



# YORK COUNTY

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2018



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

## **COUNTY OF YORK, VIRGINIA**

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**For the Fiscal Year Ended June 30, 2018**

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

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Director of Finance

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Comprehensive Annual Financial Report  
June 30, 2018

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**COUNTY ADMINISTRATOR**

Neil A. Morgan



**BOARD OF SUPERVISORS**

Walter C. Zaremba

District 1

Sheila S. Noll

District 2

W. Chad Green

District 3

Jeffrey D. Wassmer

District 4

Thomas G. Shepperd, Jr.

District 5

November 30, 2018

The Board of Supervisors  
County of York, Virginia

Dear Members of the Board:

On behalf of the staff, I am pleased to submit to you York County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018, as required by the Code of Virginia. The Finance Department has prepared this report in accordance with generally accepted accounting principles (GAAP) in the United States, the standards of financial reporting prescribed by the Governmental Accounting Standards Board, and those of the Auditor of Public Accounts of the Commonwealth of Virginia. Cherry Bekaert LLP, an independent certified public accounting firm, has audited the financial statements and the firm's opinions are contained within this report.

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

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

As a political entity, York County provides a wide range of municipal services including general government administration, judicial services, public safety, management services, education, human services, public works, and community services. In addition, the County operates and maintains a solid waste disposal program and a sewer utility system, which service geographically dispersed areas of the jurisdiction.

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

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*A Hampton Roads Community*

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors, beginning on page C-1 of this report.

## **PROFILE OF THE GOVERNMENT**

York County was established in 1634 and thrived for decades as a colonial seaport. However, it is best-known as the site of the final major battle of the American Revolution when on October 19, 1781; British troops under the command of Lord Cornwallis surrendered to the combined American and French forces under the leadership of General George Washington. The County is located in the Virginia coastal plain on the peninsula formed by the James and York Rivers and the Chesapeake Bay. It consists of 108 square miles and is bounded by James City County and the Cities of Poquoson, Hampton, Newport News, and Williamsburg, and by the York River. The County land area is effectively split into two distinct sections by a large area of federal landholdings, including the Coast Guard Training Center, the Colonial National Historical Park, and the U.S. Naval Weapons Station. In addition, the U.S. Navy's Cheatham Annex, Camp Peary, and the U.S. Air Force's Landings at Langley Housing Complex (Langley Air Force Base) with its associated reservoir bring the total non-taxable federal landholdings to approximately 40% of the County's total land area. The County is empowered to levy a property tax on both real and personal properties located within its boundaries.

York County is organized under the traditional form of government (as defined under Virginia Law), with the elected Board of Supervisors (heretofore referred to as *the Board*) establishing laws and policies for the administration of the municipality. The Board is comprised of five members: one member from each of five districts, elected for a four-year term by the voters of the district in which the member resides. The Board appoints a County Administrator to act as the administrative head of the County.

York County provides a full range of services, including law enforcement and fire protection. It also is financially accountable for the legally separate School Division, Economic Development Authority, and the financial reporting for the Marquis Community Development Authority (discretely presented component units as mentioned above). Additional information on each of these legally separate entities can be found in Note 1 in the notes to the financial statements.

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

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

## **ECONOMIC CONDITION AND OUTLOOK**

The significant tourism base continues to contribute to the County's improving financial position. The combined effects of the Board's fiscal stewardship, the reprieve in the decommissioning of two generating units at the Yorktown Power Station, the restoration of one-time revenue, and the prudent use of prior-year surpluses, puts York County in a better financial position than it has experienced since before the Great Recession. With the additional revenue from Senate Bill 942, the Amended Budget for FY2019 reflects the priorities of investment in schools, public safety, employee compensation, and progress in cash funding (pay-go funding) of capital projects. The FY2019 Adopted Budget amended on July 17, 2018, continues to represent a carefully considered fiscal plan that invests in all of the Board's strategic priorities (see *Strategic Priorities*) without a tax rate increase or fee increase. In addition, careful monitoring of revenues and expenditures ensured that the County ended the fiscal year in sound financial condition.

## **STRATEGIC PRIORITIES**

The Board developed the following Strategic Priorities in January of 2016 that guided and influenced the development of the fiscal year 2019 budget and funding decisions.

1. Develop leadership and resources necessary to ensure and sustain EXEMPLARY PUBLIC SAFETY functions.
2. Facilitate QUALITY EDUCATIONAL OPPORTUNITIES for all County citizens.
3. Facilitate QUALITY ECONOMIC DEVELOPMENT that is sensitive to community character and the environment.
4. Institutionalize EFFECTIVE and OUTSTANDING COMMUNICATIONS and CIVIC ENGAGEMENT opportunities amongst and between the Board of Supervisors, citizens, boards and commissions, and County staff.
5. Instill EXCELLENT CUSTOMER SERVICE as an organizational value, expectation, and outcome.
6. Protect and respect the County's natural and built attributes through balanced and cost-effective ENVIRONMENTAL STEWARDSHIP.

Specific budgetary initiatives that relate to the Priorities include: increased funding to support the School Division; employee compensation adjustments; support for Fire and Life Safety, Sheriff, and Emergency Communications operations and initiatives; support for customer service; and allowing more projects to be cash-funded rather than debt-financed and supporting all strategic priorities through much-needed investments in capital assets, information technology enhancements, and infrastructure.

## **Operations**

The Comprehensive Plan, *Charting the Course to 2035*, is the long-range plan for the physical development of the County. The plan was adopted in September 2013 after an extensive review process involving citizens and civic and business groups, the Planning Commission, and the Board of Supervisors. The goals and implementation strategies set out in the Comprehensive Plan also inform and influence the budget, as well as various County programs and operations. For example, the Economic Development Authority's focus on revitalization of strategic development nodes on the Route 17 corridor is consistent with objectives identified in the Comprehensive Plan. Other initiatives that link back to the Comprehensive Plan include development management that encourages a balance of quality residential and commercial growth, financial and cooperative services support for the



County's School Division, and a capital improvements program that devotes significant resources to public safety (emergency response and emergency communications) and utility infrastructure improvements (sewer, water and stormwater management). The next 5-year review process for the Comprehensive Plan has begun and will continue through 2019.

### **Economic Development**

During Fiscal Year 2018, the Board of Supervisors re-affirmed its commitment to economic development by adopting the following as one of its six Strategic Priorities – *Facilitate QUALITY ECONOMIC DEVELOPMENT that is sensitive to community character and the environment*. In support of this objective, the Economic Development Authority (EDA), the Office of Economic Development (OED), and the entire County organization pursued and made significant strides on several initiatives, including:

- **Rt. 17 Revitalization Program.** This program officially endorsed and authorized by the Board features a property acquisition element aimed at stimulating private investment in unique restaurant or retail offerings in the corridor. Targeted properties, once acquired, will be utilized to leverage parcel assemblage and development. The EDA acquired two parcels located at 7120 and 7124 George Washington Memorial Highway in April 2017. One year later, the EDA began negotiating a Letter of Intent (LOI) for a unique restaurant development on the combined properties. At the conclusion of the fiscal year, the LOI was being finalized with the property closing targeted for early 2019.
- **Home-Based Business Support.** The Office of Economic Development, in partnership with the Economic Development Authority and York County Chamber of Commerce, co-hosted the third Home-Based Business Resource Fair & Conference in November (coming to York County in March 2019). This successful event boasted over 100 attendees, 15 speakers, and 20 exhibitors. The conference highlighted the County's continuing focus on nurturing and growing its extensive home-based business sector. Another successful effort in the entrepreneurial arena was the 6<sup>th</sup> annual Peninsula-wide business plan competition, START Peninsula, which was held in FY2018 (November 2017) at the Stryker Center in Williamsburg. A total of 28 people pitched their business ideas and three startups were awarded a combined total of \$22,500 and free space in local business incubators.
- **Regional Economic Development.** The Greater Williamsburg Partnership (GWP), the regional economic development marketing organization for York, James City County and Williamsburg, responded to 18 prospect opportunities during FY2018, and at the end of the fiscal year were still pursuing 11 of these leads. Currently, the three member localities are working to consolidate the GWP within the umbrella of the Greater Williamsburg Chamber and Tourism Alliance Business Council to enhance the effectiveness of this important regional initiative.

Development activity, which had slowed substantially in the post-recession years, rebounded strongly in FY2018. Investment in new residential projects like Whittaker's Mill and Arbordale led to an increase in residential building permit values, from \$38.5 million in FY2017 to \$88.7 million in FY2018. A total of 213 single family detached homes and townhouses were permitted. This is reflective of the continued pent-up demand for new housing in York County.

Commercial building permit values also more than doubled in FY2018; totaling \$63.3 million compared to \$26.3 million in FY2017. New commercial construction totaled \$21.5 million significantly contributing to the growth of the County's tax base. A great deal of this investment was related to healthcare, as Virginia Health Systems continued work on its new three-story assisted living addition to the York Convalescent Center complex, and Riverside Hospital broke ground on a new Rehabilitation and Convalescent Hospital off Rt. 17 in lower York County. The Snow Companies major renovation of its 38,000 square foot Waller Mill Office Building also buoyed the commercial building permit values.

In April 2018, the Peninsula and Gloucester economic development offices were awarded a GO Virginia grant of \$150,000. The project working group, named the Peninsula Economic Resource Team (PERT), won the grant to fund the formation of a Regional Industrial Facility Authority (RIFA), and develop plans for an unmanned systems testing/demonstration facility, with an adjacent light industrial park, on the former Cheatham Annex Fuel Depot site in York County. The RIFA is a milestone achievement, as it provides the legal structure for the participating localities to share investment costs, and the resulting tax revenue from their joint economic development efforts. The RIFA is a key first step in promulgating meaningful, regional economic development.

### **Capital Improvements Program**

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

The Stormwater Maintenance Program continues to address ongoing drainage maintenance within County easements. The Stormwater Capital Improvements Program includes: Greensprings (Stream Restoration), Tabb Lakes/Kings Bottom, Victory Industrial Park, Goodwin Neck/Rosewood, Wormley Creek Edgehill Outfall Culverts, Marlbank Cove Ravine, Larkin Woods (Stream Restoration), Queens Lakes Ravines, Seige Lane, Middlewood Lane, Brightwood (Stream Restoration), Charles Brown Park (Stream Restoration), Newport News Waterworks BMP Pond, Panther Paw (Stream Restoration), Brick Church Road BMP Pond and In-House Stormwater Construction and Maintenance Projects.

The Upper County Newport News Waterworks Water Extension nearing completion represents a significant investment with widespread benefits. Also, the major sewer construction project in the Queen's Lake subdivision and the Phase I rehabilitation projects of the Hollywood subdivision and the Lackey area have been completed.

The York County School Division has several major building renovation and classroom addition projects planned in its six-year Capital Improvement Program. The emphasis continues to be on reinvesting in the system's physical plant and incrementally increasing capacity especially at the elementary level.

### **Regional and Joint Cooperation**

#### ***Regional Jail***

Along with James City County and the Cities of Williamsburg and Poquoson, the County is a member of the Virginia Peninsula Regional Jail Authority. The Authority was created in 1993 for the purpose of

constructing and operating a single jail for the participating localities. The project was developed to relieve the severely overcrowded conditions at existing facilities in the County and other jurisdictions.

#### *Juvenile Jail Facility*

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

#### *Other Projects*

The County continues to participate in a number of entities intended to address regional activities such as transportation, economic development, and planning. The number of studies and planning projects done regionally will likely increase over time as localities within Hampton Roads recognize their shared future. The operation of the Regional Radio System includes James City County and Gloucester County as partners and various other public and institutional participants as “tenants” on the system. Additional investments in this state of the art system continue.

### **FINANCIAL INFORMATION**

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

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

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

### **POLICIES/SIGNIFICANT CHANGES**

The Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, is effective for fiscal year 2018 financial reporting. Accordingly, the County’s net OPEB liability and its proportionate share of OPEB expense appear as line items in the FY2018 CAFR. In addition, disclosures have been made about the County’s financial reporting for postemployment benefits other than pensions.

In FY2018, York County staff attended training for the new financial software system, Munis offered by Tyler Technologies. Shortly after the close of FY2018, Phase I went “live” for the County, School Division and Colonial Behavioral Health. Phase I included the chart of accounts, general ledger, projects and grants, procurement, accounts payable, cash management, fixed assets, accounts receivable, and general billing. Recently, the County held the official kick-off of Phase II (Human Resources and Payroll phase), incorporating employees from the County, Social Services, School Division, and Colonial Behavioral Health.

### **INDEPENDENT AUDIT**

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

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

### **CERTIFICATE OF ACHIEVEMENT**

The Government Finance Officers’ Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to York County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 32nd consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **DISTINGUISHED BUDGET PRESENTATION**

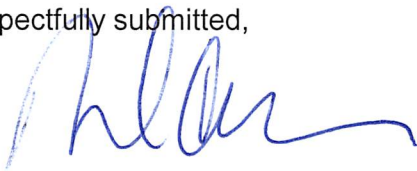
The GFOA presented a Distinguished Budget Presentation Award to York County for its annual budget for the fiscal year beginning July 1, 2017. This was the 15<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to receive this award, a governmental entity must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.



**ACKNOWLEDGMENTS**

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

Respectfully submitted,



Neil A. Morgan  
County Administrator



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



Theresa S. Owens, CPA  
Finance Director



Government Finance Officers Association

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

Presented to

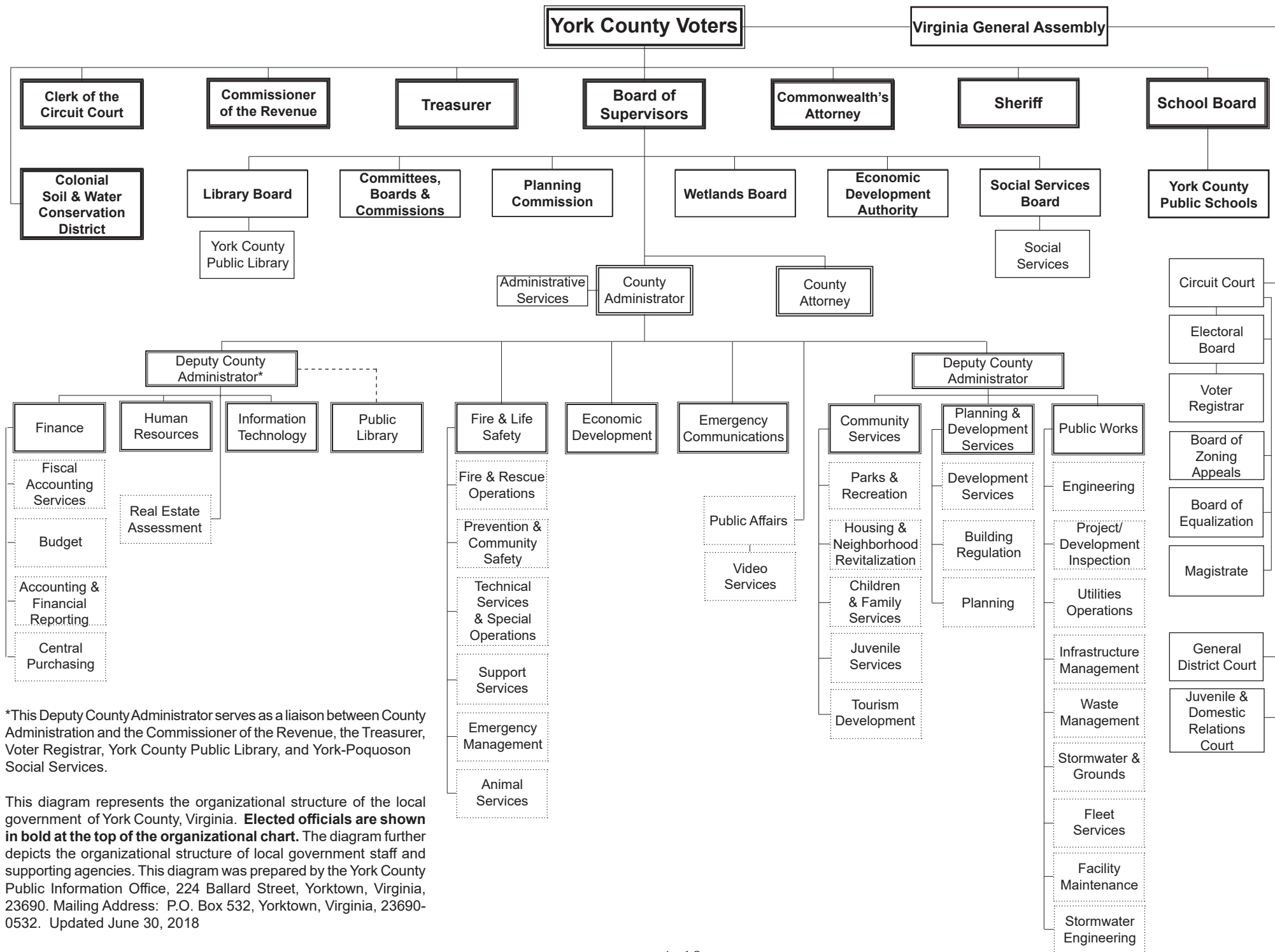
**County of York  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



**COUNTY OF YORK, VIRGINIA**  
Principal Officials  
For the Fiscal Year Ended June 30, 2018

**Board of Supervisors**

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

**Constitutional Officers**

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

**County Officials**

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

**School Board**

James E. Richardson, Chairman  
Robert W. George, D.D.S., Vice-Chairman  
Barbara S. Haywood  
Michael Anderson  
Mark A. Medford

**School Officials**

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



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## **Report of Independent Auditor**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Change in Accounting Principle***

As described in Note 14 to the financial statements, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. 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 required supplementary information, as listed 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***

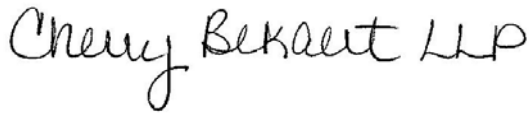
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Other Supplementary Information and Statistical Section, as listed in the table of contents, are presented for purposes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

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Virginia Beach, Virginia  
November 30, 2018



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the County of York's (the "County's") comprehensive annual financial report presents management's discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2018. Please read it in conjunction with the transmittal letter on pages A-1 through A-7 at the front of this report and the County's basic financial statements, which begin on page D-1.

### FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2018 (FY2018)

- The assets and deferred outflows of resources of the County on a government-wide basis, excluding component units, exceeded its liabilities and deferred inflows of resources as of June 30, 2018 by \$157,101,317 (net position). Under Virginia law, School Divisions hold title to all school property and local governments incur financial obligations for school property. The assets are reported on the School Division's Statement of Net Position and the related debt is reported on the County's Statement of Net Position. Consequently, the County reports \$69,812,399 in school debt without the related assets.
- The County's total net position increased by \$7,948,647. Governmental activities increased by \$3,691,927, primarily due to reductions in recording liabilities for pension obligations offset by recording liabilities for OPEB obligations and an increase in property tax revenues. Business-type activities increased by \$4,256,720, mainly attributable to increases in charges for services and capital contributions.
- As of June 30, 2018, the County's governmental funds reported combined ending fund balances of \$71,354,800, an increase of \$5,348,194 from the prior year. Unassigned fund balance totaled \$13,093,061 and is available for spending at the County's discretion. This amount reflects a General Fund unassigned fund balance of \$17,040,240, or 13.8% of total General Fund expenditures and an unassigned fund deficit of \$3,947,179 in the Yorktown Capital Improvements Fund, attributable to a long-term advance payable to another fund.
- The County's net OPEB liability, net pension liability and noncurrent liabilities at June 30, 2018 were \$145,756,673, which is a decrease of \$100,075 from the prior year. The key factors in this decrease was a reduction in the net pension liability offset by the increase for the GASB 75 requirement to report the net OPEB liability, the issuance of new debt for the School Division capital projects and the issuance of new debt for fire apparatus, Grafton fire station and Carver Gardens.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Government-wide Statements** - The government-wide financial statements are designed to provide the reader with a broad overview of the County's finances, in a manner similar to a private-sector business. One of the most frequently asked questions about the County's finances is, "Is the County as a whole better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all of the assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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

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

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

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

The County has three kinds of funds:

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

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

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

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

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

During fiscal year 2018, the County used two internal service funds (the other type of proprietary fund) to report activities that provide supplies and services for the County's other programs and activities. The Vehicle Maintenance Fund provides for the accumulation of resources to replace capital equipment and maintenance services for the County's vehicle fleet and the Health and Dental Insurance fund provides for the revenues and expenses of the health and dental programs. The internal service funds are presented as a separate column in the proprietary fund financial statements, on pages E-5 through E-7 of this report. Individual fund data for each of these internal service funds is provided in the form of combining statements on pages J-2 through J-4 of this report.

