

COMPREHENSIVE ANNUAL FINANCIAL REPORT

The York County School Division Component Unit of the County of York, Virginia

For the Fiscal Year Ended June 30, 2015

Prepared by the Department of Finance

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Chief Financial Officer

Karen L. Fowler
Budget and Financial Supervisor

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**THE YORK COUNTY SCHOOL DIVISION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2015**

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INTRODUCTORY SECTION



November 30, 2015

Citizens of York County and
Honorable Members of the School Board of the County of York, Virginia

The Comprehensive Annual Financial Report of the York County School Division (hereafter School Division), a component unit of the County of York, Virginia for the fiscal year ended June 30, 2015 (FY 2015), is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the School Division. All disclosures necessary to enable the reader to gain an understanding of the School Division's financial activities have been included.

U.S. Generally Accepted Accounting Principles 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 School Division's MD&A can be found immediately following the report of the independent auditor.

The Comprehensive Annual Financial Report is presented in four sections: introductory, financial, statistical, and compliance. The introductory section includes this transmittal letter, an organizational chart and a list of principal officials. The financial section includes the MD&A, basic and fund financial statements, notes to the financial statements, required supplemental information (RSI) other than MD&A, as well as the independent auditor's report on the MD&A, financial statements and schedules. The statistical section includes selected financial and demographic information, presented on a multi-year basis, where possible. The compliance section includes reports by the independent auditor on compliance and internal control.

The School Division is required to undergo an annual single audit in conformity with the provisions of the federal Single Audit Act Amendments of 1996. Information related to this single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs, and auditor's reports, is included in the County of York's Comprehensive Annual Financial Report.

Profile of the Reporting Entity and Organization

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 given the name of the then Duke of York. York County has played a major role in the development of the 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.

York County (County) is located in the Atlantic Coast's "urban crescent" on the beautiful Virginia peninsula. Situated midway between Richmond and Virginia Beach, the County's residents help comprise one of the nation's largest metropolitan areas, commonly referred to as Hampton Roads.

The School Division is responsible for elementary and secondary education (kindergarten through 12th grade) within the County. Total enrollment in FY 2015 was 12,519 and projected budgeted enrollment for fiscal year 2016 (FY 2016) is 12,670. Students are offered a broad range of services including regular education, special education, career and technical education, and gifted education. The oldest school building was built in the early 1950's and the newest school building was built in the mid 1990's. All school facilities undergo a complete renovation approximately every 20 years.

The elected five-member School Board, vested with legislative powers, appoints the Superintendent, the executive and administrative head of the public school division. The School Division is fiscally dependent (i.e., it does not have taxing, levying, or borrowing authority) and is a component unit of the County of York. It derives most of its funding from allocations from the County and the Commonwealth of Virginia. The County Board of Supervisors approves the School Division's operating budget, levies the necessary taxes to finance operations, and approves the borrowing of money and issuance of bonds when necessary. The Board of Supervisors is prohibited from exercising any control over specific appropriations within the operating budget of the School Division. However, the Board of Supervisors may exercise control in total by major categories (e.g., Instruction, Pupil Transportation) as prescribed by the Code of Virginia, as amended.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (County of York) and its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable (e.g., a component unit that is fiscally dependent on the primary government). The School Division is considered a component unit of the County of York.

This report includes all funds of the School Division. The School Division has no component units for financial reporting purposes.

Economic Condition and Outlook

The Virginia economy continued to show signs of recovery in FY 2015. It was also the second year of the state fiscal biennium which meant that the local composite index (the "LCI" is a measure of the local government's ability to pay) for each school division was not recalculated. In FY 2014, the first year of the biennium, the York County School Division's LCI decreased from .4049 to .4026. The decrease resulted in \$160,000 more in state revenue than would have otherwise been received if the LCI had not changed.

York County is fortunate to have affordable and plentiful housing and a moderate cost of living. As members of the dynamic Hampton Roads community, York County citizens have at their fingertips a wide variety of personal, professional and leisure opportunities, including numerous colleges and universities, theme parks, historical areas and much more. During the year, population grew to more than 67,000.

York County's economy showed significant growth in FY15, as the total commercial building permit values grew from \$23.4 million to \$36.2 million. Building permits were issued for 37 new commercial structures compared to 15 in FY 2014. Residential building permit valuation remained almost unchanged moving from \$54.6 million in FY 2014 to \$55.3 million in FY 2015.

The economic development fiscal year peaked on May 13th with the grand opening of Kroger in Kiln Creek and the ground breaking ceremony for Baeplex in Lightfoot. Facilitated in part by a grant from the Economic Development Authority (EDA), Kroger invested \$16 million in renovating the former 90,000 square foot K-Mart grocery space for one of their new high end, proto type stores and gas station. The new store will employ over 230 and provide a strong anchor presence for the York County portion of the Kiln Creek retail area. At the other end of the county, Baeplex a family oriented, martial arts, fitness and wellness company broke ground for a new three building campus. Located off Mooretown Road next to Michael Commons Office Park, Baeplex will fit perfectly with Sentara Williamsburg Regional Medical Center and the Wilkinson Family YMCA in the Lightfoot health corridor.

The light industrial activity in FY 2015 was highlighted by Atlantic Emergency Solutions (AES) acquisition of the 17,840 square foot Riverside Brick building in Victory Industrial Park. A premier provider of fire and emergency vehicles, AES brought 25 excellent jobs to the county along with a significant capital investment in equipment. The EDA sold five acres in the York River Commerce Park to Spain Commercial in May for the construction of new 18,000 square foot, light industrial, flex building. Spain already owns a similar building in the park that has attracted excellent technology companies like Marine Sonic and Avid Aerospace.

The Office of Economic Development (OED) and the EDA continued to focus on improving the County's entrepreneurial eco system and accelerating business growth. The EDA was a major sponsor of the "START Peninsula" 3.0 endeavor held at the College of William & Mary's Mason School of Business. For the third consecutive year Start Peninsula provided over 25 entrepreneurs an opportunity to compete for \$10,000 towards their venture and free time in an area business incubator. On a parallel track the EDA in concert with the EDA's of Williamsburg and James City County agreed to retool our business incubator and relocate it in first class professional space in New Town.

The OED, in concert with the Marquis Community Development Authority (CDA), worked cooperatively with Todd Interests, the owner of the Marquis, to sell Sam's Club a 13.49 acre tract. This sale required the Todd Interests to extend water, sewer, storm water treatment and Marquis Parkway to the site. This work was completed in September of 2015. As part of this same agreement the CDA issued additional bonds to support the Sam's project.

In addition to local economic growth, the current period's financial statements were positively impacted by federal grants. In accordance with School Board policy, the School Division accepts all federal funds which are available, provided there is a specific need for such funds. In continuing to implement that policy, the School Division applied for and received funds from the federal government for programs such as Impact Aid, No Child Left Behind, Special Education Title VIB, and one-time funds from the Department of Defense due to the high percentage of students with parents or legal guardians connected to the military. Funds were also received from the federal government related to the Department of Defense Educational Activity grant program. The total grant is \$2.5 million to be spent over a three-year period. FY 2015 marked the third year of the grant. The grant funds are funding the implementation of a Transformative Learning Initiative in the School Division. In total, federal grant revenue totaled 11.1% of total General Fund Revenue. This percentage decreased in FY 2015 as compared to FY 2014 because the overall total revenues increased at a higher percentage than federal revenue.

Accounting System

In developing and evaluating the School Division's accounting system, consideration is given to the adequacy of the internal control structure. The internal control structure is 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; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the School Division's internal control structure adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions. The accounting system is organized and operated on a function basis. Each function, relating to a specific area of operation, includes a report of appropriations, expenditures, encumbrances, and fund balances for each line item appropriate for that function.

Budgetary Controls

The School Division's budgetary controls are an integral part of the School Division's internal control system. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the School Board and County Board of Supervisors. Activities of the General Fund, Special Revenue Fund and Internal Service Fund are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Fund.

Major Initiatives

In 2014-15, the York County School Division continued to focus on programs and services that help to serve the tradition of excellence in York County.

The School Division continues to meet the academic requirements of the state and to provide a well-rounded approach to education. The Division has fine-tuned existing academic programs, added new courses to the Program of Studies, consistently correlated its curriculum with the state Standards of Learning (SOL), and provided professional development opportunities that expand the experience and expertise of the Division's instructional staff. Highlights of 2014-15 curriculum and professional development efforts include:

- ◆ School Board Strategic Plan

Work on the new strategic plan for the division began in the summer of 2012. Input was solicited from parents, community members, business leaders, teachers and staff through an online survey, school visits, numerous community forums and meetings with principals and other staff. Utilizing the data collected from these events, the School Board adopted the strategic plan in January 2013 and it was implemented in FY 2014 and continued to guide the work of the school division in FY 2015.

- ◆ Community Surveys

In 2010, the County Government contracted with an independent firm to survey County citizens on facilities and services in York County and about living in York County in general. The survey was conducted in December 2010 and January 2011. Respondents were asked in an open-minded question to name the main reason they live in York County. Four answers emerged as the top tier: good quality schools (20%), for their family (18%), for work (16%) and because they grew up here (15%). No other answer was given by more than 10% of respondents.

In the spring of 2012, the School Board conducted an online survey to gain feedback regarding the division Strategic Plan. The survey was designed to allow community members to identify progress made towards goals identified in the existing Strategic Plan and determine which objectives the community rated as most important. More than 1,200 community members participated in the survey and the survey results were reviewed by the School Board at their strategic planning retreat.

The School Board conducted a survey and public forum in May 2014 to give citizens the opportunity to identify the preferred leadership characteristics in the school system's next superintendent. Nearly 1,000 community members participated and this feedback assisted in developing the qualifications for candidates in the application process.

- ◆ Curriculum Development

The School Division's curriculum development effort is an ongoing process of development and review that emphasizes the Standards of Learning (SOL) within a rich instructional program. Incorporating content outlines, SOL related and technology standards, learning objectives, instructional strategies, and sample assessments, the curriculum guides for both CORE and non-CORE courses reflect current best instructional practices and essential knowledge from the Standards of Learning Teacher Resource Guides.

Curriculum development provides descriptive and reliable guides for teachers and ensures that York County School Division students are taught in a manner that prepares them adequately for the SOL tests. As new courses that broaden students' interests and guide them to meaningful and appropriate career paths are added to the Program of Studies K-12, curriculum is written for each of these courses. In addition, a comprehensive and user-friendly Secondary Program of Studies Registration & Information Guide containing all middle and high school courses as well as general academic information is published to assist students and their parents in planning secondary school course work.

- ◆ Elementary and Secondary Education Act

The Elementary and Secondary Education Act (ESEA) requires states to set annual measurable objectives aimed at improving student achievement and ensuring all children have the opportunity to obtain a high quality education. Under the provisions of the two-year flexibility waiver granted by the United States Department of Education on June 29, 2012, the Board of Education set new annual measurable objectives (AMOs) for raising achievement in the Commonwealth's schools. These new annual objectives in reading and mathematics replace the Adequate Yearly Progress (AYP) targets schools were previously required to meet.

Separate AMOs have been set for student subgroups, including new Proficiency Gap Groups comprising students who historically have had difficulty meeting the Commonwealth's achievement standards:

Proficiency Gap Group 1: Students with disabilities, limited-English proficient (LEP) students and economically disadvantaged students regardless of race or ethnicity.

Proficiency Gap Group 2: African American students who are not of Hispanic origin, including those in Proficiency Gap Group 1.

Proficiency Gap Group 3: Hispanic students, of one or more races, including those also counted in Proficiency Gap Group 1.

The benchmarks are set with the goal of reducing the proficiency gaps in reading and math in half between the lowest and highest performing schools within six years. In FY 2015, 15 of 19 division schools met or exceeded all AMOs. At the division level, 26 out of 27 AMO's were met.

- ◆ Virginia Standardized Tests (Standards of Learning)

Standards of Learning tests are administered to students in grades three through eight, and students enrolled in certain high school courses. Students are required to earn a certain number of verified credits to be eligible for a standard or advanced high school diploma. Verified credits for graduation will be based on achievement by the student of a passing score on the required end-of-course SOL tests.

Based on 2015 SOL test results, all York County School Division elementary, middle, and high schools were Fully Accredited.

◆ Scholastic Aptitude Test (SAT)

The total combined mean of reading, writing, and math on the SAT continue to be above the state and national level for the students of the York County School Division.

◆ York River Academy (Charter School)

York River Academy (YRA), is a charter school operated by the York County School Division on the campus of Yorktown Middle School. YRA is designed to provide selected students in grades 9 through 12 with an innovative academic and career-preparatory education in core subject areas with an emphasis on computer repair/cabling and web design. The York County School Board authorized the creation of YRA. YRA has a Governing Board comprised of the principal and student, community, teacher, and school division representatives. Students must apply and be accepted to attend YRA. There are approximately 88 students attending YRA. Students who successfully complete YRA's innovative curriculum will have the opportunity to earn professional technical certifications such as the Internet Computer Core Certification (IC3) and the Microsoft Office Specialist (MOS). YRA is funded by a combination of local, state and federal revenue sources.

◆ Career/Technical Offerings

Within the York County School Division, four career and technical education programs are offered for high school credit with concentrations that lead to career and technical education completer status. Meeting the needs of students as they prepare to work in the 21st century are offerings in Business and Information Technology, Marketing Education, Technology Education, and Trade and Industrial Education. A Career and Technical Education Program Completer is a student who has met the requirements for a career and technical concentration or specialization and all requirements for high school graduation. Of the York County Career and Technical Education Program Completers, 100% attained 80% or more of their occupational competencies.

◆ Division continues to grow with the community.

Several construction projects were started or completed during the 2014-15 school year:

- Completed a \$2.6 million HVAC renovation (Phase II) at Grafton Bethel Elementary School. This was a multi-year project with different phases in each year.
- Completed a \$300,000 roof replacement for a portion of the Yorktown Middle School roof.
- Completed construction of a \$2.07 million six-classroom addition at Seaford Elementary School to meet classroom space needs for students presently enrolled that exceed building capacity.

◆ Future Initiatives

In the future, the School Division will continue to focus available resources on maintaining student to teacher ratios. Available revenues will also be directed toward programs and initiatives that will enhance the School Division's ability to continue to meet or exceed the State Standards of Learning and the requirements of the federal *No Child Left Behind* legislation.

Maintain a competitive compensation plan for licensed and non-licensed staff.

Major facility improvements planned for FY 2016 include the addition of a gym and ten classrooms at Waller Mill Elementary School at a cost of \$8 million; the renovation of halls 300 and 400 at Bethel Manor Elementary School; and replacement of the HVAC, windows, and doors at Yorktown Middle School.

Independent Audit

An annual audit of the books of accounts, financial records, and transactions of all departments of the School Division has been performed by Cherry Bekaert LLP, Certified Public Accountants. The auditor's report, which includes their unmodified opinion on the basic financial statements of the School Division, is contained in this report.

Instructional Leadership Awards

- ♦ The Southern Association of Colleges and Schools/AdvancED administers a voluntary, independent accreditation program for division and school improvement. The AdvancED Accreditation Process is comprehensive, evaluating all functions of the school division. The process focuses on the School Board's vision and goals, evaluates teaching and learning, documentation of results, and allocation of resources. The AdvancED Standards are the foundation of the accreditation process and serve as a guide to continuous improvement.

In the spring of 2012, the York County School Division invited AdvancED to evaluate the School Division including all 19 schools using their accreditation standards. The School Division was rated as functional or highly functional in all seven standards and received district accreditation. According to the visitation team, it is very rare for school divisions to be rated as highly as the York County School Division was rated.

- ♦ In FY15, Governor Terry McAuliffe and the Virginia Board of Education announced that three York County School Division (YCSD) schools: Coventry Elementary, Mt. Vernon Elementary and Tabb Middle schools earned the Board of Education Distinguished Achievement Award as part of the 2015 Virginia Index of Performance (VIP) awards for advanced learning and achievement. The VIP award program recognizes schools and divisions that exceed minimum state and federal accountability standards and achieve excellence goals established by the governor and the board.
- ♦ The Virginia Board of Education recognized schools in the Commonwealth of Virginia as "Title I Distinguished Schools" for maintaining full state accreditation under the Commonwealth's Standards of Learning program for two consecutive years, meeting NCLB benchmarks in reading and mathematics and having average test scores in both subjects at the 60th percentile or higher. Schools that exceed the benchmarks and achieve average test scores at the 85th percentile or higher are recognized as "Title I Highly Distinguished Schools".

York County School Division received a letter celebrating its status and achievement with three Title I Distinguished Schools. Dare Elementary and Magruder Elementary were recognized as Title I Distinguished Schools.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for the fiscal year ended June 30, 2014 (FY 2014). In addition, the Association of School Business Officials of the United States and Canada (ASBO) awarded a Certificate of Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for FY 2014. In order to be awarded a Certificate of Achievement from the GFOA or a Certificate of Excellence from ASBO, a governmental entity must

publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is the highest form of recognition awarded in the field of governmental financial reporting.

A certificate is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We also believe that our current comprehensive annual financial report continues to meet the Certificate of Excellence program requirements and we are submitting it to ASBO to determine its eligibility for another certificate.

Budget Presentation Awards

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the York County School Division for its annual budget for the fiscal year beginning July 1, 2015. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communication device. In addition, the Association of School Business Officials of the United States and Canada (ASBO) presented a Meritorious Budget Award to the York County School Division for its annual budget for the fiscal year beginning July 1, 2015. This program is designed to recognize school systems for achieving excellence in their school system budget presentation. The foundation of this program is a set of criteria developed by ASBO.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated service of the entire staff of the Department of Finance. We would also like to thank the members of the School Board for their interest and support in planning and conducting the financial operations of the School Division in a responsible and progressive manner.

Respectfully submitted,



Victor D. Shandor, Ed. D.
Division Superintendent



Dennis R. Jarrett, CPA, CPFO, SFO
Chief Financial Officer



Government Finance Officers Association

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

Presented to

**The York County School Division
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive.

Executive Director/CEO

Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

York County School Division

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, reading "Terrie S. Simmons".

