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Some school divisions and political subdivisions elected to phase in the required 5% member contribution; all employees will be paying the full 5% by July 1, 2016. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p><u>Retirement Contributions</u> Same as Plan 1.</p>	<p><u>Retirement Contributions</u> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><u>Creditable Service</u> Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><u>Creditable Service</u> Same as Plan 1.</p>	<p><u>Creditable Service</u> <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contribution Component:</u> Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.</p>

COUNTY OF YORK, VIRGINIA
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Vesting</u> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><u>Vesting</u> Same as Plan 1.</p>	<p><u>Vesting</u> <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contribution Component:</u> Defined contribution vesting refers to minimum length of service a member needs to be eligible to withdraw employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in contributions they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distribution is not required by law until age 70½.</p>

COUNTY OF YORK, VIRGINIA
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Calculating the Benefit</u> The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement.</p> <p>An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.</p>	<p><u>Calculating the Benefit</u> See definition under Plan 1.</p>	<p><u>Calculating the Benefit</u> <u>Defined Benefit Component:</u> See definition under Plan 1</p> <p><u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><u>Average Final Compensation</u> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><u>Average Final Compensation</u> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><u>Average Final Compensation</u> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><u>Service Retirement Multiplier</u> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><u>Sheriffs</u> The retirement multiplier for sheriffs is 1.85%.</p> <p><u>Hazardous Duty Employees</u> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs is 1.70% as elected by the employer.</p>	<p><u>Service Retirement Multiplier</u> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.</p> <p><u>Sheriffs and Hazardous Duty Employees</u> Same as Plan 1.</p>	<p><u>Service Retirement Multiplier</u> <u>Defined Benefit Component:</u> The retirement multiplier is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><u>Sheriffs and Hazardous Duty Employees</u> Not applicable.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p>

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Notes to Basic Financial Statements
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Normal Retirement Age</u> Age 65.</p> <p><u>Hazardous Duty Employees</u> Age 60.</p>	<p><u>Normal Retirement Age</u> Normal Social Security retirement age.</p> <p><u>Hazardous Duty Employees</u> Same as Plan 1.</p>	<p><u>Normal Retirement Age</u> <u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Hazardous Duty Employees</u> Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u>Earliest Unreduced Retirement Eligibility</u> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit at age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.</p> <p><u>Hazardous Duty Employees</u> Age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.</p>	<p><u>Earliest Unreduced Retirement Eligibility</u> Members who are not in hazardous duty positions are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Hazardous Duty Employees</u> Same as Plan 1.</p>	<p><u>Earliest Unreduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members are eligible for an unreduced retirement benefit when they reach normal Social Security retirement age and have at least five years (60 months) of creditable service or when their age and service equal 90.</p> <p><u>Hazardous Duty Employees</u> Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><u>Earliest Reduced Retirement Eligibility</u> Members may retire with a reduced benefit as early as age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.</p> <p><u>Hazardous Duty Employees</u> Age 50 with at least five years of creditable service.</p>	<p><u>Earliest Reduced Retirement Eligibility</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Hazardous Duty Employees</u> Same as Plan 1.</p>	<p><u>Earliest Reduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.</p> <p><u>Hazardous Duty Employees</u> Not applicable.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
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10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of creditable service, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within 5 years of qualifying for an unreduced retirement benefit as of Jan. 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p><u>Cost-of-Living Adjustment (COLA) in Retirement</u> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>	<p><u>Cost-of-Living Adjustment (COLA) in Retirement</u></p> <p><u>Defined Benefit Component:</u> Same as Plan 2.</p> <p><u>Defined Contribution Component:</u> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Exceptions to COLA Effective Dates</u> (continued):</p> <ul style="list-style-type: none"> • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p><u>Disability Coverage</u></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p> <p>Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><u>Disability Coverage</u></p> <p>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><u>Disability Coverage</u></p> <p>Employees of political subdivisions (including Plan 1 and Plan2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><u>Purchase of Prior Service</u> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.</p>	<p><u>Purchase of Prior Service</u> Same as Plan 1.</p>	<p><u>Purchase of Prior Service</u> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:</p> <ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. <p><u>Defined Contribution Component:</u> Not applicable.</p>

1. Employees Covered by Benefit Terms

As of the June 30, 2014 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	(Nonprofessional) Schools
Inactive Members or Their Beneficiaries		
Currently Receiving Benefits	373	164
Inactive Members:		
Vested Inactive Members	101	25
Non-Vested Inactive Members	228	192
Inactive Members Active Elsewhere in VRS	218	53
Total Inactive Members	547	270
Active Members	729	305
Total Covered Employees	1,649	739

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

2. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5.00% member contribution may have been assumed by the employer. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could have been phased in over a period of up to 5 years and the employer was required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution.

The County's contractually required contribution rate for the year ended June 30, 2016 was 16.55% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

The School Division's contractually required contribution rate for the year ended June 30, 2016 was 14.06% of covered employee compensation (professional employees). This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013. The actuarial rate for the Professional Plan (Teacher Retirement Plan) was 18.20%, however, it was reduced to 17.64%. Based on the provisions of §51.1-145 of the Code of Virginia, as amended, the contributions were funded at 79.69% of the actuarial rate for the year ended June 30, 2016, respectively. The School Division contributions were \$9,271,511 and \$9,180,878 for the years ended June 30, 2016 and June 30, 2015, respectively.

In addition, for the Nonprofessional (non-teacher) employees, the School Division is contractually required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Division contribution rate for the fiscal year ended 2016 was 8.99% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

These rates, when combined with employee contributions, were 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 County were \$4,480,621 and \$4,359,173 for the year ended June 30, 2016 and 2015, respectively. Contributions to the pension plan from the School Division were \$489,081 and \$475,903 for the years ended June 30, 2016 and June 30, 2015, respectively.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

3. Net Pension Liability

The County's net pension liability was measured as of June 30, 2015 and totaled \$18,716,753. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015.

At June 30, 2016, the School Division reported a net pension liability of \$107,618,000 for its proportionate share of the net pension liability of the Teacher Retirement Plan (Professional). The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Division's proportion of the net pension liability was based on the School Division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2015 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2015, the School Division's proportion was 0.85504% as compared to 0.83118% at June 30, 2014.

In addition, the School Division's net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2014, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2015. At June 30, 2016, the School Division reported a liability of \$508,434 for the Nonprofessional (non-teacher) Retirement Plan.

4. Pension Expense

For the year ended June 30, 2016, the County recognized pension expense of \$1,550,936.

For the year ended June 30, 2016, the School Division recognized pension expense of \$8,615,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2014 and June 30, 2015, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2016, the School Division recognized pension expense of \$191,320 for the Nonprofessional (non-teacher) Retirement Plan.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

5. Deferred Outflows/Inflows of Resources

At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$981,280
Difference between projected and actual earnings on pension plan investments	3,034,297	7,223,092
Employer contributions subsequent to the measurement date	4,480,621	-
Total	<u>\$ 7,514,918</u>	<u>\$ 8,204,372</u>

\$4,480,621 reported as deferred outflows of resources related to pensions results from the County's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Amounts
2017	\$ (2,002,101)
2018	(2,002,101)
2019	(1,924,448)
2020	758,575
Total	<u>\$ (5,170,075)</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

5. Deferred Outflows/Inflows of Resources

At June 30, 2016, for the Teacher Retirement Plan (Professional), the School Division 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>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$6,590,000
Net difference between expected and actual pension expense		1,482,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,228,000	-
Employer contributions subsequent to the measurement date	9,271,511	-
Total	<u>\$ 12,499,511</u>	<u>\$8,072,000</u>

The \$9,271,511 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Deferred Amounts</u>
2017	\$ (2,185,000)
2018	(2,185,000)
2019	(2,185,000)
2020	1,579,000
2021	132,000
Total	<u>\$ (4,844,000)</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

5. Deferred Outflows/Inflows of Resources *(Continued)*

In addition, at June 30, 2016, for the Nonprofessional (non-teacher) Retirement Plan, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Nonprofessional Retirement Plan Deferred Inflows and Outflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 510,331
Net difference between expected and actual pension expense	93,639	
Employer contributions subsequent to the measurement date	489,081	-
Total	<u>\$ 582,720</u>	<u>\$ 510,331</u>

The \$489,081 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Nonprofessional Retirement Plan Deferred Inflows and Outflows

	Deferred Amounts
2017	\$ (150,435)
2018	(158,578)
2019	(201,328)
2020	93,649
Total	<u>\$ (416,692)</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

6. Actuarial Assumptions

County Retirement Plan

The total pension liability for the County Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015:

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

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

Mortality rates: 14% of deaths are assumed to be service related

Largest 10 and Non 10 Largest – Non-LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

6. Actuarial Assumptions (Continued)

Public Safety Employees

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015.

Inflation	2.5%
Salary increases, including Inflation	3.5% – 4.75%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates: 60% of deaths are assumed to be service related

Largest 10 - LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

All Others (Non 10 Largest) - LEOS:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

6. Actuarial Assumptions *(Continued)*

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

6. Actuarial Assumptions (Continued)

Professional/Teacher Retirement Plan

The total pension liability for the Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2014, 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, 2015:

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.95%
Investment rate of return	7.0%, net of pension plan investment expense, including inflation*

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

Mortality rates:

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set back 3 years and females were set back 5 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females were set back 3 years.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Adjustments to the rates of service retirement
- Decrease in rates of withdrawals for 3 through 9 years of service
- Decrease in rates of disability
- Reduce rates of salary increase by 0.25% per year

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

6. Actuarial Assumptions (Continued)

Nonprofessional/Non-teacher Retirement Plan

The total pension liability for Nonprofessional Retirement Plan (non-teacher) was based on an actuarial valuation as of June 30, 2014, using the Entry Age Normal actuarial cost method and the following assumptions:

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

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

Mortality rates: 14% of deaths are assumed to be service related

Pre-Retirement:

RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females were set back 2 years.

Post-Retirement:

RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.

Post-Disablement:

RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. Changes to the actuarial assumptions as a result of the experience study are as follows:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

7. Long-Term Expected Rate of Return *(Continued)*

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

Asset Class (Strategy)	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
U.S. Equity	19.50%	6.46%	1.26%
Developed Non U.S. Equity	16.50%	6.28%	1.04%
Emerging Market Equity	6.00%	10.00%	0.60%
Fixed Income	15.00%	0.09%	0.01%
Emerging Debt	3.00%	3.51%	0.11%
Rate Sensitive Credit	4.50%	3.51%	0.16%
Non Rate Sensitive Credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public Real Estate	2.25%	6.12%	0.14%
Private Real Estate	12.75%	7.10%	0.91%
Private Equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	<u>100.00%</u>		<u>5.83%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>8.33%</u>

*Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

8. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2018, the rate contributed by the County Retirement Plan, School Division for the VRS Professional/Teacher Retirement Plan and Nonprofessional (non-teacher) Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

9. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
County's Net Pension Liability	\$ 42,989,231	\$ 18,716,753	\$ (1,516,545)

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

9. Sensitivity of the Net Pension Liability to Changes in the Discount Rate *(Continued)*

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 157,489,000	\$ 107,618,000	\$ 66,564,000

In addition, the following presents the net pension liability of the Nonprofessional (non-teacher) Retirement Plan using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of the Net Pension Liability for the Nonprofessional Plan	\$ 3,152,887	\$ 508,434	\$ (1,707,768)

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

10. Changes in Net Pension Liability – County Retirement Plan

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance – July 1	\$ 174,987,066	\$ 157,993,551	\$ 16,993,515
Changes for the fiscal year:			
Service cost	4,347,200	-	4,347,200
Interest	12,029,849	-	12,029,849
Difference between expected and actual experience	(1,334,258)	-	(1,334,258)
Contribution – employer	-	4,288,412	(4,288,412)
Contribution – employee	-	1,871,311	(1,871,311)
Net investment income	-	7,259,533	(7,259,533)
Benefit payments	(6,264,165)	(6,264,165)	-
Administrative expenses	-	(98,165)	98,165
Other changes	-	(1,538)	1,538
Net Changes	<u>8,778,626</u>	<u>7,055,388</u>	<u>1,723,238</u>
Balance – June 30	<u>\$ 183,765,692</u>	<u>\$ 165,048,939</u>	<u>\$ 18,716,753</u>

11. Changes in Net Pension Liability – Nonprofessional (non-teacher) Retirement Plan

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance – July 1	\$ 19,524,897	\$ 19,496,255	\$ 28,642
Changes for the fiscal year:			
Service cost	657,682	-	657,682
Interest	1,340,262	-	1,340,262
Difference between expected and actual	144,530	-	144,530
Contribution – employer	-	474,730	(474,730)
Contribution – employee	-	303,379	(303,379)
Net investment income	-	896,825	(896,825)
Benefit payments	(756,608)	(756,608)	-
Administrative expenses	-	(12,064)	12,064
Other changes	-	(188)	188
Net Changes	<u>1,385,866</u>	<u>906,074</u>	<u>479,792</u>
Balance – June 30	<u>\$ 20,910,763</u>	<u>\$ 20,402,329</u>	<u>\$ 508,434</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

12. Pension Plan Fiduciary Net Position – Teacher Retirement Plan

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2015 Comprehensive Annual Financial Report (CAFR). A copy of the 2015 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2015-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

York County Public Schools - Optional Plan

Plan Description

Plan Administration – The York County School Division administers the Optional Plan, a single employer defined benefit pension plan, provides pension benefits to non-professional employees of the School Division who were not previously covered by VRS. A fiduciary agent of the School Division administers the optional plan, which provides retirement benefits as well as death and disability benefits. As of June 30, 1992, the optional plan was frozen and the non-professional employees who participated in the plan became fully vested. The non-professional employees now participate in the VRS as noted above. Stand-alone financial reports are not issued for this plan.

Plan Membership – At June 30, 2016, pension plan membership consisted of the following:

Active plan members	12
Retirees and beneficiaries	72
Number of vested terminations	3
	<u>87</u>

Benefits Provided – The School Division provides retirement benefits. Retirement benefits for plan members are calculated as 1.5% of final 3-year average earnings times the member's years of participation. Plan members may retire at the age of 65 for normal retirement. Plan members may retire at the age of 55 and with 5 years of participation for early retirement. Benefits are reduced actuarially for early commencement.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

Contributions – 2.50% of pay contribution was required as a condition of participation; however, no employee contributions were required after June 30, 1992. Employee contributions are accumulated with interest at 5.00%. For the year ended, June 30, 2015, the average active member contribution rate was 0% of annual payroll, and the School Division's average contribution rate was 0% percent of annual payroll.

Summary of Significant Accounting Policies

Method Used to Value Investments - Investments are reported at fair value. Short-term investments are recorded at cost, which approximates fair value. Securities traded on a national securities exchange are valued at the last reported sales price on the last business day of the School Division's fiscal year. Investments that do not have an established market are reported at estimated fair value.

Investments

Investment Policy – The Optional Plan's policy in regard to the allocation of invested assets is established and may be amended by the School Division Board. It is the policy of the School Division Board to pursue an investment strategy that reduces the risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Optional Plan's investment policy discourages the use of no-load mutual funds that invest in combinations of stocks and/or bonds.

Rate of Return – For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 4.88%. The money-weighted return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

Net Pension Liability (Asset) of the School Division – Optional Plan

Based on a measurement date of July 1, 2015, the components of the net pension liability (asset) of the School Division's Optional Plan at June 30, 2016, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) – (b)
Balance – July 1	\$ 1,795,745	\$ 2,100,138	\$ (304,393)
Changes for the fiscal year:			
Service cost	1,731	-	1,731
Interest	120,051	-	120,051
Change in assumptions	157,315	-	157,315
Net investment income	-	20,333	(20,333)
Benefit payments	(164,908)	(164,908)	-
Administrative expenses	-	(21,515)	21,515
Other changes	74,161	-	74,161
Net Changes	188,350	(166,090)	354,440
Balance – June 30	\$ 1,984,095	\$ 1,934,048	\$ 50,047

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS *(Continued)*

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2016, using the following actuarial assumptions applied to all periods included in the measurement:

Interest	7.00%
General Inflation	2.50%
Cost of Living Adjustment (COLA)	2.00%
Salary Scale	N/A

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with Generational Projection using Scale MP.

Discount Rate – From July 1, 2016 on, it is assumed the School Division will 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. The discount rate used to measure the total pension liability was 7.00%.

Deferred Outflows/Inflows of Resources

At June 30, 2016, for the Optional Retirement Plan, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 96,122	\$ 94,101
Employer Contributions Subsequent to the Measurement Date	10,000	-
Total	<u>\$ 106,122</u>	<u>\$ 94,101</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Amounts
2017	\$ (7,337)
2018	(7,337)
2019	(7,337)
2020	24,032
Total	<u>\$ 2,021</u>

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

10. DEFINED BENEFIT PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the net pension liability of the School Division, calculated using the discount rate of 7.00%, as well as what the School Division's Optional Plan net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Net Pension (Asset)			
Liability for the Optional Plan	\$ 206,762	\$ 50,047	\$ (87,071)

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The County's OPEB plan is a single-employer defined benefit plan administered by York County. Employees retiring after January 1, 2002 and having twenty or more years of service with the County and receiving a VRS annuity will qualify for a health insurance premium contribution from the County. The retiree's Virginia Retirement System (VRS) annuity may be either a full or reduced benefit. The amount of the County's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provision: the County's 50% contribution will be reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program (retiring employees who have fifteen years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program). At June 30, 2016, 66 retirees were participating in this program. For the School Division, 63 retirees were participating in this program.

The School Division's OPEB plan is a single-employer defined benefit plan administered by the School Division. The School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, 10 years of service and a minimum of 24 months participation in the health insurance program immediately prior to retirement. At June 30, 2016, one retiree was participating in this program. The School Division pays a monthly contribution of \$25 toward the health care program premium for a total period of time not to exceed 10 years or until retiree is eligible for Medicare, whichever occurs first.

In accordance with Article 8, Chapter 15, Title 15.2 of the Code, the County and School Division have elected to establish a trust for the purpose of accumulating and investing assets to fund Other Postemployment Benefits. The County and The School Division in accordance with this election have joined the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust, with the purpose to fund other postemployment benefits. The Trust Fund issues separate financial statements, which can be obtained by requesting a copy from the plan administrator, VML/VACo Finance, 919 E. Main Street, Suite 1100, Richmond, Virginia 23219.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy

Contribution requirements of the County and School Board are established and may be amended by the respective legislative bodies. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements. The County currently plans to contribute amounts to the Trust Fund sufficient to fully fund the Annual Required Contribution (ARC), an actuarially determined contribution amount. The County also plans to continue to pay-as-you-go amounts for the employer's retiree share of the health insurance premiums.

Annual OPEB Cost

The County's and School Division's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2016, the County's and its discretely presented component unit - School Division's annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation are as follows:

	County	School Division
Normal cost	\$ 421,796	\$ 250,270
Amortization of unfunded accrued liability	341,162	(71,649)
Annual required contribution	762,958	178,621
Interest on net OPEB obligation (NOO)	474,354	69,527
Amortization of NOO	(490,145)	(58,328)
Annual OPEB cost	747,167	189,820
Actual contribution towards OPEB cost	(7,146,558)	(5,777,164)
Increase in NOO	(6,399,391)	(5,587,344)
NOO, beginning of year	6,776,491	993,238
NOO (asset), end of year	\$ 377,100	\$ (4,594,106)

The County's and School Division's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Three-Year Trend Information - County			
Fiscal Year	Annual OPEB Cost	Percentage of AOC Contributed	Net OPEB Obligation
6/30/2016	\$ 747,167	956%	\$ 377,100
6/30/2015	1,955,558	29%	6,776,491
6/30/2014	1,902,070	28%	5,392,464

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Three-Year Trend Information - School Division			
Fiscal Year	Annual OPEB Cost	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
6/30/2016	\$ 189,820	3044%	\$ (4,594,106)
6/30/2015	815,561	67%	993,238
6/30/2014	792,359	69%	723,163

Funded Status and Funding Progress

As of June 30, 2016, the County's actuarial accrued liability for benefits from the June 30, 2016 biennial report was \$11,821,446, and the actuarial value of assets was \$6,774,541, resulting in an unfunded actuarial accrued liability (UAAL) of \$5,046,905. The funded ratio, actuarial value of assets/actuarial funded liabilities is 57.3%. The covered payroll (annual payroll of active employees covered by the plan) was \$37,197,611, \$37,197,611 and \$35,993,900 for fiscal years 2016, 2015 and 2014, respectively, and the ratio of the UAAL to the covered payroll was 13.57%, 50.51% and 61.27% for fiscal years 2016, 2015 and 2014.