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

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



**Notes to the Basic Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages F-1 through F-94 of this report.

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Summary of Statement of Net Position - As of June 30, 2018 and 2017

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2018</u>	<u>Restated FY2017</u>	<u>FY2018</u>	<u>Restated FY2017</u>	<u>FY2018</u>	<u>Restated FY2017</u>
Current and other assets	\$ 101,164,647	\$ 94,445,763	\$ 13,628,971	\$ 16,476,177	\$ 114,793,618	\$ 110,921,940
Capital assets	83,738,527	84,452,019	133,227,854	127,792,845	216,966,381	212,244,864
Total assets	<u>\$ 184,903,174</u>	<u>\$ 178,897,782</u>	<u>\$ 146,856,825</u>	<u>\$ 144,269,022</u>	<u>\$ 331,759,999</u>	<u>\$ 323,166,804</u>
Deferred outflows of resources	<u>\$ 17,243,925</u>	<u>\$ 19,034,055</u>	<u>\$ 1,876,083</u>	<u>\$ 2,011,537</u>	<u>\$ 19,120,008</u>	<u>\$ 21,045,592</u>
Current and other liabilities	\$ 16,643,448	\$ 22,272,110	\$ 3,072,521	\$ 4,108,969	\$ 19,715,969	\$ 26,381,079
Long-term liabilities	123,242,353	122,142,917	22,514,320	23,713,831	145,756,673	145,856,748
Total liabilities	<u>\$ 139,885,801</u>	<u>\$ 144,415,027</u>	<u>\$ 25,586,841</u>	<u>\$ 27,822,800</u>	<u>\$ 165,472,642</u>	<u>\$ 172,237,827</u>
Deferred inflows of resources	<u>\$ 25,910,424</u>	<u>\$ 20,857,863</u>	<u>\$ 2,395,624</u>	<u>\$ 1,964,036</u>	<u>\$ 28,306,048</u>	<u>\$ 22,821,899</u>
Net position:						
Net investment in capital assets	\$ 54,032,029	\$ 59,070,221	\$ 114,520,731	\$ 108,482,250	\$ 168,552,760	\$ 167,552,471
Restricted	8,608,459	1,979,403	117,043	105,906	8,725,502	2,085,309
Unrestricted (deficit)	<u>(26,289,614)</u>	<u>(28,390,677)</u>	<u>6,112,669</u>	<u>7,905,567</u>	<u>(20,176,945)</u>	<u>(20,485,110)</u>
Total net position	<u>\$ 36,350,874</u>	<u>\$ 32,658,947</u>	<u>\$ 120,750,443</u>	<u>\$ 116,493,723</u>	<u>\$ 157,101,317</u>	<u>\$ 149,152,670</u>

The County's net position totaled \$157,101,317, an increase of \$7,948,647. This result is comprised of an increase of net position in governmental activities of \$3,691,927, and an increase of \$4,256,720 in business-type activities. The increase in governmental activities was primarily due to reductions in recording liabilities for pension obligations offset by recording liabilities for OPEB obligations and an increase in property tax revenues. The increase for business-type activities was mainly attributable to increases in charges for services and capital contributions for the sewer infrastructure. FY2017 was restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (additional information can be found on page F-92).

Approximately 5.5% of net position represented resources that are subject to external restrictions. Restrictions do not significantly affect the availability of fund resources for future use. The majority of the County's net position reflected its investment in capital assets, less any related debt used to acquire those assets that were still outstanding. These assets are used to provide services to citizens and consequently are not available for future spending. At June 30, 2018, the County reported an unrestricted deficit of \$20,176,945. The decrease in the unrestricted deficit of \$688,439 is primarily due to reductions in pension expense.

Under Virginia law, School Divisions hold title to all school property, except when the governing bodies of the local government and school division agree that title may vest in the locality. Since Virginia school divisions do not have taxing authority, local governments incur financial obligations for school property. In June 2003, the York County Board of Supervisors passed a resolution electing not to acquire tenancy in common of school property as allowed for under GAAP. The County borrows funds to finance the acquisition, construction, and improvement of school property and the School Division holds title to this property.

With the County opting out of Senate Bill 276, the asset values are reported on the School Division's Statement of Net Position and the related debt or liability are reported on the County's Statement of Net Position. Consequently, the County reports \$69,812,399 in school debt without the related assets.

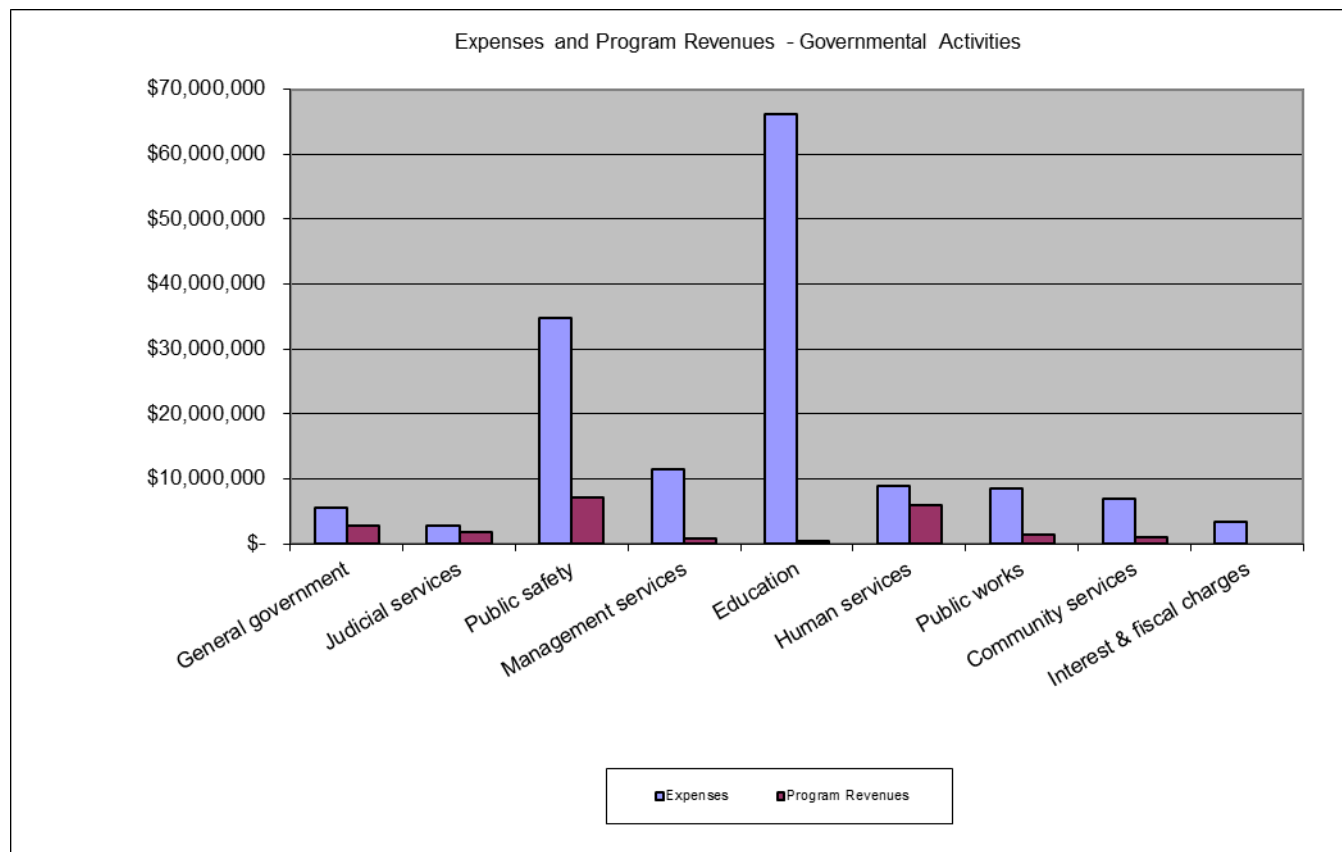
## Summary of Changes in Net Position - Years Ended June 30, 2018 and 2017

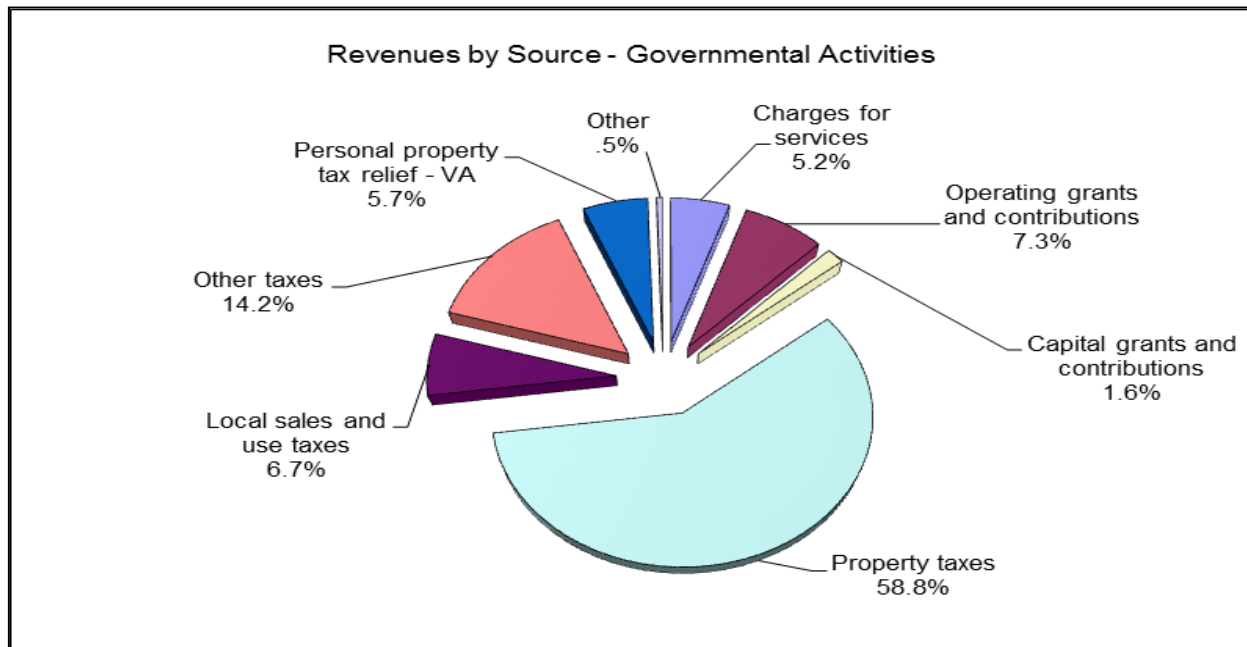
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2018</u>	<u>Restated FY2017</u>	<u>FY2018</u>	<u>Restated FY2017</u>	<u>FY2018</u>	<u>Restated FY2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 7,930,765	\$ 7,502,218	\$ 19,018,138	\$ 17,331,211	\$ 26,948,903	\$ 24,833,429
Operating grants and contributions	11,226,226	10,845,577	291,507	290,552	11,517,733	11,136,129
Capital grants and contributions	2,514,487	872,828	1,719,060	1,121,944	4,233,547	1,994,772
General revenues:						
Property taxes	90,382,404	88,210,050	-	-	90,382,404	88,210,050
Other taxes	32,141,284	33,305,818	2,036,878	-	34,178,162	33,305,818
Commonwealth of Virginia, net						
Local Aid to Commonwealth	8,760,374	8,741,680	-	-	8,760,374	8,741,680
Unrestricted investment earnings	650,388	248,076	93,526	63,619	743,914	311,695
Miscellaneous	115,481	43,452	19,493	35,417	134,974	78,869
Gain on sale of capital assets	35,569	-	12,222	-	47,791	-
Total revenues	<u>153,756,978</u>	<u>149,769,699</u>	<u>23,190,824</u>	<u>18,842,743</u>	<u>176,947,802</u>	<u>168,612,442</u>
Expenses:						
Governmental activities:						
General government	5,589,064	6,306,951	-	-	5,589,064	6,306,951
Judicial services	2,739,760	3,747,639	-	-	2,739,760	3,747,639
Public safety	34,764,761	38,241,621	-	-	34,764,761	38,241,621
Management services	11,470,801	12,642,159	-	-	11,470,801	12,642,159
Education	66,176,627	64,090,647	-	-	66,176,627	64,090,647
Human services	8,825,140	10,475,186	-	-	8,825,140	10,475,186
Public works	8,543,538	10,544,045	-	-	8,543,538	10,544,045
Community services	7,011,085	7,417,886	-	-	7,011,085	7,417,886
Interest and fiscal charges on noncurrent debt	3,308,747	2,454,107	-	-	3,308,747	2,454,107
Business-type activities:						
Sewer Utility	-	-	10,210,063	11,886,582	10,210,063	11,886,582
Water Utility	-	-	1,751,336	443,414	1,751,336	443,414
Solid Waste	-	-	4,252,661	4,220,250	4,252,661	4,220,250
Yorktown Operations	-	-	77,918	92,828	77,918	92,828
Sanitary Districts	-	-	418,133	418,133	418,133	418,133
Regional Radio System	-	-	3,859,521	2,649,549	3,859,521	2,649,549
Total expenses	<u>148,429,523</u>	<u>155,920,241</u>	<u>20,569,632</u>	<u>19,710,756</u>	<u>168,999,155</u>	<u>175,630,997</u>
Change in net position, before transfers	5,327,455	(6,150,542)	2,621,192	(868,013)	7,948,647	(7,018,555)
Transfers	<u>(1,635,528)</u>	<u>(3,694,516)</u>	<u>1,635,528</u>	<u>3,694,516</u>	<u>-</u>	<u>-</u>
Change in net position	3,691,927	(9,845,058)	4,256,720	2,826,503	7,948,647	(7,018,555)
Net position, beginning restated	<u>32,658,947</u>	<u>42,504,005</u>	<u>116,493,723</u>	<u>113,667,220</u>	<u>149,152,670</u>	<u>156,171,225</u>
Net position, ending	<u>\$ 36,350,874</u>	<u>\$ 32,658,947</u>	<u>\$ 120,750,443</u>	<u>\$ 116,493,723</u>	<u>\$ 157,101,317</u>	<u>\$ 149,152,670</u>

**Governmental Activities** - For the fiscal year ended June 30, 2018, revenues from governmental activities totaled \$153,756,978. FY2017 was restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (additional information can be found on page F-92). The \$2,172,354 increase from fiscal year 2017 in property taxes is comprised primarily of two revenue sources: real estate and personal property tax revenues. Real estate tax revenue, the County's largest revenue source, was \$74,949,001. The County's assessed real property tax base for calendar year 2018 was \$9,103,775,170. The County's second largest revenue source is personal property taxes, with total current year collections of \$23,547,252. The Commonwealth of Virginia provides a constant \$8,741,680 as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA), which is included in the total current year collections.

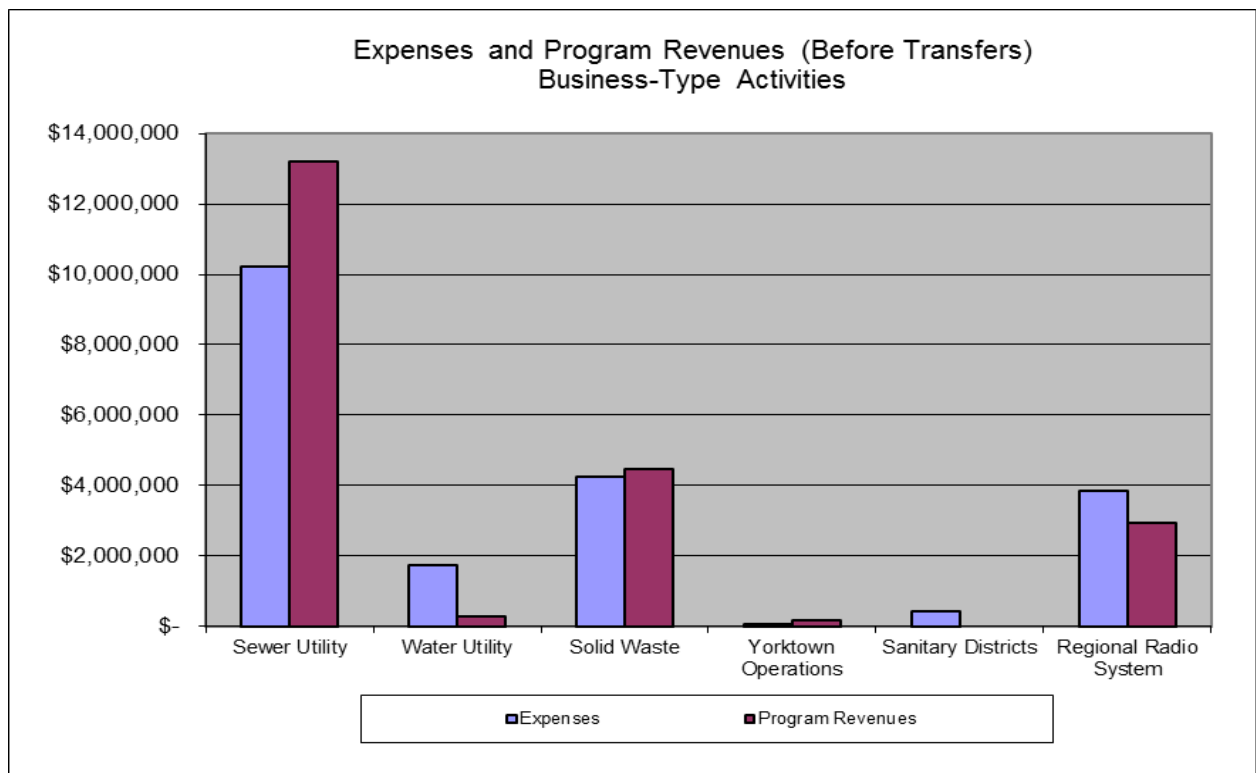
Other taxes decreased by \$1,164,534 from the prior year as a result of increases in local sales and use tax revenue, hotel and motel room tax revenue and business license taxes offset by a reduction in restaurant food tax revenue due to the accounting for a portion of the tax being directly coded to the Sewer Fund in FY2018, whereas, previously the tax was transferred out of the General Fund and into the Sewer Fund.

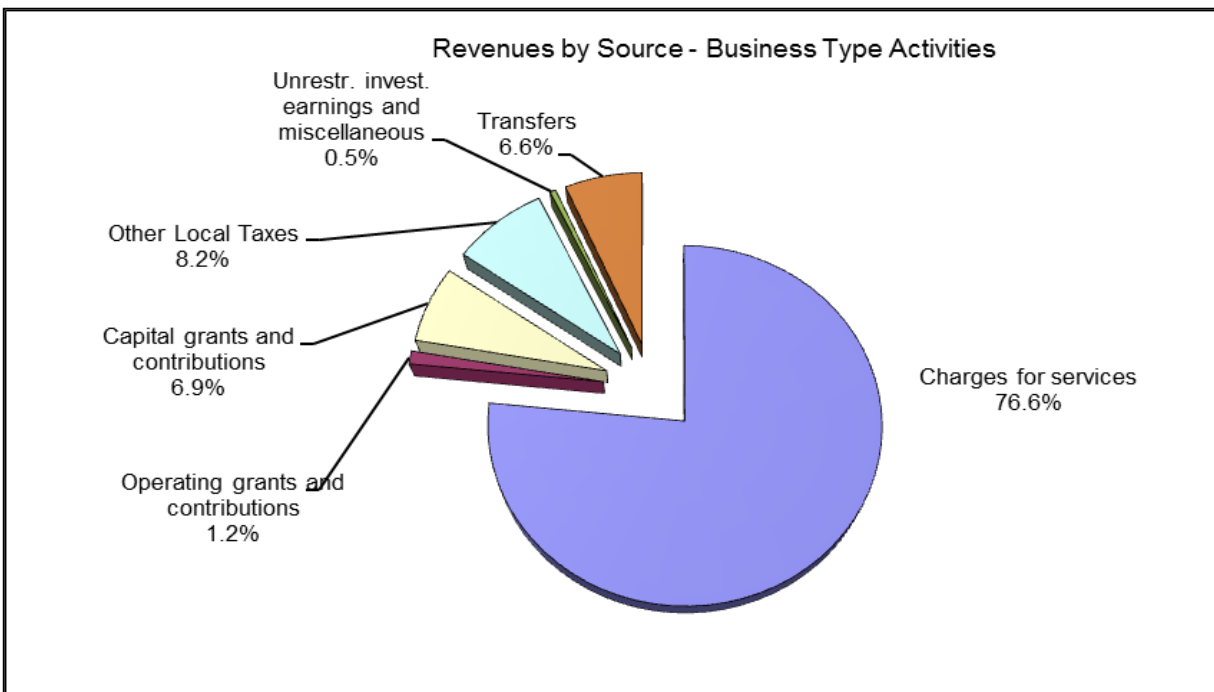
For the fiscal year ended June 30, 2018, expenses for governmental activities totaled \$148,429,523, including the following payments to the component unit - School Division: \$54,396,611 for operations and capital projects; the component unit - Economic Development Authority: \$314,160 for operations and capital, and the component unit - Community Development Authority: \$1,001,936 in incremental taxes and special assessments. For further discussion on changes from the prior year for the governmental funds, see page C-12.