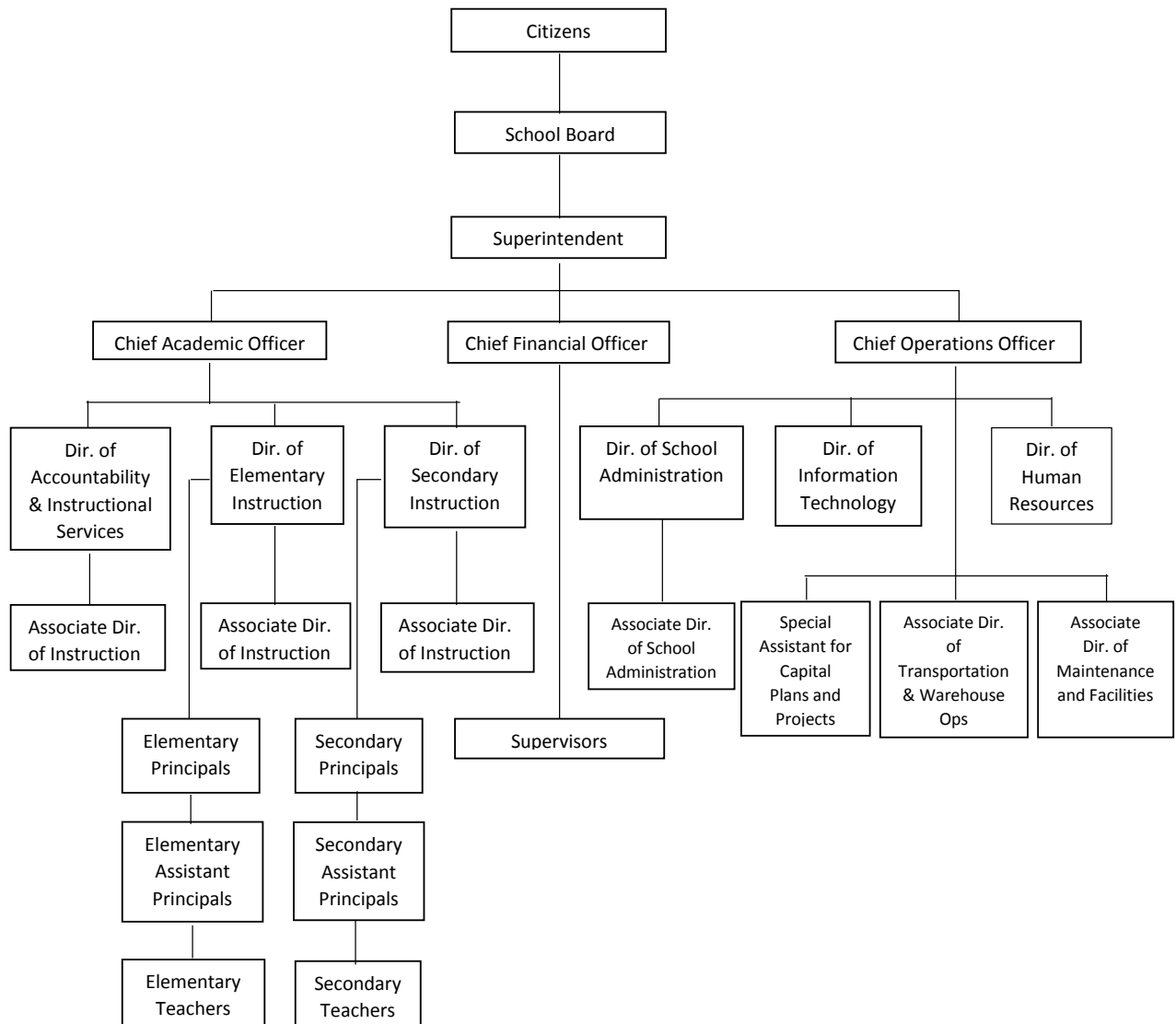
Terrie S. Simmons, RSBA, CSBO
President

A handwritten signature in black ink, reading "John D. Musso".

John D. Musso, CAE, RSBA
Executive Director

YORK COUNTY SCHOOL DIVISION ORGANIZATIONAL CHART

As of June 30, 2015



The York County School Division

**Component Unit of the County of York, Virginia
June 30, 2015**

School Division Board Members

Mark A. Medford, Chair
Robert W. George, D.D.S., Vice Chair
Barbara S. Haywood, Chair
Cindy Kirschke
R. Page Minter

School Officials

Superintendent of Schools
Chief Academic Officer
Chief Financial Officer
Chief Operations Officer
Chief Human Resources Officer
Director of Accountability & Instructional Services
Director of Elementary Instruction
Director of Information Technology
Director of School Administration
Director of Secondary Instruction

Dr. Victor D. Shandor
Dr. Stephanie L. Guy
Dennis R. Jarrett, CPA, CPFO, SFO
Dr. Carl L. James
Dr. James Carroll
Dr. Lisa L. Pennycuff
Candi Skinner
Douglas E. Meade
Dr. Catherine L. Jones
Dr. Kipp D. Rogers

FINANCIAL SECTION

Report of Independent Auditor

Members of the School Board
York County School Division

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the York County School Division (the "School Division"), a component unit of the County of York, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School Division'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 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 in 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, each major fund and aggregate remaining fund information of the School Division, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement

As described in Note 12 to the financial statements, effective July 1, 2014, the School Division adopted the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board ("GASB") Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. 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 and the required supplementary information other than management discussion and analysis as described in the table of contents 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

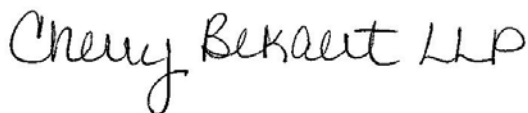
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Division's basic financial statements. The introductory section, other supplementary information, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was 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 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, the other supplementary 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 29, 2015, on our consideration of the School Division'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 School Division's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 29, 2015

THE YORK COUNTY SCHOOL DIVISION

Management's Discussion and Analysis For the Year Ended June 30, 2015

The discussion and analysis of the York County School Division's (hereafter School Division) financial performance provides an overall review of the School Division's financial activities for FY 2015. The intent of this discussion and analysis is to look at the School Division's financial performance as a whole; readers should also review the transmittal letter at the front of this report and the School Division's financial statements and notes to the basic financial statements which immediately follow this section, to enhance their understanding of the School Division's financial performance.

Financial Highlights

- For the governmental funds, General Fund revenues accounted for \$125.0 million or 90.4% of all revenues, and expenditures were \$127.4 million or 91.4% of all expenditures, compared to \$117.7 million (96.7%) in revenues and \$118.2 million (92.9%) in expenditures in FY 2014.
- The School Division maintained a healthy net position of \$37.2 million. The value of net position reflects the financial health of the School Division and includes certain assets procured with debt issued by the County of York. The School Division is a component unit of, and fiscally dependent on, the County of York. As such, all debt related to School Division assets are shown on the County's statement of net position.
- Food Services ended the fiscal year with a fund balance of \$686,016, an increase of \$227,848 over the beginning of year fund balance. School Division operations staff and a food service management company closely monitored revenues and expenditures during the fiscal year. The increase in fund balance can be attributed to; (1) an increase in the number of meals served, (2) an increase in the rates charged for meals, and (3) more efficient operations. It should also be noted that a new food service management company was contracted by the School Division for FY 2014. It was the goal of the School Division and the contractor to end FY 2015 with an increase in fund balance to put the fund in a stronger financial position.

Using This Comprehensive Annual Financial Report

The Comprehensive Annual Financial Report consists of four sections: introductory, financial, statistical, and compliance.

As illustrated in Figure A-1, the financial section of this annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*.

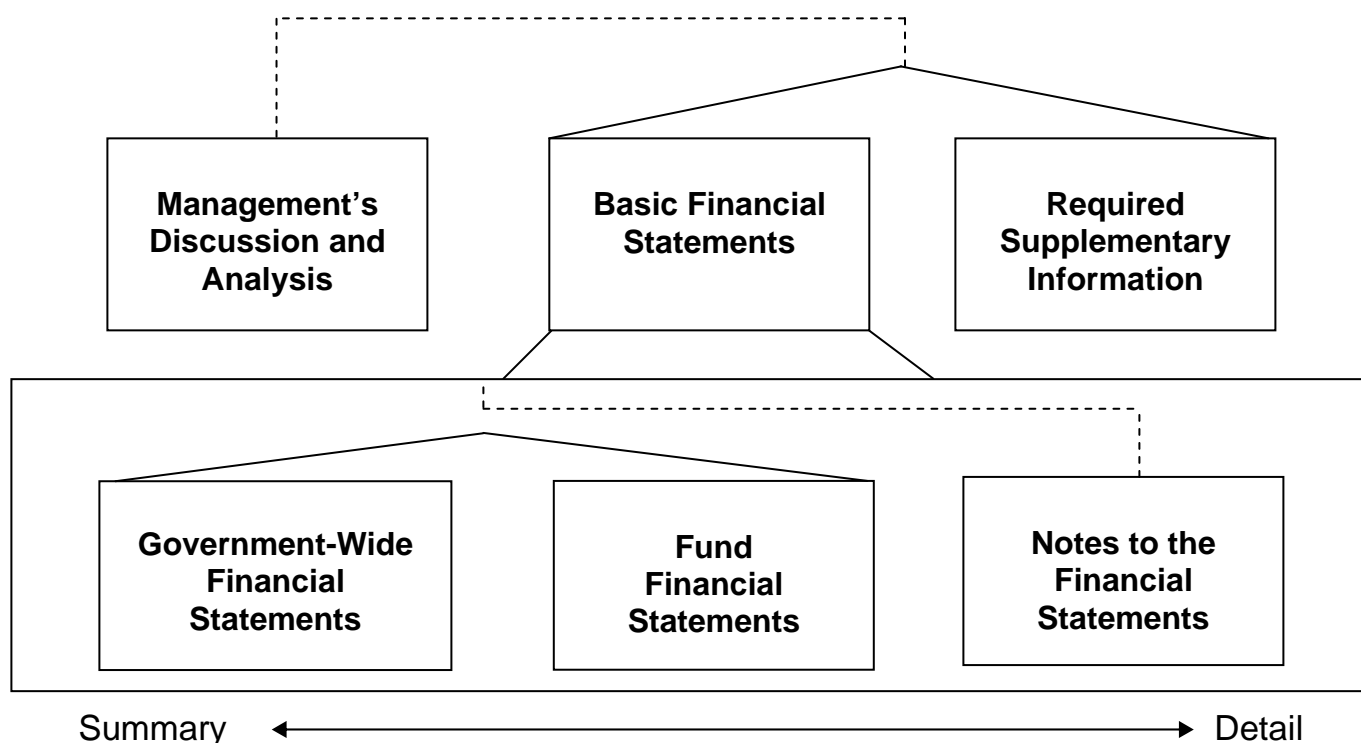
The basic financial statements include three kinds of statements that present different views of the School Division.

- The first two statements are *Government-wide financial statements* that provide both *short-term* and *long-term* information about the School Division's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School Division, reporting the School Division's operations in *more detail* than the School Division-wide statements.
- The *governmental funds statements* tell how basic services, such as regular and special education, were financed in the *short-term* as well as what remains for future spending.
- The *proprietary funds statements* offers short-term and long-term financial information about the activities that the school division operates like businesses.
- *Fiduciary funds* statements provide information about the financial relationships in which the School Division acts solely as a *trustee or agent*.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports the financial statements with a comparison of the School Division's budget for the year. Figure A-1 shows how the various parts of the annual report are arranged and related to one another.

FIGURE A-1

Organization of York County School Division Annual Financial Report



Using This Comprehensive Annual Financial Report (Concluded)

Figure A-2 summarizes the major features of the School Division's financial statements, including the portion of the School Division's activities they cover and the types of information they contain. The remainder of the overview section of the MD&A highlights the structure and contents of each of the financial statements.

FIGURE A-2

Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School Division (except fiduciary funds)	The activities of the School Division that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School Division operates similar to private businesses; self-insurance, health insurance	Instances in which the School Division administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	*Statement of net position *Statement of activities	*Balance sheet *Statement of revenues, expenditures, and changes in fund balances	*Statement of fund net position *Statement of revenues, expenses, and changes in fund net position *Statement of cash flows	*Statement of fiduciary net position *Statement of changes in fiduciary net position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

The Government-wide statements report information about the York County School Division as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used by the School Division to provide programs and activities, the view of the School Division, as a whole, looks at all financial transactions and asks the question, "How did we do financially during FY 2015?" The statement of net position and the statement of activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The two Government-wide statements report the School Division's *net position* and how they have changed. Net position - the difference between the School Division's assets plus deferred outflows and liabilities plus deferred inflows - are only one way to measure the School Division's financial health or position.

- Over time, increases or decreases in the School Division's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the School Division, additional non-financial factors may also be relevant, such as changes in the County tax base, the condition of school buildings and other facilities, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School Division reports only activities related to governmental-type activities, since it has no business-type activities. The School Division's governmental-type activities include: instruction, administration/attendance and health, transportation, operations and maintenance, food service, and interest on capital leases and capital projects.

Fund Financial Statements

The fund financial statements provide more detailed information about the School Division's most significant or "major" funds. Funds are accounting devices that the School Division uses to help keep track of specific sources of funding and spending for particular purposes.

The School Division has three types of funds:

- *Governmental Funds*: Most of the School Division's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School Division's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Because the governmental funds information does not encompass the additional long-term focus of the School Division-wide statements, additional information has been added in the form of a reconciliation between the total fund balances of the governmental funds and the total net position of the School Division-wide activities.
- *Proprietary Funds*: Proprietary funds are reported on a full accrual basis and economic resources focus. The School Division uses one internal service fund (a type of proprietary fund) to report activities that provide health and dental services for the School Division.
- *Fiduciary Funds*: The School Division is trustee or fiduciary for the York County School Board Benefit and Pension Trust Fund. All of the fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the School Division-wide statements because the School Division cannot use these assets to finance its operation. The student activity monies are also accounted for in this fund type, as an agency fund.

Financial Analysis of the School Division as a Whole

Net Position

The condensed statement of net position below describes the financial position of the School Division on June 30, 2015. The School Division's financial position remained stable during FY 2015. The largest portion of the School Division net position reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 370% of the total net position and have increased by \$3.6 million since June 30, 2014. The only debt the School Division nets against capital assets is for capital leases; however, there are no capital leases outstanding at June 30, 2015. As a component unit (School Division) in Virginia, the School Division does not have the authority to issue debt. All debt is issued by the County of York and, therefore, is shown as a liability on its statement of net position. In years where there are substantial additions to capital assets that are funded through the issuance of County debt, the School Division will have substantial increases in net position invested in capital assets, net of related debt. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt."

The other components of net position are restricted net position and unrestricted net position. Restricted net position represents those resources that have externally imposed constraints on their use. At the end of the fiscal year, restricted net position amounted to \$.7 million, which represents cash restricted for School capital projects. Unrestricted net position is those resources that may be used to meet the obligations placed on the School Division by its creditors and to pay for ongoing operations of the School Division. At the end of the fiscal year, unrestricted net position (deficit) amounted to \$(101.2 million), a decrease of \$101.1 million from June 30, 2014. This deficit resulted from implementing GASB No. 68 and 71, accounting for pension costs.

Condensed Statement of Net Position (in millions)			
	Governmental Activities 2015	Governmental Activities 2014*	Total Percentage Change
Assets			
Current and other assets	\$ 36.6	\$ 24.7	48.2%
Capital assets	137.7	134.1	2.7%
Total assets	<u>174.3</u>	<u>158.8</u>	9.8%
Deferred outflows of resources			
Pension costs	10.3	-	100.0%
Total liabilities			
Current liabilities	25.0	19.0	31.6%
Long-term liabilities	106.2	112.8	-5.9%
Total liabilities	<u>131.2</u>	<u>131.8</u>	-0.5%
Deferred inflows of resources			
Pension costs	16.2	-	100.0%
Net position			
Net investment in capital assets	137.7	134.1	2.7%
Restricted	0.7	0.4	75.0%
Unrestricted (deficit)	(101.2)	(107.5)	-5.9%
Total net position	<u>\$ 37.2</u>	<u>\$ 27.0</u>	37.8%
*restated			
Note: Totals may not add due to rounding.			

Financial Analysis of the School Division as a Whole (Continued)

Net Position (Continued)

The following table summarizes the changes in the School Division's net position for the FY 2015, as compared with FY 2014.

Changes in Net Position (in millions)			
	Governmental Activities 2015	Governmental Activities 2014*	Total Percentage Change
Revenues			
Program revenues			
Charges for services	\$ 8.5	\$ 3.1	174.2%
Operating grants and contributions	63.3	59.6	6.2%
General revenues			
County	59.9	46.8	28.0%
Shared intergovernmental revenues	12.2	11.9	2.5%
Miscellaneous revenues	0.1	0.4	-75.0%
Total revenues	144.0	121.8	18.2%
Expenses			
Instruction	92.7	101.6	-8.8%
Administration/attendance and health	6.5	6.4	1.6%
Transportation	7.4	7.6	-2.6%
Operations and maintenance	12.2	11.3	8.0%
Technology	11.8	9.0	31.1%
Food service	3.2	3.6	-11.1%
Total expenses	133.8	139.5	-4.1%
Change in net position	10.2	(17.7)	157.6%
Net position - beginning of year	27.0	44.7	-39.6%
Net position - end of year	\$ 37.2	\$ 27.0	37.8%
*restated			
Note: Totals may not add due to rounding.			