As of June 30, 2015, the School Division's actuarial accrued liability for benefits from the June 30, 2016 biennial report was \$4,074,895, and the actuarial value of assets was \$5,380,376, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,305,481. The covered payroll (annual payroll of active employees covered by the plan) was \$73,417,704, \$67,126,751 and \$45,334,607 for fiscal years 2016, 2015 and 2014, respectively, and the ratio of the UAAL to the covered payroll was (1.78%), 11.23%, and 14.11% for fiscal years 2016, 2015 and 2014.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and that actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan in effect at the time of valuation and on the pattern of sharing of costs between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future.

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the County's June 30, 2016 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.0% investment rate of return (annual returns net of both investment and non-actuarial administrative expenses), general inflation of 2.5% and an annual healthcare cost trend rate of 6.5% for Pre-Medicare eligible, grading to a rate of 4.5% over 65 years and 7.6% for Post-Medicare eligible, grading to a rate of 4.5% over 62 years. The dental cost trend rate assumption per year is 4.5%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) *(Continued)*

The unfunded actuarial accrual liability (UAAL) is being amortized over a layered approach, closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.0% per year.

In the School's June 30, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 7.0% investment rate of return (discount rate) and an annual healthcare cost trend rate of 6.9%, grading to a rate of 4.2% over fifty-seven years. The underlying inflation rate was 2.5%. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.0% per year.

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the participants. Investments are managed by the plan's trustee under one or a combination of 46 investment options. The participants make the choice of the investment options.

The School Division offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan, available to all School employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until separation from service, retirement, death, disability, financial hardship and/or reaching age 59½. The School Division offers a selection of investment options to participants. All earnings on the invested funds compound tax-free until withdrawn from the account.

The County offered to its employees a retirement health savings plan, which was available to all full-time, regular County employees who have worked in that capacity for at least one full year. Participation in the plan was optional and employees could be reimbursed for qualified medical expenses, in accordance with Internal Revenue Service Publication 502, for themselves, spouse, and dependents upon separation or retirement from the County. In March 2007, the County was notified of an IRS ruling that due to its elective features, disallowed the County's plan design to continue and consequently, new elections to the existing plan are no longer accepted. The existing plan preserves the favorable tax treatments for elections and contributions prior to December 31, 2007. Investments are managed by the plan's trustee under one or a combination of 12 investment options.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

13. COMMITMENTS AND CONTINGENT LIABILITIES

Significant Commitments

Significant commitments as of June 30, 2016 were as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Project:		
Queens Lake Sewer Construction	\$ 705,573	4,916,264
Hubbard Ln to Waller Mill Phase I Water Main Construction	675,607	1,146,760
Firestation #1 Replacement - Architect & Engineering Fees	-	554,530
911 System Upgrade	124,000	317,340
Finance Building Roof	-	297,200
County Administration Building Roof	-	229,750
Waste Management Packer Truck	-	215,800
Vehicle Lift Equipment	-	149,259
Fire and Rescue Apparatus	2,383,250	125,808
Carver Garden Sanitary Sewer Rehab	130,245	112,902
Hollywood Sanitary Sewer Rehab	72,392	104,072
Water Country Parkway Realignment	-	99,995
Lackey Pump Station Design Rehab	37,208	88,285
Lightfoot Water Construction - Phase II	166,663	82,832
Greensprings Stream Restoration	71,519	78,467
Finance Building Windows	-	71,309
Queens Lake Sewer Architect & Engineering Fees	1,165,531	57,131
Stormwater "Total Maximum Daily Load" Project	393,038	56,920
Wormley Creek Stream Restoration	18,235	54,445
Building and Ground Maint Roll-up Doors	-	54,196
800 MHZ Radio Rebanding Consulting Services	9,010	50,990
	<u>\$ 5,952,271</u>	<u>\$ 8,864,256</u>

Risk Management

The County and the School Division are exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to and health and dental benefits for employees; and natural disasters. The County and the School Division maintain comprehensive property and casualty policies, commercial general liability policies, comprehensive liability, vehicle fleet policies and coverages for errors and omissions, and employer's liability and certain other risks with commercial insurance companies.

The County reports all of its risk management activities except those related to health and dental benefits in its General Fund. The General Fund retains the full risk for unemployment compensation and up to \$400,000 with no aggregate, for each workers' compensation occurrence. All claims for retained risks are paid from General Fund resources. Risks related to health and dental benefits for employees and retirees are reported in an Internal Service Fund. The County's risk for each health care claim is \$250,000 per year.

The School Division reports all of its risk management activities in its Operating Fund except those related to health and dental benefits. The School Operating Fund retains the full risk for unemployment compensation, and up to \$500,000, with no aggregate, for each worker's

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

13. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

compensation occurrence. All claims for retained risks are paid from Operating Fund resources. Risks related to health and dental benefits for employees and retirees are reported in an Internal Service Fund. The School Division's risk for each health care claim is \$300,000.

All unemployment and workers' compensation claims are paid through a third-party administrator through resources from the General and School Operating Funds, and health care claims are paid through a third-party administrator through each entity's Internal Service Fund. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Settled claims have not exceeded the amount of insurance coverage in any of the past five fiscal years.

The County's health care liability at June 30 has been included in claims payable in the County's internal service funds. The County had available \$3,720,785 for health care and dental claims and \$1,885,758 for workers' compensation claims at June 30, 2016, which is considered sufficient.

Changes in the reported amounts for both workers compensations and health and dental claims resulted from the following:

	<u>2016</u>	<u>2015</u>
Accrued liability/committed fund balance, beginning of fiscal year restated	\$ 5,434,142	\$ 4,861,878
Claims and changes in estimates	11,237,838	9,758,481
Claims payments	<u>(11,065,437)</u>	<u>(9,186,217)</u>
Accrued liability/committed fund balance, end of fiscal year	<u>\$ 5,606,543</u>	<u>\$ 5,434,142</u>

The School Division health care claim liability at June 30 has been included in claims payable in the School Division's internal service fund. The School Division had available \$1,800,000 for health care claims and \$3,895,668 for workers' compensation claims at June 30, 2016, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise. Changes in the reported amounts since June 30, 2014 resulted from the following:

	<u>2016</u>	<u>2015</u>
Accrued liability/committed fund balance, beginning of fiscal year	\$ 5,835,909	\$ 5,130,082
Claims and changes in estimates	208,017	1,055,050
Claims payment	<u>(348,258)</u>	<u>(349,223)</u>
Accrued liability/committed fund balance, end of fiscal year	<u>\$ 5,695,668</u>	<u>\$ 5,835,909</u>

Landfill Post-Closure

State and federal laws and regulations require that the County perform post-closure care requirements on its landfill. The landfill was closed on October 9, 1993.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

13. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

An annual evaluation is performed to determine future costs and actual costs may differ due to inflation, deflation, changes in technology or changes in regulations. Funding of these costs will be from current operating revenues.

Consent Order

A Special Order has been issued under the authority of the Code Section 62.1-44.15(8a) between the State Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg; the counties of Gloucester, Isle of Wight, and York; the James City Service Authority; and the town of Smithfield for the purpose of resolving certain alleged violations of environmental laws and regulations. The goal of the Order by Consent is to eliminate all sanitary sewer overflows. As part of the Special Order by Consent, all parties have agreed to a Regional Technical Standard that requires detailed flow modeling, collection of real time rainfall data, peak flow threshold calculations, projected 10 year, 24 hour peak flows, comprehensive sewer system field inspections and testing and the development of a regional and a locality sanitary sewer hydraulic model.

Litigation

The County is a defendant in various lawsuits and although the outcome of these lawsuits is not presently determinable, in the opinion of the County's counsel, a possible claim or assessment does exist. Management estimates that the outcome will not have a material adverse effect on the financial condition of the County.

14. RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE

For fiscal year 2016, the County changed to accruing wages and benefits based on the number of days in the fiscal year. Prior to fiscal year 2016, wages and benefits were recorded based on the number of biweekly pay periods paid during the year. This change is preferable because it smooths out the fluctuations from year to year and it eliminates the budgetary impact of the 27th pay that occurs every eleven years under a biweekly payroll system. As a result, net position as of July 1, 2015, has been restated accordingly in the government-wide statements and the governmental and proprietary fund statements as shown in the tables that follow. This restatement was necessary so that the statements accurately reflect what should have occurred during fiscal year 2016.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2016

14. RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE *(Continued)*

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Net Position</u>
Balance, as previously reported, June 30, 2015			
Adjustments:			
Payroll accrual	\$ 47,672,150	\$ 110,624,012	\$ 158,296,162
	<u>(1,801,036)</u>	<u>(163,107)</u>	<u>(1,964,143)</u>
Balance, as restated, June 30, 2015	<u>\$ 45,871,114</u>	<u>\$ 110,460,905</u>	<u>\$ 156,332,019</u>

	<u>General</u>	<u>Tourism</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Balance, as previously reported, June 30, 2015	\$ 53,438,422	\$ 890,763	\$ 3,151,269	\$ 94,453,254	\$ 16,170,758	\$ 7,665,872
Adjustments:						
Payroll accrual	<u>(1,703,816)</u>	<u>(27,263)</u>	<u>(39,582)</u>	<u>(133,117)</u>	<u>(29,990)</u>	<u>(30,375)</u>
Balance, as restated, June 30, 2015	<u>\$ 51,734,606</u>	<u>\$ 863,500</u>	<u>\$ 3,111,687</u>	<u>\$ 94,320,137</u>	<u>\$ 16,140,768</u>	<u>\$ 7,635,497</u>

15. SUBSEQUENT EVENT

In July 2016, the County executed a four-year lease-purchase agreement with Motorola for 800 MHz system upgrades on behalf of York, James City and Gloucester Counties. Also, a Memorandum of Understanding was executed with the County's partner counties that will empower York to act as their fiscal agent for purposes of this contract and committing the local government partners to make their proportional contributions over the next five fiscal years. The total cost of the upgrade is \$10,492,814, and York and James City County's shares are each \$4,736,044 and Gloucester's share is \$1,020,276.

**REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET COMPARISON SCHEDULE**

GENERAL FUND

To account for revenues and expenditures of the County not accounted for in other funds. Revenues are primarily derived from general property taxes, other local taxes, licenses, permits and fees, revenues from the Commonwealth of Virginia and federal grants.

A significant part of the General Fund's revenues is provided to the County of York Public School Division to fund operations and transferred to other funds to meet debt service requirements, assist with the operations of Virginia Public Assistance and fund capital projects.

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Revenues and Other Financing Sources
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General property taxes:				
Real property taxes	\$ 65,581,000	\$ 65,581,000	\$ 66,303,229	\$ 722,229
Real and personal property taxes-public service corporation	3,276,000	3,276,000	3,371,798	95,798
Personal property taxes	12,624,000	12,624,000	14,569,216	1,945,216
Machinery and tools taxes	105,000	105,000	115,080	10,080
Boat taxes > 5 tons	80,000	80,000	77,392	(2,608)
Penalties and interest	625,000	625,000	618,206	(6,794)
Total general property taxes	82,291,000	82,291,000	85,054,921	2,763,921
Other local taxes:				
Local sales and use taxes	9,191,000	9,191,000	9,669,378	478,378
Hotel and motel room taxes	1,346,400	1,346,400	1,526,651	180,251
Restaurant food taxes	5,814,000	5,933,014	6,052,026	119,012
Business license taxes	6,199,000	6,199,000	6,078,184	(120,816)
Consumer utility taxes	245,000	245,000	220,835	(24,165)
Communications sales taxes	1,325,000	1,325,000	1,272,490	(52,510)
Vehicle registration fees	1,624,000	1,624,000	1,590,308	(33,692)
Bank stock taxes	250,000	250,000	284,119	34,119
Franchise taxes	1,200	1,200	2,876	1,676
Taxes on recordation and wills	1,650,000	1,650,000	1,477,446	(172,554)
Rental taxes	103,500	103,500	122,579	19,079
Total other local taxes	27,749,100	27,868,114	28,296,892	428,778
From the Federal Government:				
Payments in lieu of taxes	9,500	9,500	11,073	1,573
Categorical aid:				
Civil Defense grant	45,529	50,335	28,080	(22,255)
Universal Service Library E-rate program	13,000	13,000	9,575	(3,425)
Violence Against Women Formula grant	27,366	27,366	26,645	(721)
Crime Victim Assistance grant	73,286	87,943	69,987	(17,956)
Community Development Block grant	-	933,690	190,650	(743,040)
Policies and Enforcement of Protection Orders Program	-	-	34,844	34,844
DMV Traffic Enforcement grant	-	37,518	29,364	(8,154)
Section 8 Housing Choice Vouchers program	95,000	95,000	99,291	4,291
Port Security grant	-	18,000	-	(18,000)
State Homeland Security Program Citizen Corps	-	39,620	57,790	18,170
Indirect Cost Allocation reimbursement	100,000	100,000	170,847	70,847
State Criminal Alien Assistance program	-	3,316	3,316	-
Edward Byrne Memorial State and Local Law Enforcement grant	-	48,740	47,846	(894)
Bulletproof Vest Partnership program	-	9,505	15,655	6,150
Bureau of Justice Assistance grant	-	10,039	11,354	1,315
Drug Asset and Crisis Intervention Team grant	-	75,876	75,875	(1)
Total categorical aid	354,181	1,549,948	871,119	(678,829)
Total revenues from the Federal Government	363,681	1,559,448	882,192	(677,256)
From the Commonwealth of Virginia:				
Non-categorical aid:				
Mobile home taxes	6,400	6,400	6,204	(196)
Rolling stock taxes	18,500	18,500	18,798	298
Personal property tax relief	8,741,680	8,741,680	8,741,680	-
Total non-categorical aid	8,766,580	8,766,580	8,766,682	102
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	521,158	521,158	531,017	9,859
Sheriff	2,606,184	2,606,184	2,566,269	(39,915)
Commissioner of the Revenue	194,365	194,365	195,079	714
Treasurer	159,582	159,582	156,724	(2,858)
Registrar	57,000	57,000	62,024	5,024
Electoral Board	8,250	8,250	8,368	118
Clerk of the Circuit Court	453,635	484,819	496,013	11,194
Total shared expenses	4,000,174	4,031,358	4,015,494	(15,864)
Other categorical aid:				
Emergency services grant	25,000	40,000	40,000	-
Fire and life safety grants	-	72,001	72,001	-
Fire program funds	176,947	207,481	207,481	-
Four for Life funds	59,800	63,343	63,343	-

(Continued)

COUNTY OF YORK, VIRGINIA

Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Revenues and Other Financing Sources
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other categorical aid:				
Wireless E911 services	\$ 220,000	\$ 220,000	\$ 243,445	\$ 23,445
Records Preservation grant	-	23,374	23,374	-
VA E911 Services Education grant	-	2,000	2,000	-
Crime Victim Assistance grant	24,429	24,429	23,330	(1,099)
VA Juvenile Community Crime Control Act grant	54,684	54,684	54,684	-
VA Supreme Court extradition	-	4,863	4,863	-
Emergency Home Repair grant	-	1,844	1,844	-
Arts Commission grant	-	5,000	5,000	-
Library Aid	150,363	150,540	150,540	-
Drug Asset	-	6,486	6,485	(1)
Court services postage reimbursement	11,200	11,200	10,546	(654)
Total other categorical aid	<u>722,423</u>	<u>887,245</u>	<u>908,936</u>	<u>21,691</u>
Total categorical aid	<u>4,722,597</u>	<u>4,918,603</u>	<u>4,924,430</u>	<u>5,827</u>
Total revenues from the Commonwealth of Virginia	<u>13,489,177</u>	<u>13,685,183</u>	<u>13,691,112</u>	<u>5,929</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	45,500	45,500	44,684	(816)
Permits and other licenses	808,970	818,826	734,706	(84,120)
Total permits, privilege fees and regulatory licenses	<u>854,470</u>	<u>864,326</u>	<u>779,390</u>	<u>(84,936)</u>
Fines and forfeitures	<u>314,300</u>	<u>314,300</u>	<u>308,039</u>	<u>(6,261)</u>
Revenues from use of money and property:				
Use of money	60,000	60,000	220,100	160,100
Use of property	373,102	373,102	394,744	21,642
Total revenues from use of money and property	<u>433,102</u>	<u>433,102</u>	<u>614,844</u>	<u>181,742</u>
Charges for services:				
Court costs	112,300	112,300	103,062	(9,238)
Charges for Commonwealth's Attorney	15,500	15,500	12,583	(2,917)
Charges for fiscal accounting services	3,000	3,000	3,385	385
Charges for law enforcement and traffic control	98,410	153,072	138,943	(14,129)
Charges for emergency medical services	1,400,000	1,400,000	1,271,170	(128,830)
Charges for parks and recreation	532,400	532,400	471,636	(60,764)
Charges for library	53,500	53,500	54,904	1,404
Charges for mosquito control	2,000	2,000	1,260	(740)
Charges for information technology	6,500	6,500	3,026	(3,474)
Charges for self-insurance	39,220	39,220	39,220	-
Charges for grounds maintenance	1,134,650	1,134,650	1,134,650	-
Charges for law enforcement	319,981	319,981	322,802	2,821
Charges for video services	156,000	156,000	154,145	(1,855)
Charges for radio maintenance services	99,058	99,058	99,058	-
Charges for other	100	100	10	(90)
Total charges for services	<u>3,972,619</u>	<u>4,027,281</u>	<u>3,809,854</u>	<u>(217,427)</u>
Miscellaneous:				
Miscellaneous	182,800	265,133	455,299	190,166
Sale of surplus property	17,500	17,500	5,569	(11,931)
Total miscellaneous revenues	<u>200,300</u>	<u>282,633</u>	<u>460,868</u>	<u>178,235</u>
Recovered costs:				
York Public School Division for Other Post Employment Benefits	-	-	368,000	368,000
City of Poquoson shared court services	449,750	449,750	449,322	(428)
City of Poquoson E911 services	323,434	323,434	323,434	-
City of Poquoson cooperative extension services	7,560	7,560	7,554	(6)
City of Williamsburg E911 services	555,008	555,008	555,008	-
City of Williamsburg public safety	1,200	1,200	1,200	-
Regional radio system staffing	45,000	45,000	45,000	-
Assistance for Fire & Life Safety training and Hurricane Joaquin	-	61,228	61,227	(1)
Fiscal agent fees	200,400	200,400	216,767	16,367
Streetlight operations	15,000	15,000	7,003	(7,997)
Signage	5,000	5,000	500	(4,500)
Facility repairs and maintenance	-	-	621	621
Riverwalk Landing repairs and maintenance	-	1,985	1,984	(1)
Commissioner of Accounts' postage and phone reimbursement	800	800	857	57
Total recovered costs	<u>1,603,152</u>	<u>1,666,365</u>	<u>2,038,477</u>	<u>372,112</u>
Total revenues	<u>131,270,901</u>	<u>132,991,752</u>	<u>135,936,589</u>	<u>2,944,837</u>
Other financing sources:				
Insurance recovery	-	11,755	11,756	1
Transfers in	150,000	150,000	150,000	-
Total other financing sources	<u>150,000</u>	<u>161,755</u>	<u>161,756</u>	<u>1</u>
Total revenues and other financing sources	<u>\$ 131,420,901</u>	<u>\$ 133,153,507</u>	<u>\$ 136,098,345</u>	<u>\$ 2,944,838</u>