**Business-type Activities** - Business-type activities increased the County's net position by \$4,256,720 for the fiscal year ended June 30, 2018. This increase is primarily attributable to capital contributions and increase in charges for services revenues. The portion of the restaurant food tax revenue applicable to the Sewer Fund is directly accounted for in this fund beginning in FY2018, whereas, previously it was accounted for as a transfer in from the General Fund. Significant transfers include \$600,000 from the County Debt Service Fund to support the Carver Gardens water project and \$1,059,114 for the maintenance on the emergency radio system in the Regional Radio System Fund.





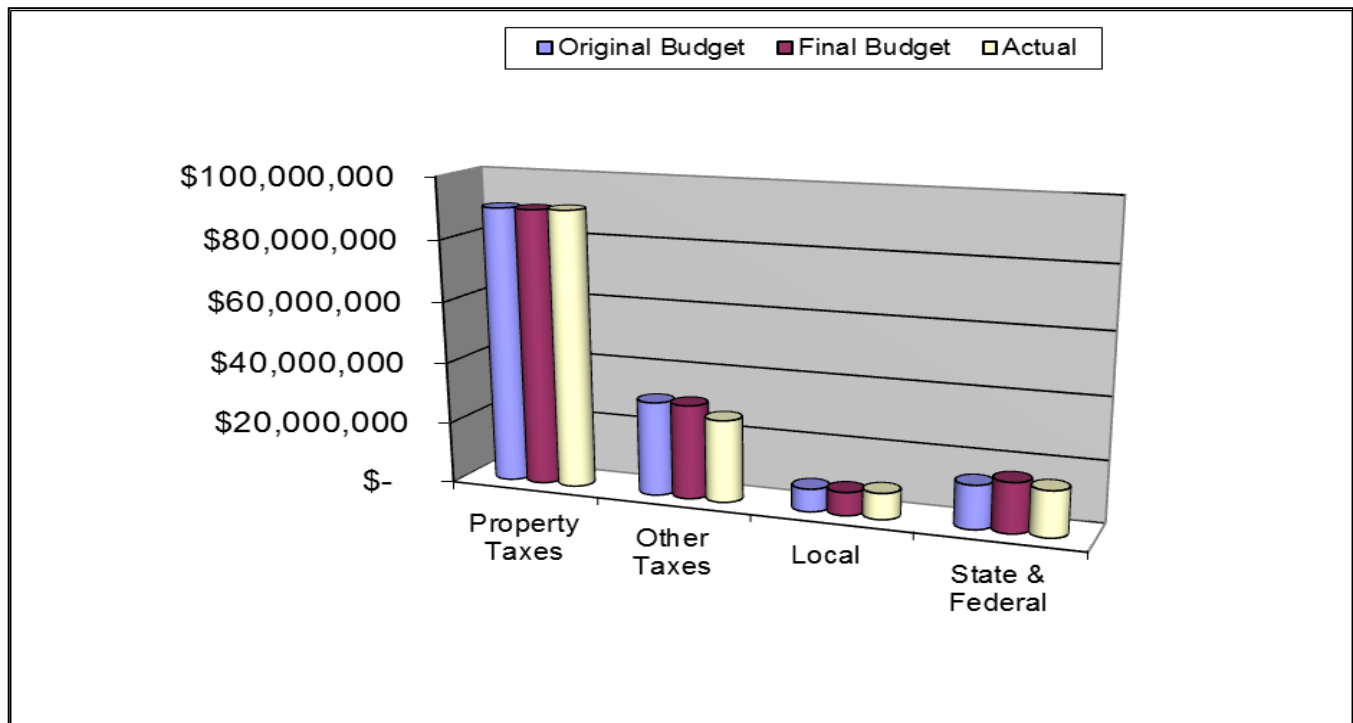
## GENERAL FUND

As of June 30, 2018, the County's governmental funds reported combined ending fund balances of \$71,354,800, an increase of \$5,348,194 from the prior year. Unassigned fund balance totaled \$13,093,061 and is available for spending at the County's discretion. Of the remainder of fund balance, \$7,298,700 is nonspendable, \$8,608,459 is restricted, \$19,089,517 is committed and \$23,265,063 is assigned. The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$17,040,240, and total fund balance was \$46,628,594. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 13.8% of total General Fund expenditures while total fund balance represents 37.8% of the same amount.

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



## General Fund Revenue - Comparison of Budget to Actual

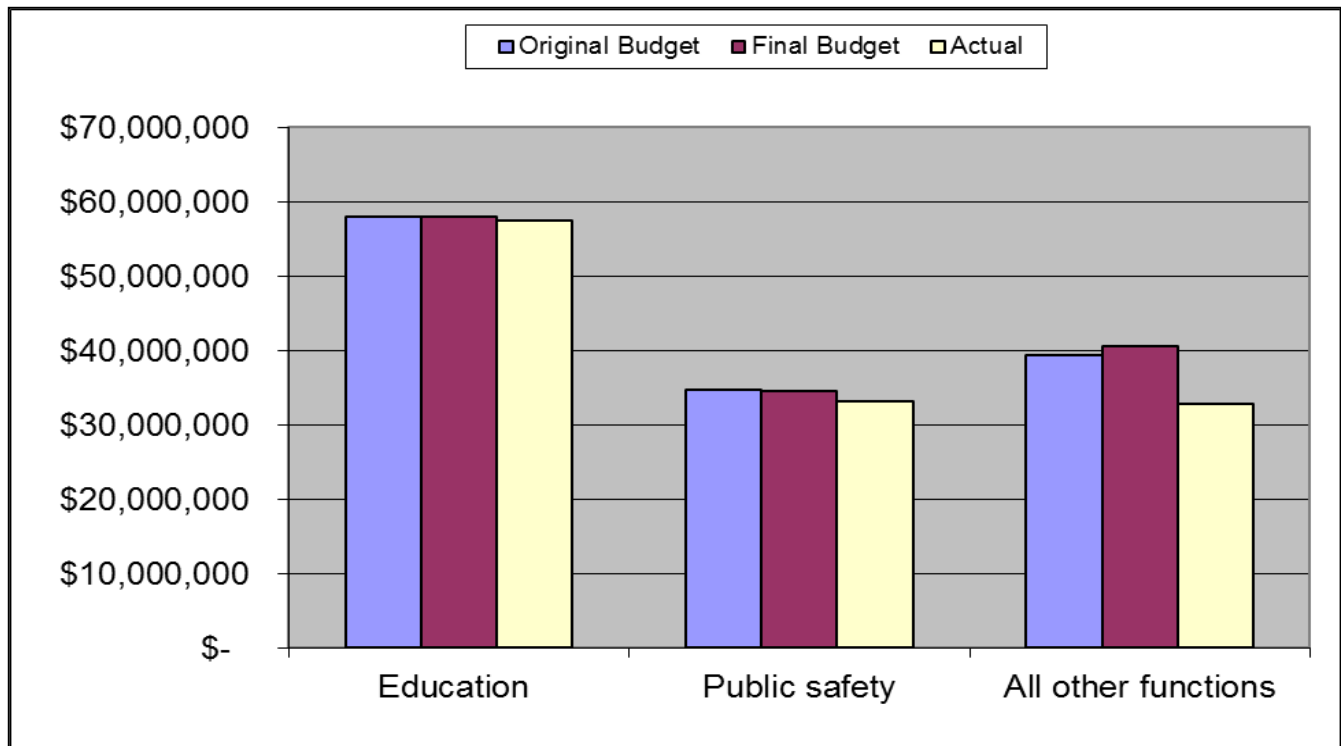


The total change in General Fund final budgeted revenues were \$2,200,018 or 1.6% over the original budget. The majority of the increase was driven by federal and state grants appropriated during the year.

The total General Fund actual revenues were \$3,883,197 or 2.7% under the final budget. Significant variances include the following:

- General property taxes were moderately higher than the final budget by \$356,330 or .4%, which was primarily driven by higher than anticipated public service corporation property tax collections.
- Other local taxes were lower than the final budget by \$3,812,820 or 12.4%, which was primarily driven by a decrease for hotel and motel room taxes and restaurant food taxes resulting from a change in the method of accounting for these taxes. Instead of accounting for a transfer to the Tourism fund for 3/5 of the hotel and motel room taxes and a transfer to the Sewer and Stormwater funds for half of the restaurant food taxes, the proportionate share of revenue is directly posted to the applicable funds. The budgeted amounts accounted for the revenue collections occurring in the General Fund and the applicable transfers occurring as expenditures from the General Fund, thus the difference between budget and actual.
- Charges for services were higher than the final budget by \$147,234 or 3.7%, mainly due to increases in collections from medic recovery fees.

## General Fund Expenditures - Comparison of Budget to Actual



The total change in General Fund final budgeted expenditures were \$1,035,045 or 0.7% over the original budget. The majority of the increase was driven by federal and state grants and donations appropriated during the year.

The total General Fund actual expenditures were \$15,047,585 or 9.4% under the final budget. A portion of the variance, \$529,260 is attributable to outstanding encumbrances at June 30, 2018, which are not reflected in the budgetary comparison schedule. Other significant variances include the following:

- Education: the payment to the School Division is under budget due to the return of unspent funds to the County per State code.
- Public Safety: the functional area of Public Safety was under budget due to grants and donations that had not been fully expended at year-end.
- All Other Functions with significant variances:
  - Judicial Services: The Circuit Court, the Clerk of the Court, and the Commonwealth's Attorney were under budget as a result of vacancies. The Commonwealth's Attorney office also realized savings due to grants not fully expended at year-end.
  - Management Services: these departments were under budget due to vacancies and the majority of savings from funds set aside for economic incentives yet to occur.
  - Public Works: this department realized savings from an unspent grant as well as in operations and personnel due to turnover and vacancies.

- Community Services: the department had savings from unspent grant funds, turnover and vacancies.
- Capital Outlay: the budget underage was due to the timing of projects.
- Transfers Out: the transfers out were under budget as a result of a change in the method of accounting for the hotel and motel room taxes and restaurant food taxes as noted above in the other local tax revenue variance comment. Instead of accounting for a transfer to the Tourism fund for 3/5 of the hotel and motel room taxes and a transfer to the Sewer and Stormwater funds for half of the restaurant food taxes in the General Fund, the proportionate share of revenue is posted directly to the applicable funds. The budgeted amounts accounted for revenue collections occurring in the General Fund and the applicable transfers occurring as expenditures from the General Fund, thus the difference between budget and actual. Thus, savings resulted from the budgeted transfers that were no longer necessary from the General Fund.

## **GOVERNMENTAL FUNDS**

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

The General Fund decreased by \$3,031,471 primarily due to one-time transfers for capital expenditures, education, public safety, public works and other future projects.

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

For fiscal year ended June 30, 2018, the Tourism Fund had a decrease in fund balance of \$448,870. The Yorktown Capital Improvements Fund had an increase in fund balance of \$789,546, mainly due to transfers in. The increase in fund balance was used to pay down the advance from the tourism fund resulting in the year-end deficit being reduced to \$3,947,179. The County Capital Fund had an increase in fund balance of \$8,820,309 as a result of a transfer of bond proceeds from the Debt Service Fund for the replacement of fire apparatus and the Grafton fire station construction project.

## **PROPRIETARY FUNDS**

The County reported operations for eight enterprise funds and two internal service funds. The enterprise funds provide the means to account for the operations of the County-operated utilities, the two sanitary districts, the County solid waste disposal activity, the operations at Yorktown and the operations of the Regional Radio System.

During fiscal year 2018, the internal service funds were used to account for the operation of the centralized motor vehicle pool and for health and dental insurance programs.

The Sewer Utility Fund earned \$11,194,581 through charges for services and \$1,538,440 from restaurant food taxes. The Vehicle Maintenance Fund (internal service fund) collects its revenues through charges for services imposed on the various County departments to which fleet vehicles are assigned. The expenses relate directly to the maintenance and depreciation of the County's fleet of vehicles. The Health and Dental Insurance Fund, accounts for the health and dental insurance claims,

payments to the insurance providers and the IRS as required by the Affordable Care Act, and the contributions from the County and employees.

The enterprise funds in the aggregate had an increase in net position during the fiscal period of \$4,256,720, and the internal service funds reported an increase in net position of \$3,437,617. The net position for the enterprise funds and internal service funds were \$120,750,443 and \$10,045,066, respectively, at the end of the fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At the end of fiscal year 2018, the County's investment in capital assets for its governmental and business-type activities amounts to \$216,966,381 (net of accumulated depreciation and amortization). This investment in capital assets includes land, easements, construction in progress, land improvements, buildings and improvements, infrastructure, equipment, vehicles and computer software. The increase in governmental activities is mainly attributable to equipment associated with a capital lease.

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

The increase in capital assets for business-type activities is driven by developers donating sewer systems to the County, the completion of Carver Gardens and additional phases of Queens Lake, and Lackey and Hollywood Sewer projects, captured in construction in progress.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>
Land	\$ 12,177,626	\$ 11,872,653	\$ 3,946,755	\$ 3,946,755	\$ 16,124,381	\$ 15,819,408
Easements	782,620	757,588	683,213	664,659	1,465,833	1,422,247
Construction in progress	3,251,427	1,526,063	12,605,419	12,949,626	15,856,846	14,475,689
Land improvements	7,123,986	8,037,139	17,005	18,864	7,140,991	8,056,003
Buildings	22,792,027	23,465,702	7,170,358	7,282,382	29,962,385	30,748,084
Building improvements	10,745,695	9,659,796	17,849	30,127	10,763,544	9,689,923
Infrastructure	7,952,374	8,415,681	106,040,998	100,540,493	113,993,372	108,956,174
Equipment	8,773,969	10,335,098	1,257,859	1,400,006	10,031,828	11,735,104
Vehicles	9,922,371	10,153,838	1,486,603	954,549	11,408,974	11,108,387
Computer software	216,432	228,461	1,795	5,384	218,227	233,845
Total	<u>\$ 83,738,527</u>	<u>\$ 84,452,019</u>	<u>\$ 133,227,854</u>	<u>\$ 127,792,845</u>	<u>\$ 216,966,381</u>	<u>\$ 212,244,864</u>

### Capital Project Funds

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

### *Yorktown Capital Improvements Fund*

For fiscal year 2018, \$778,503 was transferred to the Yorktown Capital Improvements Fund from the Tourism Fund to pay down an advance. This fund had a \$3,947,179 deficit at June 30, 2018, resulting from advances from the Tourism Fund.

### *County Capital Fund*

For fiscal year 2018, a transfer of \$4,632,159 was from the General Fund for future projects and a transfer of \$7,537,587 was from the Debt Service Fund for fire apparatus and the Grafton fire station. Capital expenditures of \$5,540,878 included the following: fire station replacement, fire apparatus replacement, mobile command vehicle, security equipment, financial software upgrade, work management software, video services equipment; tennis and basketball court repairs, heating and air conditioning repairs/replacement; roof, building, parking lot and grounds repairs/maintenance.

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

### **Governmental Activities and Business-type Activities - Long-term Debt**

At the end of the fiscal year, the County had total bonded debt of \$117,993,779. Capital leases, compensated absences, claims liabilities, net pension liability and net OPEB obligation are not included in these figures.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2017</u>
Bonds payable	\$ 97,377,592	\$ 87,638,991	\$ 20,616,187	\$ 21,254,301	\$ 117,993,779	\$ 108,893,292
Total	\$ 97,377,592	\$ 87,638,991	\$ 20,616,187	\$ 21,254,301	\$ 117,993,779	\$ 108,893,292

Under Virginia state law, school divisions do not have the authority to issue debt. Therefore, all school debt is issued by and is a liability of the County. In fiscal year 2018, the County paid debt service of \$4,595,000 and \$2,610,722 for education related principal and interest and fiscal charges, respectively, through the Education Debt Service Fund.

The County continues to maintain an excellent bond rating for local governmental jurisdictions of its type and size. The rating assigned by Standard & Poor's Corporation is AAA and the Moody's rating is Aa1 for the lease revenue bonds issued in December 2008.

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

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND TAX RATES**

The County's staff and Board of Supervisors considered many factors when developing the fiscal year 2019 budget. The fiscal year 2019 approved budget amended on July 17, 2018 for the General Fund is \$142,002,000, a .1% increase from the fiscal year 2018 budget. Local revenue, which includes property tax, sales, lodging, and occupational license taxes were expected to decrease from fiscal year 2018 by .1%. State revenues are expected to be less by \$90,000 or 0.7%. Federal revenues are projected to decrease by \$6,500 or 1.5%.

The fiscal year 2019 Budget represents a carefully considered fiscal plan. It reflects a plan that invests in all of the Board's strategic priorities as outlined in the Letter of Transmittal without a tax rate or fee increases and addresses staffing needs in the Sheriff's office and Fire & Life Safety. In addition, it fully funds the School Division's request and provides a favorable compensation package for County staff.