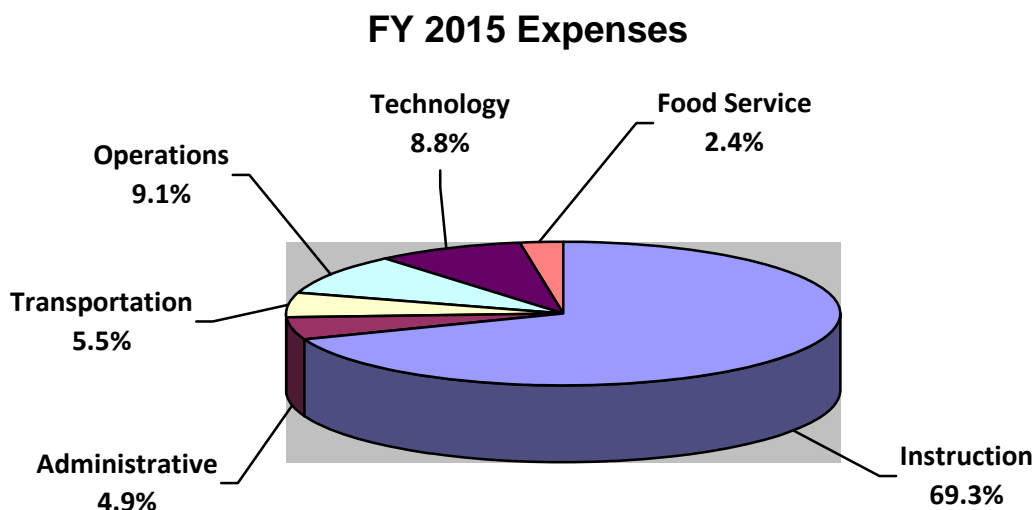
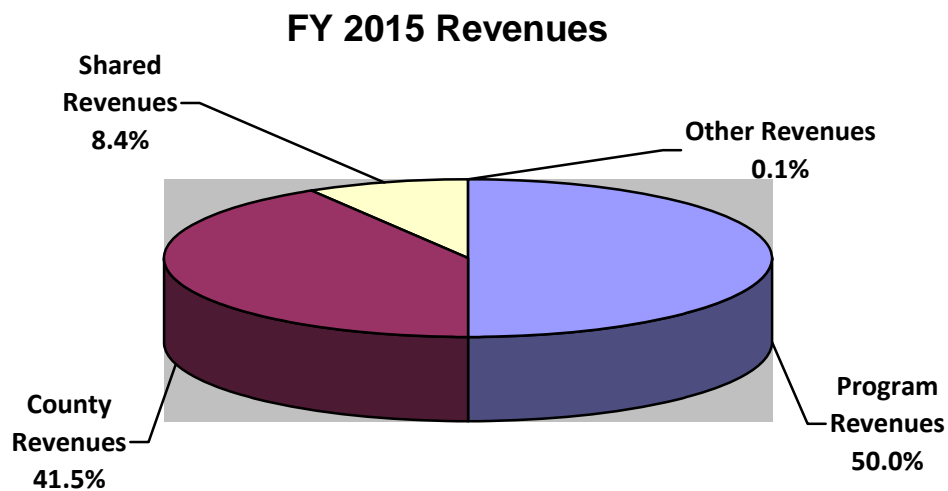
Financial Analysis of the School Division as a Whole (Continued)

Changes in Net Position

For FY 2015, revenues from governmental activities totaled \$144.0 million. State and federal revenue for operating grants and contributions account for 44.0% of the School Division's resources as compared to 57.1% for FY 2014. This includes state funding for meeting the Standards of Quality and federal impact aid. Revenues from the County totaled \$59.9 million or 43.3% of the total revenues as compared to \$46.8 million or 38.1% for FY 2014. The increase in County funding relates primarily to; (1) funding for capital projects - \$9.8 million in FY 2015 as compared to \$0.3 million in FY 2014, (2) a one-time reduction in County revenues of \$3.2 million in FY14 for year-end reversion of health and dental insurance funds, and (3) a \$0.87 million increase in the County contribution to the School Division.

The total cost of all programs was \$133.8 million in FY 2015. Instruction made up 69.3% of the total costs of the School Division in FY 2014 and 70.0% in FY 2014. The School Division's operations and maintenance activities accounted for 9.1% of total costs for FY 2015 while administration/attendance and health amounted to 4.9% of total costs.

For FY 2015, revenues exceeded expenses by a total of \$4.4 million. A substantial portion of the increase in net position results from the funding of capital projects through County contributions and the inclusion of health and dental insurance fund contributions.



Governmental Activities

The three primary sources of revenue for the School Division are from the County of York, the Commonwealth (State) of Virginia, and the United States Department of Education. State and federal government funding is included in total program revenues. Funding from the County is provided by the York County Board of Supervisors.

State funding is provided through a formula that calculates the State share of the cost of education, as determined in the Standards of Quality, including basic aid and categorical funds. Sales tax (Shared Intergovernmental Revenue) revenue totaled \$12.2 million in FY 2015.

Federal funding comes to the School Division from federal grants and impact aid. Impact aid is designed to reimburse school districts for the loss of revenue due to the presence of the federal government. This is an important reimbursement source of revenue to the School Division since the federal government does not pay property taxes. In FY 2015, the School Division received \$9.2 million in impact aid funding, an increase of \$.5 million over FY 2014.

The following table shows, for government-type activities, the total cost of services and the net cost of services. The net cost of services reflects the support to be provided by tax revenue, state aid, and federal aid not restricted to specific programs.

Net Cost of Governmental Activities (in millions)				
	Total Cost of Services 2015	Total Cost of Services 2014*	Net Cost of Services 2015	Net Cost of Services 2014*
Instruction	\$ 92.7	\$ 95.8	\$ 25.4	\$ 22.6
Administration/attendance and health	6.5	6.4	6.5	6.4
Transportation	7.4	7.6	7.3	7.5
Operations and maintenance	12.2	11.3	11.7	10.8
Technology	11.8	9.0	11.2	8.5
Food service	3.2	3.6	(0.1)	(0.1)
	<u>\$ 133.8</u>	<u>\$ 133.7</u>	<u>\$ 62.0</u>	<u>\$ 55.7</u>
* restated				
Note: Totals may not add due to rounding.				

Significant Changes in Governmental Activities Include:

- The cost of all governmental activities was \$133.8 million.
- The net cost of governmental activities was \$62.0 million.
- The federal and state governments subsidized certain programs with operating and capital grants and contributions of \$63.3 million.
- Most of the School Division's net cost of services of \$62.0 million was funded by the County and state taxpayers.

Financial Analysis of the School Division's Funds

The strong financial performance of the School Division is also reflected in its major governmental funds, the General Fund and the Capital Projects Fund. As the School Division completed the year, the General Fund reported a fund balance of \$5.9 million or a \$2.4 million decrease from the fund balance reported for FY 2014. The reduction in fund balance for the General Fund stems from an increase in the year-end reversion and an increase in expenditures. The Capital Projects Fund reported a fund balance at the end of FY 2015 of \$(0.6) million or a \$1.0 million increase from the fund balance reported for FY 2014 due to an increase in County funding of capital projects. The Food Service Fund, the non-major governmental fund, reported a fund balance of \$0.7 million at the end of FY 2015, representing a \$0.2 million increase from the FY 2014 reported fund balance. This increase was primarily the result of an increase in number of meals served and an increase in the cost of a meal in FY 2015. In other words, more students bought their meals even though there was a modest increase (10 cents) in the cost of the meal.

General Fund Budgetary Highlights

The School Division's budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2015, the School Division amended its general fund budget as follows:

- Amended appropriation of \$4.6 million to reflect the carryover of encumbrances from fiscal year ended 2014 (FY 2014) to FY 2015.
- Amended appropriation for the addition of a (1) \$0.1 million for a State school security grant, (2) an increase in the federal Title I grant of \$0.6 million, and (3) the addition of a new federal special education grant of \$0.18 million.
- Amended appropriations among the major budget expenditure categories to accommodate changes in programs and services. This budget amendment did not change the total amount of the budget.

The actual results for the year show a net change in fund balance of \$(2.4) million. The decrease, for the most part, was driven by an increase in the year-end reversion and an increase in actual expenditures. General Fund revenues were \$125.0 million or 6.2% higher in FY 2015 as compared to FY 2014. Federal revenue increased \$0.7 million or 5.0% in FY 2015 as compared to the previous fiscal year. This was due primarily to an increase in federal impact aid funding in FY 2015 due to the timing of payments.

General Fund actual expenditures were \$4.5 million less than the final budgeted amount. Significant factors contributing to the variance include:

- Outstanding encumbrances at June 30, 2015 are not reflected in the budget comparison schedule.
- Personnel savings due to vacant positions, staff on leave without pay, and personnel attrition.
- Portions of state and federal grants were carried forward to FY 2015.
- Managed savings in numerous budget accounts.

Proprietary Funds

The School Division's internal service fund, a proprietary fund type, is presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements. FY15 was the first year of operation for the fund. Since the fund began operating on October 1, 2014, there is only 9 months of financial activity provided. The actual results for the year show a net change in fund balance of \$6.8 million. The increase was driven by charges for services of \$18.3 million and payments for contractual services of \$11.5 million.

Capital Assets

At the end of FY 2015, the School Division had \$137.7 million (a 2.7% increase from FY 2014) invested in furniture and equipment, land, buildings, and construction in progress in governmental-type activities. The following table displays FY 2015 balances, net of accumulated depreciation. More detailed information about capital assets can be found in Note 4 to the financial statements.

Capital Assets, net of depreciation (in millions)			
	Governmental Activities 2015	Governmental Activities 2014	Total Percentage Change
Land	\$ 4.8	\$ 4.8	0.0%
Construction in progress	5.4	2.8	92.9%
Depreciable capital assets	127.5	126.5	0.8%
Total	\$ 137.7	\$ 134.1	2.7%

Major Capital Asset Additions for FY 2015 Included:

- Completed a \$2.6 million HVAC renovation (Phase II) at Grafton Bethel Elementary School. This was a multi-year project with different phases in each year.
- Completed a \$0.3 million roof replacement for a portion of the Yorktown Middle School Roof.
- Completed construction of a \$2.07 million six-classroom addition at Seaford Elementary School to meet classroom space needs for students presently enrolled that exceed building capacity.

The Following Major Capital Projects are Included in the School Division's FY 2016 Capital Budget:

- HVAC renovation at Yorktown Elementary School.
- Renovation of the classrooms and facilities for halls 300 and 400 at Bethel Manor Elementary School.
- Roof repair/replacement at Bethel Manor Elementary School.

Funding for the FY 2016 capital projects includes \$9.34 million in appropriated funds from the County of York.

Outstanding Long-Term Debt

School Divisions in the Commonwealth of Virginia are fiscally dependent, in that they do not have taxing authority or borrowing authority and rely upon appropriations from the County/City, therefore all debt required for capital projects for the School Division is incurred by the County. As a result, the County of York government retains the liability for the portion of general obligation bonds issued to fund capital projects for the School Division.

The County Government appropriates funds to the School Division for the education of the students of the County of York. The School Board, in its annual budget process and in consultation with the County, determines the amount of these funds to support the financing of capital projects for the School Division.

The School Division's long-term debt is related to compensated absences, workers' compensation claims, and net OPEB liability. Long-term debt remained relatively constant during FY 2015. The following table lists the long-term debt for the School Division:

York County School Division - Outstanding Debt (in millions)			
	Governmental Activities 2015	Governmental Activities 2014*	Total Percentage Change
Compensated absences	\$ 2.4	\$ 2.4	0.0%
Net OPEB liability	1.0	0.7	42.9%
Net pension liability	100.5	115.3	-12.8%
Claims liabilities	5.8	5.1	13.7%
Total	\$ 109.7	\$ 123.5	-11.2%
*restated			

Additional information on the School Division's long-term debt can be found in Note 5 of the financial statements.

Factors Influencing Future Budgets

The FY 2016 budget provides the following significant costs and budget reductions:

- One current step increase to all eligible staff and one restored step for all staff that have lost 5 steps. Additionally, an across the board increase was provided to licensed staff (teachers). In total, in FY 2016 a 4.1% increase was provided to all staff covered by the Virginia Retirement System. This increase included shifting 1% of the VRS cost to the employee.
- A 6.6% decrease in the employer health insurance contribution for employees participating in the health insurance plans. The decrease relates to an overall reduction in the rates due to very positive claims experience during the period.
- The addition of 14 positions teacher positions to meet enrollment growth and special education needs.
- Funding to support the capital projects included in the FY 2016 Capital Improvements Program.

At the time these financial statements were prepared and audited, the School Division was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The Commonwealth of Virginia will be considering the biennium budget for FY 2017 and FY 2018 during the 2016 General Assembly session. The impact on the School Division of the new biennium budget is unknown at this time. The state has experienced modest improvements in the economic conditions. However, due to competing priorities at the state level, the impact on elementary and secondary public education funding for FY 2017 remains to be seen. The Governor is anticipated to release his proposed FY 2017 budget in late December 2015.
- Several capital projects are planned for FY 2017 including the architectural and engineering services for a new elementary school. Whether that project and other projects will be postponed due to funding considerations is being monitored.

- The federal government will be considering the budget for Impact Aid for FY 2017 during the next Congressional session. The impact on the School Division of the new federal budget is unknown at this time. There is concern related to the possibility of sequestration in January 2017 which could reduce federal funding in FY 2017. It is important to note, that as of the date of this report, the federal government has not passed a full year budget for FY 2016.
- The County government will be conducting the reassessment of real estate in 2016. The impact of that analysis on the School Division is unknown at this time.

Contacting the York County School Division's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, parents, students, and creditors with a general overview of the School Division's finances and to show the School Division's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Department at York County School Division, 302 Dare Road, Yorktown, Virginia, 23692, and (757) 898-0303.

BASIC FINANCIAL STATEMENTS

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THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position Governmental Activities June 30, 2015

	Governmental Activities
Assets	
Cash and investments	\$ 22,465,385
Other receivables	7,272
Due from primary government	10,441,588
Due from other governments	2,266,070
Prepaid expenses	1,162,300
Net pension asset	304,393
Capital assets:	
Land	4,824,818
Construction in progress	5,357,317
Buildings, improvements, and equipment - net	127,508,937
Total assets	<u>174,338,080</u>
Deferred outflows of resources	
Changes in proportion and differences between employer contributions and proportionate share of contributions	670,000
Employer contributions subsequent to the measurement date	9,656,781
Total deferred outflows of resources	<u>10,326,781</u>
Liabilities	
Vouchers and accounts payable	8,333,652
Retainage payable	81,750
Salaries, taxes, and benefits payable	11,677,736
Unearned revenue	1,469,963
Due within one year	3,525,000
Due in more than one year	106,200,339
Total liabilities	<u>131,288,440</u>
Deferred inflows of resources	
Net difference between projected and actual earnings on pension plan investments	16,212,468
Net position	
Net investment in capital assets	137,691,072
Restricted:	
Food service	686,016
Unrestricted	(101,213,135)
Total net position	<u>\$ 37,163,953</u>

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Activities Governmental Activities Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary government					
Governmental activities:					
Instructional	\$ 92,702,062	\$ 6,527,643	\$ 60,710,361	\$ -	\$ (25,464,058)
Administrative, attendance, and health services	6,563,077	-	-	-	(6,563,077)
Transportation	7,408,338	-	91,067	-	(7,317,271)
Operations and maintenance	12,191,709	-	527,649	-	(11,664,060)
Technology	11,766,850	-	544,000	-	(11,222,850)
Food services	3,223,096	1,988,920	1,425,388	-	191,212
Total governmental activities	<u>133,855,132</u>	<u>8,516,563</u>	<u>63,298,465</u>	<u>-</u>	<u>(62,040,104)</u>
Total primary government	<u>\$ 133,855,132</u>	<u>\$ 8,516,563</u>	<u>\$ 63,298,465</u>	<u>\$ -</u>	<u>(62,040,104)</u>
General revenues:					
Payments from the County of York (unrestricted)					59,859,842
Shared intergovernmental revenues (unrestricted)					12,199,662
Investment income (unrestricted)					2,338
Miscellaneous					124,826
Total general revenues					<u>72,186,668</u>
Change in net position					10,146,564
Net position - beginning, as restated					<u>27,017,389</u>
Net position - ending					<u>\$ 37,163,953</u>

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

THE YORK COUNTY SCHOOL DIVISION

Balance Sheet Governmental Funds June 30, 2015

	General	Capital Projects	Non-major Governmental Fund	Total Governmental Funds
Assets				
Cash and temporary investments	\$ 8,897,318	\$ 2,082,764	\$ 835,507	\$ 11,815,589
Other receivables	7,272	-	-	7,272
Due from primary government	11,851,588	-	-	11,851,588
Due from other governments	2,209,329	10	56,731	2,266,070
Due from other funds	353,375	-	-	353,375
Total assets	<u>\$ 23,318,882</u>	<u>\$ 2,082,774</u>	<u>\$ 892,238</u>	<u>\$ 26,293,894</u>
Liabilities and fund balances				
Liabilities:				
Vouchers and accounts payable	\$ 5,751,496	\$ 1,185,611	\$ 116,958	\$ 7,054,065
Retainage payable	-	81,750	-	81,750
Salaries, taxes, and benefits payable	11,676,657	-	1,079	11,677,736
Unearned revenue	-	-	88,185	88,185
Due to primary government	-	1,410,000	-	1,410,000
Total liabilities	<u>17,428,153</u>	<u>2,677,361</u>	<u>206,222</u>	<u>20,311,736</u>
Fund balances:				
Restricted	-	-	686,016	686,016
Committed	3,835,909	-	-	3,835,909
Assigned	2,054,820	-	-	2,054,820
Unassigned	-	(594,587)	-	(594,587)
Total fund balances	<u>5,890,729</u>	<u>(594,587)</u>	<u>686,016</u>	<u>5,982,158</u>
Total liabilities and fund balances	<u>\$ 23,318,882</u>	<u>\$ 2,082,774</u>	<u>\$ 892,238</u>	<u>\$ 26,293,894</u>

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

THE YORK COUNTY SCHOOL DIVISION

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$ 5,982,158
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	137,691,072
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.	(7,251,339)
The net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(100,474,000)
The net pension asset is not a current financial resource and, therefore, is not reported as an asset in the governmental funds.	304,393
actual earnings on pension plan investments, changes in differences in proportion and differences between employer contributions and porportionate share of contributions, and employer contributions subsequent to the measurement date are not reported in the governmental funds.	(5,885,687)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>6,797,356</u>
Net position of governmental activities	<u><u>\$ 37,163,953</u></u>

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2015

	General	Capital Projects	Non-major Governmental Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
From the County of York	\$ 50,037,418	\$ 9,822,424	\$ -	\$ 59,859,842
From the Commonwealth of Virginia	59,526,529	-	49,860	59,576,389
From the federal government	13,927,494	-	1,375,528	15,303,022
Revenues from use of money and property	618,716	2,244	94	621,054
Charges for services	759,622	-	1,988,920	2,748,542
Miscellaneous	124,376	450	-	124,826
Total revenues	<u>124,994,155</u>	<u>9,825,118</u>	<u>3,414,402</u>	<u>138,233,675</u>
Expenditures				
Current - education:				
Instruction	90,844,194	-	-	90,844,194
Administration, attendance and health services	6,356,344	-	-	6,356,344
Public transportation	7,717,260	-	-	7,717,260
Operations and maintenance	11,608,122	-	-	11,608,122
Technology	10,880,109	-	-	10,880,109
Total education	<u>127,406,029</u>	<u>-</u>	<u>-</u>	<u>127,406,029</u>
Food services	-	-	3,182,554	3,182,554
Capital outlay	-	8,833,455	-	8,833,455
Total expenditures	<u>127,406,029</u>	<u>8,833,455</u>	<u>3,182,554</u>	<u>139,422,038</u>
Excess (deficiency) of revenues over expenditures	<u>(2,411,874)</u>	<u>991,663</u>	<u>231,848</u>	<u>(1,188,363)</u>
Other financing sources (uses)				
Transfers in	4,000	-	-	4,000
Transfers out	-	-	(4,000)	(4,000)
Total other financing sources (uses)	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balance	(2,407,874)	991,663	227,848	(1,188,363)
Fund balance - beginning	<u>8,298,603</u>	<u>(1,586,250)</u>	<u>458,168</u>	<u>7,170,521</u>
Fund balance - ending	<u>\$ 5,890,729</u>	<u>\$ (594,587)</u>	<u>\$ 686,016</u>	<u>\$ 5,982,158</u>

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

THE YORK COUNTY SCHOOL DIVISION

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds \$ (1,188,363)

Governmental funds report capital outlays as expenditures. However, 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 exceeds depreciation expense.