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Expenditures and Other Financing Uses
Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Expenditures:				
General Government:				
Legislative Department: Board of Supervisors	\$ 371,372	\$ 371,372	\$ 353,799	\$ 17,573
Executive Department:				
County Administrator	704,039	704,039	635,637	68,402
Public Information and Community Relations	186,361	186,361	212,800	(26,439)
Video Services	488,714	488,714	450,730	37,984
County Attorney	439,894	439,894	422,921	16,973
Registrar	262,737	262,737	269,667	(6,930)
Electoral Board	121,114	121,114	98,746	22,368
Building Regulation	1,018,308	1,018,308	883,454	134,854
Board of Zoning/Subdivision Appeals	4,000	4,000	1,519	2,481
Development and Compliance	856,713	864,050	796,100	67,950
Total General Administration	<u>4,453,252</u>	<u>4,460,589</u>	<u>4,125,373</u>	<u>335,216</u>
Judicial Services:				
Circuit Court	90,325	90,325	62,222	28,103
General District Court	29,935	29,935	24,267	5,668
Juvenile and Domestic Relations Court	15,695	15,695	15,047	648
Clerk of the Circuit Court	957,212	1,001,720	840,737	160,983
Colonial Group Home Commission	422,810	422,810	422,810	-
Magistrate	1,200	1,200	390	810
Commonwealth's Attorney	1,122,591	1,125,006	998,556	126,450
Victim/Witness	287,943	302,600	189,679	112,921
Domestic Violence	49,866	49,866	48,850	1,016
Total Judicial Services	<u>2,977,577</u>	<u>3,039,157</u>	<u>2,602,558</u>	<u>436,599</u>
Public Safety:				
Sheriff General Operations	1,762,791	1,874,919	1,750,726	124,193
Law Enforcement	5,706,201	5,757,587	5,191,690	565,897
Investigations	1,810,893	1,869,581	1,722,537	147,044
Civil Operations/Court Security	1,512,809	1,526,325	1,396,760	129,565
Adult Corrections	2,653,016	2,656,332	2,657,257	(925)
School Resource Officers	462,804	477,843	474,402	3,441
Fire and Life Safety Administration	431,785	447,621	374,638	72,983
Fire and Rescue Operations	12,871,888	13,044,013	11,742,500	1,301,513
Technical Services and Special Operations	712,216	751,958	550,535	201,423
Prevention and Community Safety	373,361	373,361	311,263	62,098
Juvenile Corrections	479,470	479,470	335,044	144,426
Animal Control	530,996	532,680	454,932	77,748
Emergency Management and Support Services	378,748	438,174	233,660	204,514
Emergency Communications/911	3,114,969	3,116,969	2,877,077	239,892
Radio Maintenance	168,031	168,031	172,497	(4,466)
Total Public Safety	<u>32,969,978</u>	<u>33,514,864</u>	<u>30,245,518</u>	<u>3,269,346</u>
Management Services:				
Finance Administration	209,561	209,561	195,926	13,635
Information Technology	2,356,466	2,366,816	1,951,040	415,776
Human Resources	663,830	663,830	643,594	20,236
Accounting and Financial Reporting	-	231,475	242,810	(11,335)
Budget	512,655	401,717	365,037	36,680
Fiscal Accounting Services	778,150	671,707	604,734	66,973
Commissioner of the Revenue	1,207,766	1,207,766	1,098,484	109,282
Treasurer	965,052	965,052	836,148	128,904
Real Estate Assessment	590,570	590,570	477,188	113,382
Central Purchasing	460,038	460,038	425,305	34,733
Central Administrative Services	349,478	349,478	180,817	168,661
Central Insurance	482,047	770,493	403,453	367,040
Planning	549,857	549,857	487,423	62,434
Planning Commission	21,912	21,912	14,729	7,183
Economic Development	1,169,522	1,169,522	272,722	896,800
Office of Economic Development	436,362	436,362	409,307	27,055
Total Management Services	<u>10,753,266</u>	<u>11,066,156</u>	<u>8,608,717</u>	<u>2,457,439</u>

(Continued)

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Expenditures and Other Financing Uses
Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Education:				
County of York Public School Division - Local	52,602,470	52,602,470	52,956,395	(353,925)
Library Services	2,844,171	2,865,142	2,754,372	110,770
Cooperative Extension	50,460	51,720	49,101	2,619
Total Education	55,497,101	55,519,332	55,759,868	(240,536)
Human Services:				
Social Services - payments to Board members	1,550	1,550	679	871
Contributions	1,495,647	1,494,387	1,503,459	(9,072)
Total Human Services	1,497,197	1,495,937	1,504,138	(8,201)
Public Works:				
Environmental Services Administration	250,968	250,968	155,526	95,442
Stormwater Maintenance	982,025	982,025	901,549	80,476
Stormwater Management	662,329	672,185	667,139	5,046
Litter Control	11,208	11,208	9,852	1,356
Mosquito Control	300,234	300,234	314,649	(14,415)
Wetlands and Chesapeake Bay Boards	10,098	10,098	8,824	1,274
General Services Administration	242,371	242,371	257,570	(15,199)
Engineering and Facility Maintenance	2,426,693	2,428,678	2,254,557	174,121
Facility/Utility Charges	1,101,761	1,101,761	919,527	182,234
Grounds Maintenance and Construction	3,394,274	3,402,353	3,133,942	268,411
Total Public Works	9,381,961	9,401,881	8,623,135	778,746
Community Services:				
Administration	233,818	233,818	291,751	(57,933)
Special Programs	1,003	1,003	-	1,003
Housing - Administration	696,196	1,634,451	855,452	778,999
Housing - Rental Assistance	11,977	11,977	-	11,977
Parks and Recreation	2,146,764	2,150,939	1,830,995	319,944
Total Community Services	3,089,758	4,032,188	2,978,198	1,053,990
Non-departmental:				
Employee benefits	673,831	673,831	448,276	225,555
Contributions	426,727	431,727	414,877	16,850
Nondepartmental	100,000	100,000	70,823	29,177
Appropriated reserves	50,000	50,000	-	50,000
Total Non-departmental	1,250,558	1,255,558	933,976	321,582
Capital Outlay	1,625,397	1,625,397	22,032	1,603,365
Total expenditures	123,496,045	125,411,059	115,403,513	10,007,546
Other Financing Uses:				
Transfers out	23,728,786	23,847,800	22,998,529	849,271
Total other financing uses	23,728,786	23,847,800	22,998,529	849,271
Total expenditures and other financing uses	\$ 147,224,831	\$ 149,258,859	\$ 138,402,042	\$ 10,856,817

The accompanying notes are an integral part of the required supplementary information.

**REQUIRED SUPPLEMENTARY INFORMATION –
BUDGET COMPARISON SCHEDULE**

TOURISM FUND

To account for the receipt and disbursement of 3% of the lodging tax and the \$2.00 additional tax restricted by the Commonwealth of Virginia for tourism activities. This fund is a major special revenue fund, with a legally adopted annual budget.

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
Tourism Fund
For the Year Ended June 30, 2016

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Other local taxes	\$ 3,069,600	\$ 3,450,964	\$ 3,450,964	\$ -
Use of money and property	936	936	3,630	2,694
Total revenues	<u>3,070,536</u>	<u>3,451,900</u>	<u>3,454,594</u>	<u>2,694</u>
EXPENDITURES				
Current:				
Management services	255,091	255,091	255,091	-
Community services	2,636,255	3,017,619	2,173,319	844,300
Debt service - principal retirement	43,758	43,758	32,981	10,777
Total expenditures	<u>2,935,104</u>	<u>3,316,468</u>	<u>2,461,391</u>	<u>855,077</u>
Excess (deficiency) of revenues over (under) expenditures	<u>135,432</u>	<u>135,432</u>	<u>993,203</u>	<u>857,771</u>
OTHER FINANCING USES				
Transfers out	<u>(1,026,195)</u>	<u>(1,026,195)</u>	<u>(734,042)</u>	<u>292,153</u>
Total other financing sources and uses	<u>(1,026,195)</u>	<u>(1,026,195)</u>	<u>(734,042)</u>	<u>292,153</u>
Net change in fund balances	(890,763)	(890,763)	259,161	1,149,924
Fund balances, beginning of year as restated	863,500	863,500	863,500	-
Fund balances, end of year	<u>\$ (27,263)</u>	<u>\$ (27,263)</u>	<u>\$ 1,122,661</u>	<u>\$ 1,149,924</u>

The accompanying notes are an integral part of the required supplementary information.

COUNTY OF YORK, VIRGINIA
Schedule of Changes in Employer's Net Pension Liability and Related Ratios
Years Ended June 30, 2016 and 2015

	County		School Board Nonprofessional		School Board Optional	
	2016	2015	2016	2015	2016	2015
Total Pension Liability						
Service cost	\$ 4,347,200	\$ 4,324,554	\$ 657,682	\$ 651,659	\$ 1,731	\$ 2,224
Interest	12,029,849	11,340,354	1,340,262	1,257,618	120,051	124,341
Difference between expected and actual	(1,334,258)	-	144,530		157,315	
Benefit payments	(6,264,165)	(5,365,786)	(756,608)	(700,700)	(164,908)	(193,616)
Other	-	-	-	-	74,161	-
Refunds of contributions	-	-	-	-	-	-
Net change in total pension liability	8,778,626	10,299,122	1,385,866	1,208,577	188,350	(67,051)
Total pension liability - beginning	174,987,066	164,687,944	19,524,897	18,316,320	1,795,745	1,862,796
Total pension liability - ending (a)	<u>\$ 183,765,692</u>	<u>\$ 174,987,066</u>	<u>\$ 20,910,763</u>	<u>\$ 19,524,897</u>	<u>\$ 1,984,095</u>	<u>\$ 1,795,745</u>
Plan Fiduciary Net Position						
Contributions - employer	\$ 4,288,412	\$ 4,332,603	\$ 474,730	\$ 540,694	\$ -	\$ 290,495
Contributions - employee	1,871,311	1,851,612	303,379	300,981	-	-
Net investment income	7,259,533	21,563,882	896,825	2,649,679	20,333	-
Benefit payments	(6,264,165)	(5,365,786)	(756,608)	(700,700)	(164,908)	(177,455)
Refunds of contributions	-	-	-	-	-	(22,106)
Administrative expenses	(98,165)	(114,394)	(12,064)	(14,022)	(21,515)	-
Other changes	(1,538)	1,136	(188)	139	-	-
Net change in plan fiduciary net position	7,055,388	22,269,053	906,074	2,776,771	(166,090)	90,934
Plan fiduciary net position - beginning	157,993,551	135,724,498	19,496,255	16,719,484	2,100,138	2,009,204
Plan fiduciary net position - ending (b)	<u>\$ 165,048,939</u>	<u>\$ 157,993,551</u>	<u>\$ 20,402,329</u>	<u>\$ 19,496,255</u>	<u>\$ 1,934,048</u>	<u>\$ 2,100,138</u>
Net pension liability (asset)	<u>\$ 18,716,753</u>	<u>\$ 16,993,515</u>	<u>\$ 508,434</u>	<u>\$ 28,642</u>	<u>\$ 50,047</u>	<u>\$ (304,393)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>89.81%</u>	<u>90.29%</u>	<u>97.57%</u>	<u>99.85%</u>	<u>97.48%</u>	<u>116.95%</u>
Covered-employee payroll	<u>\$ 38,259,805</u>	<u>\$ 37,197,611</u>	<u>\$ 6,361,525</u>	<u>\$ 6,167,447</u>	<u>\$ 490,949</u>	<u>\$ 540,694</u>
Net pension liability as a percentage of covered employee payroll	<u>48.92%</u>	<u>45.68%</u>	<u>7.99%</u>	<u>0.46%</u>	<u>10.19%</u>	<u>-56.30%</u>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, only fiscal years 2015 and 2016 are presented. However, additional years will be included as they become available.

COUNTY OF YORK, VIRGINIA
Schedule of Employer's Share of Net Pension Liability
School Board's Professional Employees
Years Ended June 30, 2016 and 2015

	(a)	(b)	(c)	(d)	(e)
	Employer's Proportion of the Net Pension Liability	Employer's Proportionate Share of the Net Pension Liability	Employer's Covered Employee Payroll	Employer's Proportionate Share of the NPL as a % of its Covered Employee Payroll b / c	Plan Fiduciary Net Position as a % of the Total Pension Liability
Date					
Professional Employees					
June 30, 2015	0.85504%	\$ 107,618,000	\$ 66,367,678	162.15%	70.68%
June 30, 2014	0.83118%	\$ 100,445,000	\$ 63,559,725	158.03%	70.88%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, only fiscal years 2015 and 2016 are presented. However, additional years will be included as they become available.

The amounts presented have a measurement date of the previous fiscal year end.

COUNTY OF YORK, VIRGINIA
Schedule of Employer Contributions
Years Ended June 30, 2016 and 2015

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
County					
June 30, 2016	\$ 4,480,621	\$ 4,480,621	\$ -	\$ 38,259,805	11.71%
June 30, 2015	\$ 4,359,173	\$ 4,359,173	\$ -	\$ 37,197,611	11.72%
School Board Nonprofessional					
June 30, 2016	\$ 489,081	\$ 489,081	\$ -	\$ 6,361,525	7.69%
June 30, 2015	\$ 475,903	\$ 475,903	\$ -	\$ 6,167,447	7.72%
School Board Professional					
June 30, 2016	\$ 9,271,511	\$ 9,271,511	\$ -	\$ 66,367,678	13.97%
June 30, 2015	\$ 9,180,878	\$ 9,180,878	\$ -	\$ 63,559,725	14.44%
School Board Optional					
June 30, 2016	\$ 5,370	\$ 10,000	\$ (4,630)	\$ 490,949	2.04%
June 30, 2015	\$ -	\$ -	\$ -	\$ 540,694	0.00%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, only fiscal years 2015 and 2016 are presented. However, additional years will be included as they become available.

COUNTY OF YORK, VIRGINIA
Schedule of Funding Progress
Other Postemployment Benefits - UNAUDITED

	(a)	(b)	(b-a)	(a/b)	(c)	
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
County						
June 30, 2016	\$6,774,541	\$ 11,821,446	\$ (5,046,905)	57.31%	\$ 37,197,611	-13.57%
July 1, 2015	-	18,787,691	(18,787,691)	0.00%	37,197,611	-50.51%
July 1, 2013	-	22,052,123	(22,052,123)	0.00%	35,993,900	-61.27%
School Board						
June 30, 2016	\$5,380,376	\$ 4,074,895	\$ 1,305,481	132.00%	\$ 73,417,704	1.78%
June 30, 2014	-	7,536,270	(7,536,270)	0.00%	67,126,751	-11.23%
June 30, 2013	-	6,395,607	(6,395,607)	0.00%	45,334,607	-14.11%

Schedule of Employer Contributions

County

Year Ended Date	Annual Required Contribution	Percent Contributed
June 30, 2016	\$ 762,958	936.69%
June 30, 2015	1,985,079	28.79%
June 30, 2014	1,918,054	27.70%

School Board

June 30, 2016	\$ 178,621	3234.31%
June 30, 2015	822,478	66.32%
June 30, 2014	796,174	69.16%

COUNTY OF YORK, VIRGINIA
Notes to Required Supplementary Information
June 30, 2016

1. BUDGETARY DATA

Annual budget requests for the ensuing fiscal year are submitted to the County Administrator by department or agency heads during the second quarter of the fiscal year. The County Administrator reviews the requests and meetings are held with department heads and agencies for discussion. After work sessions with the Board of Supervisors and public hearings, the budget is amended as necessary and an appropriations resolution by functional level is adopted. The budget is required to be adopted by a majority vote of the Board of Supervisors prior to the end of the current fiscal year.

The budgetary data reported in the required supplementary information reflects the approved County Budget as adopted by the Board of Supervisors for the year ended June 30, 2016, as amended. The budget may be amended by the Board of Supervisors through supplemental appropriations or transfers as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the functional level. In addition, the County Code provides that the County Administrator may transfer funds within appropriation functions. These transfers may be made to allow the disbursement of funds for unanticipated costs incurred in daily County operations.

The budgets are prepared on a basis consistent with the modified accrual basis of accounting. The General Fund's budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. According to the County Code, unexpended appropriations lapse at the end of the fiscal year. Encumbered balances, grants and donations, capital and maintenance, and other balances for specific purposes may be reappropriated in the following year by the Board of Supervisors.

The General, Special Revenue, Debt Service, Capital Projects, and Proprietary funds have legally adopted budgets, except those with only depreciation (the York Sanitary District Fund, the Upper County Utility Fund, and the Sanitary District No. 2 Fund).

2. PENSION DATA

The supplemental information presented is intended to help users assess each system's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employee retirement systems. Information pertaining to the retirement systems can be found in the notes to the financial statements.

Changes of benefit terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2015 are not material.

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2013 based on the most recent experience study of the System for the four-year period ending June 30, 2012:

Largest 10 - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement

- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

Largest 10 - LEOS:

- Update mortality table
- Decrease in male rates of disability

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Reduce rates of salary increase by 0.25% per year

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjustments to rates of service retirement for females
- Increase in rates of withdrawal
- Decrease in male and female rates of disability

3. **OTHER POSTEMPLOYMENT BENEFITS (OPEB) DATA**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The required schedule of funding progress presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Information pertaining to the OPEB plans can be found in the notes to the financial statements.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

Children and Family Services Fund - accounts for the receipt and disbursement of federal and local funds for the Head Start and USDA Food Service Programs.

Virginia Public Assistance Fund - accounts for the rendering of economic aid to qualifying citizens.

Law Library Fund - accounts for the receipt and disbursement of funds for the Law Library.

Community Development Authority Revenue Account Fund - accounts for the incremental tax revenues generated by the Marquis Lifestyle Center and paid to the Authority's trustee and for the payment to the County for services provided to the facilities in the project area.

Debt Service Funds:

County Fund - accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of County facilities and equipment.

Education Fund - accounts for the receipt and payment of bonds and loans issued for the construction and maintenance of educational facilities and equipment. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

Capital Project Funds:

Stormwater Fund - accounts for revenue and expenditures related to the drainage maintenance projects.

Yorktown Capital Improvements Fund - accounts for revenue and expenditures related to capital improvements in the historical Yorktown area. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

County Capital Fund - accounts for revenue and expenditures related to construction or acquisition of facilities and equipment in the general governmental areas such as facilities maintenance, public safety, and parks and recreation. This fund is a major governmental fund; however, it is shown here for budgetary comparison purposes.