## **REQUESTS FOR INFORMATION**

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

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**COUNTY OF YORK, VIRGINIA**  
Statement of Net Position  
June 30, 2018

	Primary Government			Discretely Presented Component Units		
	Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Marquis Community Development Authority
<b>ASSETS</b>						
Cash and investments	\$ 75,968,968	\$ 10,131,802	\$ 86,100,770	\$ 23,888,777	\$ 650,352	\$ -
Restricted cash	7,608,866	1,906,308	9,515,174	-	14,510	1,314,593
Receivables, net	13,122,501	3,845,919	16,968,420	3,696,118	127,107	1,715
Due from Primary Government	-	-	-	8,001,329	18,250	343,482
Due from component unit - EDA	-	18,715	18,715	-	-	-
Prepaid expenses	141,405	24,159	165,564	2,057,600	16	-
Other assets	-	-	-	-	2,663,769	-
Net OPEB asset	1,822,907	202,068	2,024,975	2,302,804	-	-
Internal balances	2,500,000	(2,500,000)	-	-	-	-
Capital assets:						
Nondepreciable/nonamortizable	16,211,673	17,235,387	33,447,060	10,192,601	-	24,416,800
Depreciable/amortizable	141,071,236	187,273,315	328,344,551	235,860,650	860,517	9,000
Less accumulated depreciation/amortization	(73,544,382)	(71,280,848)	(144,825,230)	(93,942,436)	(188,117)	(9,000)
Total assets	<u>184,903,174</u>	<u>146,856,825</u>	<u>331,759,999</u>	<u>192,057,443</u>	<u>4,146,404</u>	<u>26,076,590</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Debt refundings resulting in loss transactions, net of accumulated amortization	1,490,704	381,064	1,871,768	-	-	-
OPEB costs	5,755,155	631,812	6,386,967	1,261,046	-	-
Pension costs	9,998,066	863,207	10,861,273	15,805,182	-	-
Total deferred outflows of resources	<u>17,243,925</u>	<u>1,876,083</u>	<u>19,120,008</u>	<u>17,066,228</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 202,147,099</u>	<u>\$ 148,732,908</u>	<u>\$ 350,880,007</u>	<u>\$ 209,123,671</u>	<u>\$ 4,146,404</u>	<u>\$ 26,076,590</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 3,259,733	\$ 778,885	\$ 4,038,618	\$ 5,756,281	\$ 3,583	\$ 749
Retainage payable	18,325	368,706	387,031	119,281	-	-
Deposits payable	1,229,358	50,483	1,279,841	-	24,510	-
Salaries, taxes and benefits payable	2,066,044	191,652	2,257,696	13,554,888	-	-
Unearned revenues	244,999	1,536,986	1,781,985	122,263	37,221	34,015
Due to Primary Government	-	-	-	-	18,715	-
Due to component unit - School Division	8,001,329	-	8,001,329	-	-	-
Due to component unit - EDA	18,250	-	18,250	-	-	-
Due to component unit - CDA	343,482	-	343,482	-	-	-
Accrued interest payable	1,461,928	145,809	1,607,737	-	-	409,600
Noncurrent liabilities:						
Due within one year	7,327,358	571,200	7,898,558	2,579,450	20,000	-
Due in more than one year	115,914,995	21,943,120	137,858,115	125,666,811	76,667	36,555,789
Total liabilities	<u>139,885,801</u>	<u>25,586,841</u>	<u>165,472,642</u>	<u>147,798,974</u>	<u>180,696</u>	<u>37,000,153</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Prepaid taxes, fees and receivables	1,837,137	-	1,837,137	-	-	-
OPEB costs	13,126,668	1,445,038	14,571,706	1,269,598	-	-
Pension costs	10,946,619	950,586	11,897,205	13,814,994	-	-
Total deferred inflows of resources	<u>25,910,424</u>	<u>2,395,624</u>	<u>28,306,048</u>	<u>15,084,592</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>						
Net investment in capital assets	54,032,029	114,520,731	168,552,760	152,110,815	672,400	(10,910,190)
Restricted for:						
Public safety	7,432,210	-	7,432,210	-	-	-
Tourism	338,543	-	338,543	-	-	-
Judicial services	72,491	-	72,491	-	-	-
Other purposes	765,215	-	765,215	-	-	-
Debt service	-	117,043	117,043	-	-	-
Food service	-	-	-	1,071,325	-	-
Unrestricted (deficit)	<u>(26,289,614)</u>	<u>6,112,669</u>	<u>(20,176,945)</u>	<u>(106,942,035)</u>	<u>3,293,308</u>	<u>(13,373)</u>
Total net position	<u>36,350,874</u>	<u>120,750,443</u>	<u>157,101,317</u>	<u>46,240,105</u>	<u>3,965,708</u>	<u>(10,923,563)</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 202,147,099</u>	<u>\$ 148,732,908</u>	<u>\$ 350,880,007</u>	<u>\$ 209,123,671</u>	<u>\$ 4,146,404</u>	<u>\$ 26,076,590</u>

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



**COUNTY OF YORK, VIRGINIA**  
Statement of Activities  
For the Year Ended June 30, 2018

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Discretely Presented Component Units		
					Governmental Activities	Business-type Activities	Total	School Division	Economic Development Authority	Marquis Community Development Authority
<b>Primary Government:</b>										
Governmental activities:										
General government	\$ 5,589,064	\$ 1,030,633	\$ 55,934	\$ 1,799,967	\$ (2,702,530)	\$ -	\$ (2,702,530)	\$ -	\$ -	\$ -
Judicial services	2,739,760	550,272	1,350,410	-	(839,078)	-	(839,078)	-	-	-
Public safety	34,764,761	3,490,235	3,642,242	45,000	(27,587,284)	-	(27,587,284)	-	-	-
Management services	11,470,801	515,776	373,395	-	(10,581,630)	-	(10,581,630)	-	-	-
Education	66,176,627	52,037	166,632	240,156	(65,717,802)	-	(65,717,802)	-	-	-
Human services	8,825,140	327,270	5,533,786	-	(2,964,084)	-	(2,964,084)	-	-	-
Public works	8,543,538	1,305,091	1,376	183,741	(7,053,330)	-	(7,053,330)	-	-	-
Community services	7,011,085	659,451	102,451	245,623	(6,003,560)	-	(6,003,560)	-	-	-
Interest and fiscal charges on noncurrent debt	3,308,747	-	-	-	(3,308,747)	-	(3,308,747)	-	-	-
Total governmental activities	148,429,523	7,930,765	11,226,226	2,514,487	(126,758,045)	-	(126,758,045)	-	-	-
Business-type activities:										
Sewer Utility	10,210,063	11,194,581	279,662	1,719,060	-	2,983,240	2,983,240	-	-	-
Water Utility	1,751,336	273,009	-	-	-	(1,478,327)	(1,478,327)	-	-	-
Solid Waste	4,252,661	4,439,291	11,845	-	-	198,475	198,475	-	-	-
Yorktown Operations	77,918	182,898	-	-	-	104,980	104,980	-	-	-
Sanitary Districts	418,133	-	-	-	-	(418,133)	(418,133)	-	-	-
Regional Radio System	3,859,521	2,928,359	-	-	-	(931,162)	(931,162)	-	-	-
Total business-type activities	20,569,632	19,018,138	291,507	1,719,060	-	459,073	459,073	-	-	-
Total Primary Government	\$ 168,999,155	\$ 26,948,903	\$ 11,517,733	\$ 4,233,547	(126,758,045)	459,073	(126,298,972)	-	-	-
<b>Component units:</b>										
School Division	\$ 138,397,508	\$ 2,799,751	\$ 66,824,501	\$ 523,118	-	-	-	\$ (68,250,138)	\$ -	\$ -
Economic Development Authority	573,692	380,842	-	-	-	-	-	-	(192,850)	-
Marquis Community Development Authority	2,246,148	-	-	16,042	-	-	-	-	-	(2,230,106)
Total component units	\$ 141,217,348	\$ 3,180,593	\$ 66,824,501	\$ 539,160	-	-	-	(68,250,138)	(192,850)	(2,230,106)
<b>General revenues:</b>										
Taxes:										
Property taxes					90,382,404	-	90,382,404	-	-	-
Local sales and use taxes					10,266,194	-	10,266,194	-	-	-
Hotel and motel room taxes					5,142,868	-	5,142,868	-	-	-
Restaurant food taxes					4,436,519	2,036,878	6,473,397	-	-	-
Business license taxes					6,952,681	-	6,952,681	-	-	-
Motor vehicle licenses					1,624,520	-	1,624,520	-	-	-
Taxes on recordation and wills					1,796,928	-	1,796,928	-	-	-
Other local taxes					1,921,574	-	1,921,574	-	-	-
Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth					8,760,374	-	8,760,374	-	-	-
Payment from Primary Government					-	-	-	63,398,906	314,160	1,005,959
Unrestricted shared intergovernmental revenues					-	-	-	13,605,183	-	-
Unrestricted investment earnings					650,388	93,526	743,914	5,284	12,350	-
Miscellaneous					115,481	19,493	134,974	259,921	5,957	-
Gain on disposal of capital assets					35,569	12,222	47,791	-	48,366	-
Transfers					(1,635,528)	1,635,528	-	-	-	-
Total general revenues and transfers					130,449,972	3,797,647	134,247,619	77,269,294	380,833	1,005,959
Change in net position					3,691,927	4,256,720	7,948,647	9,019,156	187,983	(1,224,147)
Net position, beginning restated					32,658,947	116,493,723	149,152,670	37,220,949	3,777,725	(9,699,416)
Net position, ending					\$ 36,350,874	\$ 120,750,443	\$ 157,101,317	\$ 46,240,105	\$ 3,965,708	\$ (10,923,563)

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

**COUNTY OF YORK, VIRGINIA**

Balance Sheet  
Governmental Funds  
June 30, 2018

ASSETS	Capital Project						
		Tourism Special	Yorktown Capital	County	Debt Service	Nonmajor	Total
	General	Revenue	Improvements	Capital	Education	Governmental Funds	Governmental Funds
Cash and investments	\$ 44,598,059	\$ 312,889	\$ 646,993	\$ 17,041,052	\$ 20,208	\$ 4,185,081	\$ 66,804,282
Restricted cash	17,812	-	-	7,591,054	-	-	7,608,866
Receivables, net	10,811,125	402,255	97,138	924,254	-	941,417	13,176,189
Prepaid expenditures	-	107,390	-	-	-	34,015	141,405
Advances to other funds	7,191,310	4,691,310	-	-	-	-	11,882,620
Total assets	<u>\$ 62,618,306</u>	<u>\$ 5,513,844</u>	<u>\$ 744,131</u>	<u>\$ 25,556,360</u>	<u>\$ 20,208</u>	<u>\$ 5,160,513</u>	<u>\$ 99,613,362</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,141,519	\$ 358,292	\$ -	\$ 535,668	\$ 10,000	\$ 378,221	\$ 2,423,700
Retainage payable	-	-	-	18,325	-	-	18,325
Deposits payable	1,229,358	-	-	-	-	-	1,229,358
Salaries, taxes and benefits payable	1,867,698	18,309	-	-	-	146,323	2,032,330
Unearned revenues	48,079	-	-	-	-	196,920	244,999
Due to component unit - School Division	8,001,329	-	-	-	-	-	8,001,329
Due to component unit - EDA	18,250	-	-	-	-	-	18,250
Due to component unit - CDA	-	-	-	-	-	343,482	343,482
Advances from other funds	-	4,691,310	4,691,310	-	-	-	9,382,620
Total liabilities	<u>12,306,233</u>	<u>5,067,911</u>	<u>4,691,310</u>	<u>553,993</u>	<u>10,000</u>	<u>1,064,946</u>	<u>23,694,393</u>
Deferred inflows of resources:							
Unavailable revenues - property taxes, fees and grants	2,727,032	-	-	-	-	-	2,727,032
Deferred revenues - prepaid taxes, fees and receivables	956,447	-	-	846,675	-	34,015	1,837,137
Total deferred inflows of resources	<u>3,683,479</u>	<u>-</u>	<u>-</u>	<u>846,675</u>	<u>-</u>	<u>34,015</u>	<u>4,564,169</u>
Fund balances (deficit):							
Nonspendable	7,191,310	107,390	-	-	-	-	7,298,700
Restricted	948,861	338,543	-	7,302,929	-	18,126	8,608,459
Committed	11,567,875	-	-	4,230,492	-	3,291,150	19,089,517
Assigned	9,880,308	-	-	12,622,271	10,208	752,276	23,265,063
Unassigned	17,040,240	-	(3,947,179)	-	-	-	13,093,061
Total fund balances (deficit)	<u>46,628,594</u>	<u>445,933</u>	<u>(3,947,179)</u>	<u>24,155,692</u>	<u>10,208</u>	<u>4,061,552</u>	<u>71,354,800</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)							
	<u>\$ 62,618,306</u>	<u>\$ 5,513,844</u>	<u>\$ 744,131</u>	<u>\$ 25,556,360</u>	<u>\$ 20,208</u>	<u>\$ 5,160,513</u>	<u>\$ 99,613,362</u>

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

# COUNTY OF YORK, VIRGINIA

## Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2018

Fund balances - Total governmental funds \$ 71,354,800

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

Capital assets used in governmental fund activities are not financial resources and, therefore, are not reported in the funds. 80,731,521

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

Unavailable revenue property taxes, fees and grants	\$ 2,727,032	
Less allowance for doubtful accounts, fees	<u>(118,274)</u>	2,608,758

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

Deferred outflows of resources related to OPEB costs	\$ 5,650,721	
Deferred inflows of resources related to OPEB costs	(12,888,069)	
Deferred outflows of resources related to pension costs	9,832,510	
Deferred inflows of resources related to pension costs	<u>(10,763,399)</u>	(8,168,237)

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

Deferred charge on refunded debt	\$ 1,949,374	
Less accumulated amortization	<u>(458,670)</u>	1,490,704

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

### Assets

Current assets	\$ 9,229,272	
Net OPEB asset	33,267	
Capital assets	8,030,262	
Less accumulated depreciation/amortization	(5,023,256)	
Deferred outflows of resources	<u>269,990</u>	
	12,539,535	
Liabilities	(2,072,650)	
Deferred inflows of resources	<u>(421,819)</u>	10,045,066

Noncurrent assets/liabilities are not due and payable in the current period and; therefore, are not reported in the funds.

Accrued interest payable	\$ (1,461,928)	
Net OPEB asset	1,789,640	
Net OPEB liability	(3,196,701)	
Net pension liability	(13,285,136)	
General obligation bonds, net	(69,812,399)	
Capital leases	(3,423,720)	
Lease revenue bonds, net	(27,565,193)	
Compensated absences	<u>(4,756,301)</u>	(121,711,738)

Total net position - Statement of Net Position \$ 36,350,874

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

**COUNTY OF YORK, VIRGINIA**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018

			<u>Capital Project</u>				
	<u>General</u>	<u>Tourism Special Revenue</u>	<u>Yorktown Capital Improvements</u>	<u>County Capital</u>	<u>Debt Service Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
General property taxes	\$ 90,146,330	\$ -	\$ -	\$ -	\$ -	\$ 397,775	\$ 90,544,105
Other local taxes	26,818,680	3,572,349	-	-	-	1,798,915	32,189,944
Intergovernmental:							
Federal	887,024	-	-	-	55,547	3,785,135	4,727,706
State	13,924,446	-	-	32,089	78,997	1,750,214	15,785,746
Permits, fees, and licenses	1,037,354	-	-	-	-	-	1,037,354
Fines and forfeitures	345,783	-	-	-	-	-	345,783
Use of money and property	822,310	6,551	11,043	137,978	-	28,505	1,006,387
Charges for services	4,084,783	-	-	-	-	15,863	4,100,646
Miscellaneous	333,375	-	-	1,961,069	-	6,539	2,300,983
Recovered costs	1,668,751	-	-	60,305	105,612	298,923	2,133,591
Total revenues	<u>140,068,836</u>	<u>3,578,900</u>	<u>11,043</u>	<u>2,191,441</u>	<u>240,156</u>	<u>8,081,869</u>	<u>154,172,245</u>
<b>EXPENDITURES</b>							
Current:							
General administration	4,569,362	2,000	-	-	-	-	4,571,362
Judicial services	2,904,218	-	-	-	-	5,017	2,909,235
Public safety	33,181,985	181,385	-	-	-	-	33,363,370
Management services	10,449,569	348,600	-	-	-	-	10,798,169
Education	57,368,808	-	-	700,000	8,302,295	-	66,371,103
Human services	1,446,355	-	-	-	-	8,252,388	9,698,743
Public works	8,371,491	60,000	-	-	-	-	8,431,491
Community services	3,170,861	2,598,265	-	-	-	-	5,769,126
Non-departmental	1,888,646	-	-	-	-	824,451	2,713,097
Capital outlay	16,778	-	-	4,840,878	-	1,270,782	6,128,438
Debt service:							
Principal retirement	-	59,017	-	-	4,595,000	3,995,259	8,649,276
Interest and fiscal charges	-	-	-	-	2,585,336	1,025,778	3,611,114
Debt issuance costs	-	-	-	-	25,386	128,225	153,611
Total expenditures	<u>123,368,073</u>	<u>3,249,267</u>	<u>-</u>	<u>5,540,878</u>	<u>15,508,017</u>	<u>15,501,900</u>	<u>163,168,135</u>
Excess (deficiency) of revenues over (under) expenditures	<u>16,700,763</u>	<u>329,633</u>	<u>11,043</u>	<u>(3,349,437)</u>	<u>(15,267,861)</u>	<u>(7,420,031)</u>	<u>(8,995,890)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Insurance recovery	19,705	-	-	-	-	-	19,705
Transfers in	157,000	-	778,503	12,169,746	6,960,388	6,657,278	26,722,915
Issuance of debt	-	-	-	-	7,850,000	7,555,000	15,405,000
Premium on bonds issued	-	-	-	-	467,681	710,812	1,178,493
Transfers out	(19,908,939)	(778,503)	-	-	-	(8,294,587)	(28,982,029)
Total other financing sources and uses, net	<u>(19,732,234)</u>	<u>(778,503)</u>	<u>778,503</u>	<u>12,169,746</u>	<u>15,278,069</u>	<u>6,628,503</u>	<u>14,344,084</u>
Net change in fund balance	(3,031,471)	(448,870)	789,546	8,820,309	10,208	(791,528)	5,348,194
Fund balance (deficit), beginning of year	49,660,065	894,803	(4,736,725)	15,335,383	-	4,853,080	66,006,606
Fund balance (deficit), end of year	<u>\$ 46,628,594</u>	<u>\$ 445,933</u>	<u>\$ (3,947,179)</u>	<u>\$ 24,155,692</u>	<u>\$ 10,208</u>	<u>\$ 4,061,552</u>	<u>\$ 71,354,800</u>

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

**COUNTY OF YORK, VIRGINIA**  
Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 5,348,194

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

Governmental funds report capital outlays as expenditures. In the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Capital outlay expenditures, depreciation and amortization expenses and the loss on disposal of capital assets in the current period are provided below.

Capital outlay expenditures	\$ 4,913,306	
Depreciation and amortization expenses	(5,435,674)	
Loss on disposal of capital assets	<u>(84,707)</u>	(607,075)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. Unavailable revenues changed by this amount in the current year. (533,470)

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

Principal repayments	\$ 8,649,276	
Issuance of debt	(15,405,000)	
Premium on issuance of noncurrent debt, net	(1,178,493)	
Amortization of premium on issuance of noncurrent debt	494,892	
Amortization of deferred charge on refunded debt	<u>(159,432)</u>	(7,598,757)

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. Retirement liabilities, accrued interest and compensated absences changed by the amounts provided below in the current year.