Capital outlay	\$ 8,593,749	
Depreciation expense	<u>(4,977,721)</u>	3,616,028

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.

Gross value of capital asset disposals	(190,544)	
Depreciation of capital asset disposals	<u>133,051</u>	(57,493)

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.

Compensated absences	(21,633)	
Pension costs	1,444,298	
OPEB	(270,075)	
Worker's compensation claims	<u>(173,554)</u>	979,036

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities.

6,797,356

Change in net position of governmental activities \$ 10,146,564

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position Proprietary Fund June 30, 2015

	Governmental Activity Internal Service Fund
Assets	
Cash and investments	\$ 10,649,796
Prepaid expenses	1,162,300
Total assets	11,812,096
Liabilities	
Vouchers and accounts payable	1,279,587
Unearned revenue	1,381,778
Due to other funds	353,375
Claims payable	2,000,000
Total liabilities	5,014,740
Net position	
Unrestricted	\$ 6,797,356

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund Year Ended June 30, 2015

	Governmental Activity Internal Service Fund
	<hr/>
Operating revenues	
Charges for services	\$ 18,256,933
Operating expenses	
Contractual services	<hr/> 11,459,577
Operating income	<hr/> 6,797,356
Change in net position	6,797,356
Net position - beginning	<hr/> -
Net position - ending	<hr/> <hr/> \$ 6,797,356

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Cash Flows Proprietary Fund Year Ended June 30, 2015

	Governmental Activity Internal Service Fund
Cash Flows from Operating Activities	
Received from users	\$ 21,523,423
Payments for services	<u>(10,873,627)</u>
Net cash provided by operating activities	<u>10,649,796</u>
Net increase in cash	10,649,796
Cash - beginning	<u>-</u>
Cash - ending	<u><u>\$ 10,649,796</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 6,797,356
Change in:	
Prepaid expenses	(1,162,300)
Accounts and vouchers payable	1,279,587
Unearned revenue	1,381,778
Due to other funds	353,375
Claims payable	<u>2,000,000</u>
	<u><u>\$ 10,649,796</u></u>

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position Fiduciary Funds June 30, 2015

	Pension Trust Fund Optional Plan	Agency Fund School Activity Funds
Assets		
Cash and investments	\$ -	\$ 1,547,101
Restricted cash	35,451	-
Restricted investments:		
Corporate obligations	556,369	-
Commercial paper	1,335,737	-
Total restricted investments	1,892,106	-
Accrued income	6,491	-
Total assets	\$ 1,934,048	\$ 1,547,101
Liabilities		
Assets held for others	\$ -	\$ 1,547,101
Total liabilities	-	\$ 1,547,101
Net position		
Net position restricted for pensions	\$ 1,934,048	

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Changes in Net Position Fiduciary Fund Year Ended June 30, 2015

	Pension Trust Fund Optional Plan
	<hr/>
Additions	
Investment income	
Earning from investments	\$ 56,024
Net appreciation in the fair value of investments	(35,706)
Other receipts	15
	<hr/>
	20,333
	<hr/>
Net investment income	20,333
	<hr/>
Total additions	20,333
	<hr/>
Deductions	
Benefits payments	164,908
Administrative expenses	21,515
	<hr/>
Total deductions	186,423
	<hr/>
Net change in net position	(166,090)
Net position restricted for pensions	
Net position - beginning	2,100,138
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Net position - ending	\$ 1,934,048
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The accompanying notes are an integral part of the basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements presented for the York County School Division (School Division), are prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental units, as prescribed by the Governmental Accounting Standards Board (GASB). The School Division's significant accounting and reporting policies are described below.

In fiscal year 2015, the School Division adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71 – *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement recognizes the net pension liability, and, deferred outflows and inflows related to the net pension liability.

The Financial Reporting Entity

The School Division is considered a component unit of the County of York (County). The School Division has no component units. Component units are legally separate entities for which a primary government is financially accountable. Financial accountability ordinarily involves meeting both of the following criteria: (a) the primary government is accountable for the component unit, and (b) the primary government is able to impose its will upon the component unit (or there is a possibility that the component unit may provide specific financial benefits or impose specific financial burdens on the primary government). The information included in these basic financial statements will also be included in the County of York's basic financial statements because of the significance of the School Division's financial relationship with the County.

The School Board determines educational policy and employs a Superintendent of Schools to administer the School Division's policies. The members of the School Board are elected by the citizens of York County.

The School Division is responsible for elementary and secondary education for the County of York. The accounting policies of the School Division conform with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies of the School Division:

Basis of Presentation

The School Division's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements: The statement of net position and the statement of activities display information about the School Division as a whole, except for fiduciary funds. These statements are reflected on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets as well as long-term liabilities. Interfund transfers are eliminated to avoid "doubling up" revenues and expenditures. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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

The statement of net position presents the financial condition of the governmental type activities of the School Division at year-end. The School Division does not have any business-type activities. The statement of activities presents a comparison between direct expenses and program revenues for each function of the School Division's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore identifiable to a particular function. Expenses are grouped in the following categories: instruction, administration, attendance and health services, transportation, operations and maintenance, capital projects (not capitalized), and food services.

Program revenues include charges paid by the recipient for the goods or services offered by the program or from grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Charges for services include pupil fees, summer school tuition and cafeteria sales. Revenues not classified as program revenues are presented as general revenues of the School Division. The comparison of direct expenses with program revenues identifies the extent to which the governmental function is self-financing or draws from the general revenues of the School Division. The School Division does not allocate indirect expenses.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used, however, are not eliminated in this process.

Fund Financial Statements: During the year, the School Division segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements present financial information of the School Division at this more detailed level. The focus of governmental fund financial statements is on major funds, each displayed in a separate column. The School Division has identified the general fund and the capital project fund as major.

The accounts of the School Division are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. The fund statements are presented on a current financial resources measurement focus and the modified accrual basis of accounting. The acquisition, use and balances of the School Division's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is based upon the determination of changes in financial position, rather than upon net income determination. The following fund types are used by the School Division:

Governmental Funds

Governmental Funds are those through which most governmental functions of the School Division are financed. The acquisition, use and balances of the School Division's expendable financial resources and the related liabilities are accounted for through governmental funds. Governmental fund types use the "flow of current financial resources" measurement focus. This means that generally only current assets and current liabilities are reflected on their balance sheets. Their operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net fund balance.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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

The following are the School Division's governmental fund types:

General Fund - The General Fund (School Operating Fund) is the general operating fund of the School Division. It is used to account for all financial resources except those accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund (School Construction Fund) is used to account for financial resources to be used for the acquisition or construction of major capital facilities or maintenance of school facilities (other than those financed by the operating fund).

Non-Major Governmental Fund - The non-major Governmental Fund (School Food Services Fund) is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. Accordingly, the School Food Services Fund is used to account for the school cafeteria operations. Revenues restricted for cafeteria operations include cafeteria sales and Federal grant reimbursements.

Proprietary Fund - Internal Service Fund

The Internal Service Fund accounts for the financing of services provided by one fund to other funds of the School Board. The Health and Dental Fund accounts for the payment of claims on liability claims arising from operations of the School Board. Operating expenses include cost of services. The Internal Service Fund is included in governmental activities for government-wide reporting purposes. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. The excess of revenue over expenses for the fund are allocated to the appropriate functional activity.

Fiduciary Funds

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. Accordingly, the measurement focus is upon determination of changes in financial position rather than upon net income determination. The Trust and Agency funds consist of the Pension Trust Fund - Optional Plan and the School Activity Funds.

Trust Fund - The Pension Trust Fund - Optional Plan accounts for the revenues and expenses related to the School Division sponsored retirement plan, which is administered by a fiduciary agent of the York County School Division. The Pension Trust Fund - Optional Plan follows the accrual basis of accounting. The recognition of contributions, benefits and refunds use the "flow of economic resources" measurement focus. The costs of plan administration are financed through employer and member contributions and earnings on investments.

Agency Fund - The Agency Fund is custodial in nature and does not involve measurement of results of operations. The School Division's agency fund is the School Activity Funds, which accounts for the student activity monies maintained on behalf of the students by the principal of each school.

Fiduciary funds are not included in the government-wide financial statements.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Governmental activities in the government-wide financial statements, proprietary fund financial statements and the fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The primary revenues susceptible to accrual include intergovernmental revenues. In applying the subject to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance.

There are however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the School Division; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the accrual criteria are met.

The governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, revenues collected within 45 days of year-end are recognized. For grants, revenue is recognized when all eligibility requirements have been met. The primary revenues susceptible to accrual include from the County of York, from the Commonwealth of Virginia, and from the federal government. Expenditures, other than interest and principal on long-term debt which is recorded when due, are recorded when the fund liability is incurred, if measurable.

Cash, Cash Equivalents and Temporary Investments

Cash and temporary investments are pooled with the cash and investments of the County. The School Division utilizes the pooled cash investment method wherein income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and cash equivalents of each fund to the total pooled cash and cash equivalents. Investments that are held for more than one year to maturity are stated at fair value while investments that are held for less than one year to maturity are stated at amortized cost. The value of investments reflected at amortized cost is not materially different than fair value. The cash in the agency fund represents the student activity funds cash balances in the separate bank accounts maintained by the individual schools. Investments with original maturities of 90 days or less are considered cash equivalents.

Receivables and Due from Other Governments

Amounts due from the Commonwealth of Virginia consist primarily of June sales tax, receivables from State entitlements and reimbursement of grants expenditures. Amounts due from the federal government are for reimbursement of grants expenditures. Other receivables consist primarily of amounts due from students and other customers of the School Division. All amounts should be collected within one year.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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

Inventory

Inventory is accounted for under the purchase method and is stated at the lower of cost or market on a first-in, first-out basis. The cost is recorded as an expenditure at the time inventory is purchased. USDA donated food commodities are accounted for in the School Food Services Fund at the estimated value at the time of receipt. Revenues are recorded when donated goods are received and expenditures are recorded as these goods are used.

Prepaids

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 expensed using the consumption method.

Capital Assets

General capital assets have been acquired for general school purposes. Capital outlays are recorded as expenditures in the governmental funds and as assets in the government-wide financial statements to the extent the School Division capitalization threshold is met.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated assets are recorded at estimated fair market value on the date received. The School Division maintains a capitalization threshold of \$5,000 for equipment, improvements and buildings. Land is capitalized regardless of value. The School Division has no infrastructure assets.

Depreciation is recorded on general capital assets on a government-wide basis. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Description	Useful Lives
Buildings	25-80 years
Improvements other than buildings	30-80 years
Machinery and equipment and vehicles	10-25 years

Compensated Absences

Employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation pay earned and, upon retirement, termination or death may be compensated as salary related payments for certain amounts at their then current rates of pay. The cost of accumulated compensated absences pay including associated benefits is accounted for as a liability in the government-wide financial statements. Compensated absences are reported in the governmental funds only if they have matured (i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement).

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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

Fund Balances/Net Position

Fund balances have been classified to reflect the limitations and restrictions placed on the respective funds as follows:

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

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

Committed – includes amounts that can be used only for the specific purposes determined by the School Board via School Board Policy and cannot be used for any other purpose unless the School Division removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Only the School Board can modify or rescind a fund balance commitment via School Board Policy legislation.

Assigned – includes amounts that are intended to be used by the School Division for specific purposes but do not meet the criteria to be classified 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, the School Board has authorized the Superintendent of Schools to assign fund balance via School Board Policy legislation.

Unassigned – is the residual classification for the School Division's general fund and includes all spendable amounts not contained in other classifications.

The School Division'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 School Division's policy to apply expenditures against committed amounts first, followed by assigned, and then unassigned amounts. It is possible for the non-general funds to have negative unassigned fund balance when nonspendable and restricted amounts exceed the positive fund balance for that fund.

Net Position in government-wide 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.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as due to and due from as appropriate and are subject to elimination in the government-wide statements. Services provided are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other Interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the government-wide statements.

Retirement Plan

Retirement contributions are actuarially determined and consist of current service costs and amortization of prior service costs over a 30-year period. The School Division's policy is to fund pension cost as it accrues.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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

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 School Division's deferred outflows of resources consist of employer contributions subsequent to the measurement date related to pensions.

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. The School Division's deferred inflows of resources consist of the net difference between projected and actual earnings on pension plan investments.

Use of Estimates

Management of the School Division 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 accounting principles generally accepted in the United States of America. Management believes any differences between these estimates and actual results should not materially affect the School Division's reporting of its financial position.

Unearned Revenue

The School Division reports unearned revenue on its government-wide financial statements, when revenues are received prior to the period in which all eligibility requirements have been met. Unearned revenue at the fund level arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when resources are received by the government before it has legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Statement of Cash Flows

For purposes of the statement of cash flows, investments with original maturities of three months or less from the date of purchase are grouped into cash and temporary investments.

2. DEPOSITS AND INVESTMENTS

The Code of Virginia, as amended, requires the election of a County Treasurer. By law, the Treasurer is the custodian of cash investments for both the County of York and the York County School Division, and has powers and duties prescribed by general law. Cash and temporary investments pertaining to the School Division's funds, except the Pension trust fund and the school activity funds, are primarily held with the County Treasurer.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

2. DEPOSITS AND INVESTMENTS *(Continued)*

Deposits

All cash is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. Seq. of the Code of Virginia or covered by federal depository insurance. At June 30, 2015, cash and investments of the School Division consisted of:

Bank deposits	\$ 22,369,877
Investments	94,908
Cash and cash equivalents with York County Treasurer	22,464,785
Petty cash	600
Total cash and cash equivalents	<u>\$ 22,465,385</u>

Cash and investments of the School Division's pension trust fund and school activity funds at June 30, 2015 consisted of:

Bank deposits	\$ 1,547,101
Restricted cash	35,451
Investments	1,892,106
	<u>\$ 3,474,658</u>

Investments

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). LGIP is managed in accordance with the "2a7 like pool" risk limiting requirements of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" 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. All investments stated at amortized cost approximate the fair value. 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 Treasury Board of the Commonwealth of Virginia has regulatory oversight of the LGIP.

Investment Policy

In accordance with the Code of Virginia and other applicable law, including regulations, the County's investment policy (the Policy) permits investments in U.S. Government obligations, certain municipal bonds, prime quality commercial paper, high grade corporate notes and bonds, bankers acceptances, repurchase agreements, certificates of deposit and other evidences of deposit at financial institutions, money market mutual funds, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a7 like pool).

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

2. DEPOSITS AND INVESTMENTS (Continued)

Investment Policy (continued)

State statute limits the percentage of the portfolio that can be invested in commercial paper to 35%. The Policy does not impose additional diversification limits, but does require that the portfolio avoid over-concentration in specific security types, issuers and business sectors.

The School Division has a separate funding policy (Trust Policy) for their Pension trust fund. The Trust Policy's principal goal is to invest in funds considering both the safety of principal with long-term stability and moderate capital appreciation commensurate with the expected retirement dates of plan participants; however, these investments should be liquid in order to enable the plan, on short notice, to make distributions of benefits in the event of death, disability or termination of a plan participant. The Trust Policy establishes the percentage of the portfolio that can be invested in fixed income investments to 40% - 70% and equity investments to 25% - 50%.

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, 2015, all of the County's investments were held in a bank's trust department in the County's name.

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 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.

The Trust Policy does not limit credit risk to any specific category.

As of June 30, 2015, the School Division's investments held by the County Treasurer consisted of \$94,908 invested in Virginia LGIP, with a Standard & Poor's rating of AAA.

The School Divisions Pension trust fund investments as rated by Standard & Poor's were as follows:

Investment Type	AAA	AA	A	B	Not Rated
Commercial paper	\$ -	\$ -	\$ 743,536	\$ 447,809	\$ 179,843
Corporate obligations	50,289	76,343	276,879	127,483	25,375
Total investments	<u>\$ 50,289</u>	<u>\$ 76,343</u>	<u>\$ 1,020,415</u>	<u>\$ 575,292</u>	<u>\$ 205,218</u>

Concentration of Credit Risk

State statute limits the percentage of the portfolio that can be invested in commercial paper of a single issuer to no more than 5%. The County's policy does not set additional credit concentration limits. As of June 30, 2015, the School Division's portfolio held with the County Treasurer complied with the State statute.

As of June 30, 2015, there were no investments in the School Division's Pension trust portfolio that exceeded 5% of the total portfolio.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

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 18 months, unless approved by the Treasurer.