COUNTY OF YORK, VIRGINIA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue						Total Nonmajor Governmental Funds
	Children & Family Services	Virginia Public Assistance	Law Library	Community Development Authority Revenue Account	Debt Service County	Stormwater Capital Project	
ASSETS							
Cash and investments	\$ 518,239	\$ 2,051	\$ 15,548	\$ 164,060	\$ -	\$ 2,988,073	\$ 3,687,971
Receivables, net	33,689	513,927	5	77,818	1,839	197,116	824,394
Due from other funds	-	127,219	-	-	-	60,107	187,326
Total assets	<u>\$ 551,928</u>	<u>\$ 643,197</u>	<u>\$ 15,553</u>	<u>\$ 241,878</u>	<u>\$ 1,839</u>	<u>\$ 3,245,296</u>	<u>\$ 4,699,691</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 15,144	\$ 68,669	\$ 721	\$ -	\$ -	\$ 132,793	\$ 217,327
Retainage payable	-	-	-	-	-	20,000	20,000
Salaries, taxes and benefits payable	41,466	88,815	-	-	-	-	130,281
Unearned revenue	-	-	-	-	-	157,700	157,700
Due to other funds	275	-	-	-	-	-	275
Due to component unit - CDA	-	-	-	241,878	-	-	241,878
Total liabilities	<u>56,885</u>	<u>157,484</u>	<u>721</u>	<u>241,878</u>	<u>-</u>	<u>310,493</u>	<u>767,461</u>
Deferred inflows of resources:							
Unavailable revenue - property taxes and grant	-	-	-	-	-	168,893	168,893
Fund balances:							
Restricted	1,498	-	14,832	-	-	-	16,330
Committed	-	-	-	-	-	2,765,910	2,765,910
Assigned	493,545	485,713	-	-	1,839	-	981,097
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>495,043</u>	<u>485,713</u>	<u>14,832</u>	<u>-</u>	<u>1,839</u>	<u>2,765,910</u>	<u>3,763,337</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 551,928</u>	<u>\$ 643,197</u>	<u>\$ 15,553</u>	<u>\$ 241,878</u>	<u>\$ 1,839</u>	<u>\$ 3,245,296</u>	<u>\$ 4,699,691</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue						
	Children & Family Services	Virginia Public Assistance	Law Library	Community Development Authority Revenue Account	Debt Service County	Stormwater Capital Project	Total Nonmajor Governmental Funds
REVENUES							
General property taxes	\$ -	\$ -	\$ -	\$ 313,299	\$ -	\$ -	\$ 313,299
Other local taxes	-	-	-	596,001	-	-	596,001
Intergovernmental							
Federal	972,881	2,506,835	-	-	-	-	3,479,716
State	-	1,253,800	-	-	-	440,952	1,694,752
Use of money and property	1,780	-	52	280	2	9,342	11,456
Charges for services	18,825	2,484	7,456	-	-	3,202	31,967
Miscellaneous	5,571	76,911	-	-	-	-	82,482
Recovered costs	-	276,821	-	-	-	-	276,821
Total revenues	<u>999,057</u>	<u>4,116,851</u>	<u>7,508</u>	<u>909,580</u>	<u>2</u>	<u>453,496</u>	<u>6,486,494</u>
EXPENDITURES							
Current:							
Judicial services	-	-	5,026	-	-	-	5,026
Human services	1,311,484	5,795,464	-	-	-	-	7,106,948
Nondepartmental	-	-	-	759,580	-	-	759,580
Capital outlay	-	-	-	-	-	760,220	760,220
Debt service:							
Principal retirement	-	-	-	-	1,637,042	-	1,637,042
Interest and fiscal charges	-	-	-	-	1,118,777	-	1,118,777
Refunding debt issuance costs	-	-	-	-	96,396	-	96,396
Total expenditures	<u>1,311,484</u>	<u>5,795,464</u>	<u>5,026</u>	<u>759,580</u>	<u>2,852,215</u>	<u>760,220</u>	<u>11,483,989</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(312,427)</u>	<u>(1,678,613)</u>	<u>2,482</u>	<u>150,000</u>	<u>(2,852,213)</u>	<u>(306,724)</u>	<u>(4,997,495)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	250,000	1,739,890	-	-	2,755,816	955,203	5,700,909
Issuance of debt	-	-	-	-	10,375,000	-	10,375,000
Premium on bonds issued	-	-	-	-	2,321,936	-	2,321,936
Deposits for refunding	-	-	-	-	(12,598,700)	-	(12,598,700)
Transfers out	-	-	-	(150,000)	-	-	(150,000)
Total other financing sources and uses, net	<u>250,000</u>	<u>1,739,890</u>	<u>-</u>	<u>(150,000)</u>	<u>2,854,052</u>	<u>955,203</u>	<u>5,649,145</u>
Net change in fund balances	<u>(62,427)</u>	<u>61,277</u>	<u>2,482</u>	<u>-</u>	<u>1,839</u>	<u>648,479</u>	<u>651,650</u>
Fund balances, beginning of year restated	<u>557,470</u>	<u>424,436</u>	<u>12,350</u>	<u>-</u>	<u>-</u>	<u>2,117,431</u>	<u>3,111,687</u>
Fund balances, end of year	<u>\$ 495,043</u>	<u>\$ 485,713</u>	<u>\$ 14,832</u>	<u>\$ -</u>	<u>\$ 1,839</u>	<u>\$ 2,765,910</u>	<u>\$ 3,763,337</u>

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2016

Children and Family Services					Virginia Public Assistance				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES									
Intergovernmental:									
Federal	\$ 969,837	\$ 973,741	\$ 972,881	\$ (860)		\$ 2,172,081	\$ 2,172,081	\$ 2,506,835	\$ 334,754
State	-	-	-	-		1,722,693	1,722,693	1,253,800	(468,893)
Use of money and property	2,000	2,000	1,780	(220)		-	-	-	-
Charges for services	17,000	18,825	18,825	-		-	-	2,484	2,484
Miscellaneous	2,400	5,281	5,571	290		-	-	76,911	76,911
Recovered costs	-	-	-	-		230,000	230,000	276,821	46,821
Total revenues	<u>991,237</u>	<u>999,847</u>	<u>999,057</u>	<u>(790)</u>		<u>4,124,774</u>	<u>4,124,774</u>	<u>4,116,851</u>	<u>(7,923)</u>
EXPENDITURES									
Current:									
Human services	1,415,922	1,424,532	1,311,484	113,048		6,449,347	6,449,347	5,795,464	653,883
Total expenditures	<u>1,415,922</u>	<u>1,424,532</u>	<u>1,311,484</u>	<u>113,048</u>		<u>6,449,347</u>	<u>6,449,347</u>	<u>5,795,464</u>	<u>653,883</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(424,685)</u>	<u>(424,685)</u>	<u>(312,427)</u>	<u>112,258</u>		<u>(2,324,573)</u>	<u>(2,324,573)</u>	<u>(1,678,613)</u>	<u>645,960</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	250,000	250,000	250,000	-		2,122,015	2,122,015	1,739,890	(382,125)
Total other financing sources and uses	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>		<u>2,122,015</u>	<u>2,122,015</u>	<u>1,739,890</u>	<u>(382,125)</u>
Net change in fund balances	(174,685)	(174,685)	(62,427)	112,258		(202,558)	(202,558)	61,277	263,835
Fund balances, beginning of year restated	557,470	557,470	557,470	-		424,436	424,436	424,436	-
Fund balances, end of year	<u>\$ 382,785</u>	<u>\$ 382,785</u>	<u>\$ 495,043</u>	<u>\$ 112,258</u>		<u>\$ 221,878</u>	<u>\$ 221,878</u>	<u>\$ 485,713</u>	<u>\$ 263,835</u>
Law Library					Community Development Authority Revenue Account				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)		Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES									
General property taxes	\$ -	\$ -	\$ -	\$ -		\$ 378,000	\$ 378,000	\$ 313,299	\$ (64,701)
Other local taxes	-	-	-	-		668,000	668,000	596,001	(71,999)
Use of money and property	-	-	52	52		-	-	280	280
Charges for services	7,000	7,000	7,456	456		-	-	-	-
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>7,508</u>	<u>508</u>		<u>1,046,000</u>	<u>1,046,000</u>	<u>909,580</u>	<u>(136,420)</u>
EXPENDITURES									
Current:									
Judicial services	9,000	9,000	5,026	3,974		-	-	-	-
Nondepartmental	-	-	-	-		896,000	896,000	759,580	136,420
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>5,026</u>	<u>3,974</u>		<u>896,000</u>	<u>896,000</u>	<u>759,580</u>	<u>136,420</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000)</u>	<u>(2,000)</u>	<u>2,482</u>	<u>4,482</u>		<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)									
Transfers out	-	-	-	-		(150,000)	(150,000)	(150,000)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>(150,000)</u>	<u>(150,000)</u>	<u>(150,000)</u>	<u>-</u>
Net change in fund balances	(2,000)	(2,000)	2,482	4,482		-	-	-	-
Fund balances, beginning of year	12,350	12,350	12,350	-		-	-	-	-
Fund balances, end of year	<u>\$ 10,350</u>	<u>\$ 10,350</u>	<u>\$ 14,832</u>	<u>\$ 4,482</u>		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total									
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)					
REVENUES									
General property taxes	\$ 378,000	\$ 378,000	\$ 313,299	\$ (64,701)					
Other local taxes	668,000	668,000	596,001	(71,999)					
Intergovernmental									
Federal	3,141,918	3,145,822	3,479,716	333,894					
State	1,722,693	1,722,693	1,253,800	(468,893)					
Use of money and property	2,000	2,000	2,112	112					
Charges for services	24,000	25,825	28,765	2,940					
Miscellaneous	2,400	5,281	82,482	77,201					
Recovered costs	230,000	230,000	276,821	46,821					
Total revenues	<u>6,169,011</u>	<u>6,177,621</u>	<u>6,032,996</u>	<u>(144,625)</u>					
EXPENDITURES									
Current:									
Judicial services	9,000	9,000	5,026	3,974					
Human services	7,865,269	7,873,879	7,106,948	766,931					
Nondepartmental	896,000	896,000	759,580	136,420					
Total expenditures	<u>8,770,269</u>	<u>8,778,879</u>	<u>7,871,554</u>	<u>907,325</u>					
Excess (deficiency) of revenues over (under) expenditures	<u>(2,601,258)</u>	<u>(2,601,258)</u>	<u>(1,838,558)</u>	<u>762,700</u>					
OTHER FINANCING SOURCES (USES)									
Transfers in	2,372,015	2,372,015	1,989,890	(382,125)					
Transfers out	(150,000)	(150,000)	(150,000)	-					
Total other financing sources and uses, net	<u>2,222,015</u>	<u>2,222,015</u>	<u>1,839,890</u>	<u>(382,125)</u>					
Net change in fund balances	(379,243)	(379,243)	1,332	380,575					
Fund balances, beginning of year	994,256	994,256	994,256	-					
Fund balances, end of year	<u>\$ 615,013</u>	<u>\$ 615,013</u>	<u>\$ 995,588</u>	<u>\$ 380,575</u>					

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Funds
 For the Year Ended June 30, 2016

	County				Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUE								
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -	\$ 55,130	\$ 55,130	\$ 55,428	\$ 298
Intergovernmental - State	-	-	-	-	18,050	18,050	34,341	16,291
Use of money and property	-	-	2	2	-	-	-	-
Recovered costs	-	-	-	-	111,741	111,741	109,578	(2,163)
Total revenue	-	-	2	2	184,921	184,921	199,347	14,426
EXPENDITURES								
Education	-	-	-	-	22,000,000	22,000,000	12,481,017	9,518,983
Debt service:								
Principal retirement	1,637,042	1,637,042	1,637,042	-	3,755,000	3,755,000	3,755,000	-
Interest and fiscal charges	1,119,777	1,119,777	1,118,777	1,000	2,390,587	2,390,587	2,389,184	1,403
Refunding and other costs of issuance	-	98,237	96,396	1,841	-	-	84,120	(84,120)
Total expenditures	2,756,819	2,855,056	2,852,215	2,841	28,145,587	28,145,587	18,709,321	9,436,266
Excess (deficiency) of revenues over (under) expenditures	(2,756,819)	(2,855,056)	(2,852,213)	2,843	(27,960,666)	(27,960,666)	(18,509,974)	9,450,692
OTHER FINANCING SOURCES (USES)								
Transfers in	2,756,819	2,756,819	2,755,816	(1,003)	5,960,666	5,960,666	5,944,837	(15,829)
Issuance of debt, net	-	10,374,999	10,375,000	1	22,000,000	22,000,000	11,575,000	(10,425,000)
Premium on bonds issued	-	2,321,936	2,321,936	-	-	-	990,137	990,137
Deposits for refunding	-	(12,598,698)	(12,598,700)	(2)	-	-	-	-
Total other financing sources and uses, net	2,756,819	2,855,056	2,854,052	(1,004)	27,960,666	27,960,666	18,509,974	(9,450,692)
Net change in fund balances	-	-	1,839	1,839	-	-	-	-
Fund balances, beginning of year	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ -	\$ -	\$ 1,839	\$ 1,839	\$ -	\$ -	\$ -	\$ -
	Total							
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)				
REVENUE								
Intergovernmental - Federal	\$ 55,130	\$ 55,130	\$ 55,428	\$ 298				
Intergovernmental - State	18,050	18,050	34,341	16,291				
Use of money and property	-	-	2	2				
Recovered costs	111,741	111,741	109,578	(2,163)				
Total revenue	184,921	184,921	199,349	14,428				
EXPENDITURES								
Education	22,000,000	22,000,000	12,481,017	9,518,983				
Debt service:								
Principal retirement	5,392,042	5,392,042	5,392,042	-				
Interest and fiscal charges	3,510,364	3,510,364	3,507,961	2,403				
Refunding and other costs of issuance	-	98,237	180,516	(82,279)				
Total expenditures	30,902,406	31,000,643	21,561,536	9,439,107				
Excess (deficiency) of revenues over (under) expenditures	(30,717,485)	(30,815,722)	(21,362,187)	9,453,535				
OTHER FINANCING SOURCES (USES)								
Transfers in	8,717,485	8,717,485	8,700,653	(16,832)				
Issuance of debt	22,000,000	32,374,999	21,950,000	(10,424,999)				
Premium on bonds issued	-	2,321,936	3,312,073	990,137				
Deposits for refunding	-	(12,598,698)	(12,598,700)	(2)				
Total other financing sources and uses, net	30,717,485	30,815,722	21,364,026	(9,451,696)				
Net change in fund balances	-	-	1,839	1,839				
Fund balances, beginning of year	-	-	-	-				
Fund balances, end of year	\$ -	\$ -	\$ 1,839	\$ 1,839				

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Capital Project Funds
 For the Year Ended June 30, 2016

	Stormwater Fund				Yorktown Capital Improvements			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental:								
State	\$ 806,250	\$ 806,250	\$ 440,952	\$ (365,298)	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	9,342	9,342	-	-	265,460	265,460
Miscellaneous	-	-	-	-	-	-	-	-
Charges for services	28,000	28,000	3,202	(24,798)	-	-	-	-
Total revenues	834,250	834,250	453,496	(380,754)	-	-	265,460	265,460
EXPENDITURES								
Capital outlay	3,584,376	3,584,376	760,220	2,824,156	248,264	248,264	-	248,264
Total expenditures	3,584,376	3,584,376	760,220	2,824,156	248,264	248,264	-	248,264
Excess (deficiency) of revenues over (under) expenditures	(2,750,126)	(2,750,126)	(306,724)	2,443,402	(248,264)	(248,264)	265,460	513,724
OTHER FINANCING SOURCES (USES)								
Transfers in	731,400	731,400	955,203	223,803	200,000	200,000	734,042	534,042
Total other financing sources and uses	731,400	731,400	955,203	223,803	200,000	200,000	734,042	534,042
Net change in fund balances	(2,018,726)	(2,018,726)	648,479	2,667,205	(48,264)	(48,264)	999,502	1,047,766
Fund balances (deficit), beginning of year	2,117,431	2,117,431	2,117,431	-	(6,637,510)	(6,637,510)	(6,637,510)	-
Fund balances (deficit), end of year	\$ 98,705	\$ 98,705	\$ 2,765,910	\$ 2,667,205	\$ (6,685,774)	\$ (6,685,774)	\$ (5,638,008)	\$ 1,047,766

	County Capital				Total			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES								
Intergovernmental:								
Federal	\$ -	\$ -	\$ 27,329	\$ 27,329	\$ -	\$ -	\$ 27,329	\$ 27,329
State	-	794,960	19,651	(775,309)	806,250	1,601,210	460,603	(1,140,607)
Use of money and property	40,000	40,000	17,001	(22,999)	40,000	40,000	291,803	251,803
Charges for services	-	-	-	-	28,000	28,000	3,202	(24,798)
Miscellaneous	-	-	23,238	23,238	-	-	23,238	23,238
Recovered costs	100,123	122,806	122,806	-	100,123	122,806	122,806	-
Total revenues	140,123	957,766	210,025	(747,741)	974,373	1,792,016	928,981	(863,035)
EXPENDITURES								
Capital outlay	18,729,116	19,344,737	5,206,082	14,138,655	22,561,756	23,177,377	5,966,302	17,211,075
Total expenditures	18,729,116	19,344,737	5,206,082	14,138,655	22,561,756	23,177,377	5,966,302	17,211,075
Excess (deficiency) of revenues over (under) expenditures	(18,588,993)	(18,386,971)	(4,996,057)	13,390,914	(21,587,383)	(21,385,361)	(5,037,321)	16,348,040
OTHER FINANCING SOURCES (USES)								
Insurance recovery	-	66,478	66,478	-	-	66,478	66,478	-
Transfers in	475,095	475,095	7,774,355	7,299,260	1,406,495	1,406,495	9,463,600	8,057,105
Transfers out	-	(200,000)	(200,000)	-	-	(200,000)	(200,000)	-
Total other financing sources and uses, net	475,095	341,573	7,640,833	7,299,260	1,406,495	1,272,973	9,330,078	8,057,105
Net change in fund balances	(18,113,898)	(18,045,398)	2,644,776	20,690,174	(20,180,888)	(20,112,388)	4,292,757	24,405,145
Fund balances (deficit), beginning of year	12,666,554	12,666,554	12,666,554	-	8,146,475	8,146,475	8,146,475	-
Fund balances (deficit), end of year	\$ (5,447,344)	\$ (5,378,844)	\$ 15,311,330	\$ 20,690,174	\$ (12,034,413)	\$ (11,965,913)	\$ 12,439,232	\$ 24,405,145

NONMAJOR ENTERPRISE FUNDS

Yorktown Operations Fund - accounts for the operations at the Yorktown waterfront.

York Sanitary District Fund - accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 1 utility systems.

Upper County Utility Fund - accounts for the capital assets as of January 1, 1992 of the upper County utility systems.

Solid Waste Fund - accounts for the operations of the County's solid waste disposal system.

Water Utility Fund - accounts for the operations of the County's water utility systems.

Sanitary District No. 2 Fund - accounts for the capital assets as of January 1, 1992 of the Sanitary District No. 2 utility systems.

Regional Radio System Fund - accounts for the County's joint emergency communication system with James City County and Gloucester County.