Accrued interest payable	\$ 120,518	
Net OPEB liability	1,114,478	
Net pension liability and related outflows/inflows	2,664,763	
Compensated absences	<u>(254,341)</u>	3,645,418

The internal service funds are used by management to charge the costs of certain activities to individual funds. The net income of the internal service funds are reported with governmental activities. 3,437,617

Change in net position of governmental activities \$ 3,691,927

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

**COUNTY OF YORK, VIRGINIA**  
Statement of Net Position  
Proprietary Funds  
June 30, 2018

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 8,451,034	\$ 1,680,768	\$ 10,131,802	\$ 9,164,686
Restricted cash	1,906,308	-	1,906,308	-
Receivable, net	2,086,984	1,758,935	3,845,919	64,586
Due from component unit - EDA	-	18,715	18,715	-
Prepaid expenses	5,939	18,220	24,159	-
Total current assets	<u>12,450,265</u>	<u>3,476,638</u>	<u>15,926,903</u>	<u>9,229,272</u>
Noncurrent assets:				
Net OPEB asset	171,448	30,620	202,068	33,267
Nondepreciable capital assets:				
Land	501,353	3,445,402	3,946,755	-
Construction in progress	5,976,585	6,628,834	12,605,419	-
Easements	672,268	10,945	683,213	-
Depreciable capital assets:				
Land improvements	37,155	-	37,155	221,446
Buildings	17,505,052	5,033,608	22,538,660	-
Buildings improvements	-	295,438	295,438	-
Infrastructure	132,183,686	23,422,860	155,606,546	-
Equipment	4,402,620	1,620,627	6,023,247	1,394,794
Vehicles	1,634,021	1,067,976	2,701,997	6,312,510
Computer software	70,272	-	70,272	101,512
Less accumulated depreciation	(46,540,184)	(24,672,187)	(71,212,371)	(4,921,744)
Less accumulated amortization	(68,477)	-	(68,477)	(101,512)
Total noncurrent assets	<u>116,545,799</u>	<u>16,884,123</u>	<u>133,429,922</u>	<u>3,040,273</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Debt refundings resulting in loss transactions, net of accumulated amortization	381,064	-	381,064	-
Deferred outflows related to OPEB costs	535,496	96,316	631,812	104,434
Deferred outflows related to pension costs	706,957	156,250	863,207	165,556
Total deferred outflows	<u>1,623,517</u>	<u>252,566</u>	<u>1,876,083</u>	<u>269,990</u>
Total assets and deferred outflows of resources	<u>\$ 130,619,581</u>	<u>\$ 20,613,327</u>	<u>\$ 151,232,908</u>	<u>\$ 12,539,535</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 302,242	\$ 476,643	\$ 778,885	\$ 836,033
Retainage payable	368,706	-	368,706	-
Deposits payable	38,483	12,000	50,483	-
Salaries, taxes and benefits payable	156,479	35,173	191,652	33,714
Unearned revenue	1,476,623	60,363	1,536,986	-
Accrued interest payable	145,809	-	145,809	-
Revenue bonds	545,000	-	545,000	-
Compensated absences	25,000	1,200	26,200	7,000
Total current liabilities	<u>3,058,342</u>	<u>585,379</u>	<u>3,643,721</u>	<u>876,747</u>
Noncurrent liabilities:				
Revenue bonds	20,071,187	-	20,071,187	-
Compensated absences	335,148	39,921	375,069	54,413
Claims payable	-	-	-	878,631
Net OPEB liability	229,419	50,095	279,514	51,727
Net pension liability	1,011,321	206,029	1,217,350	211,132
Advance from other fund	-	2,500,000	2,500,000	-
Total noncurrent liabilities	<u>21,647,075</u>	<u>2,796,045</u>	<u>24,443,120</u>	<u>1,195,903</u>
Total liabilities	<u>24,705,417</u>	<u>3,381,424</u>	<u>28,086,841</u>	<u>2,072,650</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to OPEB costs	1,225,115	219,923	1,445,038	238,599
Deferred inflows related to pension costs	779,266	171,320	950,586	183,220
Total deferred inflows of resources	<u>2,004,381</u>	<u>391,243</u>	<u>2,395,624</u>	<u>421,819</u>
<b>NET POSITION</b>				
Net investment in capital assets	97,667,228	16,853,503	114,520,731	3,007,006
Restricted for debt service	117,043	-	117,043	-
Unrestricted	6,125,512	(12,843)	6,112,669	7,038,060
Total net position	<u>103,909,783</u>	<u>16,840,660</u>	<u>120,750,443</u>	<u>10,045,066</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 130,619,581</u>	<u>\$ 20,613,327</u>	<u>\$ 151,232,908</u>	<u>\$ 12,539,535</u>

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

**COUNTY OF YORK, VIRGINIA**  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended June 30, 2018

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>Operating Revenues</b>				
Use of property	\$ -	\$ 3,191,398	\$ 3,191,398	\$ -
Other local taxes	1,538,440	498,438	2,036,878	-
Charges for services	11,194,581	4,632,159	15,826,740	16,670,564
Miscellaneous	6,378	13,115	19,493	69,141
Total operating revenues	<u>12,739,399</u>	<u>8,335,110</u>	<u>21,074,509</u>	<u>16,739,705</u>
<b>Operating Expenses</b>				
Personal services	3,701,207	824,783	4,525,990	1,389,654
Contractual services	530,681	7,055,485	7,586,166	10,162,979
Materials and supplies	1,357,626	543,048	1,900,674	1,859,068
Depreciation	3,507,427	558,792	4,066,219	602,318
Amortization	3,589	-	3,589	10,153
Total operating expenses	<u>9,100,530</u>	<u>8,982,108</u>	<u>18,082,638</u>	<u>14,024,172</u>
Operating income (loss)	<u>3,638,869</u>	<u>(646,998)</u>	<u>2,991,871</u>	<u>2,715,533</u>
<b>Nonoperating Revenues (Expenses)</b>				
Federal subsidy for interest on debt	279,662	-	279,662	-
Grant income	-	11,845	11,845	-
Interest income	73,862	19,664	93,526	62,929
Amortization of debt premium	108,114	-	108,114	-
Interest and fiscal charges	(1,217,647)	-	(1,217,647)	-
Donated property	-	(1,377,461)	(1,377,461)	-
Gain on disposal of capital assets	12,222	-	12,222	35,569
Total nonoperating revenues (expenses), net	<u>(743,787)</u>	<u>(1,345,952)</u>	<u>(2,089,739)</u>	<u>98,498</u>
Income (loss) before contributions and transfers, net	<u>2,895,082</u>	<u>(1,992,950)</u>	<u>902,132</u>	<u>2,814,031</u>
<b>Capital Contributions</b>	1,719,060	-	1,719,060	-
<b>Transfers In</b>	-	1,659,124	1,659,124	623,586
<b>Transfers Out</b>	<u>(23,596)</u>	<u>-</u>	<u>(23,596)</u>	<u>-</u>
Change in net position	<u>4,590,546</u>	<u>(333,826)</u>	<u>4,256,720</u>	<u>3,437,617</u>
Total net position, beginning of year restated	<u>99,319,237</u>	<u>17,174,486</u>	<u>116,493,723</u>	<u>6,607,449</u>
Total net position, end of year	<u>\$ 103,909,783</u>	<u>\$ 16,840,660</u>	<u>\$ 120,750,443</u>	<u>\$ 10,045,066</u>

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

**COUNTY OF YORK, VIRGINIA**  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018

	<b>Business-type Activities</b>			<b>Governmental Activities</b>
	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 11,460,744	\$ 7,038,399	\$ 18,499,143	\$ 16,630,379
Other receipts	1,544,818	511,553	2,056,371	69,141
Payments to suppliers for goods and services	(2,072,710)	(7,647,633)	(9,720,343)	(11,735,306)
Payments to employees for services	(3,945,897)	(890,737)	(4,836,634)	(1,464,915)
Receipts (payments) from (for) interfund activity	226,226	(56,452)	169,774	38,635
Net cash provided by (used in) operating activities	<u>7,213,181</u>	<u>(1,044,870)</u>	<u>6,168,311</u>	<u>3,537,934</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Grant income	-	11,845	11,845	-
Transfers in	-	1,659,124	1,659,124	600,000
Transfers out	(23,596)	-	(23,596)	-
Net cash provided by (used in) noncapital financing activities	<u>(23,596)</u>	<u>1,670,969</u>	<u>1,647,373</u>	<u>600,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(6,021,374)	(3,136,522)	(9,157,896)	(571,797)
Net proceeds from the disposal of capital assets	6,900	-	6,900	124,898
Federal subsidy for interest on debt	279,662	-	279,662	-
Principal paid on capital debt	(530,000)	-	(530,000)	-
Interest paid on capital debt	(1,186,413)	-	(1,186,413)	-
Net cash used in capital and related financing activities	<u>(7,451,225)</u>	<u>(3,136,522)</u>	<u>(10,587,747)</u>	<u>(446,899)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest income	77,168	20,204	97,372	57,257
Net cash provided by investing activities	<u>77,168</u>	<u>20,204</u>	<u>97,372</u>	<u>57,257</u>
Net increase (decrease) in cash and cash equivalents	(184,472)	(2,490,219)	(2,674,691)	3,748,292
Cash and cash equivalents, beginning of year	10,541,814	4,170,987	14,712,801	5,416,394
Cash and cash equivalents, end of year	<u>\$ 10,357,342</u>	<u>\$ 1,680,768</u>	<u>\$ 12,038,110</u>	<u>\$ 9,164,686</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>				
Cash and investments	\$ 8,451,034	\$ 1,680,768	\$ 10,131,802	\$ 9,164,686
Restricted cash	1,906,308	-	1,906,308	-
Cash and cash equivalents, end of year	<u>\$ 10,357,342</u>	<u>\$ 1,680,768</u>	<u>\$ 12,038,110</u>	<u>\$ 9,164,686</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 3,638,869	\$ (646,998)	\$ 2,991,871	\$ 2,715,533
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	3,507,427	558,792	4,066,219	602,318
Amortization	3,589	-	3,589	10,153
Decrease (increase) in:				
Receivables	(177,112)	341,259	164,147	(38,818)
Due from other funds	268,886	42,707	311,593	42,302
Due from/to component unit - EDA	-	(5,891)	(5,891)	-
Prepaid expenses	-	-	-	782,200
Increase (decrease) in:				
Accounts payable	(200,222)	(49,100)	(249,322)	(69,279)
Retainage payable	124,825	-	124,825	-
Deposits payable	(109,006)	-	(109,006)	-
Salaries, taxes and benefits payable	12,786	7,740	20,526	45
Unearned revenues	443,275	(1,163,233)	(719,958)	(1,367)
Due to other funds	(42,660)	(6,452)	(49,112)	(3,667)
Net OPEB liability and related outflows/inflows	(102,451)	(18,813)	(121,264)	(20,287)
Net pension liability and related outflows/inflows	(191,313)	(61,733)	(253,046)	(44,691)
Claims payable	-	-	-	(426,180)
Compensated absences	36,288	6,852	43,140	(10,328)
Advance from other fund	-	(50,000)	(50,000)	-
Net cash provided by (used in) operating activities	<u>\$ 7,213,181</u>	<u>\$ (1,044,870)</u>	<u>\$ 6,168,311</u>	<u>\$ 3,537,934</u>
<b>Noncash investing, capital, and financing activities:</b>				
Contributions of capital assets	\$ 1,719,060	\$ -	\$ 1,719,060	\$ -
Transfer in of capital assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,586</u>

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



**COUNTY OF YORK, VIRGINIA**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2018

	<b>Other Postemployment Benefit Trust Fund</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash	\$ -	\$ 3,949,106
Investments at fair value:		
Investment in pooled funds - County		
Fixed Income	1,932,769	-
Stocks	4,969,980	-
Real Estate	644,256	-
Alternative Investments	1,656,659	-
Investment in pooled funds - School Division		
Fixed Income	1,485,759	-
Stocks	3,820,521	-
Real Estate	495,253	-
Alternative Investments	1,273,507	-
Other receivables	-	97,863
Total assets	<u>\$ 16,278,704</u>	<u>\$ 4,046,969</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 841,939
Deposits payable	-	328
Salaries, taxes and benefits payable	-	289,576
Amounts held for others	-	2,915,126
Total liabilities	<u>\$ -</u>	<u>\$ 4,046,969</u>
<b>NET POSITION</b>		
Restricted for postemployment benefits other than pensions	<u>\$ 16,278,704</u>	
Total liabilities and net position	<u>\$ 16,278,704</u>	

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

**COUNTY OF YORK, VIRGINIA**  
Statement of Changes in Fiduciary Net Position  
Other Postemployment Benefits Trust Fund  
For the Year Ended June 30, 2018

	<b>Other Postemployment Benefit Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
County	\$ 1,183,144
School Division	563,505
Total contributions	<u>\$ 1,746,649</u>
Investment earnings:	
Net increase in fair value of investments	\$ 1,379,058
Total investment earnings	<u>1,379,058</u>
Total additions	<u>\$ 3,125,707</u>
<b>DEDUCTIONS</b>	
Retirement benefits	\$ 1,155,853
Administrative expenses	17,154
Total deductions	<u>\$ 1,173,007</u>
Change in net position	<u>1,952,700</u>
Total net position restricted for postemployment benefits other than pensions, beginning of year	<u>14,326,004</u>
Total net position restricted for postemployment benefits other than pensions, end of year	<u>\$ 16,278,704</u>

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

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**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

In fiscal year 2018, the County adopted the provisions of a new GASB statement: GASB Statement No. 75 ("GASB 75"), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which provides guidance for improving accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**The Reporting Entity**

The County's financial reporting entity is defined and its financial statements are presented in accordance with GAAP where in it defines the distinction between the County as a Primary Government and its related entities. The financial reporting entity consists of the Primary Government and its discretely presented component units, which are legally, separate organizations for which the elected officials of the Primary Government are financially accountable. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose will by the Primary Government, or b) the possibility that the component unit will provide a financial benefit or impose a financial burden on the Primary Government. The Primary Government may also be financially accountable if the component unit is fiscally dependent on the Primary Government regardless of whether the component unit has a separately elected governing board.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

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

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

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

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

**Joint Venture Government Organizations**

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

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

The **Virginia Peninsula Regional Jail Authority (Jail Authority)** was created pursuant to Article 3.1, Chapter 3, Title 53.1 of the Code to finance, acquire, construct, equip, maintain and operate a regional jail. A separate seven-member board of which the County Sheriff serves as a member and the County appoints one representative governs the Jail Authority. The Jail Authority is fiscally independent of the County because substantially all of its income is generated from payments by the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs, a portion of salaries and benefits of certain regional jail employees and a charge for prisoners housed at the jail. Separate audited financial statements are available from the Jail Authority, c/o the County of James City at P.O. Box 8784, Williamsburg, Virginia 23187-8784.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

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

**Government-wide and Fund Financial Statements**

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

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

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

**Measurement Focus, Basis of Accounting, Financial Statement Presentation**

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

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

The County reports the following major governmental funds:

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

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

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

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

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

The County reports the following nonmajor governmental funds:

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

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

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

The County reports the following major enterprise fund:

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



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

The County reports the following nonmajor enterprise funds:

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

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

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

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

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

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

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

The County reports the following additional fund types:

Internal Service Funds: The Vehicle Maintenance Fund accounts for the operation of the vehicle maintenance and replacement services provided to County departments on a cost reimbursement basis. The Health and Dental Insurance Fund accounts for the payment of claims and other expenses related to medical and dental benefits provided to employees and retirees.

Fiduciary Funds:

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

Property Taxes

The two major sources of property taxes are described below:

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

Real estate taxes are billed in semi-annual installments due June 25 and December 5. Liens are placed on the property on the date real estate taxes are delinquent, June 26 and December 6, and must be satisfied prior to the sale or transfer of the property. Real estate taxes reported as revenue are for the assessment due December 5, 2017 and June 25, 2018, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar year 2017 and 2018 was \$0.795, per \$100 of assessed value.

Personal Property: The County levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1. Personal property taxes are billed in equal semi-annual installments due June 25 and December 5. Personal property taxes do not create a lien on property. The personal property taxes reported as revenue are for the levies due December 5, 2017, and June 25, 2018, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2017 and 2018 was \$4.00 per \$100 of assessed value.

The County's property tax collection records show that 97.24% of the property taxes due for the current tax year were collected.

Allowance for Uncollectible Amounts

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

Cash and Temporary Investments

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

Inventories

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

Prepays

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

Advances

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

Capital Assets

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

Compensated Absences

County employees are granted vacation and sick pay in varying amounts as services are provided. They may accumulate, subject to certain limitations, unused vacation and sick pay earned and, upon retirement, termination or death, may be compensated for certain amounts at their then current rates of pay. A liability for these amounts is reported in governmental funds only if they have matured, for the reasons stated above. The current and noncurrent liability for accrued vacation and sick leave benefits at June 30, 2018 has been reported in the government-wide statements, representing the County's commitment to fund such costs from future operations. In the proprietary funds, the amount of compensated absences recognized is the amount earned. Such benefits are included in the government-wide statements. The amount due within one year has been estimated based on historic trends.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County's deferred outflows of resources consist of the amount by which the principal and premium of a refunding bond exceed the net carrying amount of the refunded debt and the amount related to pension costs. The deferred outflow associated with the refunded debt is being amortized over the remaining life of the refunded debt. Additionally, employer contributions subsequent to the measurement date will be recognized as a reduction of the liability in the next fiscal year. Changes of assumptions for pensions and postemployment benefits other than pensions, differences between projected and actual earnings on pension plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions on pension plan investments are actuarially determined and recorded as deferred outflows.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. Under the modified accrual basis of accounting, the County has revenues, which are applicable to a future period, and will not be recognized until the period they become available. These amounts are recorded on the governmental funds' Balance Sheet as a deferred inflow of resources. Additionally, amounts related to pension costs and postemployment benefits other than pensions are actuarially determined and recorded as deferred inflows in the government-wide financial statements and proprietary funds' Balance Sheet. Deferred revenue for prepaid taxes, fees and receivables are recorded as deferred inflows in the government-wide financial statements.

**Fund Balances**

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

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

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

Fund Balances *(Continued)*

to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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

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

Net Position

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

Statement of Cash Flows

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

Use of Estimates

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

Credit Risk

The assessed value of real estate and personal property for the County's ten largest taxpayers comprises 12.03% of the County's tax base. Concentration of credit risk with respect to receivables is limited due to the large number of customers comprising the County's customer base. The *Code of Virginia* (Code), as amended, requires the election of a County Treasurer. The County's Treasurer is the custodian of cash and investments for the County, EDA and School Division. Oversight for investment activity is the responsibility of the Treasurer.

**2. DEPOSITS AND INVESTMENTS**

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act ("the Act") Section 2.2-4400 et. seq. of the Code. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**2. DEPOSITS AND INVESTMENTS** *(Continued)*

ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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

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

The carrying amount of the County's cash and investments at June 30, 2018 is as follows:

	<b>Amount</b>
Restricted cash	\$ 9,515,174
Investments	60,630,416
Deposits with financial institutions	29,415,105
Petty cash	4,355
Total cash and investments	<u>\$ 99,565,050</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**2. DEPOSITS AND INVESTMENTS (Continued)**

A reconciliation to the basic financial statements is as follows:

	<b>Primary Government</b>	<b>School Division Component Unit</b>	<b>Economic Development Authority Component Unit</b>	<b>Community Development Authority Component Unit</b>	<b>Total</b>
Cash and investments	\$ 86,100,770	\$ 23,888,777	\$ 650,352	\$ -	\$ 110,639,899
Restricted cash	9,515,174	-	14,510	1,314,593	10,844,277
Fiduciary funds:					
Restricted cash	-	80,232	-	-	80,232
Restricted investments	-	1,662,273	-	-	1,662,273
Agency funds	3,949,106	1,634,840	-	-	5,583,946
Total cash and investments	<u>\$ 99,565,050</u>	<u>\$ 27,266,122</u>	<u>\$ 664,862</u>	<u>\$ 1,314,593</u>	<u>\$ 128,810,627</u>

**Restricted Cash**

The County's restricted cash of \$9,515,174 at June 30, 2018 consisted of the following: \$5,000 of surety deposits for junkyards held in the County and junkyards' names; \$12,812 of surety deposits for developments; \$7,591,054 for debt reserves on the 2018 bonds; \$1,645,043 for debt reserves on the 2010 sewer revenue bonds; and \$261,265 for funds held in escrow for retainage.

**Credit Risk**

As required by state statute, the policy requires that commercial paper be rated "prime quality" by at least two nationally recognized statistical rating organizations (A-1 by both Standard & Poor's and Moody's Investor Service) and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's policy further limits credit risk by limiting investments in securities that have higher credit risks. As of June 30, 2018, the County's investments as rated by Standard & Poor's were as follows:

<b>Investment Type</b>	<b>AAA</b>	<b>AA</b>	<b>Unrated</b>
LGIP	\$ 14,890,566	\$ -	\$ -
Money market	-	-	1,655,226
Federal agency bonds and notes	-	34,468,124	-
Corporate obligations	2,037,120	7,579,380	-
Total investments	<u>\$ 16,927,686</u>	<u>\$ 42,047,504</u>	<u>\$ 1,655,226</u>

**Concentration of Credit Risk**

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**2. DEPOSITS AND INVESTMENTS (Continued)**

**Interest Rate Risk**

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's policy limits the investment portfolio holdings to no more than 24 months, unless approved by the Treasurer. As of June 30, 2018, the carrying values and weighted average maturity of the County's investments were as follows:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity in Years</b>
Money market-LGIP	\$ 14,890,566	0.02
Money market	1,655,226	0.02
Federal agency bonds and notes	34,468,124	1.74
Corporate obligations	9,616,500	1.87
Total investments	<u>\$ 60,630,416</u>	
Weighted average of portfolio		<u>1.29</u>

**Custodial Credit Risk**

The policy requires that all investment securities purchased by the County be held by an independent third-party custodian and evidenced by safekeeping receipts in the County's name. As of June 30, 2018, all of the County's investments were held in a bank's trust department in the County's name.

**Fair Value Hierarchy**

GAAP establishes a hierarchy (3 Levels) of valuation techniques used to measure fair value. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are inputs other than quoted prices that are observable either directly or indirectly. Level 3 inputs are unobservable inputs. The County has the following fair value measurements as of June 30, 2018:

**Fair Value Measurements Using**

<b>Investments- At fair value</b>	<b>June 30, 2018</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
Money market	\$ 1,655,226	\$ 1,655,226	\$ -
Federal agency bonds and notes	34,468,123	8,311,207	26,156,916
Corporate obligations	9,616,500	-	9,616,500
Total investments	<u>\$ 45,739,849</u>	<u>\$ 9,966,433</u>	<u>\$ 35,773,416</u>



**COUNTY OF YORK, VIRGINIA**  
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**2. DEPOSITS AND INVESTMENTS (Continued)**

In addition, investments held by the Virginia Pooled OPEB Trust Fund in the pool in which the County and the School Division participate (Portfolio I) are Level 1 inputs as reported by the Fund's investment advisor, Asset Consulting Group. Total investments of the pool at June 30, 2018 are \$832.8 million, of which the County and the School Division have \$16,278,704 invested.