As of June 30, 2015, the carrying values and weighted average maturity of the School Division's investments held with the County Treasurer were as follows:

Investment Type	Fair Value
Virginia LGIP	\$ 94,908

As of June 30, 2015, the carrying values and weighted average maturity of the School Division's Pension trust fund investments were as follows:

Investment Type	Fair Value	Average Maturity in Years
Commercial paper	\$ 1,371,188	-
Corporate obligations	556,369	2.568
Total investments	\$ 1,927,557	
Weighted average of portfolio		0.74

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

3. TRANSACTIONS BETWEEN PRIMARY GOVERNMENT AND THE SCHOOL DIVISION

The following activities took place between the Primary Government and the School Division during the year ended June 30, 2015:

	Due From
School Operating Fund	\$ 11,851,588
Capital Projects Fund	(1,410,000)
Due from Primary Government	<u>\$ 10,441,588</u>
Purpose	
School operations	<u>\$ 10,441,588</u>
	Intergovernmental Revenues
School Operating Fund	\$ 50,037,418
Capital Projects Fund	9,822,424
Intergovernmental Revenues from the County of York	<u>\$ 59,859,842</u>
Purpose	
School operations	\$ 60,401,794
School technology	335,074
Year-end reversion entry	(877,026)
	<u>\$ 59,859,842</u>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2015:

	<u>July 1, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2015</u>
Governmental activities				
Capital assets not depreciated:				
Land	\$ 4,824,818	\$ -	\$ -	\$ 4,824,818
Construction in progress	2,847,920	7,121,807	4,612,410	5,357,317
Total non-depreciable capital assets	<u>7,672,738</u>	<u>7,121,807</u>	<u>4,612,410</u>	<u>10,182,135</u>
Capital assets depreciated:				
Buildings	182,585,595	4,214,421	-	186,800,016
Improvements	4,912,942	605,103	-	5,518,045
Machinery and equipment	3,060,937	242,830	190,544	3,113,223
Motor vehicles	11,638,884	1,021,998	-	12,660,882
Total depreciable capital assets	<u>202,198,358</u>	<u>6,084,352</u>	<u>190,544</u>	<u>208,092,166</u>
Less accumulated depreciation for:				
Buildings	64,990,299	3,756,720	-	68,747,019
Improvements	2,503,236	216,167	-	2,719,403
Machinery and equipment	1,818,811	222,071	133,051	1,907,831
Motor vehicles	6,426,213	782,763	-	7,208,976
Total accumulated depreciation	<u>75,738,559</u>	<u>4,977,721</u>	<u>133,051</u>	<u>80,583,229</u>
Total depreciable capital assets - net	<u>126,459,799</u>	<u>1,106,631</u>	<u>57,493</u>	<u>127,508,937</u>
Total governmental activities capital assets - net	<u>\$ 134,132,537</u>	<u>\$ 8,228,438</u>	<u>\$ 4,669,903</u>	<u>\$ 137,691,072</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	\$ 3,866,239
Administration, attendance, and health services	206,733
Pupil transportation	713,076
Operations and maintenance	151,131
Food services	40,542
Total governmental activities depreciation expense	<u>\$ 4,977,721</u>

The majority of the capital assets was donated to the School Division by the County. The County has issued general obligation bonds and obtained literary loans from the Commonwealth of Virginia on behalf of the School Division. Certain school buildings have been pledged as collateral for the literary loans.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

4. CAPITAL ASSETS *(Concluded)*

Construction in progress is composed of the following at June 30, 2015:

	Project Authorization	Expended Through June 30, 2014	Balance of Authorization	Future Requirements
School projects	<u>\$ 14,997,867</u>	<u>\$ 5,357,317</u>	<u>\$ 9,640,550</u>	<u>\$ -</u>

5. LONG-TERM LIABILITIES

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2015 follows:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Compensated absences	\$ 2,400,559	\$ 1,253,994	\$ (1,232,361)	\$ 2,422,192	\$ 1,000,000
Net OPEB obligations	723,163	815,561	(545,486)	993,238	-
Net pension liability	115,281,000	10,687,000	(25,494,000)	100,474,000	-
Claims liabilities	<u>5,130,082</u>	<u>1,055,050</u>	<u>(349,223)</u>	<u>5,835,909</u>	<u>2,525,000</u>
Total minimum payments	<u>\$123,534,804</u>	<u>\$ 13,811,605</u>	<u>\$ (27,621,070)</u>	<u>\$109,725,339</u>	<u>\$ 3,525,000</u>

The liability for compensated absences is generally liquidated by the fund for which the employee works, which is typically the General Fund. The net OPEB obligation and claims liabilities are typically liquidated by the General Fund or the Internal Service Fund.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

6. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School Division is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Capital Projects	Non-major Governmental	Governmental Funds
Restricted				
Food Service	\$ -	\$ -	\$ 686,016	\$ 686,016
Total Restricted	-	-	686,016	686,016
Committed				
Self-insurance	3,835,909	-	-	3,835,909
Total Committed	3,835,909	-	-	3,835,909
Assigned				
Instruction	744,363	-	-	744,363
Administration, attendance, health	9,501	-	-	9,501
Operations and maintenance	1,117,179	-	-	1,117,179
Technology	183,777	-	-	183,777
Total Assigned	2,054,820	-	-	2,054,820
Unassigned	-	(594,587)	-	(594,587)
Total fund balances	<u>\$ 5,890,729</u>	<u>\$ (594,587)</u>	<u>\$ 686,016</u>	<u>\$ 5,982,158</u>

Significant encumbrances of the School Division relate to contractual services for special education and building replacement and maintenance. Encumbrances are classified primarily within the School Division's assigned fund balance.

7. LEASES

Lessee

The School Division leases certain equipment and office space under non-cancelable operating lease agreements. A summary of future minimum rental payments under non-cancelable operating leases as of June 30, 2015, is as follows:

Fiscal Year	
2016	\$ 269,417
2017	215,098
2018	33,824
Total minimum payments	<u>\$ 518,339</u>

Rental expenditures for the year ended June 30, 2015 for all operating leases were \$270,150.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

7. LEASES *(Concluded)*

Lessor

The School Division leases certain land where radio towers are located. The School Division does not own the radio towers but does own the land. The radio towers are located at York Middle School, York High School, and Waller Mill Elementary School. The School Division also leases a portion of Yorktown Middle School to the New Horizons Regional Education Center. The total cost and accumulated depreciation of the Yorktown Middle School building at June 30, 2015 is \$1,066,600 and \$814,982, respectively.

A summary of future minimum rental receipts under non-cancelable operating leases as of June 30, 2015, is as follows:

<u>Fiscal Year</u>	
2016	\$ 336,624
2017	336,473
2018	332,658
2019	331,784
2020	332,133
Total minimum payments	<u>\$ 1,669,672</u>

Rental revenue for all operating leases was \$338,768 for the year ended June 30, 2015.

8. 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 York County Schools ("Schools") Professional and Nonprofessional Retirement Plans and the additions to/deductions from the 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.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

All full-time, salaried permanent professional employees are automatically covered by the VRS Teacher Retirement Plan, a cost-sharing multiple-employer defined benefit plan, upon employment. All full-time, salaries permanent non-professional employees are automatically covered by the VRS Retirement Plan, an agent multiple-employer defined benefit plan, upon employment. 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 as service.

Within the Plan, the System administers three different benefit plans for local government and School Board 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.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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"> • School division 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>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>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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 5 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 5 years (60 months) of creditable service. Plan 1 or Plan 2 members with at least 5 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 2 years, a member is 50% vested and may withdraw 50% of employer contributions. • After 3 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>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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 1.7%.</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>Service Retirement Multiplier</u> <u>Defined Benefit Component:</u> The retirement multiplier is 1.0%.</p> <p>For members that 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>Defined Contribution Component:</u> Not applicable.</p>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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>Normal Retirement Age</u> Normal Social Security retirement age.</p>	<p><u>Normal Retirement Age</u> <u>Defined Benefit Component:</u> Same as Plan 2.</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 5 years (60 months) of creditable service or at age 50 with at least 30 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 5 years (60 months) of creditable service or when their age and service equal 90.</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 5 years (60 months) of creditable service or when their age and service equal 90.</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 5 years (60 months) of creditable service or age 50 with at least 10 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 5 years (60 months) of creditable service.</p>	<p><u>Earliest Unreduced Retirement Eligibility</u> <u>Defined Benefit Component:</u> Members may retire with a reduced benefit as early as age 60 with at least 5 years (60 months) of creditable service.</p> <p><u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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 VRS 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> <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>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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> 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> 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> Eligible school divisions (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>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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, 2013 actuarial valuation, the following Nonprofessional employees (non-teacher) were covered by the benefit terms of the pension plan:

Nonprofessional Employees (non-teacher):

Inactive Members or Their Beneficiaries Currently Receiving Benefits	162
Inactive Members:	
Vested Inactive Members	24
Non-Vested Inactive Members	185
Inactive Members Active Elsewhere in VRS	50
Total Inactive Members	259
Active Members	303
Total Covered Employees	724

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

8. **DEFINED BENEFIT PENSION PLANS** *(Continued)*

2. Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to 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 be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2015 was 14.50% of covered employee compensation. 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%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. 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, 2015. Contributions to the pension plan from the School Division were \$9,180,878 and \$7,095,000 for the years ended June 30, 2015 and June 30, 2014, 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 2015 was 9.11% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2013.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were \$475,903 and \$540,694 for the years ended June 30, 2015 and June 30, 2014, respectively.

3. Net Pension Liability

At June 30, 2015, the School Division reported a net pension liability of \$100,445,000 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, 2014 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, 2014 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2014, the School Division's proportion was 0.83118% as compared to 0.82524% at June 30, 2013.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

In addition, the School Division's Net Pension Liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014. At June 30, 2015, the School Division reported a liability of \$29,000 for the Nonprofessional (non-teacher) Retirement Plan.

4. Pension Expense

For the year ended June 30, 2015, the School Division recognized pension expense of \$8,093,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2013 and June 30, 2014, 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, 2015, the School Division recognized pension expense of \$152,000 for the Nonprofessional (non-teacher) Retirement Plan.

5. Deferred Outflows/Inflows of Resources

At June 30, 2015, 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	\$ -	\$14,907,000
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	670,000	-
Employer Contributions Subsequent to the Measurement Date	9,180,878	-
Total	<u>\$ 9,850,878</u>	<u>\$14,907,000</u>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

Deferred outflows of resources of \$9,180,878 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, 2016. 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
2016	\$ (3,579,000)
2017	(3,579,000)
2018	(3,579,000)
2019	(3,579,000)
2020	79,000
Total	<u>\$ (14,237,000)</u>

In addition, at June 30, 2015, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 1,180,000
Employer Contributions Subsequent to the Measurement Date	475,903	-
Total	<u>\$ 475,903</u>	<u>\$ 1,180,000</u>

Deferred outflows of resources of \$475,903 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, 2016. 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
2016	\$ (295,000)
2017	(295,000)
2018	(295,000)
2019	(295,000)
Total	<u>\$ (1,180,000)</u>

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

6. Actuarial Assumptions

Professional/Teacher Retirement Plan

The total pension liability for the Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

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, 2013 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

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(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, 2013, 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, 2014.

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, 2013 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

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

7. Long-term Expected Rate of Return

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

Asset Class (Strategy)	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%.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. 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 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, School Divisions 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 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:

	Decrease (6.00%)	Discount Rate (7.00%)	Increase (8.00%)
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 147,494,000	\$ 100,445,000	\$ 61,709,000

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 VRS Teacher Retirement Plan	\$ 2,514,000	\$ 29,000	\$ (2,052,000)

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

10. 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	\$ 18,316,320	\$ 16,719,484	\$ 1,596,836
Changes for the fiscal year:			
Service cost	651,659	-	651,659
Interest	1,257,618	-	1,257,618
Contribution – employer	-	540,694	(540,694)
Contribution – employee	-	300,981	(300,981)
Net investment income	-	2,649,679	(2,649,679)
Benefit payments	(700,700)	(700,700)	-
Administrative expenses	-	(14,022)	14,022
Other changes	-	139	(139)
Net Changes	<u>1,208,577</u>	<u>2,776,771</u>	<u>(1,568,194)</u>
Balance – June 30	<u>\$ 19,524,897</u>	<u>\$ 19,496,255</u>	<u>\$ 28,642</u>

11. 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 2014 Comprehensive Annual Financial Report (CAFR). A copy of the 2014 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2014-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

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, 2015, Optional Plan membership consisted of the following:

Active plan members	17
Retirees and beneficiaries	72
Number of vested terminations	2
	<u>91</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. Optional Plan members may retire at the age of 65 for normal retirement. Optional 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.

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.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS (Continued)

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
Cash Equivalents	2.10%	7.00%	0.14%
Corporate Debt Instruments	28.80%	7.00%	2.02%
Equity Investments	69.10%	7.00%	4.84%
Total	100.00%		7.00%
Inflation			2.50%

Rate of Return – For the year ended June 30, 2015, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 1.26%. The money-weighted return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

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

Based on a measurement date of July 1, 2014 the components of the net pension (asset) of the School Division's Optional Plan at June 30, 2015, were as follows:

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension (Asset) (a) – (b)
Balance – July 1	\$ 1,862,796	\$ 2,009,204	\$ (146,408)
Changes for the fiscal year:			
Service cost	2,224	-	2,224
Interest	124,341	-	124,341
Contribution – employer	-	-	-
Contribution – employee	-	-	-
Net investment income	-	290,495	(290,495)
Benefit payments	(177,455)	(177,455)	-
Refunds of contributions	-	-	-
Administrative expenses	(16,161)	-	(16,161)
Other changes	-	(22,106)	22,106
Net Changes	(67,051)	90,934	(157,985)
Balance – June 30	\$ 1,795,745	\$ 2,100,138	\$ (304,393)

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Continued)*

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of June 30, 2015, 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%.

Pension Expense and Deferred Outflows/Inflows of Resources

At June 30, 2015, for the Optional Plan, the School Division reported deferred inflows of resources from the following sources:

	Deferred Inflows of Resources
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 125,468
Total	<u>\$ 125,468</u>

Other amounts reported as deferred inflows of resources related to the Optional Plan will be recognized in pension expense as follows:

	Deferred Amounts
2016	\$ (31,367)
2017	(31,367)
2018	(31,367)
2019	(31,367)
Total	<u>\$ (125,468)</u>

For the year ended June 30, 2015 the School Division recognized pension expense (gain) for the Optional Plan of (\$32,517).

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements
June 30, 2015

8. DEFINED BENEFIT PENSION PLANS *(Concluded)*

Sensitivity of the Net Pension (Asset) to Changes in the Discount Rate – The following presents the net pension (asset) of the School Division's Optional Plan, calculated using the discount rate of 7.00%, as well as what the School Division's Optional Plan net pension (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%)
Net Pension (Asset) for the Optional Plan	\$ (169,701)	\$ (304,393)	\$ (422,965)

9. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

In addition to the pension benefits described in Note 8, 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, ten years of service and a minimum of 24-months participation in the health insurance program immediately prior to retirement. Currently, one retiree participates in this program. The Other Postemployment Benefit plan is a single-employer plan. 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 the retiree is eligible for Medicare, whichever occurs first. The plan does not issue a stand-alone financial report.

Employees retiring after July 1, 2002 and having twenty or more years of service with the School Division and receiving a VRS annuity qualify for a health insurance premium contribution from the School Division. The 20 years need not be consecutive. The retiree's Virginia Retirement System annuity may be either a full or reduced benefit. Upon becoming eligible for Medicare, the retiree no longer receives this benefit. The amount of the School Division's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provisions. The School Division's 50% contribution is reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program. Retiring employees who have 15 years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program. At June 30, 2014, 72 retirees were participating in this program.

Funding Policy

The School Division has not advanced-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation. For the 2014-2015 fiscal year, retirees and eligible dependents received postemployment health care benefits. The School Division provided required contributions of \$545,486 toward annual OPEB costs, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance payments, net of retiree contributions totaling \$436,024. Required contributions are based on projected pay-as-you-go financing.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

9. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Annual OPEB Cost and Net OPEB Obligation - The following table shows the School Division's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the School Division's net OPEB obligation:

	Year Ended June 30, 2015
(1) Normal cost	\$ 500,549
(2) Amortization of Unfunded Accrued Liability	321,929
(3) Interest	-
(4) Annual Required Contribution	822,478
(5) Interest on Net OPEB Obligation (NOO)	25,311
(6) Amortization of NOO	(32,228)
(7) Annual OPEB Cost (AOC)	815,561
(8) Actual Contribution towards OPEB Cost	(545,486)
(9) Increase in NOO	270,075
(10) NOO Beginning of Year	723,163
(11) NOO End of Year	<u>\$ 993,238</u>

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

Three-Year Trend Information			
Year Ended June 30,	AOC	Percentage AOC Contributed	NOO
2015	\$ 815,561	67%	\$ 993,238
2014	\$ 792,359	69%	\$ 723,163
2013	\$ 612,808	97%	\$ 481,420

Funded Status and Funding Progress

As of June 30, 2015, the actuarial accrued liability for benefits from the June 30, 2014 biennial report was \$7,536,270, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$7,536,270. The covered payroll (annual payroll for active participating employees) was \$67,126,751, \$45,334,607, and \$69,361,101 for the 2014, 2013, and 2012 fiscal years, respectively and the ratio of the unfunded actuarial accrued liability to the covered payroll was 11.23%, 14.11%, and 7.16% for 2014, 2013, and 2012, respectively.

The schedule of funding progress, presented as required supplementary information following the notes to 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 accrued liability for benefits.

Pursuant to an agreement dated September 19, 2002 entitled, *Postemployment Benefit Fund Agreement Between the County of York and the County School Board of York County*, a reserve fund was created in FY 2003 to accumulate, over time, funds for paying postemployment benefits for retired School Division employees. Funds accumulated in the reserve fund from contributions from the School Division, plus accrued interest, are under the control and authority of the County pursuant to the agreement. The total balance in the reserve fund as of June 30, 2015 was \$4,998,246.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

9. OTHER POSTEMPLOYMENT BENEFITS *(Concluded)*

Actuarial Methods and Assumptions

Actuarial valuations 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.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between employer and plan members to that point. 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 member 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 June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 5.9%, grading to a rate of 4.5% over 68 years. The underlying inflation rate used was 2.5%. The School Division's unfunded actuarial accrued liabilities (UAAL) are being amortized as a level percentage of projected payroll with assumed growth of 3.0% per year on a closed basis within a period of 30 years.

10. DEFERRED COMPENSATION PLAN

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 Division employees, permits them to defer a portion of their salary to 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.

11. CONTINGENT LIABILITIES

Risk Management

The School Division is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School Division reports all of its risk management activities in its School Operating Fund and pays all claims for retained risks from School Operating Fund resources. The School Division maintains 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 School Operating Fund retains the full risk for unemployment compensation, up to \$300,000 for each health care claim, and up to \$500,000 for each workers' compensation occurrence. All unemployment, health care claims and workers' compensation claims are paid through a third-party administrator through resources from the School Operating Fund. There have been no reductions in insurance coverages from the prior year, and settled claims have not exceeded the amount of insurance coverage in any of the past seven fiscal years.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

11. CONTINGENT LIABILITIES *(Concluded)*

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The School Division's health care liability of \$2,000,000 at June 30, 2015 is reasonably estimated and has been included in claims payable in the School Internal Service Fund. School Division's workers' compensation claims liability of \$3,835,909 at June 30, 2015 is included in long-term debt, and is considered sufficient to cover pending claims and incurred but not reported claims that may arise.