COUNTY OF YORK, VIRGINIA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
ASSETS								
Current assets:								
Cash and investments	\$ 150,578	\$ 264	\$ -	\$ 830,901	\$ 3,075,330	\$ -	\$ 963,946	\$ 5,021,019
Receivables, net	30,986	-	-	713,068	107,892	-	46,063	898,009
Prepaid expenses	-	-	-	2,545	15,675	-	-	18,220
Total current assets	<u>181,564</u>	<u>264</u>	<u>-</u>	<u>1,546,514</u>	<u>3,198,897</u>	<u>-</u>	<u>1,010,009</u>	<u>5,937,248</u>
Noncurrent assets:								
Nondepreciable capital assets:								
Land	2,707,736	37,916	33,994	413,902	-	251,854	-	3,445,402
Construction in progress	-	-	-	20,000	977,239	-	2,919,301	3,916,540
Depreciable capital assets:								
Buildings and improvements	-	783,982	-	1,845,905	-	2,699,159	-	5,329,046
Infrastructure	-	2,254,362	767,391	163,209	281,553	19,956,345	-	23,422,860
Equipment	-	446,216	-	720,580	-	453,831	-	1,620,627
Vehicles	-	-	-	631,121	-	-	-	631,121
Less accumulated depreciation	-	(2,836,917)	(514,877)	(2,595,737)	(60,351)	(17,563,149)	-	(23,571,031)
Total noncurrent assets	<u>2,707,736</u>	<u>685,559</u>	<u>286,508</u>	<u>1,198,980</u>	<u>1,198,441</u>	<u>5,798,040</u>	<u>2,919,301</u>	<u>14,794,565</u>
DEFERRED OUTFLOWS OF RESOURCES								
Deferred outflows related to pension costs	1,449	-	-	97,063	-	-	-	98,512
Total assets	<u>\$ 2,890,749</u>	<u>\$ 685,823</u>	<u>\$ 286,508</u>	<u>\$ 2,842,557</u>	<u>\$ 4,397,338</u>	<u>\$ 5,798,040</u>	<u>\$ 3,929,310</u>	<u>\$ 20,830,325</u>
LIABILITIES								
Current liabilities:								
Accounts payable	\$ 2,650	\$ -	\$ -	\$ 336,004	\$ 703,808	\$ -	\$ 418,607	\$ 1,461,069
Salaries, taxes and benefits payable	634	-	-	25,318	-	-	-	25,952
Unearned revenue	18	-	-	-	32,205	-	-	32,223
Due to component unit - EDA	637	-	-	-	-	-	-	637
Compensated absences - current	-	-	-	1,000	-	-	-	1,000
Total current liabilities	<u>3,939</u>	<u>-</u>	<u>-</u>	<u>362,322</u>	<u>736,013</u>	<u>-</u>	<u>418,607</u>	<u>1,520,881</u>
Noncurrent liabilities:								
Compensated absences - net current	-	-	-	34,516	-	-	-	34,516
Net pension liability	6,919	-	-	267,482	-	-	-	274,401
Advance from other fund	2,600,000	-	-	-	-	-	-	2,600,000
Total noncurrent liabilities	<u>2,606,919</u>	<u>-</u>	<u>-</u>	<u>301,998</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,908,917</u>
Total liabilities	<u>2,610,858</u>	<u>-</u>	<u>-</u>	<u>664,320</u>	<u>736,013</u>	<u>-</u>	<u>418,607</u>	<u>4,429,798</u>
DEFERRED INFLOWS OF RESOURCES								
Deferred inflows related to pension costs	1,641	-	-	105,016	-	-	-	106,657
NET POSITION								
Net investment in capital assets	2,707,736	685,559	286,508	1,198,980	1,198,441	5,798,040	2,919,301	14,794,565
Unrestricted	<u>(2,429,486)</u>	<u>264</u>	<u>-</u>	<u>874,241</u>	<u>2,462,884</u>	<u>-</u>	<u>591,402</u>	<u>1,499,305</u>
Total net position	<u>278,250</u>	<u>685,823</u>	<u>286,508</u>	<u>2,073,221</u>	<u>3,661,325</u>	<u>5,798,040</u>	<u>3,510,703</u>	<u>16,293,870</u>
Total liabilities and net position	<u>\$ 2,890,749</u>	<u>\$ 685,823</u>	<u>\$ 286,508</u>	<u>\$ 2,842,557</u>	<u>\$ 4,397,338</u>	<u>\$ 5,798,040</u>	<u>\$ 3,929,310</u>	<u>\$ 20,830,325</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
Operating Revenues								
Use of property	\$ 138,653	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,643,514	\$ 1,782,167
Charges for services	48,252	-	-	4,626,276	323,387	-	-	4,997,915
Miscellaneous	31	-	-	7,846	-	-	-	7,877
Total operating revenues	<u>186,936</u>	<u>-</u>	<u>-</u>	<u>4,634,122</u>	<u>323,387</u>	<u>-</u>	<u>1,643,514</u>	<u>6,787,959</u>
Operating Expenses								
Personal services	41,120	-	-	704,367	-	-	-	745,487
Contractual services	34,394	-	-	3,326,063	6,454	-	2,545,839	5,912,750
Materials and supplies	10,469	-	-	96,220	320,167	-	52,024	478,880
Depreciation	-	31,730	15,748	111,487	5,632	370,655	-	535,252
Total operating expenses	<u>85,983</u>	<u>31,730</u>	<u>15,748</u>	<u>4,238,137</u>	<u>332,253</u>	<u>370,655</u>	<u>2,597,863</u>	<u>7,672,369</u>
Operating income (loss)	<u>100,953</u>	<u>(31,730)</u>	<u>(15,748)</u>	<u>395,985</u>	<u>(8,866)</u>	<u>(370,655)</u>	<u>(954,349)</u>	<u>(884,410)</u>
Nonoperating Revenues (Expenses)								
Grant income	-	-	-	12,603	-	-	-	12,603
Interest income	346	1	-	3,412	11,014	-	2,195	16,968
Total nonoperating revenues	<u>346</u>	<u>1</u>	<u>-</u>	<u>16,015</u>	<u>11,014</u>	<u>-</u>	<u>2,195</u>	<u>29,571</u>
Loss before contributions and transfers	101,299	(31,729)	(15,748)	412,000	2,148	(370,655)	(952,154)	(854,839)
Transfers In	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,007,931</u>	<u>1,007,941</u>
Change in net position	101,299	(31,719)	(15,748)	412,000	2,148	(370,655)	55,777	153,102
Total net position, beginning of year as restated	<u>176,951</u>	<u>717,542</u>	<u>302,256</u>	<u>1,661,221</u>	<u>3,659,177</u>	<u>6,168,695</u>	<u>3,454,926</u>	<u>16,140,768</u>
Total net position, end of year	<u>\$ 278,250</u>	<u>\$ 685,823</u>	<u>\$ 286,508</u>	<u>\$ 2,073,221</u>	<u>\$ 3,661,325</u>	<u>\$ 5,798,040</u>	<u>\$ 3,510,703</u>	<u>\$ 16,293,870</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2016

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from customers and users	\$ 162,909	\$ -	\$ -	\$ 4,631,834	\$ 323,205	\$ -	\$ 1,651,436	\$ 6,769,384
Other receipts	31	-	-	7,846	-	-	-	7,877
Payments to suppliers for goods and services	(42,608)	-	-	(3,350,431)	357,081	-	(2,179,256)	(5,215,214)
Payments to employees for services	(43,980)	-	-	(741,532)	-	-	-	(785,512)
Payments for interfund activity	(50,000)	-	-	(514,243)	-	-	-	(564,243)
Net cash provided by (used in) operating activities	<u>26,352</u>	<u>-</u>	<u>-</u>	<u>33,474</u>	<u>680,286</u>	<u>-</u>	<u>(527,820)</u>	<u>212,292</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Grant income	-	-	-	12,603	-	-	-	12,603
Transfers in	-	10	-	-	-	-	1,007,931	1,007,941
Net cash provided by noncapital financing activities	<u>-</u>	<u>10</u>	<u>-</u>	<u>12,603</u>	<u>-</u>	<u>-</u>	<u>1,007,931</u>	<u>1,020,544</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and construction of capital assets	-	-	-	(9,041)	(801,355)	-	(382,785)	(1,193,181)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,041)</u>	<u>(801,355)</u>	<u>-</u>	<u>(382,785)</u>	<u>(1,193,181)</u>
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest income	<u>300</u>	<u>1</u>	<u>-</u>	<u>3,160</u>	<u>10,080</u>	<u>-</u>	<u>1,902</u>	<u>15,443</u>
Net cash provided by investing activities	<u>300</u>	<u>1</u>	<u>-</u>	<u>3,160</u>	<u>10,080</u>	<u>-</u>	<u>1,902</u>	<u>15,443</u>
Net increase (decrease) in cash and cash equivalents	26,652	11	-	40,196	(110,989)	-	99,228	55,098
Cash and cash equivalents, beginning of year	<u>123,926</u>	<u>253</u>	<u>-</u>	<u>790,705</u>	<u>3,186,319</u>	<u>-</u>	<u>864,718</u>	<u>4,965,921</u>
Cash and cash equivalents, end of year	<u>\$ 150,578</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 830,901</u>	<u>\$ 3,075,330</u>	<u>\$ -</u>	<u>\$ 963,946</u>	<u>\$ 5,021,019</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:								
Cash and investments	<u>\$ 150,578</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 830,901</u>	<u>\$ 3,075,330</u>	<u>\$ -</u>	<u>\$ 963,946</u>	<u>\$ 5,021,019</u>
Cash and cash equivalents, end of year	<u>\$ 150,578</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 830,901</u>	<u>\$ 3,075,330</u>	<u>\$ -</u>	<u>\$ 963,946</u>	<u>\$ 5,021,019</u>
Reconciliation of operating income (loss) to net cash used in operating activities:								
Operating income (loss)	\$ 100,953	\$ (31,730)	\$ (15,748)	\$ 395,985	\$ (8,866)	\$ (370,655)	\$ (954,349)	\$ (884,410)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	-	31,730	15,748	111,487	5,632	370,655	-	535,252
(Increase) decrease in:								
Receivables	(30,141)	-	-	5,558	(3,032)	-	7,922	(19,693)
Due from/to component unit - EDA	6,146	-	-	-	-	-	-	6,146
Increase (decrease) in:								
Accounts payable	2,255	-	-	71,852	683,702	-	418,607	1,176,416
Salaries, taxes and benefits payable	(2,773)	-	-	(9,124)	-	-	-	(11,897)
Unearned revenue	(1)	-	-	-	2,850	-	-	2,849
Due to other funds	-	-	-	(514,243)	-	-	-	(514,243)
Net pension liability and related outflows/inflows	(87)	-	-	(32,789)	-	-	-	(32,876)
Compensated absences	-	-	-	4,748	-	-	-	4,748
Advance from other fund	(50,000)	-	-	-	-	-	-	(50,000)
Net cash provided by (used in) operating activities	<u>\$ 26,352</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,474</u>	<u>\$ 680,286</u>	<u>\$ -</u>	<u>\$ (527,820)</u>	<u>\$ 212,292</u>

INTERNAL SERVICE FUNDS

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost-reimbursement basis.

Vehicle Maintenance Fund - accounts for the operations of the vehicle maintenance and replacement services provided to County departments.

Health and Dental Insurance Fund – accounts for the claims and related expenses for health and dental benefits of County employees and retirees.

Other Postemployment Benefits Fund - accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan. In June 2016, the County began participating in an OPEB Trust Fund, thus resulting in the termination of this fund at June 30, 2016.

COUNTY OF YORK, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Vehicle Maintenance Fund	Health and Dental Insurance Fund	Total
ASSETS			
Current assets:			
Cash and investments	\$ 2,599,790	\$ 3,938,348	\$ 6,538,138
Receivable, net	112,278	1,255	113,533
Prepaid expenses	<u>-</u>	<u>757,300</u>	<u>757,300</u>
Total current assets	<u>2,712,068</u>	<u>4,696,903</u>	<u>7,408,971</u>
Noncurrent assets:			
Depreciable capital assets:			
Intangibles	101,512	-	101,512
Land improvements	221,446	-	221,446
Equipment	1,287,882	-	1,287,882
Vehicles	5,697,290	-	5,697,290
Less accumulated depreciation	(4,359,511)	-	(4,359,511)
Less accumulated amortization	<u>(71,057)</u>	<u>-</u>	<u>(71,057)</u>
Total noncurrent assets	<u>2,877,562</u>	<u>-</u>	<u>2,877,562</u>
Deferred outflows of resources			
Deferred outflows related to pension costs	<u>111,334</u>	<u>-</u>	<u>111,334</u>
Total assets	<u>\$ 5,700,964</u>	<u>\$ 4,696,903</u>	<u>\$ 10,397,867</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 158,786	\$ 847,485	\$ 1,006,271
Salaries, taxes and benefits payable	32,386	-	32,386
Due to other funds	917	-	917
Unearned revenue	49,011	128,633	177,644
Compensated absences - current	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total current liabilities	<u>247,100</u>	<u>976,118</u>	<u>1,223,218</u>
Noncurrent liabilities:			
Compensated absences - net current	59,301	-	59,301
Claims payable	-	1,121,925	1,121,925
Net pension liability	<u>275,884</u>	<u>-</u>	<u>275,884</u>
Total noncurrent liabilities	<u>335,185</u>	<u>1,121,925</u>	<u>1,457,110</u>
Total liabilities	<u>582,285</u>	<u>2,098,043</u>	<u>2,680,328</u>
Deferred inflows of resources			
Deferred inflows related to pension costs	<u>121,425</u>	<u>-</u>	<u>121,425</u>
NET POSITION			
Net investment in capital assets	2,877,562	-	2,877,562
Unrestricted	<u>2,119,692</u>	<u>2,598,860</u>	<u>4,718,552</u>
Total net position	<u>4,997,254</u>	<u>2,598,860</u>	<u>7,596,114</u>
Total liabilities and net position	<u>\$ 5,700,964</u>	<u>\$ 4,696,903</u>	<u>\$ 10,397,867</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	Vehicle Maintenance Fund	Health and Dental Insurance Fund	Other Postemployment Benefit (OPEB) Fund	Total
Operating Revenues				
Charges for services	\$ 3,173,468	\$ 10,794,590	\$ -	\$ 13,968,058
Miscellaneous	69,961	-	-	69,961
Total operating revenues	<u>3,243,429</u>	<u>10,794,590</u>	<u>-</u>	<u>14,038,019</u>
Operating Expenses				
Personal services	759,140	619,835	370,067	1,749,042
Contractual services	605,524	10,229,603	-	10,835,127
Materials and supplies	1,306,388	-	-	1,306,388
Depreciation	577,852	-	-	577,852
Amortization	20,302	-	-	20,302
Total operating expenses	<u>3,269,206</u>	<u>10,849,438</u>	<u>370,067</u>	<u>14,488,711</u>
Operating loss	<u>(25,777)</u>	<u>(54,848)</u>	<u>(370,067)</u>	<u>(450,692)</u>
Nonoperating Revenues (Expenses)				
Interest income	8,558	15,924	20,381	44,863
Gain on disposal of capital assets	16,760	-	-	16,760
Total nonoperating revenues	<u>25,318</u>	<u>15,924</u>	<u>20,381</u>	<u>61,623</u>
Loss before contributions and transfers	<u>(459)</u>	<u>(38,924)</u>	<u>(349,686)</u>	<u>(389,069)</u>
Transfers In	<u>-</u>	<u>-</u>	<u>349,686</u>	<u>349,686</u>
Change in net position	<u>(459)</u>	<u>(38,924)</u>	<u>-</u>	<u>(39,383)</u>
Total net position, beginning of year as restated	<u>4,997,713</u>	<u>2,637,784</u>	<u>-</u>	<u>7,635,497</u>
Total net position, end of year	<u>\$ 4,997,254</u>	<u>\$ 2,598,860</u>	<u>\$ -</u>	<u>\$ 7,596,114</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Vehicle Maintenance Fund	Health and Dental Insurance Fund	Other Postemployment Benefit (OPEB) Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 3,166,817	\$ 10,042,089	\$ -	\$ 13,208,906
Other receipts	69,961	-	-	69,961
Payments to suppliers for goods and services	(1,829,489)	(10,008,386)	(6,776,491)	(18,614,366)
Payments to employees for services	(815,601)	(619,835)	(370,067)	(1,805,503)
Receipts (payments) from (for) interfund activity	(7,868)	-	1,727,828	1,719,960
Net cash provided by (used in) operating activities	<u>583,820</u>	<u>(586,132)</u>	<u>(5,418,730)</u>	<u>(5,421,042)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	-	-	349,686	349,686
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>349,686</u>	<u>349,686</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(566,434)	-	-	(566,434)
Net proceeds from the disposal of capital assets	58,627	-	-	58,627
Net cash used in capital and related financing activities	<u>(507,807)</u>	<u>-</u>	<u>-</u>	<u>(507,807)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	7,769	15,924	20,381	44,074
Net cash provided by investing activities	<u>7,769</u>	<u>15,924</u>	<u>20,381</u>	<u>44,074</u>
Net increase (decrease) in cash and cash equivalents	83,782	(570,208)	(5,048,663)	(5,535,089)
Cash and cash equivalents, beginning of year	2,516,008	4,508,556	5,048,663	12,073,227
Cash and cash equivalents, end of year	<u>\$ 2,599,790</u>	<u>\$ 3,938,348</u>	<u>\$ -</u>	<u>\$ 6,538,138</u>
Reconciliation of cash and cash equivalents to the Statement of Net Position:				
Cash and investments	\$ 2,599,790	\$ 3,938,348	\$ -	\$ 6,538,138
Cash and cash equivalents, end of year	<u>\$ 2,599,790</u>	<u>\$ 3,938,348</u>	<u>\$ -</u>	<u>\$ 6,538,138</u>
Reconciliation of operating loss to net cash cash provided by (used in) operating activities:				
Operating loss	\$ (25,777)	\$ (54,848)	\$ (370,067)	\$ (450,692)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	577,852	-	-	577,852
Amortization	20,302	-	-	20,302
Decrease (increase) in:				
Receivables	(55,662)	(1,255)	-	(56,917)
Prepaid expenses	-	(66,200)	-	(66,200)
Due from other funds	-	-	1,727,828	1,727,828
Increase (decrease) in:				
Accounts payable	82,423	128,515	-	210,938
Salaries, taxes and benefits payable	(6,433)	-	-	(6,433)
Due to other funds	(7,868)	-	-	(7,868)
Unearned revenue	49,011	(751,246)	-	(702,235)
Claims payable	-	158,902	-	158,902
Compensated absences	(6,828)	-	-	(6,828)
Net pension liability and related outflows/inflows	(43,200)	-	-	(43,200)
Net OPEB obligation	-	-	(6,776,491)	(6,776,491)
Net cash provided by (used in) operating activities	<u>\$ 583,820</u>	<u>\$ (586,132)</u>	<u>\$ (5,418,730)</u>	<u>\$ (5,421,042)</u>

AGENCY FUNDS

Colonial Behavioral Health - accounts for fiscal agency funds held for the Colonial Behavioral Health.

Colonial Group Home Commission - accounts for fiscal agency funds held for the Commission.

Special Welfare Fund - accounts for fiscal agency funds held for the Special Welfare Board.

Regional Projects - accounts for fiscal agency funds held for regional projects.

Other Funds - the following funds are included in "Other Funds" in the Combining Statement of Assets and Liabilities and the Combining Statement of Changes in Assets and Liabilities:

Peninsula Public Sports Facility Authority - accounts for fiscal agency funds held for the Peninsula Public Sports Facility Authority.

Darby-Firby Neighborhood Corporation Fund - accounts for fiscal agency funds held for the Darby-Firby Neighborhood Corporation.

Library Donations Fund - accounts for fiscal agency funds held for the Library Board.