**Discretely Presented Component Units**

At June 30, 2018, and excluding fiduciary funds of \$3,377,344 not held by the County Treasurer, the School Division had investments of \$169,247 with LGIP, rated AAA by Standard and Poor's.

At June 30, 2018, the EDA had bank deposits of \$259,144 (\$14,510 of which was restricted for tenant security deposits) and investments in LGIP of \$405,718, rated AAAM by Standard & Poor's.

The CDA's restricted cash and investments of \$1,314,593 at June 30, 2018, consisted of unspent bond proceeds. The total amount was invested in the U.S. Treasury money market funds. The U.S. Treasury money market funds are rated AAAM by Standard & Poor's and were stated at cost, which approximates fair value.

**3. RECEIVABLES**

At June 30, 2018, receivables were as follows:

	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Nonmajor Governmental Funds</u>	<u>Sewer Utility</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Property taxes	\$ 4,593,305	\$ -	\$ -	\$ -	\$ 10,270	\$ -	\$ -	\$ -
Vehicle registration fees	646,575	-	-	-	-	-	-	-
Other taxes	2,000,401	452,939	-	-	246,844	164,593	-	-
Accounts	414,415	-	-	65,300	69,132	2,015,480	1,794,162	57,986
Interest	52,466	791	472	12,279	3,129	-	1,090	6,600
Notes	-	-	96,666	846,675	-	-	-	-
Intergovernmental:								
Federal	165,796	-	-	-	447,530	-	-	-
State	4,426,884	-	-	-	164,512	-	-	-
Receivables, gross	12,299,842	453,730	97,138	924,254	941,417	2,180,073	1,795,252	64,586
Less allowance for doubtful accounts	(1,488,717)	(51,475)	-	-	-	(93,089)	(36,317)	-
Receivables, net	<u>\$ 10,811,125</u>	<u>\$ 402,255</u>	<u>\$ 97,138</u>	<u>\$ 924,254</u>	<u>\$ 941,417</u>	<u>\$ 2,086,984</u>	<u>\$ 1,758,935</u>	<u>\$ 64,586</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**4. INTERFUND AND COMPONENT UNIT TRANSACTIONS**

The composition of interfund balances as of June 30, 2018 is as follows:

<u>Advance from Fund</u>	<u>Advance to Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Tourism	Infrastructure	\$ 4,691,310
	Nonmajor Enterprise Funds	Land purchase	<u>2,500,000</u>
Total Advances to other funds			<u>\$ 7,191,310</u>
	Yorktown Capital Improvements		
Tourism		Infrastructure	<u>\$ 4,691,310</u>

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

<u>Due from Entity</u>	<u>Due to Entity</u>	<u>Purpose</u>	<u>Amount</u>
County of York	School Division	Operations	<u>\$ 8,001,329</u>
County of York	EDA	Operations	<u>\$ 18,250</u>
EDA	County of York	Riverwalk Landing lease	<u>\$ 18,715</u>
County of York	CDA	Incremental tax revenues	<u>\$ 343,482</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

**Transfers In and Out:**

<u>Fund</u>	<u>Transfers Out Fund</u>	<u>Transfers In Fund</u>
General	\$ 19,908,939	\$ 157,000
Tourism	778,503	-
Yorktown Capital Improvements	-	778,503
County Capital	-	12,169,746
Debt Service Education	-	6,960,388
Nonmajor governmental	8,294,587	6,657,278
Sewer Utility	23,596	-
Nonmajor enterprise	-	1,659,124
Internal service	-	623,586
Total	<u>\$ 29,005,625</u>	<u>\$ 29,005,625</u>

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

Significant transactions between the Primary Government and component units during fiscal year 2018 were as follows:

Payments from County to School Division for School operations	\$ 53,587,094
Payments from County to School Division for school capital projects	1,432,602
Payments to County from School Division - year-end reversion entry	<u>(623,085)</u>
Total General Fund	\$ 54,396,611
Bond proceeds from County to School Division for construction - Education Debt Service	8,302,295
Payments from County to School Division for construction - County Capital	<u>700,000</u>
Statement of Activities - Payment from County of York	<u>\$ 63,398,906</u>
Payment from County General Fund to Economic Development Authority for operations; Statement of Activities - Payment from County of York	<u>\$ 314,160</u>
Payment from County to Community Development Authority for incremental tax revenue - Nonmajor Governmental Fund; Statement of Activities - Payment from County of York	<u>\$ 1,005,959</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

**Primary Government:**

Governmental Activities:

	<b>Balance</b>			<b>Balance</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>
Capital assets not being depreciated/amortized:				
Land	\$ 11,872,653	\$ 304,973	\$ -	\$ 12,177,626
Easements	757,588	25,032	-	782,620
Construction in progress	<u>1,526,063</u>	<u>2,462,172</u>	<u>(736,808)</u>	<u>3,251,427</u>
Total capital assets not being depreciated/amortized	<u>14,156,304</u>	<u>2,792,177</u>	<u>(736,808)</u>	<u>16,211,673</u>
Capital assets being depreciated/amortized:				
Land improvements	22,782,533	389,248	-	23,171,781
Buildings	37,465,040	59,107	-	37,524,147
Building improvements	12,396,538	1,444,708	-	13,841,246
Infrastructure	14,876,646	-	-	14,876,646
Equipment	29,592,066	274,126	(544,454)	29,321,738
Vehicles	20,240,556	1,172,078	(423,998)	20,988,636
Computer software	<u>1,232,989</u>	<u>114,053</u>	<u>-</u>	<u>1,347,042</u>
Total capital assets being depreciated/amortized	<u>138,586,368</u>	<u>3,453,320</u>	<u>(968,452)</u>	<u>141,071,236</u>
Less accumulated depreciation/amortization for:				
Land improvements	(14,745,394)	(1,302,401)	-	(16,047,795)
Buildings	(13,999,338)	(732,782)	-	(14,732,120)
Building improvements	(2,736,742)	(358,809)	-	(3,095,551)
Infrastructure	(6,460,965)	(463,307)	-	(6,924,272)
Equipment	(19,256,968)	(1,750,548)	459,747	(20,547,769)
Vehicles	(10,086,718)	(1,314,216)	334,669	(11,066,265)
Computer software	<u>(1,004,528)</u>	<u>(126,082)</u>	<u>-</u>	<u>(1,130,610)</u>
Total accumulated depreciation/amortization	<u>(68,290,653)</u>	<u>(6,048,145)</u>	<u>794,416</u>	<u>(73,544,382)</u>
Total capital assets being depreciated/amortized, net	<u>70,295,715</u>	<u>(2,594,825)</u>	<u>(174,036)</u>	<u>67,526,854</u>
Governmental activities capital assets, net	<u>\$ 84,452,019</u>	<u>\$ 197,352</u>	<u>\$ (910,844)</u>	<u>\$ 83,738,527</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**5. CAPITAL ASSETS (Continued)**

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

General government	\$ 1,160,747
Judicial services	314,870
Public safety	2,285,271
Management services	223,357
Education	104,483
Human services	19,178
Public works	263,398
Community services	1,064,370
Internal Service Fund - charged to functions based on usage	<u>612,471</u>
Total depreciation and amortization expenses - governmental activities	<u>\$ 6,048,145</u>

Business-type Activities:	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Capital assets not being depreciated/amortized:				
Land	\$ 3,946,755	\$ -	\$ -	\$ 3,946,755
Easements	664,659	18,554	-	683,213
Construction in progress	12,949,626	8,403,884	(8,748,091)	12,605,419
Total capital assets not being depreciated/amortized	<u>17,561,040</u>	<u>8,422,438</u>	<u>(8,748,091)</u>	<u>17,235,387</u>
Capital assets being depreciated/amortized:				
Land improvements	37,155	-	-	37,155
Buildings	21,938,660	600,000	-	22,538,660
Building improvements	295,438	-	-	295,438
Infrastructure	147,116,856	8,489,690	-	155,606,546
Equipment	5,987,049	67,888	(31,690)	6,023,247
Vehicles	2,270,946	715,570	(284,519)	2,701,997
Computer software	70,272	-	-	70,272
Total capital assets being depreciated/amortized	<u>177,716,376</u>	<u>9,873,148</u>	<u>(316,209)</u>	<u>187,273,315</u>
Less accumulated depreciation/amortization for:				
Land improvements	(18,291)	(1,859)	-	(20,150)
Buildings	(14,656,278)	(712,024)	-	(15,368,302)
Building improvements	(265,311)	(12,278)	-	(277,589)
Infrastructure	(46,576,363)	(2,989,185)	-	(49,565,548)
Equipment	(4,587,043)	(210,035)	31,690	(4,765,388)
Vehicles	(1,316,397)	(140,838)	241,841	(1,215,394)
Computer software	(64,888)	(3,589)	-	(68,477)
Total accumulated depreciation/amortization	<u>(67,484,571)</u>	<u>(4,069,808)</u>	<u>273,531</u>	<u>(71,280,848)</u>
Total capital assets being depreciated/amortized, net	<u>110,231,805</u>	<u>5,803,340</u>	<u>(42,678)</u>	<u>115,992,467</u>
Business-type activities capital assets, net	<u>\$ 127,792,845</u>	<u>\$ 14,225,778</u>	<u>\$ (8,790,769)</u>	<u>\$ 133,227,854</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**5. CAPITAL ASSETS (Continued)**

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

Sanitary District No. 2	\$ 370,655
Solid waste	135,027
Sewer utility	3,511,016
York Sanitary District	31,730
Upper County utility	15,748
Water utility	<u>5,632</u>
Total depreciation and amortization expenses (excluding amortization on capitalized debt costs) - business-type activities	  <u>\$ 4,069,808</u>

**Discretely Presented Component Unit - School Division**

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Capital assets not being depreciated:				
Land	\$ 4,824,818	\$ -	\$ -	\$ 4,824,818
Construction in progress	<u>4,863,728</u>	<u>8,548,698</u>	<u>(8,044,643)</u>	<u>5,367,783</u>
Total capital assets not being depreciated	<u>9,688,546</u>	<u>8,548,698</u>	<u>(8,044,643)</u>	<u>10,192,601</u>
Capital assets being depreciated:				
Buildings	203,905,916	8,044,643	-	211,950,559
Building improvements	5,855,665	139,651	-	5,995,316
Equipment	3,350,615	280,509	(690,036)	2,941,088
Vehicles	<u>14,452,223</u>	<u>1,716,118</u>	<u>(1,194,654)</u>	<u>14,973,687</u>
Total capital assets being depreciated	<u>227,564,419</u>	<u>10,180,921</u>	<u>(1,884,690)</u>	<u>235,860,650</u>
Less accumulated depreciation for:				
Buildings	(76,577,691)	(4,159,986)	-	(80,737,677)
Building improvements	(3,169,112)	(237,328)	-	(3,406,440)
Equipment	(2,300,417)	(196,223)	660,578	(1,836,062)
Vehicles	<u>(8,217,926)</u>	<u>(938,985)</u>	<u>1,194,654</u>	<u>(7,962,257)</u>
Total accumulated depreciation	<u>(90,265,146)</u>	<u>(5,532,522)</u>	<u>1,855,232</u>	<u>(93,942,436)</u>
Total capital assets being depreciated, net	<u>137,299,273</u>	<u>4,648,399</u>	<u>(29,458)</u>	<u>141,918,214</u>
School Division capital assets, net	<u>\$ 146,987,819</u>	<u>\$ 13,197,097</u>	<u>\$ (8,074,101)</u>	<u>\$ 152,110,815</u>

**Discretely Presented Component Unit - EDA**

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
Capital assets being depreciated:				
Land improvements	\$ 9,604	\$ -	\$ -	\$ 9,604
Infrastructure	<u>850,913</u>	<u>-</u>	<u>-</u>	<u>850,913</u>
Total capital assets being depreciated	<u>860,517</u>	<u>-</u>	<u>-</u>	<u>860,517</u>
Less accumulated depreciation for:				
Land improvements	(3,521)	(640)	-	(4,161)
Infrastructure	<u>(155,655)</u>	<u>(28,301)</u>	<u>-</u>	<u>(183,956)</u>
Total accumulated depreciation	<u>(159,176)</u>	<u>(28,941)</u>	<u>-</u>	<u>(188,117)</u>
Total capital assets being depreciated, net	<u>701,341</u>	<u>(28,941)</u>	<u>-</u>	<u>672,400</u>
Economic Development Authority capital assets, net	<u>\$ 701,341</u>	<u>\$ (28,941)</u>	<u>\$ -</u>	<u>\$ 672,400</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**5. CAPITAL ASSETS (Continued)**

<b>Discretely Presented Component Unit - CDA</b>	<b>Balance July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance June 30, 2018</b>
Capital assets not being depreciated:				
Construction in progress	\$ 18,561,448	\$ -	\$ -	\$ 18,561,448
Capitalized interest expense	2,821,491	-	-	2,821,491
Less interest revenue on investments	(496,139)	-	-	(496,139)
Public improvements 2015 to be transferred	3,530,000	-	-	3,530,000
Total capital assets not being depreciated	<u>24,416,800</u>	<u>-</u>	<u>-</u>	<u>24,416,800</u>
Capital assets being amortized:				
Computer software	9,000	-	-	9,000
Less accumulated amortization	<u>(9,000)</u>	<u>-</u>	<u>-</u>	<u>(9,000)</u>
Total capital assets being amortized, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Community Development Authority capital assets, net	<u>\$ 24,416,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,416,800</u>

**6. UNEARNED REVENUE AND DEFERRED INFLOWS**

Unearned revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, unearned revenue reflects amounts that are measurable, but not available. Deferred inflows represent an acquisition of net position that will not be recognized as revenue until a future period. At June 30, 2018, unearned revenues and deferred inflows are provided in the table below.

	<b><u>General</u></b>	<b><u>County Capital</u></b>	<b><u>Nonmajor Governmental Funds</u></b>	<b><u>Sewer Utility</u></b>	<b><u>Nonmajor Enterprise Funds</u></b>
<b><u>Unearned Revenues</u></b>					
Advance payments for fees, services and rents	<u>\$ 48,079</u>	<u>\$ -</u>	<u>\$ 196,920</u>	<u>\$ 1,476,623</u>	<u>\$ 60,363</u>
<b><u>Deferred Inflows</u></b>					
Unavailable property taxes and fees	\$ 2,651,509	\$ -	\$ -	\$ -	\$ -
Unavailable grants	75,523	-	-	-	-
Prepaid taxes and services	956,447	-	34,015	-	-
Long-term notes receivable	<u>-</u>	<u>846,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,683,479</u>	<u>\$ 846,675</u>	<u>\$ 34,015</u>	<u>\$ -</u>	<u>\$ -</u>

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

The following is a summary of changes in long-term debt during the year ended June 30, 2018:

<b>Primary Government:</b>	<b>Restated</b>			<b>Balance</b>	<b>Due Within</b>
<b>Governmental Activities:</b>	<b>Balance</b>			<b>Balance</b>	<b>One Year</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>	
General obligation bonds	\$ 62,770,000	\$ 7,850,000	\$ (4,595,000)	\$ 66,025,000	\$ 3,830,000
Premium on bonds	3,560,054	467,681	(240,336)	3,787,399	-
Capital leases	5,722,996	-	(2,299,276)	3,423,720	476,727
Lease revenue bonds	18,670,000	7,555,000	(1,755,000)	24,470,000	1,835,000
Premium on bonds	2,638,937	710,812	(254,556)	3,095,193	-
Compensated absences	4,573,701	4,181,026	(3,937,013)	4,817,714	307,000
Claims liabilities, IBNR	1,304,811	-	(426,180)	878,631	878,631
Net pension liability	22,781,708	16,208,904	(25,494,344)	13,496,268	-
Net OPEB liability	10,181,764	63,605	(6,996,941)	3,248,428	-
Total Governmental Activities	<u>\$ 132,203,971</u>	<u>\$ 37,037,028</u>	<u>\$ (45,998,646)</u>	<u>\$ 123,242,353</u>	<u>\$ 7,327,358</u>

<b>Primary Government:</b>	<b>Restated</b>			<b>Balance</b>	<b>Due Within</b>
<b>Business-type Activities:</b>	<b>Balance</b>			<b>Balance</b>	<b>One Year</b>
	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>	
Revenue bonds	\$ 20,020,000	\$ -	\$ (530,000)	\$ 19,490,000	\$ 545,000
Premium on bonds	1,234,301	-	(108,114)	1,126,187	-
Compensated absences	358,129	421,684	(378,544)	401,269	26,200
Net pension liability	2,023,955	1,489,335	(2,295,940)	1,217,350	-
Net OPEB liability	1,033,391	5,436	(759,313)	279,514	-
Total Business-type Activities	<u>\$ 24,669,776</u>	<u>\$ 1,916,455</u>	<u>\$ (4,071,911)</u>	<u>\$ 22,514,320</u>	<u>\$ 571,200</u>

<b>Discretely Presented</b>	<b>Balance</b>			<b>Balance</b>	<b>Due Within</b>
<b>Component Units:</b>	<b>July 1, 2017</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2018</b>	<b>One Year</b>
<b>School Division</b>					
Compensated absences	\$ 2,572,203	\$ 1,276,973	\$ (1,160,416)	\$ 2,688,760	\$ 1,210,000
Claims liabilities	4,485,163	281,714	(903,348)	3,863,529	1,369,450
Net pension liability	123,390,803	17,143,549	(35,631,380)	104,902,972	-
Net OPEB liability, restated	18,163,000	913,000	(2,285,000)	16,791,000	-
	<u>\$ 148,611,169</u>	<u>\$ 19,615,236</u>	<u>\$ (39,980,144)</u>	<u>\$ 128,246,261</u>	<u>\$ 2,579,450</u>

<b>Economic Development Authority</b>					
Notes payable	<u>\$ 116,667</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ 96,667</u>	<u>\$ 20,000</u>

<b>Community Development Authority</b>					
Bonds payable	<u>\$ 33,279,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,279,482</u>	<u>\$ -</u>

Accretion of interest payable	<u>\$ 2,529,881</u>	<u>\$ 746,426</u>	<u>\$ -</u>	<u>\$ 3,276,307</u>	<u>\$ -</u>
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**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**7. LONG-TERM DEBT (Continued)**

Arbitrage

Arbitrage is the difference between the yield on an issuer's tax-exempt bonds and the investment income earned on the proceeds. Arbitrage restrictions imposed by the federal government prohibit an issuer from retaining arbitrage profits when investing bond proceeds at a yield that exceeds the yield on the bonds. Any excess arbitrage must be rebated to the U.S. Treasury. As of June 30, 2018, there was no rebate liability.