Changes in the reported amounts of health care and workers' compensation liabilities since June 30, 2013 resulted from the following:

	<u>2015</u>	<u>2014</u>
Accrued liability/committed fund balance - beginning of year	\$ 5,130,082	\$ 5,308,450
Claims and changes in estimates	1,055,050	12,206,173
Claims payment	<u>(349,223)</u>	<u>(12,384,541)</u>
Accrued liability/committed fund balance - end of year	<u>\$ 5,835,909</u>	<u>\$ 5,130,082</u>

Grants

The School Division received grant funds, principally from the State and federal Government, for instructional and various other programs. Expenditures from these grants are subject to audit by the grantor, and the School Division is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the School Division, any refunds that may be required as a result of expenditures disallowed by the grantors will not be material to the financial statements.

Litigation

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

12. RESTATEMENT

During the year ended June 30, 2015, the School Board implemented Government Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

THE YORK COUNTY SCHOOL DIVISION

Notes to Basic Financial Statements June 30, 2015

12. RESTATEMENT *(Continued)*

Implementation of GASB Statement No. 68 established standards for recognizing net pension liabilities, deferred outflows and inflows, and pension expense. This inclusion of the pension liabilities in the financial statements caused a restatement of prior period net position for fiscal year ended June 30, 2014. This restatement decreased prior period net position, added a net pension liability, as well as deferred inflow and deferred outflow. The total effect of the restatement for the School Division decreased net position by \$107,499,592.

Implementation of GASB 71 did not have any financial reporting impact on the School Division.

	Governmental Activities
Net position as previously reported, June 30, 2014	\$ 134,516,981
GASB 68/71 restatement	<u>(107,499,592)</u>
Net position as restated, June 30, 2014	<u><u>\$ 27,017,389</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

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THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues - Budget and Actual General Fund Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Intergovernmental:				
County of York	\$ 50,914,444	\$ 50,914,444	\$ 50,037,418	\$ (877,026)
Commonwealth of Virginia:				
State sales tax	12,142,279	12,142,279	12,199,662	57,383
Basic aid	34,107,650	34,107,650	34,368,771	261,121
Foster home children	40,934	40,934	29,985	(10,949)
Gifted and talented	348,843	348,843	351,510	2,667
Remedial programs	348,843	348,843	351,510	2,667
Remedial summer school	124,116	124,116	16,186	(107,930)
Remedial summer school lo	-	-	109,908	109,908
Reading intervention	75,792	75,792	-	(75,792)
Early reading intervention	-	-	73,873	73,873
Special education - SOQ	3,206,387	3,206,387	3,230,905	24,518
Homebound	28,811	28,811	30,660	1,849
Comprehensive services act	200,000	200,000	230,252	30,252
Free textbooks	570,024	570,024	-	(570,024)
Substitute Teachers	-	-	155	155
VOC ED - SOQ	274,621	274,621	276,721	2,100
Special education support	450,296	450,296	398,814	(51,482)
Employer share benefits	5,759,621	5,759,621	5,766,268	6,647
School Security Equipment	-	95,884	95,884	-
Other CAT/VOC ED	21,036	21,036	27,179	6,143
Career switchers program	-	-	4,000	4,000
At-risk	131,270	131,270	132,221	951
National board certification	32,500	32,500	52,500	20,000
K-3 initiative	141,051	141,051	150,183	9,132
SOL algebra readiness	50,598	50,598	52,380	1,782
Tech initiative	544,000	544,000	544,000	-
Pre-school initiative	60,000	60,000	86,026	26,026
Textbooks - Lottery Funds	144,139	144,139	719,624	575,485
Miscellaneous grants	457,696	457,696	52,828	(404,868)
LEP	202,013	202,013	174,524	(27,489)
Total from the Commonwealth of Virginia	59,462,520	59,558,404	59,526,529	(31,875)

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues - Budget and Actual (Continued) General Fund Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Federal government:				
Title I	361,413	791,180	634,596	(156,584)
Adult education	-	-	-	-
Title II A	237,808	245,176	247,955	2,779
Title III A	16,680	46,105	20,344	(25,761)
Impact aid	9,450,000	9,450,000	9,177,969	(272,031)
DOD - heavily impacted	581,550	581,550	653,020	71,470
Medicaid reimbursement	135,000	135,000	65,000	(70,000)
DODEA grant	806,802	806,802	679,836	(126,966)
Title VI B	2,057,008	2,032,174	2,051,808	19,634
Idea Disproportionate Rep	-	-	15,000	15,000
SWD Inst Prog Improv	-	-	30,000	30,000
DODEA SPED Grant	-	175,509	135,304	(40,205)
NJROTC	120,000	120,000	64,893	(55,107)
Miscellaneous grants	765,248	765,248	151,769	(613,479)
Total from the federal government	<u>14,531,509</u>	<u>15,148,744</u>	<u>13,927,494</u>	<u>(1,221,250)</u>
Miscellaneous revenues:				
Use of money and property	638,822	638,822	618,716	(20,106)
Charges for services	833,400	833,400	759,622	(73,778)
Miscellaneous	152,150	152,150	124,376	(27,774)
Total miscellaneous revenues	<u>1,624,372</u>	<u>1,624,372</u>	<u>1,502,714</u>	<u>(121,658)</u>
Total revenues	<u>\$ 126,532,845</u>	<u>\$ 127,245,964</u>	<u>\$ 124,994,155</u>	<u>\$ (2,251,809)</u>

THE YORK COUNTY SCHOOL DIVISION

Schedule of Expenditures - Budget and Actual General Fund Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education				
Instruction:				
Classroom instruction services:				
Regular education	\$ 58,290,659	\$ 57,891,501	\$ 56,989,746	\$ 901,755
Special education	10,659,619	9,789,745	9,760,390	29,355
Vocational education	2,381,034	1,852,853	1,694,663	158,190
Gifted and talented	415,753	415,630	429,360	(13,730)
Other programs	5,007,294	4,558,649	4,375,385	183,264
Instructional support - student:				
Guidance	3,050,835	3,068,384	2,947,443	120,941
Social work	56,573	59,769	63,237	(3,468)
Homebound	60,194	60,194	67,208	(7,014)
Instructional support - staff:				
Management and staff development	3,074,728	3,064,696	2,949,225	115,471
Media services	1,808,380	1,773,824	1,731,564	42,260
Instructional support - school administration:				
Principals' offices	7,561,972	7,485,231	7,421,230	64,001
School carryover	3,056,207	3,056,207	2,414,743	641,464
Total instruction	95,423,248	93,076,683	90,844,194	2,232,489
Administration, attendance, and health services:				
Board services	141,739	142,474	134,802	7,672
Executive services	576,923	576,923	582,345	(5,422)
Communication services	387,933	381,745	336,489	45,256
Human resources	1,054,005	1,058,940	1,005,415	53,525
Fiscal services	1,153,007	1,144,826	1,163,779	(18,953)
Health services	1,557,291	1,555,958	1,518,506	37,452
Psychological services	762,428	782,896	774,831	8,065
Speech and audiology services	920,290	848,832	846,490	2,342
School carryover	36,974	36,974	(6,313)	43,287
Total administration, attendance, and health services	6,590,590	6,529,568	6,356,344	173,224

THE YORK COUNTY SCHOOL DIVISION

Schedule of Expenditures - Budget and Actual (Continued) General Fund Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating costs:				
Pupil transportation:				
Vehicle operation services	6,379,830	6,379,830	5,815,769	564,061
Vehicle maintenance services	958,427	1,308,427	1,776,653	(468,226)
School carryover	190,666	190,666	124,838	65,828
Total pupil transportation	<u>7,528,923</u>	<u>7,878,923</u>	<u>7,717,260</u>	<u>161,663</u>
Operations and maintenance:				
Management and direction:	200,963	192,171	195,583	(3,412)
Building services	9,211,820	10,049,698	8,985,466	1,064,232
Grounds services	1,134,650	1,134,650	1,134,650	-
Vehicle services	295,389	495,690	319,377	176,313
Warehouse and distribution services	328,987	322,240	297,758	24,482
School carryover	971,356	971,356	675,288	296,068
Total operations and maintenance	<u>12,143,165</u>	<u>13,165,805</u>	<u>11,608,122</u>	<u>1,557,683</u>
Total operating costs	<u>19,672,088</u>	<u>21,044,728</u>	<u>19,325,382</u>	<u>1,719,346</u>
Technology:				
Classroom instruction	4,225,462	5,879,604	5,676,961	202,643
Instructional support	1,887,830	1,879,887	1,819,936	59,951
Administration	1,107,737	1,112,054	1,080,802	31,252
Operations and maintenance	1,778,635	1,876,185	1,879,338	(3,153)
Other programs - grants	102,458	102,458	109,220	(6,762)
School carryover	385,046	385,046	313,852	71,194
Total technology	<u>9,487,168</u>	<u>11,235,234</u>	<u>10,880,109</u>	<u>355,125</u>
Total education	<u>121,685,926</u>	<u>120,650,979</u>	<u>116,525,920</u>	<u>4,125,059</u>
Total expenditures	<u>\$ 131,173,094</u>	<u>\$ 131,886,213</u>	<u>\$ 127,406,029</u>	<u>\$ 4,480,184</u>

THE YORK COUNTY SCHOOL DIVISION

Schedule of Changes in Net Pension Liability and Related Ratios - Nonprofessional Employees Year Ended June 30, 2015

	2015
Total Pension Liability	
Service cost	\$ 651,659
Interest	1,257,618
Benefit payments	(700,700)
Refunds of contributions	-
Net change in total pension liability	1,208,577
Total pension liability - beginning	18,316,320
Total pension liability - ending (a)	\$ 19,524,897
Plan Fiduciary Net Position	
Contributions - employer	\$ 540,694
Contributions - employee	300,981
Net investment income	2,649,679
Benefit payments	(700,700)
Refunds of contributions	-
Administrative expenses	(14,022)
Other changes	139
Net change in plan fiduciary net position	2,776,771
Plan fiduciary net position - beginning	16,719,484
Plan fiduciary net position - ending (b)	\$ 19,496,255
Net pension liability (asset)	\$ 28,642
Plan fiduciary net position as a percentage of total pension liability	99.85%
Covered-employee payroll	\$ 6,167,447
Net pension liability as a percentage of covered employee payroll	0.46%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

THE YORK COUNTY SCHOOL DIVISION

Schedule of Changes in Net Pension Liability and Related Ratios -

Optional Plan

Year Ended June 30, 2015

	<u>2015</u>
Total Pension Liability	
Service cost	\$ 2,224
Interest	124,341
Benefit payments	(193,616)
Refunds of contributions	-
Net change in total pension liability	(67,051)
Total pension liability - beginning	1,862,796
Total pension liability - ending (a)	<u>\$ 1,795,745</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 290,495
Contributions - employee	-
Net investment income	-
Benefit payments	(177,455)
Refunds of contributions	(22,106)
Administrative expenses	-
Other changes	-
Net change in plan fiduciary net position	90,934
Plan fiduciary net position - beginning	2,009,204
Plan fiduciary net position - ending (b)	<u>\$ 2,100,138</u>
Net pension liability (asset)	<u>\$ (304,393)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>116.95%</u>
Covered-employee payroll	<u>\$ 540,694</u>
Net pension liability as a percentage of covered employee payroll	<u>-56.30%</u>

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available.

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer's Share of Net Pension Liability

Year Ended June 30, 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, 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, no other data is available. However, additional years will be included as they become available.

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Professional Employees

Year Ended June 30, 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)
June 30, 2015	\$ 9,180,878	\$ 9,180,878	\$ -	\$ 63,559,725	14.44%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component went into effect in FY 2014. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013. Because this was a new benefit and the number of participants was small, the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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:

- 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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Nonprofessional Employees

Year Ended June 30, 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)
June 30, 2015	\$ 475,903	\$ 475,903	\$ -	\$ 6,167,447	7.72%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available

Changes of benefit terms – There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component were adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. The liabilities presented do not reflect the hybrid plan since it covers new members joining the System after the valuation date of June 30, 2013 and the impact on the liabilities as of the measurement date of June 30, 2014 are minimal.

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Supplemental Plan

Year Ended June 30, 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)
June 30, 2015	\$ -	\$ -	\$ -	\$ 6,167,447	0.00%

Schedule is intended to show information for 10 years. Since 2015 is the first year for this presentation, no other data is available. However, additional years will be included as they become available

Changes of benefit terms – None

Changes of assumptions – The following changes in actuarial assumptions were made effective June 30, 2014:

- Update mortality table

THE YORK COUNTY SCHOOL DIVISION

Schedule of Investments

Year Ended June 30, 2015

	2015	2014
Annual money-weighted rate of return, net of investment expense	1.26%	14.93%

THE YORK COUNTY SCHOOL DIVISION

Schedule of Funding Progress - Other Postemployment Benefits (OPEB) (Unaudited)

Year Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL) - Entry Age ₍₁₎ Projected Unit ₍₂₎	Unfunded AAL (UAAL) (Funding Excess)	Funded Ratio	Annual Covered Payroll	UAAL (Funding Excess) as a % of Payroll
June 30, 2009*	\$ -	\$ 4,683,004	\$ 4,683,004	0.00%	\$ 74,222,736	6.31%
June 30, 2010	\$ -	\$ 5,629,250	\$ 5,629,250	0.00%	\$ 74,140,073	7.59%
June 30, 2011	\$ -	\$ 5,854,702	\$ 5,854,702	0.00%	\$ 69,023,976	8.48%
June 30, 2012	\$ -	\$ 4,963,126	\$ 4,963,126	0.00%	\$ 69,361,101	7.16%
June 30, 2013	\$ -	\$ 6,395,607	\$ 6,395,607	0.00%	\$ 45,334,607	14.11%
June 30, 2014	\$ -	\$ 7,536,270	\$ 7,536,270	0.00%	\$ 67,126,751	11.23%

*2009 was the year of implementation for GASB Statement No. 45. There is no data available prior to this valuation.

For June 30, 2013, the new actuary used total payroll for employees enrolled in the health care plan, not total payroll for all employees as had been used in prior years. This change does not impact the liability calculation.

THE YORK COUNTY SCHOOL DIVISION

Notes to Required Supplementary Information June 30, 2015

1. BUDGETARY DATA

The School Division follows these procedures in establishing the budgetary data reflected in the basic financial statements:

As required under Section 22.1-92 of the *Code of Virginia*, the Division Superintendent prepares an estimate of the amount of money deemed to be needed in the General Fund, Special Revenue Fund and Capital Projects Fund during the next fiscal year for the support of the public schools of the School Division. The estimate is required to be allocated for each major classification prescribed by the State Division of Education. Section 22.1-115 of the *Code of Virginia* states "the Division shall prescribe the following major classifications for expenditures of school funds: (i) instruction, (ii) administration, attendance and health (iii) pupil transportation, (iv) operation and maintenance, (v) school food services and other non-instructional operations, (vi) facilities, and (vii) debt and fund transfers."

The Superintendent's proposed budget is based on budget requests prepared by administrative and supervisory staff. The Superintendent also receives input from the School Division, Employee Associations, Parent Teacher Associations, County Administrator, etc., in formulating the budget proposal. Citizen input is provided via a public forum early in the budget process. After the Superintendent's budget is made public, the School Division conducts a public hearing on the proposed budget.

The School Division is required by State law (Section 22.1-92 of the *Code of Virginia*) to conduct a public hearing on the proposed budget to receive the views of citizens. The School Division also holds several work sessions on the proposed budget and modifies the proposed budget if necessary. The School Division must approve the budget by April 1 and submit it to the Board of Supervisors for the County of York for its approval.

The Board of Supervisors is required by State law to approve a School Division budget by May 1. If the Board of Supervisors approves a local appropriation that is less than the amount the School Division requested, the School Division must reduce the proposed budget accordingly.

The School Division appropriates funds on a major classification level and may make supplemental appropriations based on the availability of financial resources. The Division Superintendent may only authorize the transfer of funds within the major classification, the legal level of budgetary control.

Every appropriation lapses at the close of the fiscal year to the extent that it has not been expended. Funding for projects such as the capital improvement program is reappropriated annually until the project has been accomplished or abandoned.

The budgets are prepared on a basis consistent with the modified accrual basis of accounting. Budgeted amounts reflected in the required supplementary information are as originally adopted or as amended by the School Division. The General Fund's budget is adopted on a basis of accounting consistent with accounting principles generally accepted in the United States of America.

THE YORK COUNTY SCHOOL DIVISION

Notes to Required Supplementary Information June 30, 2015

2. LEGALLY ADOPTED BUDGETS

The general, capital projects and special revenue funds have legally adopted annual budgets.

3. 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.

4. 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 process 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 plan can be found in the notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

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THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues and Expenditures - Budget and Actual Capital Projects Fund June 30, 2015

	Capital Projects Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
From the County of York	\$ 12,780,000	\$ 13,115,074	\$ 9,822,424	\$ (3,292,650)
Revenue from the use of money	-	-	2,244	2,244
Miscellaneous	-	-	450	450
Total revenues	<u>\$ 12,780,000</u>	<u>\$ 13,115,074</u>	<u>\$ 9,825,118</u>	<u>\$ (3,289,956)</u>
Expenditures				
Capital outlay	\$ 12,780,000	\$ 21,069,608	\$ 8,833,455	\$ 12,236,153
Total expenditures	<u>\$ 12,780,000</u>	<u>\$ 21,069,608</u>	<u>\$ 8,833,455</u>	<u>\$ 12,236,153</u>

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues and Expenditures - Budget and Actual Non-major Special Revenue Fund June 30, 2015

	School Food Service Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
From the Commonwealth of Virginia	\$ 58,996	\$ 58,996	\$ 49,860	\$ (9,136)
From the federal government	1,408,000	1,408,000	1,375,528	(32,472)
Revenue from the use of money	5,000	5,000	94	(4,906)
Charges for services	3,489,988	3,489,988	1,988,920	(1,501,068)
Total revenues	<u>\$ 4,961,984</u>	<u>\$ 4,961,984</u>	<u>\$ 3,414,402</u>	<u>\$ (1,547,582)</u>
Expenditures				
Food Services:				
Contractual services and purchases for resale	\$ 3,490,027	\$ 3,490,027	\$ 2,250,589	\$ 1,239,438
Donated commodities	250,000	250,000	227,506	22,494
Salaries and wages	647,475	647,475	421,284	226,191
Fringe benefits	552,482	552,482	283,175	269,307
Equipment replacement	12,000	12,000	-	12,000
Employee development	5,000	5,000	-	5,000
Travel	5,000	5,000	-	5,000
Food service carryover	-	-	-	-
Total expenditures	<u>\$ 4,961,984</u>	<u>\$ 4,961,984</u>	<u>\$ 3,182,554</u>	<u>\$ 1,779,430</u>

THE YORK COUNTY SCHOOL DIVISION

Statement of Changes in Assets and Liabilities
Agency Fund - School Activity Funds
June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Assets				
Cash and temporary investments	\$ 1,627,040	\$ 3,833,775	\$ 3,913,714	\$ 1,547,101
Liabilities				
Amounts held for others	\$ 1,627,040	\$ 3,833,775	\$ 3,913,714	\$ 1,547,101

STATISTICAL SECTION

(Unaudited)

Statistical Section

This part of the 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 School Division's overall financial health.