COUNTY OF YORK, VIRGINIA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2016

	Colonial Behavioral Health	Colonial Group Home Commission	Special Welfare	Regional Projects	Other Funds	Total
ASSETS						
Cash and investments	\$ 3,801,211	\$ 238,634	\$ 71,590	\$ 45,270	\$ 118,460	\$ 4,275,165
Other receivables	53,266	21,003	-	6,157	35	80,461
Total assets	<u>\$ 3,854,477</u>	<u>\$ 259,637</u>	<u>\$ 71,590</u>	<u>\$ 51,427</u>	<u>\$ 118,495</u>	<u>\$ 4,355,626</u>
LIABILITIES						
Accounts payable	\$ 1,017,421	\$ 10,158	\$ -	\$ 51,427	\$ -	\$ 1,079,006
Salaries, taxes and benefits payable	98,562	46,888	-	-	-	145,450
Amounts held for others	2,738,494	202,591	71,590	-	118,495	3,131,170
Total liabilities	<u>\$ 3,854,477</u>	<u>\$ 259,637</u>	<u>\$ 71,590</u>	<u>\$ 51,427</u>	<u>\$ 118,495</u>	<u>\$ 4,355,626</u>

COUNTY OF YORK, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2016

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Colonial Behavioral Health				
ASSETS				
Cash and investments	\$ 3,656,199	\$ 15,286,151	\$ 15,141,139	\$ 3,801,211
Other receivables	48,431	53,266	48,431	53,266
Total assets	<u>\$ 3,704,630</u>	<u>\$ 15,339,417</u>	<u>\$ 15,189,570</u>	<u>\$ 3,854,477</u>
LIABILITIES				
Accounts payable	\$ 750,272	\$ 1,017,421	\$ 750,272	1,017,421
Salaries, taxes and benefits payable	87,128	98,562	87,128	98,562
Amounts held for others	2,867,230	14,223,434	14,352,170	2,738,494
Total liabilities	<u>\$ 3,704,630</u>	<u>\$ 15,339,417</u>	<u>\$ 15,189,570</u>	<u>\$ 3,854,477</u>
Colonial Group Home Commission				
ASSETS				
Cash and investments	\$ 310,635	\$ 1,463,859	\$ 1,535,860	\$ 238,634
Other receivables	-	21,003	-	21,003
Total assets	<u>\$ 310,635</u>	<u>\$ 1,484,862</u>	<u>\$ 1,535,860</u>	<u>\$ 259,637</u>
LIABILITIES				
Accounts payable	\$ 7,710	\$ 10,158	\$ 7,710	\$ 10,158
Salaries, taxes and benefits payable	12,414	46,888	12,414	46,888
Amounts held for others	290,511	1,427,816	1,515,736	202,591
Total liabilities	<u>\$ 310,635</u>	<u>\$ 1,484,862</u>	<u>\$ 1,535,860</u>	<u>\$ 259,637</u>
Special Welfare				
ASSETS				
Cash and investments	\$ 64,678	\$ 34,180	\$ 27,268	\$ 71,590
Total assets	<u>\$ 64,678</u>	<u>\$ 34,180</u>	<u>\$ 27,268</u>	<u>\$ 71,590</u>
LIABILITIES				
Amounts held for others	\$ 64,678	\$ 34,180	\$ 27,268	\$ 71,590
Total liabilities	<u>\$ 64,678</u>	<u>\$ 34,180</u>	<u>\$ 27,268</u>	<u>\$ 71,590</u>
Regional Projects				
ASSETS				
Cash and investments	\$ 20,204	\$ 474,774	\$ 449,708	\$ 45,270
Other receivables	75,029	6,032	74,904	6,157
Total assets	<u>\$ 95,233</u>	<u>\$ 480,806</u>	<u>\$ 524,612</u>	<u>\$ 51,427</u>
LIABILITIES				
Accounts payable	\$ 95,233	\$ 51,427	\$ 95,233	\$ 51,427
Amounts held for others	-	429,379	429,379	-
Total liabilities	<u>\$ 95,233</u>	<u>\$ 480,806</u>	<u>\$ 524,612</u>	<u>\$ 51,427</u>
Other Funds				
ASSETS				
Cash and investments	\$ 118,386	\$ 548	\$ 474	\$ 118,460
Other receivables	-	35	-	35
Total assets	<u>\$ 118,386</u>	<u>\$ 583</u>	<u>\$ 474</u>	<u>\$ 118,495</u>
LIABILITIES				
Accounts payable	\$ 200	\$ -	\$ 200	\$ -
Amounts held for others	118,186	583	274	118,495
Total liabilities	<u>\$ 118,386</u>	<u>\$ 583</u>	<u>\$ 474</u>	<u>\$ 118,495</u>
Totals - All Agency Funds				
ASSETS				
Cash and investments	\$ 4,170,102	\$ 17,259,512	\$ 17,154,449	\$ 4,275,165
Other receivables	123,460	80,336	123,335	80,461
Total assets	<u>\$ 4,293,562</u>	<u>\$ 17,339,848</u>	<u>\$ 17,277,784</u>	<u>\$ 4,355,626</u>
LIABILITIES				
Accounts payable	\$ 853,415	\$ 1,079,006	\$ 853,415	\$ 1,079,006
Salaries, taxes and benefits payable	99,542	145,450	99,542	145,450
Amounts held for others	3,340,605	16,115,392	16,324,827	3,131,170
Total liabilities	<u>\$ 4,293,562</u>	<u>\$ 17,339,848</u>	<u>\$ 17,277,784</u>	<u>\$ 4,355,626</u>

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STATISTICAL SECTION

This part of the County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Contents:

Financial Trends (pages L-3, L-4, L-5, L-6, L-7 and L-8)

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity (pages L-9, L-10, L-11 and L-12)

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity (pages L-13, L-14, and L-15)

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information (pages L-16 and L-17)

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the County's financial activities take place.

Operating Information (pages L-18, L-19 and L-20)

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

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COUNTY OF YORK, VIRGINIA
Net Position By Component - Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2016</u>	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities:										
Net investment in capital assets	\$ 57,048,477	\$ 55,705,954	\$ 55,437,501	\$ 57,401,484	\$ 57,208,246	\$ 58,572,877	\$ 58,434,789	\$ 60,961,846	\$ 68,935,110	\$ 58,761,927
Restricted	2,245,562	1,901,161	1,476,281	1,520,094	1,235,126	10,669	10,723	1,713,484	17,605	26,547
Unrestricted (deficit)	(16,790,034)	(9,934,965)	21,674,899	13,599,525	8,878,056	10,664,551	6,832,631	3,408,239	(6,044,992)	(9,510,796)
Total governmental activities net position	\$ 42,504,005	\$ 47,672,150	\$ 78,588,681	\$ 72,521,103	\$ 67,321,428	\$ 69,248,097	\$ 65,278,143	\$ 66,083,569	\$ 62,907,723	\$ 49,277,678
Business-type Activities:										
Net investment in capital assets	\$ 105,211,098	\$ 103,815,937	\$ 102,477,564	\$ 97,496,807	\$ 91,705,008	\$ 92,794,535	\$ 95,113,023	\$ 93,173,971	\$ 99,168,724	\$ 91,442,202
Restricted	141,802	177,154	177,139	174,935	182,087	403,421	314,833	314,693	313,785	312,456
Unrestricted	8,314,320	6,630,921	5,817,374	7,734,278	12,061,259	10,366,477	6,605,990	7,623,256	5,203,690	7,367,773
Total business-type activities net position	\$ 113,667,220	\$ 110,624,012	\$ 108,472,077	\$ 105,406,020	\$ 103,948,354	\$ 103,564,433	\$ 102,033,846	\$ 101,111,920	\$ 104,686,199	\$ 99,122,431
Primary Government:										
Net investment in capital assets	\$ 162,259,575	\$ 159,521,891	\$ 157,915,065	\$ 154,898,291	\$ 148,913,254	\$ 151,367,412	\$ 153,547,812	\$ 154,135,817	\$ 168,103,834	\$ 150,204,129
Restricted	2,387,364	2,078,315	1,653,420	1,695,029	1,417,213	414,090	325,556	2,028,177	331,390	339,003
Unrestricted (deficit)	(8,475,714)	(3,304,044)	27,492,273	21,333,803	20,939,315	21,031,028	13,438,621	11,031,495	(841,302)	(2,143,023)
Total Primary Government net position	\$ 156,171,225	\$ 158,296,162	\$ 187,060,758	\$ 177,927,123	\$ 171,269,782	\$ 172,812,530	\$ 167,311,989	\$ 167,195,489	\$ 167,593,922	\$ 148,400,109

(1) Implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date."

COUNTY OF YORK, VIRGINIA
Changes in Net Position - Accrual Basis of Accounting
Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Expenses (1)										
Governmental activities:										
General government	\$ 5,281,219	\$ 3,408,038	\$ 8,717,434	\$ 3,469,315	\$ 3,852,265	\$ 4,756,990	\$ 3,281,995	\$ 3,729,163	\$ 3,450,703	\$ 3,661,480
Judicial services	2,925,400	3,256,745	3,190,077	2,974,509	2,983,284	3,114,416	3,050,588	3,217,220	3,079,480	2,717,696
Public safety	31,455,990	31,565,116	31,994,037	31,809,187	30,651,085	29,749,782	29,913,451	29,469,455	27,466,315	25,729,808
Environmental and development services	-	5,921,822	4,459,304	4,392,549	5,110,799	7,360,263	4,588,243	4,293,152	4,181,043	5,102,854
Management services	9,863,547	-	-	-	-	-	-	-	-	-
Finance and planning	-	9,776,644	11,071,656	9,605,982	9,246,805	9,957,090	10,347,260	11,074,824	9,630,189	10,342,827
Education	68,349,890	68,436,746	49,589,562	51,052,753	55,589,523	48,896,509	52,749,950	53,460,125	45,742,991	55,247,261
Human services	8,538,830	7,854,783	8,217,138	7,895,079	8,250,918	8,375,011	8,888,070	8,751,468	8,594,261	8,031,668
General services	-	6,884,634	6,707,865	6,400,928	7,185,728	7,159,338	7,219,383	6,944,857	6,733,491	6,287,891
Public works	9,918,224	-	-	-	-	-	-	-	-	-
Community services	6,479,836	6,449,967	6,263,573	6,333,119	6,667,688	5,934,513	5,828,214	6,021,699	4,926,133	5,280,722
Interest and fiscal charges on noncurrent debt	3,643,143	2,735,422	3,898,226	3,974,566	4,048,324	4,263,014	4,393,098	4,144,723	3,708,287	3,883,116
Total governmental activities	<u>146,456,079</u>	<u>146,289,917</u>	<u>134,108,872</u>	<u>127,907,987</u>	<u>133,586,419</u>	<u>129,566,926</u>	<u>130,260,252</u>	<u>131,106,686</u>	<u>117,512,893</u>	<u>126,285,323</u>
Business-type activities:										
Sewer Utility	10,792,409	10,705,774	10,505,293	10,086,788	10,467,392	9,983,893	8,949,964	9,011,555	7,766,854	6,960,108
Water Utility	332,253	339,656	349,496	1,002,427	346,275	362,073	596,782	7,100,039	637,020	768,276
Solid Waste	4,238,137	4,248,485	4,818,406	4,651,045	5,599,987	4,407,178	4,305,967	4,228,895	4,203,909	4,366,338
Yorktown Operations	85,983	77,434	74,718	98,893	112,258	117,368	122,537	137,837	214,489	197,646
Sanitary Districts	418,133	418,133	418,133	424,857	431,544	439,058	455,094	534,583	469,312	483,459
Regional Radio System	2,597,863	2,634,351	2,494,441	2,402,484	2,024,644	1,773,267	1,524,079	58,246	32,826	-
Total business-type activities	<u>18,464,778</u>	<u>18,424,833</u>	<u>18,660,487</u>	<u>18,666,494</u>	<u>18,982,100</u>	<u>17,082,837</u>	<u>15,954,423</u>	<u>21,071,155</u>	<u>13,324,410</u>	<u>12,775,827</u>
Total Primary Government	<u>\$ 164,920,857</u>	<u>\$ 164,714,750</u>	<u>\$ 152,769,359</u>	<u>\$ 146,574,481</u>	<u>\$ 152,568,519</u>	<u>\$ 146,649,763</u>	<u>\$ 146,214,675</u>	<u>\$ 152,177,841</u>	<u>\$ 130,837,303</u>	<u>\$ 139,061,150</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 734,113	\$ 141,697	\$ 121,888	\$ 86,198	\$ 77,019	\$ 78,310	\$ 112,626	\$ 93,000	\$ 91,605	\$ 94,418
Judicial services	540,591	496,240	528,711	606,118	854,103	783,767	939,549	1,001,882	1,001,023	996,492
Public safety	3,361,432	3,146,553	3,212,578	2,252,219	3,408,661	3,238,055	1,773,303	1,081,644	980,923	566,118
Environmental and development services	-	816,746	741,235	654,373	403,657	412,451	529,167	657,892	822,526	1,015,870
Management services	470,186	-	-	-	-	-	-	-	-	-
Finance and planning	-	447,610	449,041	447,077	411,139	400,466	244,008	79,754	213,526	84,449
Education	431,785	311,851	213,633	161,115	59,587	521,282	944,383	671,289	375,062	664,019
Human services	320,155	277,393	270,403	295,254	289,378	362,963	371,921	423,252	373,751	252,905
General services	-	1,289,908	1,257,665	1,404,091	1,181,949	1,200,451	1,238,374	1,254,539	1,291,090	1,319,800
Public works	1,308,871	-	-	-	-	-	-	-	-	-
Community services	576,602	500,144	514,474	503,702	443,227	516,414	497,008	458,100	428,373	380,418
Operating grants and contributions	10,631,197	10,188,235	10,521,429	10,205,585	10,146,333	10,738,996	10,900,393	10,796,179	10,949,851	11,264,285
Capital grants and contributions	797,833	1,369,785	317,128	1,668,035	2,727,017	2,562,616	1,683,547	1,092,566	1,426,194	2,258,265
Total governmental activities	<u>19,172,765</u>	<u>18,986,162</u>	<u>18,148,185</u>	<u>18,283,767</u>	<u>20,002,070</u>	<u>20,815,771</u>	<u>19,234,279</u>	<u>17,610,097</u>	<u>17,953,924</u>	<u>18,897,039</u>
Business-type activities:										
Charges for services:										
Sewer Utility	10,788,652	11,144,763	9,924,081	8,928,385	7,938,010	7,209,582	6,878,901	7,353,075	7,010,571	7,394,850
Water Utility	323,387	349,594	383,138	357,728	333,534	351,955	360,297	718,736	790,208	723,962
Solid Waste	4,626,276	4,626,082	4,856,961	3,739,588	3,505,246	3,520,553	3,452,153	3,384,681	3,441,896	3,191,246
Yorktown Operations	186,905	164,106	166,197	88,725	87,353	97,919	141,836	335,753	324,592	76,636
Regional Radio System	1,643,514	1,901,788	1,602,377	1,501,755	1,259,130	1,035,880	903,155	200,053	125,620	-
Operating grants and contributions	291,307	289,674	295,108	300,180	1,342,550	149,502	10,070	-	455	573,544
Capital grants and contributions	299,948	925,950	1,371,580	1,139,604	1,063,452	2,595,686	1,027,138	1,742,277	3,500,028	2,126,944
Total business-type activities	<u>18,159,989</u>	<u>19,401,957</u>	<u>18,599,442</u>	<u>16,055,965</u>	<u>15,529,275</u>	<u>14,961,077</u>	<u>12,773,550</u>	<u>13,734,575</u>	<u>15,193,370</u>	<u>14,087,182</u>
Total Primary Government	<u>\$ 37,332,754</u>	<u>\$ 38,388,119</u>	<u>\$ 36,747,627</u>	<u>\$ 34,339,732</u>	<u>\$ 35,531,345</u>	<u>\$ 35,776,848</u>	<u>\$ 32,007,829</u>	<u>\$ 31,344,672</u>	<u>\$ 33,147,294</u>	<u>\$ 32,984,221</u>
Net (expense)/revenue										
Governmental activities	\$ (127,283,314)	\$ (127,303,755)	\$ (115,960,687)	\$ (109,624,220)	\$ (113,584,349)	\$ (108,751,155)	\$ (111,025,973)	\$ (113,496,589)	\$ (99,558,969)	\$ (107,388,284)
Business-type activities	(304,789)	977,124	(61,045)	(2,610,529)	(3,452,825)	(2,121,760)	(3,180,873)	(7,336,580)	1,868,960	1,311,355
Total Primary Government net expense	<u>\$ (127,588,103)</u>	<u>\$ (126,326,631)</u>	<u>\$ (116,021,732)</u>	<u>\$ (112,234,749)</u>	<u>\$ (117,037,174)</u>	<u>\$ (110,872,915)</u>	<u>\$ (114,206,846)</u>	<u>\$ (120,833,169)</u>	<u>\$ (97,690,009)</u>	<u>\$ (106,076,929)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	85,362,882	81,767,345	80,907,792	79,711,885	76,373,509	77,433,934	75,669,094	79,616,260	73,269,069	69,702,015
Local sales and use taxes	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699	9,363,787	8,928,076
Hotel and motel room taxes	4,994,074	4,643,484	4,323,868	4,268,312	4,221,304	4,336,193	4,072,547	4,292,559	4,563,470	4,196,637
Restaurant food taxes	6,047,842	5,818,598	5,607,884	5,550,391	5,321,843	5,322,721	5,034,793	5,178,743	5,143,049	4,910,446
Business license taxes	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494	6,601,944	5,455,784
Motor vehicle licenses	1,591,953	1,558,331	1,582,332	1,596,403	1,523,082	1,516,710	1,419,591	1,495,939	1,404,639	1,426,483
Franchise taxes	-	-	-	-	-	-	-	-	-	364,516
Taxes on recordation and wills	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736
Emergency telephone service taxes	-	-	-	-	-	-	-	-	-	352,343
Other local taxes	1,938,974	1,925,269	1,956,544	1,966,816	1,969,937	2,045,667	2,011,290	1,997,715	2,371,898	1,248,928
Personal property tax relief - Commonwealth of Virginia	8,741,680	8,665,120	8,741,680	8,525,325	8,485,927	8,496,159	8,550,746	8,547,502	8,737,103	8,760,459
Unrestricted investment earnings	305,043	149,037	216,877	85,087	174,000	234,060	256,284	1,070,698	2,331,247	2,659,404
Miscellaneous	358,177	79,766	1,256,436	232,168	414,057	813,341	683,799	1,037,292	550,278	1,016,178
Gain (loss) on sale of capital assets	188,537	(118,576)	22,306	25,631	28,907	33,007	-	-	-	-
Transfers	(3,425,018)	(3,346,849)	(3,262,639)	(3,826,920)	(3,739,725)	(3,562,226)	(3,913,865)	(3,330,542)	(3,201,992)	(3,207,179)
Total governmental activities	<u>123,916,205</u>	<u>118,533,124</u>	<u>118,784,281</u>	<u>114,823,895</u>	<u>111,657,680</u>	<u>112,721,109</u>	<u>110,220,547</u>	<u>116,672,435</u>	<u>113,189,014</u>	<u>107,787,826</u>
Business-type activities:										
Unrestricted investment earnings	46,907	12,167	37,303	54,762	66,982	68,299	125,061	289,168	463,923	559,177
Miscellaneous	32,179	17,684	43,003	82,881	30,039	21,822	62,956	142,591	28,893	316,362
Gain on sale of capital assets	7,000	573	-	103,632	-	-	917	-	-	-
Transfers	3,425,018	3,346,849	3,262,639	3,826,920	3,739,725	3,562,226	3,913,865	3,330,542	3,201,992	3,207,179
Total business-type activities	<u>3,511,104</u>	<u>3,377,273</u>	<u>3,342,945</u>	<u>4,068,195</u>	<u>3,836,746</u>	<u>3,652,347</u>	<u>4,102,799</u>	<u>3,762,301</u>	<u>3,694,808</u>	<u>4,082,718</u>
Total Primary Government	<u>\$ 127,427,309</u>	<u>\$ 121,910,397</u>	<u>\$ 122,127,226</u>	<u>\$ 118,892,090</u>	<u>\$ 115,494,426</u>	<u>\$ 116,373,456</u>	<u>\$ 114,323,346</u>	<u>\$ 120,434,736</u>	<u>\$ 116,883,822</u>	<u>\$ 111,870,544</u>
Change in Net Position										
Governmental activities	\$ (3,367,109)	\$ (8,770,631)	\$ 2,823,594	\$ 5,199,675	\$ (1,926,669)	\$ 3,969,954	\$ (805,426)	\$ 3,175,846	\$ 13,630,045	\$ 399,542
Business-type activities	3,206,315	4,354,397	3,281,900	1,457,666	383,921	1,530,587	921,926	(3,574,279)	5,563,768	5,394,073
Total Primary Government	<u>\$ (160,794)</u>	<u>\$ (4,416,234)</u>	<u>\$ 6,105,494</u>	<u>\$ 6,657,341</u>	<u>\$ (1,542,748)</u>	<u>\$ 5,500,541</u>	<u>\$ 116,500</u>	<u>\$ (398,433)</u>	<u>\$ 19,193,813</u>	<u>\$ 5,793,615</u>

(1) Expenditure categories were reclassified in FY2016. "Finance and planning" became "Management services" and "Environmental and development services" and "General services" were combined into "Public works" except for building regulations and development and compliance expenditures were moved from "Environmental and development services" to "General government."