General Obligation Bonds

General obligations bonds (GOB) are backed by the full faith and credit of the County. There are no sinking fund requirements. Outstanding general obligation bonds at June 30, 2018 of the Primary Government governmental activities are as follows:

<b>GOB</b>		<b>Bond</b>	<b>Maturity</b>	<b>Interest</b>	<b>Balance</b>
<b><u>Series</u></b>	<b><u>Purpose</u></b>	<b><u>Date</u></b>	<b><u>Date</u></b>	<b><u>Rate</u></b>	<b><u>June 30, 2018</u></b>
VPSA 02B	Bruton High	11/07/02	07/15/22	2.35-5.10%	\$ 2,660,000
VPSA 03	Queens Lake	11/06/03	07/15/23	3.10-5.35%	1,595,000
VPSA 05	York High and School Board renovations	11/10/05	07/15/25	4.60-5.10%	7,785,000
VPSA 10	Grafton Bethel Elementary	07/08/10	06/01/27	1.085-1.925%	600,000
VPSA 12	Coventry Elementary and New Horizons HVAC, Grafton Bethel and Coventry Elementary gymnasium roofs, Tabb Elementary classrooms and Grafton Complex gymnasium	05/10/12	07/15/32	2.55-5.05%	5,750,000
VPSA 14	Various schools HVAC, roofs, kitchens, gyms and other repairs	11/20/14	01/15/35	2.05-5.05%	7,770,000
VPSA 14B	Yorktown Middle and New Horizons renovations	05/15/14	07/15/26	3.60-5.35%	6,235,000
VPSA 15	Dare, Magruder, Yorktown Elementary classrooms	02/17/15	07/15/28	4.10-5.35%	3,630,000
VPSA 16	Waller Mill roof and Magruder HVAC and roof	05/17/16	01/15/37	2.30-5.05%	11,205,000
VPSA 16B	Dare and Mt. Vernon Elementary and Tabb High	11/17/16	07/15/29	3.05-4.05%	2,845,000
VPSA 17	York HVAC, roof and Bethel Manor roof, renovation	04/30/17	07/15/37	3.05-5.05%	8,100,000
VPSA 18A	Tabb Elementary HVAC, Grafton Complex and Yorktown Elementary Roof, York High School Interior doors, modular classrooms	04/15/18	07/15/38	3.05%-5.05%	7,850,000
					<u>\$ 66,025,000</u>

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

	<b>Governmental Activities</b>	
<b><u>Year</u></b>	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2019	\$ 3,830,000	\$ 2,694,141
2020	4,260,000	2,592,841
2021	4,465,000	2,384,396
2022	4,700,000	2,164,115
2023	4,930,000	1,931,382
2024-2028	20,325,000	6,422,491
2029-2033	13,640,000	2,773,138
2034-2038	9,325,000	771,246
2039	550,000	9,763
	<u>\$ 66,025,000</u>	<u>\$ 21,743,513</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**7. LONG-TERM DEBT (Continued)**

Compensated Absences

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

Net Other Postemployment Benefit Obligation (OPEB)

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

Lease Revenue Bonds

Principal payments will be made in annual installments and interest payments will be made in semi-annual installments. Outstanding lease revenue bonds at June 30, 2018 of the Primary Government governmental activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2018</u>
2008	Sports Field Complex, fire station additions	12/01/08	10/01/29	3.125-5.327%	\$ 765,000
2014	Communications system and building, equipment, parking garage	02/27/14	07/15/23	2.000-4.500%	6,800,000
2016	Sports Field Complex-Partial refunding of Series 2008	05/25/16	10/01/29	4.163-5.125%	9,350,000
2018A	Fire Apparatus, Grafton Fire Station and Carver Gardens	05/23/18	10/01/38	1.918%-5.125%	7,555,000
					<u>\$ 24,470,000</u>

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

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 1,835,000	\$ 1,048,676
2020	2,080,000	978,191
2021	2,160,000	895,956
2022	2,255,000	796,913
2023	2,360,000	693,378
2024-2028	6,500,000	2,290,013
2029-2033	4,305,000	868,847
2034-2038	2,430,000	349,910
2039	545,000	10,741
	<u>\$ 24,470,000</u>	<u>\$ 7,932,625</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**7. LONG-TERM DEBT (Continued)**

Revenue Bonds

The County anticipates that the amounts required for the payment of interest and principal on the bonds will be provided by the respective enterprise funds revenues. Revenue bonds at June 30, 2018 of the Primary Government business-type activities are as follows:

<u>Series</u>	<u>Purpose</u>	<u>Bond Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Balance June 30, 2017</u>
2010	Sewer systems	12/01/10	06/01/40	2.00-6.607%	13,325,000
2016C	Sewer systems refunding	11/16/16	10/01/28	2.125-5.125%	6,165,000
					<u>\$ 19,490,000</u>

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

<u>Year</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 545,000	\$ 1,167,352
2020	570,000	1,142,632
2021	600,000	1,112,517
2022	630,000	1,082,973
2023	660,000	1,049,917
2024-2028	3,590,000	4,725,811
2029-2033	4,580,000	3,655,972
2034-2038	5,690,000	2,026,367
2039-2040	2,625,000	261,968
	<u>\$ 19,490,000</u>	<u>\$ 16,225,509</u>

Virginia Peninsula Regional Jail Authority

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**7. LONG-TERM DEBT (Continued)**

Economic Development Authority

In November 2012, the Authority executed a property lease for the Riverwalk Restaurant and an adjacent vacant space for another restaurant to a new private company. As part of the negotiations, the Authority also entered into an equipment lease. The lease is for \$200,000, with repayments starting on May 1, 2013 for 120 months and with interest on the outstanding balance of 3.14% per annum. The balance at June 30, 2018 is \$96,667.

Marquis Community Development Authority

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

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

Year Ending June 30,	<u>Series A Bonds 5.100%</u>		<u>Series B Bonds 5.625%</u>		<u>Series C Bonds 5.625%</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ 289,425	\$ -	\$ 939,375	\$ -	\$ -
2020	-	289,425	-	939,375	-	-
2021	-	289,425	-	939,375	-	-
2022	-	289,425	-	939,375	-	-
2023	-	289,425	-	939,375	-	-
2024-2028	815,000	1,406,198	-	4,696,875	-	-
2029-2033	2,430,000	941,715	2,340,000	4,566,938	-	-
2034-2038	2,430,000	255,510	7,100,000	3,083,906	-	-
2039-2042	-	-	7,260,000	844,313	6,500,000	26,890,476
Total	<u>\$ 5,675,000</u>	<u>\$ 4,050,548</u>	<u>\$ 16,700,000</u>	<u>\$ 17,888,907</u>	<u>\$ 6,500,000</u>	<u>\$ 26,890,476</u>

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**7. LONG-TERM DEBT (Continued)**

The Authority's long-term debt activity for the 2015 Bonds for the year ended June 30, 2018 was as follows:

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Series 2015 CAB Bonds	\$ 4,404,482	\$ -	\$ -	\$ 4,404,482
Accretion of interest payable	579,881	380,801	-	960,682
Total	<u>\$ 4,984,363</u>	<u>\$ 380,801</u>	<u>\$ -</u>	<u>\$ 5,365,164</u>

Mandatory debt service requirements after conversion consist of the following:

<u>Year Ending</u> <u>June 30,</u>	<u>Series 2015 CAB Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ -	\$ -
2020	-	-
2021	-	-
2022	-	253,988
2023	-	507,975
2024-2028	-	2,539,875
2029-2033	-	2,539,875
2034-2038	-	2,539,875
2039-2043	-	2,539,875
2044-2046	<u>6,773,000</u>	<u>761,888</u>
Total	<u>\$ 6,773,000</u>	<u>\$ 11,683,351</u>

**8. FUND BALANCE (DEFICIT)**

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

**COUNTY OF YORK, VIRGINIA**  
**Notes to Basic Financial Statements**  
**June 30, 2018**

**8. FUND BALANCE (DEFICIT) (Continued)**

<u>Purpose</u>	<u>General</u>	<u>Tourism</u>	<u>Yorktown Capital Imps</u>	<u>County Capital</u>	<u>Debt Service Education</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable:</b>							
Prepaid expenditures	\$ -	\$ 107,390	\$ -	\$ -	\$ -	\$ -	\$ 107,390
Advances	7,191,310	-	-	-	-	-	7,191,310
Total nonspendable	<u>\$ 7,191,310</u>	<u>\$ 107,390</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,298,700</u>
<b>Restricted:</b>							
Judicial services and Commonwealth's Attorney grants	\$ 55,863	\$ -	\$ -	\$ -	\$ -	\$ 16,628	\$ 72,491
Public safety grants	878,181	-	-	6,556,029	-	-	7,434,210
Tourism projects	-	338,543	-	-	-	-	338,543
Transportation Improvements	-	-	-	746,900	-	-	746,900
Other purposes	14,817	-	-	-	-	1,498	16,315
Total restricted	<u>\$ 948,861</u>	<u>\$ 338,543</u>	<u>\$ -</u>	<u>\$ 7,302,929</u>	<u>\$ -</u>	<u>\$ 18,126</u>	<u>\$ 8,608,459</u>
<b>Committed:</b>							
School reversion	\$ 623,085	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 623,085
Chesapeake Bay & Wetlands remediation	2,428	-	-	-	-	-	2,428
Meals tax for drainage projects	-	-	-	-	-	3,291,150	3,291,150
Environmental and transportation improvements	-	-	-	4,230,492	-	-	4,230,492
Workers' compensation	1,491,649	-	-	-	-	-	1,491,649
Intergovernmental revenue shortfalls for School Division	9,450,713	-	-	-	-	-	9,450,713
Total committed	<u>\$ 11,567,875</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,230,492</u>	<u>\$ -</u>	<u>\$ 3,291,150</u>	<u>\$ 19,089,517</u>
<b>Assigned:</b>							
Backup power emergency shelter support	\$ -	\$ -	\$ -	\$ 375,000	\$ -	\$ -	\$ 375,000
Boat landing improvement	-	-	-	78,030	-	-	78,030
Building replacement study	-	-	-	9,421	-	-	9,421
Capital outlay/one time expenditures	5,693,279	-	-	6,841,584	-	-	12,534,863
Communications system	-	-	-	630,859	-	-	630,859
Contractual services	42,842	-	-	-	-	-	42,842
Courthouse security and operations	-	-	-	220,582	-	-	220,582
Economic development	1,550,000	-	-	237,090	-	-	1,787,090
Emergency communications operations	100,000	-	-	16,846	-	-	116,846
Environmental and transportation improvements	-	-	-	729,756	-	-	729,756
Facility maintenance and repair	-	-	-	959,108	-	-	959,108
Facility security	-	-	-	213,533	-	-	213,533
Fire & Life Safety equipment and operations	868,300	-	-	347,000	-	-	1,215,300
Grounds maintenance repairs, operations and equipment	-	-	-	199,061	-	-	199,061
Head Start and Social Services programs	-	-	-	-	-	735,325	735,325
Information technology: hardware/software	604,428	-	-	900,149	-	-	1,504,577
Library renovation & expansion	-	-	-	406,255	-	-	406,255
Other purposes/miscellaneous	131,736	-	-	-	10,208	16,951	158,895
Parks and recreation operations	-	-	-	304,559	-	-	304,559
Housing project	149,281	-	-	-	-	-	149,281
Public works operations	105,992	-	-	-	-	-	105,992
Regional/other commitments	500,000	-	-	-	-	-	500,000
Safety initiatives	25,499	-	-	-	-	-	25,499
Sheriff operations, equipment and training facility	108,951	-	-	77,383	-	-	186,334
Telephone system upgrade	-	-	-	72,887	-	-	72,887
Video services equipment	-	-	-	3,168	-	-	3,168
Total assigned	<u>\$ 9,880,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,622,271</u>	<u>\$ 10,208</u>	<u>\$ 752,276</u>	<u>\$ 23,265,063</u>
<b>Unassigned:</b>	<u>\$ 17,040,240</u>	<u>\$ -</u>	<u>\$ (3,947,179)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,093,061</u>
<b>Total fund balances (deficit)</b>	<u>\$ 46,628,594</u>	<u>\$ 445,933</u>	<u>\$ (3,947,179)</u>	<u>\$ 24,155,692</u>	<u>\$ 10,208</u>	<u>\$ 4,061,552</u>	<u>\$ 71,354,800</u>

**COUNTY OF YORK, VIRGINIA**  
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June 30, 2018

**9. LEASES**

County as Lessee

The County leases certain land, equipment and office space under noncancellable operating lease agreements. A summary of future minimum rental payments under these noncancellable operating leases as of June 30, 2018 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2019	\$ 442,078	\$ 271,587
2020	428,818	271,587
2021	277,790	271,587
2022	278,993	51,625
2023	280,082	-
2024-2028	1,230,837	-
2029-2033	1,187,000	-
2034-2038	1,187,000	-
2039-2043	1,179,069	-
2044-2048	1,076,950	-
2049-2053	210,000	-
Total minimum lease payments	<u>\$ 7,778,617</u>	<u>\$ 866,386</u>

Rental expenditures for the year ended June 30, 2018 for all operating leases were \$459,174 and \$271,587 for the County and Discretely Presented Component Unit-School Division, respectively.

County as Lessor

The County leases the usage of its communication towers under operating lease agreements. The towers are included in capital assets as communications equipment with a cost of \$9,392,690 and accumulated depreciation of \$9,372,445 for a carrying amount of \$20,245 at June 30, 2018. A summary of the future minimum rental receipts under noncancellable operating leases as of June 30, 2018 is as follows:

<u>Year</u>	<u>Primary Government</u>	<u>Discretely Presented Component Unit - School Division</u>
2019	\$ 352,573	\$ 353,121
2020	340,139	353,121
2021	321,561	353,121
2022	323,929	353,151
2023	322,635	353,151
2024-2028	1,071,889	-
2029-2033	873,781	-
2034-2038	671,020	-
2039-2043	87,079	-
2044-2048	10	-
2049-2053	10	-
Total minimum lease payments	<u>\$ 4,364,626</u>	<u>\$ 1,765,665</u>

Rental revenue receipts for all operating leases were \$527,029 for the County and \$443,571 for the School Division for the year ended June 30, 2018.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**9. LEASES (Continued)**

Capital Leases

The County leases certain equipment and a building under capital lease agreements. In July 2016, the County executed a four-year lease-purchase agreement with Motorola for 800 MHz system upgrades on behalf of York, James City and Gloucester Counties. Also, a Memorandum of Understanding was executed with the County's partner counties that will empower York to act as their fiscal agent for purposes of this contract and committing the local government partners to make their proportional contributions over the next five fiscal years. The total cost of the upgrade is \$10,492,814, and York and James City County's shares are each \$4,736,044 and Gloucester's share is \$1,020,276. A summary of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2018 is as follows:

	Primary Government - Governmental <u>Activities</u>
<u>Year</u>	
2019	\$ 525,080
2020	1,488,876
2021	1,455,960
2022	28,000
2023	28,000
2024-2027	<u>56,529</u>
Total minimum lease payments	3,582,445
Less amount representing interest	<u>(158,725)</u>
Present value of principal	<u><u>\$ 3,423,720</u></u>

The gross value of capital assets under capital lease agreements is as follows: Governmental Activities - \$8,042,193 (equipment) with Accumulated Depreciation of \$3,402,855.

**10. DEFINED BENEFIT PENSION PLANS**

Virginia Retirement System

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's Retirement Plan and the York County Schools ("Schools") Professional and Nonprofessional Retirement Plans and the additions to/deductions from the County Retirement Plan's and Schools Professional and Nonprofessional Retirement Plans' net fiduciary position have been determined on the same basis as they were reported by Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**COUNTY OF YORK, VIRGINIA**  
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June 30, 2018

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

All full-time, salaried permanent employees of the County and School Division are automatically covered by VRS upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which 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.

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

<b>PLAN 1 Retirement Plan Provisions</b>	<b>PLAN 2 Retirement Plan Provisions</b>	<b>HYBRID Retirement Plan Provisions</b>
<p><b><u>About Plan 1</u></b> 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><b><u>About Plan 2</u></b> 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><b><u>About the Hybrid Plan</u></b> 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"> <li>• The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula.</li> <li>• 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.</li> <li>• 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.</li> </ul>

**COUNTY OF YORK, VIRGINIA**  
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June 30, 2018

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

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><b><u>Eligible Members</u></b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b><u>Hybrid Opt-In Election</u></b> 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><b><u>Eligible Members</u></b> 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><b><u>Hybrid Opt-In Election</u></b> 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><b><u>Eligible Members</u></b> 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"> <li>• County employees</li> <li>• 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.</li> </ul> <p><b><u>Non-Eligible Members</u></b> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include political subdivision employees who are covered by enhanced benefits for hazardous duty employees.</p> <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

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

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

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

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><b><u>Vesting</u></b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b><u>Vesting</u></b> Same as Plan 1.</p>	<p><b><u>Vesting</u></b> <b><u>Defined Benefit Component:</u></b> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of creditable service. Plan 1 or Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><b><u>Defined Contribution Component:</u></b> 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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distribution is not required by law until age 70½.</p>

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

<b>PLAN 1</b> <b>Retirement Plan Provisions</b>	<b>PLAN 2</b> <b>Retirement Plan Provisions</b>	<b>HYBRID</b> <b>Retirement Plan Provisions</b>
<p><b><u>Calculating the Benefit</u></b> 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><b><u>Calculating the Benefit</u></b> See definition under Plan 1.</p>	<p><b><u>Calculating the Benefit</u></b> <b><u>Defined Benefit Component:</u></b> See definition under Plan 1</p> <p><b><u>Defined Contribution Component:</u></b> 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><b><u>Average Final Compensation</u></b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b><u>Average Final Compensation</u></b> A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b><u>Average Final Compensation</u></b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b><u>Service Retirement Multiplier</u></b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b><u>Sheriffs</u></b> The retirement multiplier for sheriffs is 1.85%.</p> <p><b><u>Hazardous Duty Employees</u></b> The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs is 1.70% as elected by the employer.</p>	<p><b><u>Service Retirement Multiplier</u></b> 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><b><u>Sheriffs and Hazardous Duty Employees</u></b> Same as Plan 1.</p>	<p><b><u>Service Retirement Multiplier</u></b> <b><u>Defined Benefit Component:</u></b> The retirement multiplier is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p><b><u>Sheriffs and Hazardous Duty Employees</u></b> Not applicable.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p>

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

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

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

PLAN 1 Retirement Plan Provisions	PLAN 2 Retirement Plan Provisions	HYBRID Retirement Plan Provisions
<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b> 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><b><u>Eligibility:</u></b> 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><b><u>Exceptions to COLA Effective Dates:</u></b> 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"> <li>• The member is within 5 years of qualifying for an unreduced retirement benefit as of Jan. 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).</li> <li>• 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.</li> </ul>	<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b> 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><b><u>Eligibility:</u></b> Same as Plan 1.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1.</p>	<p><b><u>Cost-of-Living Adjustment (COLA) in Retirement</u></b></p> <p><b><u>Defined Benefit Component:</u></b> Same as Plan 2.</p> <p><b><u>Defined Contribution Component:</u></b> Not applicable.</p> <p><b><u>Eligibility:</u></b> Same as Plan 1 and Plan 2.</p> <p><b><u>Exceptions to COLA Effective Dates:</u></b> Same as Plan 1 and Plan 2.</p>

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

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



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

<b>PLAN 1</b> <b>Retirement Plan Provisions</b>	<b>PLAN 2</b> <b>Retirement Plan Provisions</b>	<b>HYBRID</b> <b>Retirement Plan Provisions</b>
<p><b><u>Purchase of Prior Service</u></b> 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><b><u>Purchase of Prior Service</u></b> Same as Plan 1.</p>	<p><b><u>Purchase of Prior Service</u></b> <u>Defined Benefit Component:</u> Same as Plan 1, with the following exceptions:  <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <u>Defined Contribution Component:</u> Not applicable.</p>

**1. Employees Covered by Benefit Terms**

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>County</b>	<b>(Nonprofessional) Schools</b>
Inactive Members or Their Beneficiaries		
Currently Receiving Benefits	420	185
Inactive Members:		
Vested Inactive Members	122	29
Non-Vested Inactive Members	199	139
Inactive Members Active Elsewhere in VRS	246	53
Total Inactive Members	567	221
Active Members	728	293
Total Covered Employees	1,715	699

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

**2. Contributions**

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

The County's contractually required contribution rate for the year ended June 30, 2018 was 15.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2016.

The School Division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation (professional employees). This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of \$192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Professional Plan (Teacher Retirement Plan) was 16.32%. 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. Contributions to the pension plan from the School Division were \$10,867,762 and \$9,684,516 for the years ended June 30, 2018 and June 30, 2017, 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 and approved by the VRS Board of Trustees. The School Division contribution rate for the fiscal year ended 2018 was 5.91% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015.

These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$4,170,856 and \$3,686,802 for the year ended June 30, 2018 and 2017, respectively. Contributions to the pension plan from the School Division were \$355,364 and \$363,194 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

**3. Net Pension Liability**

The County's net pension liability was measured as of June 30, 2017 and totaled \$14,713,618. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

At June 30, 2017, the School Division reported a net pension liability of \$104,715,000 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, 2017 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, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Division's proportion was 0.85148% as compared to 0.87024% at June 30, 2016.

In addition, the School Division's net pension liability for the Nonprofessional (non-teacher) Retirement Plan was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. At June 30, 2018, the School Division reported a liability of \$132,600 for the Nonprofessional (non-teacher) Retirement Plan.

**4. Pension Expense**

For the year ended June 30, 2018, the County recognized pension expense of \$1,114,878.

For the year ended June 30, 2018, the School Division recognized pension expense of \$8,392,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, 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, 2018, the School Division recognized pension expense of \$155,053 for the Nonprofessional (non-teacher) Retirement Plan.