Contents:

Financial Trends (pages 104 - 111)

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

Revenue Capacity (pages 112 - 116)

These schedules contain information to help the reader assess the School Division's most significant local revenue source, Food Services charges for services. They also include the County's most significant local revenue source, property taxes, as the County provides significant revenues to the School Division.

Debt Capacity (pages 117 - 118)

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and ability to issue additional debt in the future. These schedules are shown because the County incurs significant debt for the School Division's use.

Demographic and Economic Information (pages 119 - 121)

These schedules offer demographic and economic indicators to help the reader understand how the environment within which the School Division's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (pages 122 - 125)

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

THE YORK COUNTY SCHOOL DIVISION

Net Position by Component - Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 137,691,072	\$ 134,132,537	\$ 132,539,275	\$ 130,339,563	\$ 132,111,487
Restricted	686,016	458,168	3,935,417	8,279,990	2,902,899
Unrestricted	(101,213,135)	(73,724)	2,318,089	4,898,751	6,433,477
Total primary government net position	\$ 37,163,953	\$ 134,516,981	\$ 138,792,781	\$ 143,518,304	\$ 141,447,863

THE YORK COUNTY SCHOOL DIVISION

Net Position by Component - Accrual Basis of Accounting (Continued) Last Ten Fiscal Years (unaudited)

	2010	2009	2008	2007	2006
Governmental activities					
Net investment in capital assets	\$ 132,734,112	\$ 135,060,176	\$ 132,335,874	\$ 126,097,687	\$ 118,521,776
Restricted	3,682,691	-	-	8,470,345	5,331,245
Unrestricted	8,154,443	7,552,683	4,941,291	3,262,537	3,326,399
Total primary government net position	\$ 144,571,246	\$ 142,612,859	\$ 137,277,165	\$ 137,830,569	\$ 127,179,420

THE YORK COUNTY SCHOOL DIVISION

Changes in Net Position - Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
Instruction	\$ 92,702,062	\$ 88,230,990	\$ 89,826,521	\$ 88,259,923	\$ 88,146,183
Administrative, attendance, and health services	6,563,077	6,379,114	6,158,654	5,979,687	5,621,318
Transportation	7,408,338	7,562,949	7,376,543	7,317,981	7,343,358
Operations maintenance	12,191,709	11,253,356	10,787,363	11,111,778	11,110,634
Technology*	11,766,850	9,048,406	9,316,847	9,078,782	8,702,882
Food services	3,223,096	3,558,256	3,698,382	3,959,082	4,146,776
Interest on capital leases	-	-	-	-	-
Total primary government expenses	133,855,132	126,033,071	127,164,310	125,707,233	125,071,151
Program revenues					
Governmental activities:					
Charges for services:					
Instruction	6,527,643	877,582	877,091	688,885	645,255
Food services	1,988,920	2,257,018	1,996,950	2,530,712	2,543,614
Operating grants and contributions	63,298,465	59,579,412	58,859,190	59,233,478	60,334,335
Capital grants and contributions	-	-	-	-	-
Total primary government program revenues	71,815,028	62,714,012	61,733,231	62,453,075	63,523,204
Net (expense)/revenue					
Total primary government net expense	(62,040,104)	(63,319,059)	(65,431,079)	(63,254,158)	(61,547,947)
General revenues and other changes in net position					
Governmental activities:					
Payments from York County	59,859,842	46,784,869	48,246,996	52,761,202	46,276,697
Shared intergovernmental revenues	12,199,662	11,905,068	12,126,120	12,272,494	11,861,997
Revenues from the use of money and property	2,338	4,594	19,688	13,633	30,789
Miscellaneous	124,826	348,728	312,752	277,270	255,081
Total primary government	72,186,668	59,043,259	60,705,556	65,324,599	58,424,564
Changes in net position					
Total primary government	\$ 10,146,564	\$ (4,275,800)	\$ (4,725,523)	\$ 2,070,441	\$ (3,123,383)

* previously included in Instruction Expenses

THE YORK COUNTY SCHOOL DIVISION

Changes in Net Position - Accrual Basis of Accounting (Continued) Last Ten Fiscal Years (unaudited)

	2010	2009	2008	2007	2006
Expenses					
Governmental activities:					
Instruction	\$ 102,105,888	\$ 100,323,693	\$ 93,310,028	\$ 90,085,862	\$ 81,915,003
Administrative, attendance, and health services	5,659,615	6,092,564	9,114,161	8,554,642	7,517,621
Transportation	6,689,204	6,556,444	6,655,318	6,028,267	6,716,845
Operations maintenance	12,342,550	11,191,453	12,257,005	12,101,456	11,140,232
Technology*	-	-	-	-	-
Food services	3,860,618	4,186,429	4,406,639	4,063,833	4,016,427
Interest on capital leases	4,269	8,341	12,576	19,093	7,126
Total primary government expenses	130,662,144	128,358,924	125,755,727	120,853,153	111,313,254
Program revenues					
Governmental activities:					
Charges for services:					
Instruction	501,057	512,906	387,460	391,741	376,286
Food services	2,651,924	2,854,961	2,756,616	2,770,129	2,804,096
Operating grants and contributions	67,519,302	67,573,788	63,836,659	61,453,196	56,670,894
Capital grants and contributions	-	1,231,042	1,845,686	1,208,972	1,272,416
Total primary government program revenues	70,672,283	72,172,697	68,826,421	65,824,038	61,123,692
Net (expense)/revenue					
Total primary government net expense	(59,989,861)	(56,186,227)	(56,929,306)	(55,029,115)	(50,189,562)
General revenues and other changes in net position					
Governmental activities:					
Payments from York County	50,117,998	50,612,027	42,878,956	52,815,163	54,314,617
Shared intergovernmental revenues	11,291,540	10,473,202	10,937,058	11,266,703	10,333,640
Revenues from the use of money and property	207,705	214,513	2,196,245	1,195,331	886,946
Miscellaneous	331,005	222,179	363,643	403,067	321,693
Total primary government	61,948,248	61,521,921	56,375,902	65,680,264	65,856,896
Changes in net position					
Total primary government	\$ 1,958,387	\$ 5,335,694	\$ (553,404)	\$ 10,651,149	\$ 15,667,334

* previously included in Instruction Expenses

THE YORK COUNTY SCHOOL DIVISION

Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011
General fund (1)					
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	3,835,909	3,662,355	3,625,296	3,485,632	3,309,690
Assigned	2,054,820	4,636,248	5,123,822	6,193,449	7,668,987
Unassigned	-	-	-	-	-
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	<u>\$ 5,890,729</u>	<u>\$ 8,298,603</u>	<u>\$ 8,749,118</u>	<u>\$ 9,679,081</u>	<u>\$ 10,978,677</u>
All other governmental funds (1)					
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	686,016	458,168	3,935,417	8,279,990	542,233
Committed	-	-	-	-	-
Assigned	-	-	-	1,193,459	3,547,130
Unassigned	(594,587)	(1,586,250)	(55,445)	-	-
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue fund	-	-	-	-	-
Capital project fund	-	-	-	-	-
Total all other governmental funds	<u>\$ 91,429</u>	<u>\$ (1,128,082)</u>	<u>\$ 3,879,972</u>	<u>\$ 9,473,449</u>	<u>\$ 4,089,363</u>

(1) GASB 54 was implemented in 2011 and reflects new fund balance classifications for 2011. The new classifications have not been restated for 2010 and prior.

THE YORK COUNTY SCHOOL DIVISION

Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting (Continued) Last Ten Fiscal Years (unaudited)

	2010	2009	2008	2007	2006
General fund (1)					
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	7,550,946	6,946,238	5,905,974	4,282,348	4,338,943
Unreserved	3,041,258	2,811,011	2,911,736	2,209,444	1,754,474
Total general fund	<u>\$ 10,592,204</u>	<u>\$ 9,757,249</u>	<u>\$ 8,817,710</u>	<u>\$ 6,491,792</u>	<u>\$ 6,093,417</u>
All other governmental funds (1)					
Non-spendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	1,739,816	434,066	2,226,149	7,220,504	5,442,581
Unreserved, reported in:					
Special revenue fund	671,801	518,531	477,066	507,873	471,007
Capital project fund	3,887,722	1,426,898	(2,015,600)	1,411,492	470,464
Total all other governmental funds	<u>\$ 6,299,339</u>	<u>\$ 2,379,495</u>	<u>\$ 687,615</u>	<u>\$ 9,139,869</u>	<u>\$ 6,384,052</u>

(1) GASB 54 was implemented in 2011 and reflects new fund balance classifications for 2011. The new classifications have not been restated for 2010 and prior.

THE YORK COUNTY SCHOOL DIVISION

Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011
Revenues					
Federal sources:					
Federal grants	\$ 13,927,494	\$ 13,270,776	\$ 13,779,273	\$ 14,113,544	\$ 15,871,798
Food services	1,375,528	1,355,737	1,246,480	1,323,875	1,372,392
Total federal sources	15,303,022	14,626,513	15,025,753	15,437,419	17,244,190
State sources:					
State education basic aid	34,368,771	31,543,761	31,035,613	32,894,123	31,862,952
State sales tax	12,199,662	11,905,068	12,126,120	12,272,494	11,861,997
Food services	49,860	53,498	59,869	59,770	61,857
State grants and other	12,958,096	12,854,878	11,896,765	10,365,060	10,684,346
Total state sources	59,576,389	56,357,205	55,118,367	55,591,447	54,471,152
Local sources:					
Payments from York County	59,859,842	46,784,869	48,246,996	52,761,202	46,276,697
Food service sales	1,988,920	2,257,018	2,125,836	2,530,712	2,543,614
Interest and other income	621,054	643,278	653,798	606,530	628,793
Other revenues	884,448	1,088,388	1,268,037	850,364	783,322
Total local resources	63,354,264	50,773,553	52,294,667	56,748,808	50,232,426
Total revenues	138,233,675	121,757,271	122,438,787	127,777,674	121,947,768
Expenditures					
Instruction	90,844,194	84,047,592	85,789,332	83,857,197	83,820,381
Administration, attendance, and health services	6,356,344	6,181,470	5,974,176	5,817,828	5,462,641
Pupil transportation	7,717,260	7,173,435	6,994,450	6,997,948	7,091,905
Operations and maintenance	11,608,122	11,906,865	11,423,130	11,119,949	10,961,577
Technology	10,880,109	8,889,363	8,932,377	9,156,293	8,601,876
Food services	3,182,554	3,517,128	3,664,307	3,922,593	4,109,497
Capital outlay	8,833,455	5,499,987	6,184,455	2,821,376	3,723,394
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	139,422,038	127,215,840	128,962,227	123,693,184	123,771,271
Excess of revenues over expenditures	(1,188,363)	(5,458,569)	(6,523,440)	4,084,490	(1,823,503)
Other financing sources (uses)					
Capital lease	-	-	-	-	-
Transfers in	4,000	-	-	-	-
Transfers out	(4,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	\$ (1,188,363)	\$ (5,458,569)	\$ (6,523,440)	\$ 4,084,490	\$ (1,823,503)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Significant increases in payments from York County are due to years in which long-term debt was issued by the County on behalf of the School Division. Capital Outlay expenditures also notably increase in these years.

THE YORK COUNTY SCHOOL DIVISION

Changes in Fund Balances of Governmental Funds - Modified Accrual Basis of Accounting (Continued) Last Ten Fiscal Years (unaudited)

	2010	2009	2008	2007	2006
Revenues					
Federal sources:					
Federal grants	\$ 21,240,077	\$ 11,443,188	\$ 12,347,579	\$ 12,797,495	\$ 13,264,274
Food services	1,255,880	1,246,253	1,248,847	1,124,241	1,078,654
Total federal sources	22,495,957	12,689,441	13,596,426	13,921,736	14,342,928
State sources:					
State education basic aid	34,085,563	42,428,319	35,601,854	35,239,777	31,852,161
State sales tax	11,291,540	10,473,202	10,937,058	11,266,703	10,333,640
Food services	64,925	66,944	65,939	64,283	61,065
State grants and other	10,495,914	13,067,600	15,703,458	13,435,872	11,683,201
Total state sources	55,937,942	66,036,065	62,308,309	60,006,635	53,930,067
Local sources:					
Payments from York County	50,117,998	50,612,027	42,878,956	52,815,163	54,314,617
Food service sales	2,651,924	2,854,961	2,756,616	2,770,129	2,804,096
Interest and other income	696,700	878,873	1,176,981	1,195,331	886,946
Other revenues	720,010	623,251	646,968	795,308	701,934
Total local resources	54,186,632	54,969,112	47,459,521	57,575,931	58,707,593
Total revenues	132,620,531	133,694,618	123,364,256	131,504,302	126,980,588
Expenditures					
Instruction	97,868,494	96,297,060	87,648,146	85,684,494	79,042,519
Administration, attendance, and health services	5,495,520	5,937,858	8,945,661	8,329,524	7,420,691
Pupil transportation	7,044,930	7,591,803	6,739,839	6,567,937	6,069,668
Operations and maintenance	11,520,301	11,115,340	11,205,861	11,653,064	11,080,684
Technology	-	-	-	-	-
Food services	3,822,554	4,138,012	4,197,435	4,024,382	3,977,129
Capital outlay	2,019,822	5,889,016	10,634,944	11,896,449	14,684,782
Debt service:					
Principal retirement	89,842	85,769	106,130	175,167	257,000
Interest and fiscal charges	4,269	8,341	12,576	19,093	7,126
Total expenditures	127,865,732	131,063,199	129,490,592	128,350,110	122,539,599
Excess of revenues over expenditures	4,754,799	2,631,419	(6,126,336)	3,154,192	4,440,989
Other financing sources (uses)					
Capital lease	-	-	-	-	495,658
Transfers in	-	-	-	-	500,000
Transfers out	-	-	-	-	(500,000)
Total other financing sources (uses)	-	-	-	-	495,658
Net change in fund balances	\$ 4,754,799	\$ 2,631,419	\$ (6,126,336)	\$ 3,154,192	\$ 4,936,647
Debt service as a percentage of noncapital expenditures	0.07%	0.08%	0.10%	0.17%	0.25%

(1) Significant increases in payments from York County are due to years in which long-term debt was issued by the County on behalf of the School Division. Capital Outlay expenditures also notably increase in these years.

THE YORK COUNTY SCHOOL DIVISION

Food Services - Breakfast and Lunch Program Rates and Participation Last Ten Fiscal Years (unaudited)

Fiscal Year	Breakfast Program Meal Prices				Lunch Program Rates Meal Prices				Average Percentage of Students Participating in School Lunch Program	Percentage of Students Receiving Free or Reduced Meals
	Elementary	Middle/ High		Adult	Reduced	Elementary	Middle/ High		Adult	Reduced
		Elementary	High				Elementary	High		
2015	\$1.35	\$1.45	\$1.85	\$0.30	\$2.45	\$2.55	\$3.20	\$0.40	35.59%	20.30%
2014	\$1.25	\$1.35	\$1.75	\$0.30	\$2.35	\$2.35	\$3.10	\$0.40	29.39%	19.53%
2013	\$1.25	\$1.35	\$1.75	\$0.30	\$2.25	\$2.35	\$3.00	\$0.40	28.00%	19.02%
2012	\$1.15	\$1.25	\$1.60	\$0.30	\$2.15	\$2.25	\$2.75	\$0.40	33.15%	17.18%
2011	\$1.20	\$1.30	\$1.60	\$0.30	\$2.15	\$2.25	\$2.85	\$0.40	38.67%	17.18%
2010	\$1.10	\$1.20	\$1.55	\$0.30	\$2.05	\$2.15	\$2.80	\$0.40	40.97%	15.10%
2009	\$0.95	\$1.05	\$1.30	\$0.30	\$2.00	\$2.10	\$2.75	\$0.40	40.56%	15.70%
2008	\$0.95	\$1.05	\$1.30	\$0.30	\$1.90	\$2.00	\$2.60	\$0.40	41.79%	14.41%
2007	\$0.95	\$1.05	\$1.30	\$0.30	\$1.85	\$1.95	\$2.50	\$0.40	43.75%	14.18%
2006	\$0.85	\$1.05	\$1.30	\$0.30	\$1.75	\$1.85	\$2.50	\$0.40	46.42%	13.92%

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

Assessed Value and Estimated Actual Value of Taxable Property of the County of York, Virginia Last Ten Calendar Years (unaudited)

Year	Real Estate	Personal Property	Mobile Home	Public Utility			Total Taxable Assessed Value	Total Direct Tax Rate
				Real Estate	Personal Property	CPC Equipment		
2015	\$ 8,798,868,900	\$ 561,880,260	\$ 3,939,500	\$ 430,748,916	\$ 127,592	\$ -	\$ 9,795,565,168	\$ 0.9379
2014	8,734,569,500	552,552,935	3,780,000	425,978,786	148,514	-	9,717,029,735	0.9363
2013	8,690,891,300	531,217,905	3,912,100	420,994,403	186,019	-	9,647,201,727	0.9304
2012	8,638,730,000	514,828,080	3,812,600	393,773,490	69,127	-	9,551,213,297	0.9172
2011	8,949,135,600	493,248,385	4,187,400	382,175,535	96,956	68,960,274	9,897,804,150	0.8232
2010	8,961,227,100	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	8,993,599,500	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123
2008	8,769,689,200	515,107,210	4,276,100	308,145,734	148,765	67,877,755	9,665,244,764	0.8348
2007	7,645,795,200	487,921,335	4,224,900	326,639,988	174,188	75,653,448	8,540,409,059	0.8850
2006	7,454,449,300	476,044,805	4,234,365	281,865,579	147,630	56,217,994	8,272,959,673	0.8866

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.