COUNTY OF YORK, VIRGINIA
Governmental Activities Tax Revenues By Source - Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property tax	\$ 85,362,882	\$ 81,767,345	\$ 80,907,792	\$ 79,711,885	\$ 76,373,509	\$ 77,433,934	\$ 75,669,094	\$ 79,616,260	\$ 73,269,069	\$ 69,702,015
Local sales and use tax	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699	9,363,787	8,928,076
Hotel and motel room taxes	4,994,074	4,643,484	4,323,868	4,268,312	4,221,304	4,336,193	4,072,547	4,292,559	4,563,470	4,196,637
Restaurant food taxes	6,047,842	5,818,598	5,607,884	5,550,391	5,321,843	5,322,721	5,034,793	5,178,743	5,143,049	4,910,446
Business license taxes	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494	6,601,944	5,455,784
Motor vehicle licenses	1,591,953	1,558,331	1,582,332	1,596,403	1,523,082	1,516,710	1,419,591	1,495,939	1,404,639	1,426,483
Franchise taxes	-	-	-	-	-	-	-	-	-	364,516
Taxes on recordation and wills	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736
Emergency telephone service	-	-	-	-	-	-	-	-	-	352,343
Other local taxes	<u>1,938,974</u>	<u>1,925,269</u>	<u>1,956,544</u>	<u>1,966,816</u>	<u>1,969,937</u>	<u>2,045,667</u>	<u>2,011,290</u>	<u>1,997,715</u>	<u>2,371,898</u>	<u>1,248,928</u>
Total	<u>\$ 117,747,786</u>	<u>\$ 113,104,626</u>	<u>\$ 111,809,621</u>	<u>\$ 109,782,604</u>	<u>\$ 106,294,514</u>	<u>\$ 106,706,768</u>	<u>\$ 104,643,583</u>	<u>\$ 109,347,485</u>	<u>\$ 104,772,378</u>	<u>\$ 98,558,964</u>

COUNTY OF YORK, VIRGINIA
Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Fund										
Nonspendable	\$ 8,750,971	\$ 9,743,740	\$ 9,808,279	\$ 10,518,258	\$ 10,578,620	\$ 11,106,155	\$ -	\$ -	\$ -	\$ -
Restricted	1,106,571	991,058	940,152	843,439	781,934	858,361	-	-	-	-
Committed	12,027,362	13,315,169	12,664,460	12,520,518	12,380,970	12,446,451	-	-	-	-
Assigned	11,275,325	13,262,008	18,505,878	14,064,015	18,997,964	8,319,357	-	-	-	-
Unassigned	16,270,680	16,126,447	19,747,802	15,612,469	15,547,246	21,491,918	-	-	-	-
Reserved	-	-	-	-	-	-	11,609,565	12,371,540	14,021,740	15,645,170
Unreserved	-	-	-	-	-	-	39,851,251	39,493,924	39,412,194	32,796,722
Total general fund	<u>\$ 49,430,909</u>	<u>\$ 53,438,422</u>	<u>\$ 61,666,571</u>	<u>\$ 53,558,699</u>	<u>\$ 58,286,734</u>	<u>\$ 54,222,242</u>	<u>\$ 51,460,816</u>	<u>\$ 51,865,464</u>	<u>\$ 53,433,934</u>	<u>\$ 48,441,892</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ -	\$ -	\$ 138,671	\$ 210,976	\$ 8,194,857	\$ -	\$ -	\$ -	\$ -
Restricted	1,138,991	910,103	536,129	676,655	432,829	1,504,544	-	-	-	-
Committed	6,213,357	4,052,604	5,653,220	9,937,427	851,246	1,101,066	-	-	-	-
Assigned	12,844,980	11,745,879	11,931,032	12,203,643	15,058,975	14,165,574	-	-	-	-
Unassigned	(5,638,008)	(6,637,510)	(6,716,787)	(7,285,908)	(7,308,883)	(15,666,704)	-	-	-	-
Reserved	-	-	-	-	-	-	12,413,276	11,633,657	7,297,735	2,315,408
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	(6,686,125)	(7,518,113)	533,468	369,712
Capital project funds	-	-	-	-	-	-	9,075,811	10,990,959	(7,771,767)	4,577,888
Total all other governmental funds	<u>\$ 14,559,320</u>	<u>\$ 10,071,076</u>	<u>\$ 11,403,594</u>	<u>\$ 15,670,488</u>	<u>\$ 9,245,143</u>	<u>\$ 9,299,337</u>	<u>\$ 14,802,962</u>	<u>\$ 15,106,503</u>	<u>\$ 59,436</u>	<u>\$ 7,263,008</u>

*Fiscal years 2016-2011 reflect the adoption of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

COUNTY OF YORK, VIRGINIA
Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues										
General property taxes	\$ 85,368,220	\$ 81,977,556	\$ 81,125,127	\$ 80,071,914	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667
Other local taxes	32,343,857	31,318,061	30,891,414	30,012,365	29,997,922	29,073,893	28,997,406	29,646,843	31,393,679	28,747,770
Intergovernmental	19,884,521	19,612,174	19,413,247	20,114,231	20,720,210	19,700,968	20,179,204	19,489,917	20,355,321	20,847,757
Permits, fees and licenses	779,390	882,569	818,221	659,658	468,190	471,535	598,252	735,562	831,243	1,046,764
Fines and forfeitures	308,039	277,108	298,754	335,974	387,560	359,937	371,169	358,110	345,100	327,126
Use of money and property	912,391	523,982	547,159	393,980	438,442	643,250	623,904	1,384,103	2,579,157	2,924,334
Charges for services	3,841,821	3,659,811	3,802,981	3,821,047	3,772,679	3,561,630	2,759,517	2,630,683	2,757,316	2,578,634
Miscellaneous	566,588	360,608	1,013,034	251,048	779,129	811,833	581,827	611,039	484,469	753,369
Recovered costs	<u>2,547,682</u>	<u>2,343,291</u>	<u>2,732,928</u>	<u>2,527,853</u>	<u>2,378,769</u>	<u>2,608,989</u>	<u>3,160,903</u>	<u>2,161,212</u>	<u>2,071,392</u>	<u>2,600,887</u>
Total revenue	<u>146,552,509</u>	<u>140,955,160</u>	<u>140,642,865</u>	<u>138,188,070</u>	<u>137,115,593</u>	<u>133,748,197</u>	<u>133,122,873</u>	<u>134,276,323</u>	<u>134,195,883</u>	<u>129,511,308</u>
Expenditures (2)										
General government	4,125,373	2,117,469	2,203,303	2,056,291	2,011,421	1,915,207	1,911,202	2,018,604	1,844,681	2,113,708
Judicial services	2,607,584	2,788,807	2,741,134	2,576,351	2,630,531	2,831,373	2,760,342	2,775,268	2,811,979	2,542,993
Public safety	30,245,518	29,524,373	29,096,722	28,296,119	27,595,816	30,126,085	27,326,021	26,970,154	25,451,641	23,780,172
Environmental and development services	-	3,420,823	3,668,780	3,512,884	3,441,640	3,492,773	3,580,740	3,572,643	3,440,043	3,364,588
Finance and planning	-	8,687,984	9,613,082	8,305,316	7,822,399	9,058,412	9,479,582	10,506,158	9,602,977	10,189,383
Management services	8,863,808	-	-	-	-	-	-	-	-	-
Education	68,240,885	65,747,918	49,386,779	50,780,591	55,271,680	48,805,929	52,623,555	53,222,468	45,330,434	55,134,646
Human services	8,611,086	7,958,815	7,839,768	7,663,060	7,875,456	8,221,433	8,833,985	8,747,132	8,615,083	7,991,893
Public works	8,623,135	-	-	-	-	-	-	-	-	-
General services	-	6,640,288	6,323,547	6,086,730	6,747,125	6,822,173	7,012,414	7,311,531	6,604,110	6,362,307
Community services	5,151,517	5,089,962	4,796,824	4,758,072	5,271,976	4,138,036	3,512,723	3,696,218	3,398,991	3,310,307
Non-departmental	1,693,556	1,925,791	1,615,921	2,267,011	2,278,091	1,429,528	1,913,583	1,881,882	1,667,624	1,939,030
Capital outlay	5,988,334	6,955,577	7,784,015	4,646,213	4,091,765	8,968,847	4,613,783	9,789,500	14,993,302	4,710,733
Debt service:										
Principal	5,425,023	6,882,404	7,182,911	6,550,894	6,901,861	6,560,684	5,814,490	5,574,780	5,672,147	5,165,611
Interest and fiscal charges	3,507,961	3,336,339	3,652,774	3,959,671	4,078,062	4,283,166	4,402,171	3,855,923	3,880,565	3,750,570
Other costs of debt issuance	<u>180,516</u>	<u>25,822</u>	<u>188,219</u>	<u>-</u>	<u>41,814</u>	<u>24,257</u>	<u>52,621</u>	<u>328,015</u>	<u>-</u>	<u>4,339</u>
Total expenditures	<u>153,264,296</u>	<u>151,102,372</u>	<u>136,093,779</u>	<u>131,459,203</u>	<u>136,059,637</u>	<u>136,677,903</u>	<u>133,837,212</u>	<u>140,250,276</u>	<u>133,313,577</u>	<u>130,360,280</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,711,787)</u>	<u>(10,147,212)</u>	<u>4,549,086</u>	<u>6,728,867</u>	<u>1,055,956</u>	<u>(2,929,706)</u>	<u>(714,339)</u>	<u>(5,973,953)</u>	<u>882,306</u>	<u>(848,972)</u>
Other Financing Sources (Uses)										
Insurance recovery	78,234	19,749	21,459	23,596	37,594	5,363	206,459	34,680	78,629	188,175
Bonds issued	21,950,000	21,125,000	9,865,000	-	6,925,000	1,120,000	4,180,000	22,630,000	-	11,030,000
Premium on bonds issued	3,312,073	974,672	827,791	-	1,047,456	-	66,222	523,691	-	274,451
Capital leases	-	-	300,376	-	-	3,035,627	-	151,400	148,428	286,890
Sale of capital and other assets	-	-	-	-	11,000	482,720	12,723	347,464	-	-
Transfers In	20,304,143	17,065,038	13,989,217	19,188,067	14,018,812	16,211,735	17,148,920	36,597,362	17,664,742	15,553,666
Deposits for refunding	(12,598,700)	(12,595,000)	(10,500,116)	-	-	-	-	-	-	-
Transfers Out	<u>(24,082,571)</u>	<u>(22,139,715)</u>	<u>(18,879,173)</u>	<u>(24,243,220)</u>	<u>(19,085,520)</u>	<u>(20,667,938)</u>	<u>(21,608,174)</u>	<u>(40,832,047)</u>	<u>(20,985,635)</u>	<u>(18,822,531)</u>
Total other financing sources (uses), net	<u>8,963,179</u>	<u>4,449,744</u>	<u>(4,375,446)</u>	<u>(5,031,557)</u>	<u>2,954,342</u>	<u>187,507</u>	<u>6,150</u>	<u>19,452,550</u>	<u>(3,093,836)</u>	<u>8,510,651</u>
Net change in fund balances	<u>\$ 2,251,392</u>	<u>\$ (5,697,468)</u>	<u>\$ 173,640</u>	<u>\$ 1,697,310</u>	<u>\$ 4,010,298</u>	<u>\$ (2,742,199)</u>	<u>\$ (708,189)</u>	<u>\$ 13,478,597</u>	<u>\$ (2,211,530)</u>	<u>\$ 7,661,679</u>
Debt service as a percentage of noncapital expenditures (1)	<u>6.01%</u>	<u>6.95%</u>	<u>8.11%</u>	<u>8.27%</u>	<u>8.22%</u>	<u>8.3%</u>	<u>7.8%</u>	<u>7.2%</u>	<u>8.1%</u>	<u>7.0%</u>

(1) Noncapital expenditures = total expenditures less amounts for capitalized assets on the Government-Wide Statement of Net Assets.

(2) Expenditure categories were reclassified in FY2016. "Finance and planning" became "Management services" and "Environmental and development services" and "General services" were combined into "Public works" except for building regulations and development and compliance expenditures were moved from "Environmental and development services" to "General government."

COUNTY OF YORK, VIRGINIA
General Government Tax Revenues By Source - Modified Accrual Basis of Accounting
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Property tax	\$ 85,368,220	\$ 81,977,556	\$ 81,125,127	\$ 80,071,914	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854	\$ 73,378,206	\$ 69,684,667
Local sales and use tax	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699	9,522,530	8,928,076
Hotel and motel room taxes	4,977,615	4,643,484	4,323,868	4,302,250	4,278,426	4,264,686	4,057,057	4,290,511	4,563,470	4,196,637
Restaurant food taxes	6,060,974	5,814,040	5,631,472	5,563,010	5,381,266	5,260,568	5,054,179	5,132,516	5,143,049	4,910,446
Business license taxes	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494	6,712,236	5,455,784
Communications sales tax	1,272,490	1,311,310	1,322,868	1,345,767	1,342,206	1,370,049	1,376,864	1,371,148	1,509,095	647,120
Motor vehicle licenses	1,590,308	1,574,559	1,586,865	1,525,026	1,514,549	1,485,763	1,474,552	1,503,306	1,404,639	1,426,483
Franchise taxes	2,876	1,267	1,247	1,028	735	502	259	41	-	364,516
Taxes on recordation and wills	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076	2,054,522	1,973,736
Emergency telephone service taxes	-	-	-	-	-	-	-	-	-	352,343
Other local taxes	627,533	581,802	593,893	586,487	595,901	640,782	598,227	583,052	484,138	492,629
Total	<u>\$ 117,712,077</u>	<u>\$ 113,295,617</u>	<u>\$ 112,016,541</u>	<u>\$ 110,084,279</u>	<u>\$ 108,170,614</u>	<u>\$ 105,590,055</u>	<u>\$ 104,848,097</u>	<u>\$ 106,905,697</u>	<u>\$ 104,771,885</u>	<u>\$ 98,432,437</u>

COUNTY OF YORK, VIRGINIA
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Calendar Years

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Mobile Home</u>	<u>Public Utility</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
	<u>Residential</u>	<u>Commercial</u>			<u>Real Estate</u>	<u>Personal Property</u>	<u>CPC Equipment</u>		
2016	\$ 7,425,810,400	\$ 1,574,952,300	\$ 593,894,890	\$ 3,512,600	\$ 442,369,715	\$ 104,756	\$ -	\$ 10,040,644,661	\$ 0.9437
2015	7,307,361,300	1,491,507,600	561,880,260	3,939,500	430,748,916	127,592	-	9,795,565,168	0.9379
2014	7,243,259,500	1,491,310,000	552,552,935	3,780,000	425,978,786	148,514	-	9,717,029,735	0.9363
2013	7,321,920,900	1,368,970,400	531,217,905	3,912,100	420,994,403	186,019	-	9,647,201,727	0.9304
2012	7,276,743,200	1,361,986,800	514,828,080	3,812,600	393,773,490	69,127	-	9,551,213,297	0.9172
2011	7,551,450,600	1,397,685,000	493,248,385	4,187,400	382,175,535	96,956	68,960,274	9,897,804,150	0.8232
2010	7,549,953,800	1,411,273,300	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	7,802,656,100	1,190,943,400	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123
2008	7,668,516,700	1,101,172,500	515,107,210	4,276,100	308,145,734	148,765	67,877,755	9,665,244,764	0.8348
2007	6,665,019,900	980,775,300	487,921,335	4,224,900	326,639,988	174,188	75,653,448	8,540,409,059	0.8850

Source: County Commissioner of Revenue.

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed on a calendar year basis and at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value. Calendar year 2012 reflects an amendment to the Virginia State Code, which exempted CPC (Certified Pollution Control) equipment.

COUNTY OF YORK, VIRGINIA**Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year	Real Estate (1) (2) (3)	Personal Property (1) (4)	Mobile Home (1) (3)	Boats > 5 Tons (1)	Total Direct Tax Rate
2016	\$ 0.7515	\$ 4.00	\$ 0.7515	\$ 1.00	\$ 0.9437
2015	0.7515	4.00	0.7515	1.00	0.9379
2014	0.7515	4.00	0.7515	1.00	0.9363
2013	0.7415/0.7515	4.00	0.7415/0.7515	1.00	0.9304
2012	0.6575/0.7415	4.00	0.6575/0.7415	1.00	0.9172
2011	0.6575	4.00	0.6575	1.00	0.8232
2010	0.6575	4.00	0.6575	1.00	0.8211
2009	0.6575	4.00	0.6575	1.00	0.8123
2008	0.6975/0.6575	4.00	0.6975/0.6575	1.00	0.8348
2007	0.6975	4.00	0.6975	1.00	0.8850

(1) Tax rate per \$100 of assessed valuation.

(2) The amount designated for school operating is \$0.587 per \$100 of valuation for fiscal year 2016.

(3) The tax rate, 1st half/2nd half, if different.

(4) The tax rate per \$100 of assessed valuation for Disabled American Veterans has been \$1.00 since 2008.

Note: The County has no overlapping taxes with other governments.

COUNTY OF YORK, VIRGINIA
Principal Property Taxpayers
Calendar Year 2015 and Nine Years Prior*

<u>Taxpayer</u>	<u>Description</u>	<u>2015 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>2006 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Virginia Power Company	Generating plant	\$ 356,904,965	1	3.63%	\$ 283,926,006	1	3.38%
BP/Western Refining/Plains Marketing	Former Refinery	236,396,720	2	2.40%	83,621,055	3	0.99%
Lawyers Title/Fairfield Resorts	Timeshare condominiums	170,891,445	3	1.74%	161,377,170	2	1.92%
City of Newport News	Water system	135,272,300	4	1.38%	80,970,587	4	0.96%
Great Wolf Lodge of Williamsburg, LLC	Hotel and water park	80,493,065	5	0.82%	50,182,145	6	0.60%
Kings Creek Plantation	Timeshare condominiums	80,394,610	6	0.82%	46,899,465	7	0.56%
Walmart	Retail sales	38,297,120	7	0.39%	33,853,680	8	0.40%
1991 Ashe Partnership	Apartment complex	37,819,090	8	0.38%			
852 LLC	Apartment complex	34,978,020	9	0.36%			
Busch Entertainment/Water Country USA	Water Park	<u>34,327,035</u>	10	0.35%	65,188,275	5	0.78%
Verizon Virginia Inc.	Telecommunications				22,194,438	9	0.26%
Virginia Natural Gas	Manufacturer				<u>21,411,374</u>	10	<u>0.25%</u>
Total		<u>\$ 1,205,774,370</u>		<u>12.27%</u>	<u>\$ 849,624,195</u>		<u>10.10%</u>

*The County's assessment cycle is on a calendar year basis.
Source: Commissioner of the Revenue of the County of York, Virginia.

COUNTY OF YORK, VIRGINIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (1)	Percent of Levy Collected	Collections in Subsequent Year	Total Collections to Date	
					Amount	Percentage of Levy
2016	\$ 84,110,482	\$ 81,503,407	96.90%	\$ -	\$ 81,503,407	96.90%
2015	80,716,523	77,929,910	96.55%	2,224,984	80,154,894	99.30%
2014	79,831,923	77,513,973	97.10%	1,817,797	79,331,770	99.37%
2013	78,390,079	75,580,443	96.42%	2,308,238	77,888,681	99.36%
2012	77,167,308	75,120,925	97.35%	1,530,160	76,651,085	99.33%
2011	78,309,524	74,202,547	94.76%	1,616,869	75,819,416	96.82%
2010	79,967,238	74,592,412	93.28%	1,700,927	76,293,339	95.41%
2009	77,519,190	74,221,594	95.75%	1,756,865	75,978,459	98.01%
2008	72,552,762	70,122,593	96.65%	2,038,771	72,161,364	99.46%
2007	69,290,160	67,367,845	97.23%	1,369,212	68,737,057	99.20%

(1) Effective for 2006, the Commonwealth of Virginia passed legislation changing the nature of the Personal Property Tax Relief Act "PPTRA" (Virginia State Code, Title 58.1, Chapter 35) from a reimbursement based entitlement program to a block grant. Consequently, the levy and collections for the first half of calendar year 2006 (second half of fiscal year 2006), excludes the Commonwealth's noncategorical aid for PPTRA. Figures for the second half of calendar year 2005 (first half of fiscal year 2006) and for applicable prior years include the Commonwealth's reimbursement for PPTRA.

Source: Commissioner of the Revenue and Treasurer, County of York, Virginia.

COUNTY OF YORK, VIRGINIA
Ratio of Outstanding Debt By Type (1)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>	<u>Literary Loans</u>	<u>Capital Leases</u>	<u>Lease Revenue Bonds</u>	<u>Note Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2016	\$ 61,906,639	\$ -	\$ 2,420,659	\$ 23,247,569	\$ -	\$ -	\$ 21,169,120	\$ -	\$ 108,743,987	N/A	\$ 1,546
2015	53,270,668	-	2,860,682	23,544,723	-	-	21,696,428	325,301	101,697,802	N/A	1,464
2014	49,619,991	-	3,113,086	24,847,309	-	-	22,207,989	638,542	100,426,917	2.39%	1,490
2013	54,961,398	-	2,862,880	26,059,652	372,740	-	22,141,530	940,170	107,338,370	2.64%	1,603
2012	59,822,805	-	2,917,121	27,499,214	719,393	-	22,570,884	1,230,616	114,760,033	2.83%	1,728
2011	56,564,037	100,000	3,316,594	29,052,785	1,041,781	-	22,984,594	1,705,295	114,765,086	2.92%	1,740
2010	59,858,071	200,000	694,180	30,792,347	1,341,604	-	7,924,245	2,159,605	102,970,052	2.73%	1,567
2009	59,764,486	300,000	914,834	31,951,909	1,620,440	-	8,194,645	2,598,931	105,345,245	2.88%	1,622
2008	58,234,825	400,000	953,896	15,437,028	1,879,758	-	8,449,490	705,897	86,060,894	2.33%	1,342
2007	62,329,170	550,000	986,448	16,511,783	2,120,925	-	8,693,806	865,335	92,057,467	2.55%	1,456

N/A - This information is not available.