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2014

THE YORK COUNTY SCHOOL DIVISION

Property Tax Rates for the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	Real Estate (1) (2) (3)	Personal Property (1)	Mobile Home (1) (3)	Total Direct Tax Rate
2015	\$ 0.7515	\$ 4.00	\$ 0.7515	\$ 0.9379
2014	0.7515	4.00	0.7515	0.9363
2013	0.7415/0.7515	4.00	0.7415/0.7515	0.9304
2012	0.6575/0.7415	4.00	0.6575/0.7415	0.9172
2011	0.6575	4.00	0.6575	0.8232
2010	0.6575	4.00	0.6575	0.8211
2009	0.6575	4.00	0.6575	0.8123
2008	0.6975/0.6575	4.00	0.6975/0.6575	0.8348
2007	0.6975	4.00	0.6975	0.8850
2006	0.8175/0.6975	4.00	0.8175/0.6975	0.8866

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

⁽²⁾ The amount designated for school operating is \$0.577 per \$100 of valuation for fiscal year 2015.

⁽³⁾ The tax rate, 1st half/2nd half.

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

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2015

THE YORK COUNTY SCHOOL DIVISION

Principal Property Taxpayers of the County of York, Virginia - Calendar Year Current Year and Nine Years Prior* (unaudited)

Taxpayer	Description	2014	Rank	Percentage	2005	Rank	Percentage
		Taxable Assessed Value		of Total Taxable Assessed Value	Taxable Assessed Valuation		of Total Taxable Assessed Value
Virginia Power Company	Generating plant	\$ 343,971,507	1	3.52%	\$ 281,707,263	1	4.55%
BP/Western Refining/Plains Marketing	Former Refinery	236,077,860	2	2.42%	89,236,500	2	1.44%
Lawyers Title/Fairfield Resorts	Timeshare condominiums	181,297,845	3	1.86%	78,423,075	3	1.27%
Great Wolf Lodge of Williamsburg, LLC	Hotel and water park	80,570,030	4	0.83%			
Kings Creek Plantation	Timeshare condominiums	77,464,765	5	0.79%	35,150,685	6	0.57%
City of Newport News	Water system	75,507,900	6	0.77%	72,501,000	4	1.17%
Sea World Parks & Entertainment LLC	Water Country	45,986,800	7	0.47%	46,097,170	5	0.74%
Wal Mart	Retail sales	38,055,650	8	0.39%	32,299,640	7	0.52%
1991 Ashe Partnership	Apartment complex	37,818,115	9	0.39%			
852 LLC	Apartment complex	34,979,175	10	0.36%			
Kiln Creek Shopping Center	Retail sales				20,051,400	8	0.32%
Verizon Virginia Inc,	Telecommunications				18,806,838	9	0.30%
Virginia Natural Gas	Manufacturer				17,899,498	10	0.29%
Total		\$ 1,151,729,647		11.80%	\$ 692,173,069		11.17%

*The County's assessment cycle is on a calendar year basis.

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

THE YORK COUNTY SCHOOL DIVISION

Property Tax Levies and Collections of the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Tax Levy (1) (2)	Current Tax Collections (1)	Percent of Levy Collected	Collections in Subsequent Year	Total Collections to Date	
					Amount	Percentage of Levy
2015	\$ 80,716,523	\$ 77,929,910	96.55%	\$ -	\$ 77,929,910	96.55%
2014	79,831,923	77,513,973	97.10%	1,485,017	78,998,990	98.96%
2013	78,390,079	75,580,443	96.42%	2,071,290	77,651,733	99.06%
2012	77,167,308	75,120,925	97.35%	1,473,621	76,594,546	99.26%
2011	78,309,524	74,202,547	94.76%	1,601,088	75,803,635	96.80%
2010	79,967,238	74,592,412	93.28%	1,688,843	76,281,255	95.39%
2009	77,519,190	74,221,594	95.75%	1,753,412	75,975,006	98.01%
2008	72,552,762	70,122,593	96.65%	2,038,600	72,161,193	99.46%
2007	69,290,160	67,367,845	97.23%	1,367,447	68,735,292	99.20%
2006	67,054,087	64,874,238	96.75%	1,566,547	66,440,785	99.09%

⁽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 non-categorical 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: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2015

THE YORK COUNTY SCHOOL DIVISION

Ratio of Outstanding Debt By Type of the County of York, Virginia ⁽¹⁾ Last Ten Fiscal Years (unaudited)

Fiscal Year	Total Primary Government - County of York, Virginia							Total School Division		Percentage of Personal Income	Per Capita
	General Obligation Bonds	Revenue Bonds	Literary Loans	Capital Leases	Lease Revenue Bonds	Note Payable	Total Primary Government	Capital Leases	Total School Division		
2015	\$ 53,270,668	\$ 21,696,428	\$ -	\$ 3,185,983	\$ 23,544,723	\$ -	\$ 101,697,802	\$ -	\$ -	N/A	\$ 1,495
2014	49,619,991	22,207,989	-	3,751,628	24,847,309	-	100,426,917	-	-	N/A	1,490
2013	54,961,398	22,141,530	-	3,803,050	26,059,652	372,740	107,338,370	-	-	2.65%	1,603
2012	59,822,805	22,570,884	-	4,147,737	27,499,214	719,393	114,760,033	-	-	2.87%	1,728
2011	56,564,037	22,984,594	100,000	5,021,889	29,052,785	1,041,781	114,765,086	-	-	2.98%	1,740
2010	59,858,071	7,924,245	200,000	2,853,785	30,792,347	1,341,604	102,970,052	-	-	2.80%	1,567
2009	59,764,486	8,194,645	300,000	3,513,765	31,951,909	1,620,440	105,345,245	89,842	89,842	2.95%	1,622
2008	58,234,825	8,449,490	400,000	1,659,793	15,437,028	1,879,758	86,060,894	175,611	175,611	2.41%	1,342
2007	62,329,170	8,693,806	550,000	1,851,783	16,511,783	2,120,925	92,057,467	281,741	281,741	2.65%	1,456
2006	54,659,184	8,927,619	710,000	1,880,656	17,561,538	2,345,211	86,084,208	456,908	456,908	2.61%	1,387

(1) Bonds are shown at gross, excluding premiums and/or discounts and deferred revenue amounts on refundings.

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2015

THE YORK COUNTY SCHOOL DIVISION

Ratio of General Bonded Debt Outstanding for the County of York, Virginia Last Ten Fiscal Years (unaudited)

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2015	\$ 53,270,668	\$ -	\$ 53,270,668	0.55%	783
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%	911
2010	59,858,071	-	59,858,071	0.61%	914
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
2006	54,659,184	-	54,659,184	0.66%	881

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2015

THE YORK COUNTY SCHOOL DIVISION

Demographic and Economic Statistics Last Ten Fiscal Years (unaudited)

Fiscal Year	Population ⁽¹⁾	Personal Income⁽²⁾ (Thousands)	Per Capita Income⁽²⁾	Median Age⁽³⁾	Education Level In Years of Formal Schooling⁽⁴⁾	Student Average Daily Membership⁽⁵⁾	Unemployment Rate⁽⁶⁾
2015	68,020	N/A	N/A	N/A	13.20	12,519	4.80%
2014	67,396	N/A	N/A	N/A	13.20	12,333	5.00%
2013	66,955	\$ 4,053,310	\$ 51,718	39.60	13.20	12,226	5.40%
2012	66,428	4,002,090	51,173	39.80	13.20	12,410	5.80%
2011	65,973	3,850,950	49,293	39.80	13.20	12,477	6.10%
2010	65,695	3,677,629	47,550	39.40	13.20	12,533	6.10%
2009	64,933	3,577,619	46,252	39.90	13.10	12,732	5.30%
2008	64,132	3,573,107	46,376	39.80	13.10	12,745	3.30%
2007	63,226	3,475,414	45,253	38.70	13.10	12,649	2.50%
2006	62,068	3,297,273	43,431	38.90	13.00	12,797	2.70%

N/A - This information is not available.

Source:

⁽¹⁾ Weldon Cooper Center for Public Service.

⁽²⁾ Bureau of Economic Analysis combined amount for York County/Poquoson.

⁽³⁾ County Planning Division.

⁽⁴⁾ Educational Attainment data published in the U.S. Census Bureau.

⁽⁵⁾ County School Division

⁽⁶⁾ Local Area Unemployment Statistics Program and the Bureau of Labor Statistics.

THE YORK COUNTY SCHOOL DIVISION

Principal Employers Current Year and Nine Years Prior (unaudited)

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Naval Weapons Station / Cheatham Annex	2,956	1	13.18%	2,443	1	11.44%
York County School Division	1,708	2	7.61%	1,732	2	8.11%
U.S. Coast Guard Station	1,404	3	6.26%	787	7	3.69%
Water Country	826	4	3.68%	809	5	3.79%
Wal-Mart	808	5	3.60%	1,020	3	4.78%
Sentara Williamsburg Regional Medical Center	759	6	3.38%			
York County Government	722	7	3.22%	800	6	3.75%
Great Wolf Lodge	465	8	2.07%	662	4	3.10%
YMCA	462	9	2.06%	400	8	1.87%
Windham Vacation Ownership	295	10	1.31%			
Fairfield Resorts				326	9	1.53%
K-Mart				235	10	1.10%
Total	10,405		46.37%	9,214		43.16%

Source: County Office of Economic Development.

THE YORK COUNTY SCHOOL DIVISION

Full-time Equivalent Division Employees by Type Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Athletic Directors	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Board Members	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Bus Drivers	131.00	131.00	131.00	131.00	131.00	133.00	133.00	133.00	136.00	136.00
Bus Driver Assistants	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Cafeteria Monitors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Chief Financial Officer	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Clerical	69.75	69.75	70.72	70.72	72.69	74.75	74.75	74.25	75.25	73.25
Clerk of the Board	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Clinic Aides	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00
Crossing Guards	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Custodians	94.50	94.50	94.50	97.50	103.50	108.50	108.50	100.50	100.50	100.50
Directors	7.25	8.25	7.25	7.25	10.25	9.25	10.25	9.25	11.25	9.25
Division Chiefs	4.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00	3.00	0.00
Food Service Personnel	26.66	28.66	29.66	29.66	33.66	35.66	44.66	48.32	53.32	63.83
Guidance Counselors	33.50	31.50	31.50	31.50	33.00	33.50	33.50	34.00	34.00	34.00
Instructors	11.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	11.00
Librarians	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Mechanics	7.00	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	7.00
Nurses	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Occupational Therapists	5.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50	4.00	4.00
Para-Educators	259.50	254.50	255.50	256.50	270.00	268.00	272.00	261.00	268.50	263.00
Physical Therapists	1.60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Principals	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Principals (Assistants)	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	25.00	23.00
Psychologists	9.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00	10.00	10.00
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Superintendent (Assistant)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00
Teachers	845.05	830.55	830.55	841.79	867.80	868.16	862.16	833.25	845.72	839.58
Technical	97.09	97.92	97.67	96.47	101.79	107.17	113.96	110.26	114.54	112.54
Trades	24.00	24.00	24.00	24.00	24.00	24.00	26.00	24.00	24.00	24.00
Total Full-Time Equivalents	<u>1749.40</u>	<u>1729.63</u>	<u>1731.35</u>	<u>1745.39</u>	<u>1807.69</u>	<u>1822.99</u>	<u>1839.78</u>	<u>1788.83</u>	<u>1821.58</u>	<u>1813.45</u>

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

Operating Statistics Last Ten Fiscal Years (unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage Change
2015	12,519	\$ 127,906,029	\$ 10,177	6.2%	896.55	14.0	-0.1%
2014	12,333	118,198,725	9,584	-1.6%	880.05	14.0	1.9%
2013	12,226	119,113,465	9,743	3.4%	889.05	13.8	1.8%
2012	12,410	116,949,215	9,424	1.4%	918.80	13.5	-0.4%
2011	12,477	115,938,380	9,292	-4.6%	919.80	13.6	-0.5%
2010	12,533	122,023,356	9,736	2.4%	919.66	13.6	-2.2%
2009	12,732	121,036,171	9,506	5.7%	913.66	13.9	-3.2%
2008	12,745	114,658,213	8,996	0.1%	885.25	14.4	2.1%
2007	12,649	112,429,279	8,888	9.5%	897.72	14.1	-1.8%
2006	12,797	103,877,688	8,117	5.9%	891.58	14.4	0.3%

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

Capital Assets Information by Governmental Activities Last Ten Fiscal Years (unaudited)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Buildings:										
Elementary Schools	10	10	10	10	10	10	10	10	10	10
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	4	4	4	4	4	4	4	4	4	4
Charter Schools	1	1	1	1	1	1	1	1	1	1
Other:										
Athletic Fields	45	45	44	44	44	44	44	44	43	43
Playgrounds	30	30	30	30	30	30	30	20	20	20
Pupil Transportation:										
Buses	160	160	159	160	158	154	153	150	150	150
Operations and Maintenance:										
Vehicles	92	85	85	85	76	75	78	70	70	76

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

School Building Information Last Ten Fiscal Years (unaudited)

School	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary										
Bethel Manor Elementary										
Square feet	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685
Capacity	698	698	698	698	698	698	698	698	698	698
Enrollment	554	493	410	382	388	525	549	565	555	598
Coventry Elementary										
Square feet	78,033	78,033	78,033	78,033	78,033	78,033	78,073	78,073	78,073	78,073
Capacity	708	708	708	708	708	708	708	708	708	708
Enrollment	543	548	589	628	640	604	612	646	637	669
Dare Elementary										
Square feet	63,415	63,415	63,415	63,415	63,415	63,415	64,300	52,100	52,100	52,100
Capacity	867	867	867	867	867	867	867	427	427	427
*Enrollment	354	372	409	428	460	438	436	447	421	442
Grafton Bethel Elementary										
Square feet	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583
Capacity	703	703	703	703	703	703	703	703	703	703
Enrollment	575	601	622	640	624	617	628	642	623	614
Magruder Elementary										
Square feet	74,867	74,867	74,867	74,867	74,867	74,867	74,867	70,400	70,400	70,400
Capacity	740	740	740	740	740	740	740	653	653	653
Enrollment	562	602	600	590	570	593	640	599	614	570
Mt. Vernon Elementary										
Square feet	69,689	69,689	69,689	69,689	69,689	57,999	57,999	57,999	57,999	57,999
Capacity	782	782	782	782	782	542	542	542	542	542
Enrollment	485	509	548	553	557	554	544	552	535	537
Seaford Elementary										
Square feet	61,731	61,731	55,553	55,553	55,553	55,553	55,553	55,553	55,553	55,553
Capacity	656	656	506	506	506	506	506	506	506	506
Enrollment	437	455	479	494	521	519	532	520	508	517
Tabb Elementary										
Square feet	76,790	76,790	76,790	68,425	68,425	68,425	68,425	68,425	68,425	68,425
Capacity	777	777	777	627	627	627	627	627	627	627
Enrollment	620	608	625	643	634	531	540	551	546	578
Waller Mill Elementary										
Square feet	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665	36,665
Capacity	297	297	297	297	297	297	297	297	297	297
Enrollment	267	278	279	315	320	321	339	328	301	307
Yorktown Elementary										
Square feet	66,402	66,402	66,402	66,402	66,402	66,402	66,402	54,200	54,200	54,200
Capacity	734	734	734	734	734	734	734	494	494	494
Enrollment	610	624	663	636	625	584	513	489	464	497

The York County School Division

School Building Information (Continued) Last Ten Fiscal Years (unaudited)

School	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Middle										
Grafton Middle										
Square feet	150,461	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229	145,229
Capacity	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	808	815	850	868	881	875	854	893	934	945
Queens Lake Middle										
Square feet	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047
Capacity	681	681	681	681	681	681	681	681	681	681
Enrollment	423	425	448	468	473	490	543	570	545	519
Tabb Middle										
Square feet	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771
Capacity	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178
Enrollment	853	857	828	786	774	829	897	954	967	1,014
Yorktown Middle										
Square feet	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	65,600	65,600
Capacity	982	982	982	982	982	982	982	982	629	629
Enrollment	720	717	742	759	742	752	739	713	666	699
High										
Bruton High										
Square feet	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040
Capacity	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039
Enrollment	547	538	585	616	636	668	727	726	746	739
Grafton High										
Square feet	164,961	159,729	159,729	159,729	159,729	159,729	159,729	159,729	159,729	145,229
Capacity	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397
Enrollment	1,104	1,132	1,271	1,302	1,309	1,277	1,281	1,296	1,299	1,280
Tabb High										
Square feet	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597
Capacity	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Enrollment	1,075	1,021	1,100	1,138	1,164	1,245	1,257	1,267	1,283	1,293
York High										
Square feet	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091
Capacity	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,015	993	1,054	1,045	1,045	1,078	1,036	977	1,014	974
York River Academy										
Square feet	24,451	24,451	24,451	24,451	24,451	24,451	3,800	3,800	3,800	3,800
Capacity	128	128	128	128	128	128	40	40	40	40
Enrollment	74	66	65	56	56	58	50	50	40	37

*Enrollment excludes Extend Center, which was added in 2009. Students are included in the enrollment at their home school.

Source: York County School Division

COMPLIANCE SECTION

**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**

Members of the School Board
York County School Division

We have audited, 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 *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, each major fund and the aggregate remaining fund information of the York County School Division (the "School Division"), a component unit of the County of York, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School Division's basic financial statements, and have issued our report thereon dated November 29, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School Division'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 School Division's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Division'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 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.

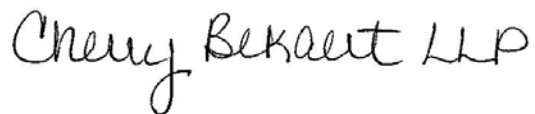
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 School Division's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* 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 29, 2015

Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants

Members of the School Board
York County School Division

We have audited, 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 *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, each major fund and the aggregate remaining fund information of the York County School Division, a component unit of the County of York, Virginia, as of and for the year ended June 30, 2015, and the related notes to the financial statements and have issued our report thereon dated November 29, 2015.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the York County School Division's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions, and accordingly, we do not express such an opinion.

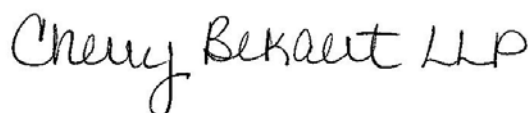
The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

<u>Code of Virginia</u>	<u>State Agency</u>
<u>Requirements</u>	
Budget and Appropriation Laws	Retirement
Education	Procurement
Cash and Investments	Unclaimed Property
Conflicts of Interest	

The results of our tests disclosed no instances of noncompliance with the provisions referred to in the preceding paragraph.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the effectiveness of the entity's compliance. Accordingly, this report is not suitable for any other purpose.



Virginia Beach, Virginia
November 29, 2015

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