(1) Bonds are shown at net of related premiums and/or discounts and deferred amounts on refundings.

(2) See Population and Personal Income on Demographic and Economic Statistics table, page L-16.

COUNTY OF YORK, VIRGINIA
Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2016	\$ 61,906,639	\$ -	\$ 61,906,639	0.62%	\$ 880
2015	53,270,668	-	53,270,668	0.54%	767
2014	49,619,991	-	49,619,991	0.51%	736
2013	54,961,398	-	54,961,398	0.57%	821
2012	59,822,805	-	59,822,805	0.63%	901
2011	56,564,037	-	56,564,037	0.57%	857
2010	59,858,071	-	59,858,071	0.61%	911
2009	59,764,486	-	59,764,486	0.61%	920
2008	58,234,825	-	58,234,825	0.60%	908
2007	62,329,170	-	62,329,170	0.73%	986

(1) See Assessed Value table, page L-9.

(2) See Population on Demographic and Economic Statistics table, page L-16.

COUNTY OF YORK, VIRGINIA

Pledged Revenue Coverage (1)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Net Revenues (2)</u>	<u>Capacity Fees</u>	<u>Meals Tax</u>	<u>Unrestricted Reserves</u>	<u>Total Debt Service</u>	<u>Coverage</u>		
						<u>Test 1 (3)</u>	<u>Test 2a (4)</u>	<u>Test 2b (4)</u>
2016	\$ 4,663,892	\$ 759,850	\$ 2,420,811	N/A	\$ 1,700,755	2.97	2.74	3.94
2015	4,863,228	1,309,597	1,872,798	N/A	1,700,580	3.24	2.86	3.58
2014	4,356,577	1,136,879	2,248,708	N/A	1,674,130	2.60	2.26	3.27
2013	3,687,966	815,581	2,220,994	N/A	1,682,502	2.19	1.95	3.03
2012	2,344,292	668,525	1,734,227	N/A	1,679,914	1.40	1.20	2.03
2011	1,239,891	515,932	1,050,248	N/A	1,059,085	1.17	0.93	1.68
2010	1,275,578	274,900	N/A	5,731,287	664,878	1.92	1.71	5.82
2009	2,104,996	876,754	N/A	7,531,006	662,328	3.18	2.52	7.54
2008	2,270,177	973,743	N/A	5,993,299	664,278	3.42	2.68	6.46
2007	3,480,661	1,492,611	N/A	8,262,475	665,828	5.23	4.11	9.19

(1) Revenue covenants on 1999 Sewer System Revenue Bonds, 2005 Sewer System Revenue Refunding Bonds and 2010 Sewer System Revenue Bonds must meet two coverage tests. The non-callable portion of the 1999 bonds was paid off in 2009.

(2) Net revenue represents operating income, investment earnings and the federal subsidy for interest, excluding transfers, and less operating expenses, excluding interest, depreciation and amortization, and less amounts due on the Series 1992 bonds.

(3) The ratio of the net revenues divided by the sum of 100% of the annual debt service plus any amounts required to be deposited in the Repair and Replacement Fund and the Debt Service Reserve Fund during the fiscal year must exceed 1.20.

(4) Either (a) the ratio of net revenues less 50% of capacity fees divided by 100% of total debt service must exceed 1.0; or for fiscal years 2016 - 2011, (b) the ratio of net revenues plus meals tax revenues less 100% of capacity fees divided by 100% of annual debt service must exceed 1.50; for fiscal years 2010 - 2007, (b) the ratio of net revenues less 100% of capacity fees plus 50% of unrestricted reserves divided by 100% of annual debt service must exceed 1.50.

COUNTY OF YORK, VIRGINIA
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (Thousands) (2)	Per Capita Income (2)	Median Age (3)	Education Level In Years of Formal Schooling (4)	Student Average Daily Membership (5)	Unemployment Rate (6)
2016	70,341	N/A	N/A	N/A	13.20	12,522	3.90%
2015	69,466	N/A	N/A	38.50	13.20	12,519	4.30%
2014	67,396	\$ 4,205,314	\$ 53,646	40.10	13.20	12,333	5.00%
2013	66,955	4,069,566	52,128	39.20	13.20	12,226	5.40%
2012	66,428	4,050,950	52,015	38.60	13.20	12,410	5.80%
2011	65,973	3,930,614	50,480	40.00	13.20	12,477	6.10%
2010	65,695	3,777,062	48,830	39.40	13.20	12,533	6.10%
2009	64,933	3,663,568	47,364	39.90	13.10	12,732	5.30%
2008	64,132	3,687,475	47,860	39.80	13.10	12,745	3.30%
2007	63,226	3,610,140	47,008	38.70	13.10	12,649	2.50%

N/A - This information is not available.

Source:

- (1) Weldon Cooper Center for Public Service; 2016 estimate based on average growth over prior nine years.
- (2) Bureau of Economic Analysis combined amount for York County/Poquoson.
- (3) Median Age from U.S. Census Bureau
- (4) Educational Attainment derived from data published by the U.S. Census Bureau.
- (5) County School Division.
- (6) Local Area Unemployment Statistics Program and the Bureau of Labor Statistics; 2016 estimate per County Planning Division.

COUNTY OF YORK, VIRGINIA

Principal Employers
Current and Nine Years Prior

<u>Employer</u>	<u>2016</u>			<u>2007</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Naval Weapons Station/ Cheatham Annex	2,956	1	13.13%	2,217	1	9.47%
York County School Division	1,711	2	7.60%	1,726	2	7.37%
U.S. Coast Guard Station	1,404	3	6.24%	798	4	3.41%
Water Country	826	4	3.67%	736	6	3.14%
Walmart	798	5	3.55%	948	3	4.05%
Sentara Williamsburg Regional Medical Center	759	6	3.37%	792	5	3.38%
York County Government	729	7	3.24%	675	7	2.88%
YMCA	594	8	2.64%			
Great Wolf Lodge of Williamsburg, LLC	480	9	2.13%	500	8	2.14%
Kroger	310	10	1.38%			
Fairfield Resorts				465	9	1.99%
Kings Creek Plantation				281	10	1.20%
Total	<u>10,567</u>		<u>46.95%</u>	<u>9,138</u>		<u>39.03%</u>

Source: County Office of Economic Development.

COUNTY OF YORK, VIRGINIA
Full-time Equivalent County Employees By Function
Last Ten Fiscal Years

Function (1)	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General government	46.00	20.00	19.00	18.00	20.00	20.00	20.50	20.50	20.50	21.50
Judicial services	31.50	32.50	32.50	32.50	32.75	32.75	32.75	31.50	31.50	30.50
Public safety	302.00	300.00	300.00	300.00	300.00	299.50	300.25	286.75	279.75	266.00
Environmental and development services	-	54.50	54.50	54.25	55.00	54.00	54.00	54.00	53.00	52.00
Management services	95.25	-	-	-	-	-	-	-	-	-
Finance and planning	-	92.25	91.25	91.25	89.25	89.25	89.25	89.25	86.50	85.25
Education (Library)	33.00	33.00	33.00	33.00	33.50	33.50	33.50	33.50	33.50	34.00
Public works	171.00	-	-	-	-	-	-	-	-	-
General services	-	72.00	72.00	71.00	80.00	81.00	81.00	80.00	67.00	65.00
Community services	50.20	50.20	50.20	50.20	54.20	54.20	54.20	54.20	53.20	53.20
Sewer (Public Works)	-	56.00	57.00	56.00	56.50	55.50	54.00	53.00	53.00	54.00
Water (Public Works)	-	-	-	-	-	-	1.50	1.50	1.50	1.50
Solid Waste (Public Works)	-	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	<u>728.95</u>	<u>722.45</u>	<u>721.45</u>	<u>718.20</u>	<u>733.20</u>	<u>731.70</u>	<u>732.95</u>	<u>716.20</u>	<u>691.45</u>	<u>674.95</u>

Source: County Human Resources. Includes full-time and part-time positions; excludes work-as-required staff.

(1) Functional categories were reclassified in FY2016. "Finance and planning" became "Management services" and "Environmental and development services" and "General services" were combined into "Public works" except for building regulations and development and compliance were reclassified from "Environmental and development services" to "General government."

COUNTY OF YORK, VIRGINIA
Operating Indicators By Function
Last Ten Years

Function	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
General Government										
Elections - Registered voters	44,361	43,007	44,840	45,165	45,540	44,814	44,353	44,962	42,906	41,203
Building Permits Issued	3,648	4,175	4,822	4,043	3,663	3,751	3,676	3,881	4,859	5,606
Building Permit Value	\$ 68,300,485	\$ 91,568,396	\$ 78,778,858	\$ 74,340,412	\$ 55,959,121	\$ 50,093,788	\$ 76,376,378	\$ 113,550,581	\$ 153,900,889	\$ 194,087,943
Judicial Services (Clerk of Court)										
Criminal and civil cases filed	3,361	2,886	2,501	1,651	1,773	1,903	2,022	1,730	1,607	1,900
Land records filed	22,857	22,821	23,023	26,117	21,061	21,059	28,413	26,790	30,111	31,223
Sheriff										
Physical arrests	1,685	1,547	1,673	1,655	1,768	2,197	2,210	1,684	1,328	1,231
Parking violations	106	83	103	71	92	130	109	467	399	143
Traffic violations	3,768	2,675	2,126	2,476	3,489	3,395	3,712	4,390	2,694	3,292
Fire and Life Safety										
Number of calls	9,969	9,707	9,550	9,289	9,070	8,842	8,677	8,717	9,161	8,709
Fire dispatches	4,117	4,076	4,007	3,567	3,504	3,552	3,482	3,497	3,999	3,695
Rescue dispatches	5,852	5,631	5,543	5,722	5,566	5,290	5,195	5,220	5,162	5,014
Education										
Library book circulation	527,047	534,923	524,847	529,718	562,212	576,134	623,015	647,845	658,982	645,851
Library registered patrons	64,436	63,248	69,860	65,057	70,684	72,915	69,064	77,612	71,578	65,019
School Division cost per pupil	\$ 10,081	\$ 10,177	\$ 9,584	\$ 9,743	\$ 9,424	\$ 9,292	\$ 9,736	\$ 9,506	\$ 8,996	\$ 8,888
Community services										
Recreation program participation	105,032	121,587	100,542	108,590	101,650	119,314	113,653	130,137	82,284	57,328
Sewer										
New connections	170	401	277	339	366	158	166	251	442	530
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8	12	10
Consumption	N/A	N/A	N/A	N/A	N/A	N/A	N/A	116,927,460	123,386,411	95,512,834
Solid Waste										
Refuse collections (tons)	83,000	83,996	78,352	82,774	91,699	95,671	103,842	110,282	115,738	132,544
Recyclables collected (tons)	32,005	37,651	28,702	23,970	18,139	17,302	29,780	27,200	30,136	21,527

Source: Various County departments

Beginning in fiscal year 2010, the County's water operation was turned over to Newport News Waterworks.

Beginning in fiscal year 2011, electrical, plumbing and mechanical permits are reported as residential or commercial, as applicable. Due to system limitations, these permits are reported as commercial in prior years.

COUNTY OF YORK, VIRGINIA
Capital Asset Statistics By Function
Last Ten Years

Function	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Sheriff										
Patrol units	51	55	61	57	59	54	55	54	51	49
Fire and Life Safety										
Stations	6	6	6	6	6	6	6	6	6	6
Fire and rescue apparatus	26	26	26	26	26	26	26	25	25	25
Community services										
Park acreage	786	786	786	786	786	786	786	786	847	840
Parks	11	11	11	11	11	11	11	11	11	11
Tennis courts	36	36	36	36	36	36	36	36	32	30
Basketball courts	38	38	38	38	38	38	38	38	36	36
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Athletic fields	73	73	73	73	73	73	73	73	60	60
Education										
School facilities	19	19	19	19	19	19	19	19	19	19
Sewer										
Sanitary sewer (miles)	381	377	367	362	350	294	337	288	287	384
Water										
Mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21.00	20.00	19.50
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	208	232	152
Maximum daily capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300,000	300,000	300,000

Source: Various County departments.

Beginning in fiscal year 2010, the County's water operation was turned over to Newport News Waterworks.

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

To the Honorable Members of the Board of Supervisors
County of York, 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 Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia (the "County"), as of and for the year ended June 30, 2016, and the related notes to the financial statements and have issued our report thereon dated November 18, 2016. That report recognizes that the County restated beginning net position of its governmental activities, business-type activities, general major fund, tourism major fund, nonmajor governmental funds, sewer utility major fund, nonmajor enterprise funds, and internal service funds.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

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.

A handwritten signature in black ink that reads "Cheryl Bekaert LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
November 18, 2016

**Report of Independent Auditor on Compliance for Each Major
Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance**

To the Honorable Members of the Board of Supervisors
County of York, Virginia

Report on Compliance for Each Major Federal Program

We have audited the County of York, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 of America; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County of York, Virginia's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cheryl Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
November 18, 2016

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COUNTY OF YORK, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<u>Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:		
Direct payments: Child and Adult Care Food Program	10.558	\$ 94,952
Pass-through payments:		
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (765-460-03)	10.561	639,734
Department of Agriculture: Donated Foods	10.555	\$ 215,375
Department of Education:		
School Breakfast Program (197-179-01)	10.553	237,482
National School Lunch Program (197-179-01)	10.555	1,003,384
Department of Juvenile Justice: National School Lunch Program (777-360-03)	10.555	8,190
Total Child Nutrition Cluster		1,464,431
Department of Commerce		
Direct payment: Chesapeake Bay Studies	11.457	65,342
Department of Defense:		
Direct payments:		
Naval Junior ROTC Program	12.UNK	65,544
National Defense Authorization Act	12.UNK	468,669
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	301,970
Invitational Grants for Military-Connected Schools	12.557	164,204
Department of Housing and Urban Development:		
Pass-through payments:		
Department of Housing and Community Development		
Community Development Block Grants/State's Program (165-533-05)	14.228	193,110
Virginia Housing Development Authority:		
Section 8 Housing Choice Vouchers	14.871	99,291
Department of the Interior: Direct payments: Payments in Lieu of Taxes	15.226	11,073
Department of Justice:		
Direct payments:		
Edward Byrne Memorial State and Local Law Enforcement Assistance		
Discretionary Grants Program	16.580	47,846
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	21,244
State Criminal Alien Assistance Program	16.606	3,316
Bulletproof Vest Partnership Program	16.607	18,741
Edward Byrne Memorial Justice Assistance Grant Program	16.738	11,354
Equitable Sharing Program	16.922	33,667
Pass-through payments:		
Department of Criminal Justice Services:		
Crime Victim Assistance (140-390-01)	16.575	71,033
Violence Against Women Formula Grants (140-390-01)	16.588	25,403
Department of Transportation:		
Pass-through payments: Department of Motor Vehicles:		
State and Community Highway Safety (530-605-07)	20.600	34,296
Federal Communications Commission:		
Direct payments: Universal Service - E-rate Program	32.UNK	9,575
Department of Education:		
Direct payments:		
Impact Aid	84.041	13,915,411
Pass-through payments:		
Department of Education (197-179-01):		
Title I Grants to Local Educational Agencies	84.010	838,998
Special Education and Rehabilitative Services:		
Special Education - Grants to States	84.027	2,151,747
Special Education - Preschool Grants	84.173	42,223
Total Special Education Cluster (IDEA)		2,193,970

(continued)

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF YORK, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

<u>Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Education:		
Pass-through payments:		
Department of Education (197-179-01):		
Vocational and Adult Education:		
Career and Technical Education - Basic Grants to States	84.048	102,842
Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	84.330	15,952
English Language Acquisition State Grants	84.365	69,977
Improving Teacher Quality State Grants	84.367	238,415
United States Election Assistance Commission:		
Pass-through payments: State Board of Elections		
Help America Vote Act Requirements Payments (132-723-02)	90.401	3,500
Department of Health and Human Services:		
Direct payments: Administration for Children, Youth and Families: Head Start	93.600	877,929
Pass-through payments:		
Department of Social Services:		
Promoting Safe and Stable Families (765-460-03; 765-469-02)	93.556	22,919
Temporary Assistance for Needy Families (765-452-12; 765-452-01; 765-460-03)	93.558	385,702
Refugee and Entrant Assistance - State Administered Programs (765-460-03; 765-491-02)	93.566	486
Low-Income Home Energy Assistance (765-460-03)	93.568	36,669
Child Care and Development Block Grant (765-452-15)	93.575	(956)
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (765-452-14; 765-452-15; 765-460-03)	93.596	62,838
Total Child Care and Development Fund Cluster (93.575, 93.596)		61,882
Stephanie Tubbs Jones Child Welfare Services Program (765-460-03)	93.645	2,391
Foster Care - Title IV-E (765-460-03; 765-469-01; 765-469-02)	93.658	293,086
Adoption Assistance (765-460-03; 765-469-03)	93.659	139,328
Social Services Block Grant (765-460-03; 765-468-02; 765-469-02; 765-469-03)	93.667	283,308
Chafee Foster Care Independence Program (765-460-03; 765-469-01)	93.674	3,538
Children's Health Insurance Program (765-460-03)	93.767	25,082
Medical Assistance Program (765-460-03)	93.778	783,556
Department of Medical Assistance Services: Medical Assistance Program	93.778	110,567
Total Medicaid Cluster		894,123
Department of Homeland Security:		
Pass-through payments:		
Department of Emergency Services:		
Hazard Mitigation Grant (127-775-01; 127-776-01; 127-776-02)	97.039	38,790
Emergency Management Performance Grants (127-775-01)	97.042	46,962
Port Security Grant Program (127-775-01)	97.056	15,004
State Homeland Security Program (SHSP) (127-775-01)	97.073	57,790
 Total		 \$ 24,408,849

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF YORK, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards of the County. The County's reporting entity is defined in Note 1 to the basic financial statements. All revenues expended directly from federal agencies as well as monies passed through other government agencies are included on the Schedule.

2. BASIS OF ACCOUNTING

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the County's basic financial statements.

3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided no federal awards to a subrecipient during the year ended June 30, 2016.

4. UNIFORM GRANT GUIDANCE

The Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, which is effective for new grants, issued after December 26, 2014, included changes to how indirect costs are awarded. In an effort to relieve administrative burden, the Office of Management and Budget (OMB) specified that non-federal entities that have never received a negotiated indirect cost rate may elect to charge a de minimis cost rate of 10 percent of modified total direct costs, which may be used indefinitely. The County elected not to apply the de minimis rate for fiscal year 2016.

COUNTY OF YORK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

A. Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued on the financial statements:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards:

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified:	None reported
Noncompliance material to federal awards noted?	No

Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	No
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Identification of major federal programs:

<u>Name of Program</u>	<u>CFDA #</u>
Department of Health and Human Services:	
TANF Cluster	93.558-CL
Department of Social Services:	
Head Start	93.600
Department of Education:	
Impact Aid Cluster	84.041-CL
Department of Defense:	
National Defense Authorization Grant	12.UNK

Dollar threshold to distinguish between Types A and B Programs:	\$750,000
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The County of York was qualified as a low risk auditee in? Accordance with Section 200.520 of the Uniform Guidance?	Yes
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B. Findings - Financial Statement Audit	None
C. Findings and Questioned Costs - Major Federal Awards	None
D. Findings and Questioned Costs – State Compliance	None
E. Resolution of Prior Year's Findings	N/A

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