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

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

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$1,745,246
Difference between projected and actual earnings on pension plan investments	6,690,417	9,352,546
Change in assumptions	-	799,413
Employer contributions subsequent to the measurement date	4,170,856	-
Total	<u>\$ 10,861,273</u>	<u>\$ 11,897,205</u>

\$4,170,856 reported as deferred outflows of resources related to pensions results from the County's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Deferred Amounts</b>
2019	\$ (2,985,542)
2020	(223,052)
2021	(261,982)
2022	(1,736,212)
Total	<u>\$ (5,206,788)</u>

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

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

At June 30, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$7,415,000
Change of assumptions	1,528,000	-
Net difference between projected and actual earnings on pension plan investments	-	3,804,000
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,019,000	2,105,000
Employer contributions subsequent to the measurement date	10,867,762	-
Total	<u>\$ 15,414,762</u>	<u>\$ 13,324,000</u>

The \$10,867,762 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Deferred Amounts</b>
2019	\$ (3,447,000)
2020	301,000
2021	(1,144,000)
2022	(3,837,000)
2023	(650,000)
Total	<u>\$ (8,777,000)</u>

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

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

In addition, at June 30, 2018, 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:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 13,298	\$ 37,536
Changes of assumptions	-	117,668
Net difference between projected and actual earnings on pension plan investments	-	335,790
Employer contributions subsequent to the measurement date	355,364	-
Total	<u>\$ 368,662</u>	<u>\$ 490,994</u>

The \$355,364 reported as deferred outflows of resources related to pensions resulting from the School Division's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Deferred Amounts</b>
2019	\$ (304,062)
2020	46,867
2021	(3,806)
2022	(216,695)
Total	<u>\$ (477,696)</u>

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

**6. Actuarial Assumptions**

**County Retirement Plan**

The total pension liability for the County Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

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

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

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Pre-Retirement:

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

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

**6. Actuarial Assumptions** *(Continued)*

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Non-Hazardous Duty:

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

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

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



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

**6. Actuarial Assumptions (Continued)**

**Public Safety Employees with Hazardous Duty Benefits**

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

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

Mortality rates:

Largest 10 - Hazardous Duty: 70% of deaths are assumed to be service related

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

All Others (Non 10 Largest) – Hazardous Duty: 45% of deaths are assumed to be service related

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

6. Actuarial Assumptions *(Continued)*

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

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

**6. Actuarial Assumptions (Continued)**

**Professional/Teacher Retirement Plan**

The total pension liability for the Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017:

Inflation	2.5%
Salary increases, including Inflation	3.5% – 5.95%
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 GAAP 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-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020.

**Post-Retirement:**

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

**Post-Disablement:**

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

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

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

**6. Actuarial Assumptions (Continued)**

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

**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, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

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

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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: 15% of deaths are assumed to be service related

**Pre-Retirement:**

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

**Post-Retirement:**

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

**Post-Disablement:**

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

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

**6. Actuarial Assumptions** *(Continued)*

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

**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:

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return of the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

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

**8. Discount Rate**

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the County Retirement Plan, School Division for the VRS Professional/Teacher Retirement Plan and Nonprofessional (non-teacher) Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
County's Net Pension Liability	\$ 40,461,904	\$ 14,713,618	\$ (6,763,404)

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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Net Pension Liability for the VRS Teacher Retirement Plan	\$ 156,375,000	\$ 104,715,000	\$ 61,982,000

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

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

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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Net Pension Liability (Asset) for the Nonprofessional Plan	\$ 2,997,730	\$ 132,600	\$ (2,274,424)

10. Changes in Net Pension Liability – County Retirement Plan

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balance – July 1, 2016	\$ 191,654,926	\$ 166,849,263	\$ 24,805,663
Changes for the fiscal year:			
Service cost	4,400,884	-	4,400,884
Interest	13,134,091	-	13,134,091
Changes in assumptions	(1,128,389)	-	(1,128,389)
Difference between expected and actual experience	(867,346)	-	(867,346)
Contribution – employer	-	3,593,323	(3,593,323)
Contribution – employee	-	1,906,698	(1,906,698)
Net investment income	-	20,266,521	(20,266,521)
Benefit payments	(8,050,116)	(8,050,116)	-
Administrative expenses	-	(117,234)	117,234
Other changes	-	(18,023)	18,023
Net Changes	7,489,124	17,581,169	(10,092,045)
Balance – June 30, 2017	\$ 199,144,050	\$ 184,430,432	\$ 14,713,618

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

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

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) – (b)</b>
Balance – July 1, 2016	\$ 22,040,384	\$ 20,713,453	\$ 1,326,931
Changes for the fiscal year:			
Service cost	639,053	-	639,053
Interest	1,511,907	-	1,511,907
Change of assumptions	(186,884)	-	(186,884)
Difference between expected and actual experience	21,121	-	21,121
Contribution – employer	-	361,828	(361,828)
Contribution – employee	-	309,049	(309,049)
Net investment income	-	2,525,399	(2,525,399)
Benefit payments	(883,431)	(883,431)	-
Administrative expenses	-	(14,499)	14,499
Other changes	-	(2,249)	2,249
Net Changes	<u>1,101,766</u>	<u>2,296,097</u>	<u>(1,194,331)</u>
Balance – June 30, 2017	<u>\$ 23,142,150</u>	<u>\$ 23,009,550</u>	<u>\$ 132,600</u>

**12. Pension Plan Fiduciary Net Position – Teacher Retirement Plan**

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



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**10. 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, 2018, pension plan membership consisted of the following:

Active plan members	11
Retirees and beneficiaries	70
Number of vested terminations	3
	<u>84</u>

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

*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, 2018, 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.

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

*Rate of Return* – For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 14.26%. The money-weighted return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.

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

Based on a measurement date of July 1, 2017, the components of the net pension liability (asset) of the School Division's Optional Plan at June 30, 2018, were as follows:

	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) – (b)</b>
Balance – July 1, 2016	\$ 1,925,786	\$ 1,817,914	\$ 107,872
Changes for the fiscal year:			
Service cost	1,385	-	1,385
Interest	127,986	-	127,986
Difference between expected and actual experience	(2,386)	-	(2,386)
Change of assumptions	(36,292)	-	(36,292)
Contributions - employer	-	20,000	(20,000)
Net investment income	-	142,975	(142,975)
Benefit payments	(197,602)	(197,602)	-
Administrative expenses	-	(19,782)	19,782
Net Changes	(106,909)	(54,409)	(52,500)
Balance – June 30, 2017	\$ 1,818,877	\$ 1,763,505	\$ 55,372

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

*Actuarial Assumptions* – The total pension liability was determined by an actuarial valuation as of July 1, 2017, 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, 2017 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, 2018, for the Optional Retirement Plan, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 21,758
Total	\$ 21,758

The School Division did not have any contributions subsequent to the measurement date to be reported as a deferred outflow of resources that will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<b>Deferred Amounts</b>
2019	\$ (4,140)
2020	27,226
2021	3,197
2022	(4,525)
Total	\$ 21,758

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

For the year ended June 30, 2018, the School Division recognized pension expense for the Optional Plan of \$(52,715).

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability of the School Division, calculated using the discount rate of 7.00%, as well as what the School Division's Optional Plan net pension liability 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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Net Pension Liability (Asset) for the Optional Plan	\$ 190,344	\$ 55,372	\$ (63,268)

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

County and School Division OPEB Liability – VRS Plans

The County participates in a cost-sharing multiple employer Group Life Insurance Program and an Employee Health Insurance Credit Program offered by the Virginia Retirement System ("VRS"). The School Division participates in a cost-sharing multiple employer Group Life Insurance Program, a Teacher Employee Health Insurance Credit Program, a Political Subdivision Employee Virginia Disability Program, and a Teacher Employee Virginia Local Disability Program offered by the Virginia Retirement System ("VRS").

VRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org>, or by writing to VRS' Chief Financial Office at P.O. Box 2500, Richmond, Virginia 23218-2500.

The actuarial assumptions and long term expected rate of return are the same for the VRS OPEB programs. As such, the presentation of the actuarial assumptions and long term expected rate of return are combined below. Specific information for the OPEB plans will be presented after this section.

*Actuarial Assumptions*

The VRS OPEB liability was based on an actuarial valuation as of June 30, 2016, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017.

Inflation	2.5%
Salary increases, including inflation –	
General state employees	3.5% – 5.35%
Teachers	3.5% – 5.95%
SPORS & VaLORS employees	3.5% – 4.75%
JRS employees	4.5%

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

Locality – General employees	3.5% – 5.35%
Locality – Hazardous Duty employees	3.5% – 4.75%
Investment rate of return	7.0 Percent, net of investment expenses, including inflation*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP 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 the OPEB liabilities.

**Mortality rates – Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

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

**Mortality rates – Largest and Non-Largest Ten Locality Employers - General Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

**Mortality rates – Largest and Non-Largest Ten Locality Employers – Hazardous Duty Employees**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60 to 70% (Largest); Decreased rate from 60% to 45% (Non-Largest)

*Long-Term Expected Rate of Return*

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

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

\* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS** *(Continued)*

**Virginia Retirement System – Group Life Insurance Program**

*Plan Description*

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OBEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City Schools Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li> <li>• <b><u>Other Benefit Provisions</u></b> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Safety belt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>



**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS** *(Continued)*

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS (Continued)</b>
<p><b>Reduction in benefit Amounts</b></p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.</p>

***Contributions***

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.31% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the County were \$213,240 and \$201,745 for the years ended June 30, 2018 and June 30, 2017, respectively. Contribution to the Group Life Insurance Program from the School Division for nonprofessional employees were \$33,613 and \$33,621 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions to the Group Life Insurance Program from the School Division for professional employees were \$353,658 and \$349,251 for the years ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the County reported a liability of \$3,165,000 for its proportionate share of the Net GLI OPEB Liability. At June 30, 2018, the School Division reported a liability of \$527,000 for its proportionate share of the Net GLI OPEB Liability for nonprofessional employees. At June 30, 2018, the School Division reported a liability of \$5,479,000 for its proportionate share of the Net GLI OPEB Liability for professional employees. The Net GLI OPEB Liability was measured as of June 30, 2017 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was

**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS** *(Continued)*

0.21034% as compared to 0.21170% at June 30, 2016. At June 30, 2017, the participating employer's proportion was 0.03505% as compared to 0.03606% at June 30, 2016 for nonprofessional employees. At June 30, 2017, the participating employer's proportion was 0.36412% as compared to 0.37029% at June 30, 2016 for professional employees.

For the year ended June 30, 2018, the County recognized GLI OPEB expense of \$31,000. For the year ended June 30, 2018, the School Division recognized GLI OPEB expense of \$3,000 for nonprofessional employees. For the year ended June 30, 2018, the School Division recognized GLI OPEB expense of \$44,000 for professional employees. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 70,000
Net difference between projected and actual earnings on GLI OPEB program investments	-	119,000
Change in assumptions	-	163,000
Changes in proportionate share	-	20,000
Employer contributions subsequent to the measurement date	213,240	-
Total	<u>\$ 213,240</u>	<u>\$ 372,000</u>

\$213,240 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019 for employees. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ 77,000
2020	77,000
2021	77,000
2022	77,000
2023	47,000
Thereafter	17,000
Total	<u>\$ 372,000</u>

**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS** *(Continued)*

At June 30, 2018, the School Division reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for nonprofessional employees from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 12,000
Net difference between projected and actual earnings on OPEB plan investments	-	20,000
Changes of assumptions	-	27,000
Changes in proportionate share	-	15,000
Employer costs subsequent to the measurement date	33,613	-
Total	<u>\$ 33,613</u>	<u>\$ 74,000</u>

\$33,613 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019 for nonprofessional employees. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)
2023	(10,000)
Thereafter	(4,000)
Total	<u>\$ (74,000)</u>

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

At June 30, 2018, the School Division reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB for professional employees from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 122,000
Net difference between projected and actual earnings on OPEB plan investments	-	206,000
Changes of assumptions	-	282,000
Changes in proportionate share	-	91,000
Employer costs subsequent to the measurement date	353,658	-
Total	<u>\$ 353,658</u>	<u>\$ 701,000</u>

\$353,658 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2019 for professional employees. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ (143,000)
2020	(143,000)
2021	(143,000)
2022	(143,000)
2023	(91,000)
Thereafter	(38,000)
Total	<u>\$ (701,000)</u>

*Net GLI OPEB Liability*

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the Group Life Insurance Program is as follows (amounts expressed in thousands):

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

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

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

*Discount Rate*

The discount rate used to measure the total GLI OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
County's Proportionate Share of the Group Life Insurance Program Net OPEB Liability	\$ 4,094,000	\$ 3,165,000	\$ 2,412,000

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

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Group Life Insurance Program Net OPEB Liability	<u>\$ 682,000</u>	<u>\$ 527,000</u>	<u>\$ 402,000</u>

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Group Life Insurance Program Net OPEB Liability	<u>\$ 7,087,000</u>	<u>\$ 5,479,000</u>	<u>\$ 4,176,000</u>

**Virginia Retirement System – Health Insurance Credit Program**

*Plan Description*

The Health Insurance Credit Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision Health Insurance Credit Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death. The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

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

<b>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b> The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent salaried employees of the County who are covered under the VRS pension plan.</li> </ul>
<p><b>Benefit Amounts</b> The County's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <b><u>At Retirement</u></b> – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month.</li> <li>• <b><u>Disability Retirement</u></b> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.</li> </ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"> <li>• The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.</li> <li>• No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans.</li> <li>• Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.</li> </ul>

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

<b>TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b> The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>

**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

**Benefit Amounts**

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  - \$4.00 per month, multiplied by twice the amount of service credit, or
  - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

**Health Insurance Credit Program Notes:**

- The monthly Health Insurance Credit benefit cannot exceed the individual premium amount.
- Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

***Contributions***

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2018 was 0.19% of covered employee compensation for employees in the VRS Health Insurance Credit Program. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the VRS Health Insurance Credit Program were \$54,191 and \$51,206 for the years ended June 30, 2018 and June 30, 2017, respectively. Contributions from the school division to the VRS Teacher Employee Health Insurance Credit Program were \$832,471 and \$743,350 for the years ended June 30, 2018 and June 30, 2017, respectively.

***Health Insurance Credit Program OPEB Liabilities, Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB***

At June 30, 2018, the County reported a Health Insurance Credit Program Net OPEB liability of \$362,942. At June 30, 2018, the School Division reported a liability of \$10,765,000 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation as of that date.



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

The School Division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.84856% as compared to 0.87019% at June 30, 2016.

For the year ended June 30, 2018, the County recognized VRS Health Insurance Credit Program OPEB expense of \$38,040. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the VRS Health Insurance Credit Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on HIC OPEB program investments	\$ -	\$ 28,596
Change in assumptions	-	37,726
Employer contributions subsequent to the measurement date	54,191	-
Total	<u>\$ 54,191</u>	<u>\$ 66,322</u>

\$54,191 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ (14,214)
2020	(14,214)
2021	(14,214)
2022	(14,214)
2023	(7,065)
Thereafter	(2,401)
Total	<u>\$ (66,322)</u>

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

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$840,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 19,000
Changes of assumptions	-	111,000
Changes in proportionate share	-	238,000
Employer contributions subsequent to the measurement date	832,471	-
Total	<u>\$ 832,471</u>	<u>\$ 368,000</u>

\$832,471 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ (58,000)
2020	(58,000)
2021	(58,000)
2022	(58,000)
2023	(53,000)
Thereafter	(83,000)
Total	<u>\$ (368,000)</u>

***Net HIC OPEB Liability***

The net OPEB liability (NOL) for the County's Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Health Insurance Credit Program is as follows (amounts expressed in thousands):

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

	<b>HIC OPEB Program</b>
Total HIC OPEB Liability	\$ 39,493,000
Plan Fiduciary Net Position	<u>22,167,000</u>
Employers' Net HIC OPEB Liability	<u><u>17,326,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	56.13%

The total HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

***Net Teacher Employee HIC OPEB Liability***

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

	<b>Teacher Employee HIC OPEB Program</b>
Total Teacher Employee HIC OPEB Liability	\$ 1,364,702
Plan Fiduciary Net Position	<u>96,091</u>
Teacher Employee Net HIC OPEB Liability	<u><u>1,268,611</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	7.04%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

***Discount Rate***

The discount rate used to measure the total HIC OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC

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

OPEB fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

	<b>Total HIC OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net HIC OPEB Liability (a) – (b)</b>
Balance – July 1, 2016	\$ 1,227,505	\$ 762,861	\$ 464,644
Changes for the fiscal year:			
Service cost	25,337	-	25,337
Interest	84,360	-	84,360
Changes in assumptions	(44,791)	-	(44,791)
Contribution – employer	-	73,420	(73,420)
Net investment income	-	90,253	(90,253)
Benefit payments	(44,700)	(44,700)	-
Administrative expenses	-	(1,503)	1,503
Other changes	-	4,438	(4,438)
Net Changes	20,206	121,908	(101,702)
Balance – June 30, 2017	\$ 1,247,711	\$ 884,769	\$ 362,942

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

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
County's Proportionate Share of the Health Insurance Credit Program Net OPEB Liability	\$ 494,977	\$ 362,942	\$ 250,409

The following presents the School Division's proportionate share of the VRS Teacher Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 7.00%, as well as what the School Division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

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

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Health Insurance Credit Program Net OPEB Liability	\$ 12,015,000	\$ 10,765,000	\$ 9,703,000

**Virginia Retirement System – Political Subdivision Virginia Local Disability Program**

*Plan Description*

All full-time, salaried general employees; including local law enforcement officers, firefighters, or emergency medical technicians of political subdivisions who do not provide enhanced hazardous duty benefits; who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Political Subdivision Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. Political subdivisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

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

<b>POLITICAL SUBDIVISION EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Political Subdivision Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> <li>• Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS.</li> </ul>

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

**Benefit Amounts**

The Political Subdivision Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:

**Short-Term Disability** –

- The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

**Long-Term Disability** –

- The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.
- Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.

**Virginia Local Disability Program Notes:**

- Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.
- VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.

***Contributions***

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to political subdivisions by the Virginia General Assembly. Each political subdivision's contractually required employer contribution rate for the year ended June 30, 2018 was 0.60% of covered employee compensation for employees in the VRS Political Subdivision Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the political subdivision to the VRS Political Subdivision Employee Virginia Local Disability Program were \$8,070 and \$6,402 for the years ended June 30, 2018 and June 30, 2017, respectively.

**COUNTY OF YORK, VIRGINIA**  
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**11. OTHER POSTEMPLOYMENT BENEFITS (Continued)**

*Political Subdivision Employee Virginia Local Disability Program OPEB Liabilities, Political Subdivision Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Political Subdivision Employee Virginia Local Disability Program OPEB*

At June 30, 2018, the political subdivision reported a liability of \$3,000 for its proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2017 and the total VRS Political Subdivision Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The political subdivision's proportion of the Net VRS Political Subdivision Employee Virginia Local Disability Program OPEB Liability was based on the political subdivision's actuarially determined employer contributions to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the political subdivision's proportion of the VRS Political Subdivision Employee Virginia Local Disability Program was 0.58111% as compared to 0.60790%.

For the year ended June 30, 2018, the political subdivision recognized VRS Political Subdivision Employee Virginia Local Disability Program OPEB expense of \$6,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Political Subdivision Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the political subdivision reported deferred outflows of resources and deferred inflows of resources related to the VRS Political Subdivision Employee Virginia Local Disability Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	-	1,000
Employer costs subsequent to the measurement date	8,070	-
Total	<u>\$ 8,070</u>	<u>\$ 1,000</u>

\$8,070 reported as deferred outflows of resources related to the Political Subdivision Employee VLDP OPEB resulting from the political subdivision's contributions subsequent to the measurement date will be recognized as a reduction of the Net Political Subdivision Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Political Subdivision Employee VLDP OPEB will be recognized in the Political Subdivision Employee VLDP OPEB expense in future reporting periods as follows:

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

	<b>Deferred Amounts</b>
2019	\$ (1,000)
Total	<u>\$ (1,000)</u>

*Net Political Subdivision Employee VLDP OPEB Liability*

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

	<b>Political Subdivision Employee VLDP OPEB Plan</b>
Total Political Subdivision VLDP OPEB Liability	\$ 914,000
Plan Fiduciary Net Position	351,000
Political Subdivision Net VLDP OPEB Liability	<u>\$ 563,000</u>

Plan Fiduciary Net Position as a Percentage of the Total Political Subdivision VLDP OPEB Liability	0.31%
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The total Political Subdivision Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Political Subdivision Employee VLDP OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

*Discount Rate*

The discount rate used to measure the total Political Subdivision Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the political subdivision for the VRS Political Subdivision Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Political Subdivision Employee VLDP OPEB 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 Political Subdivision Employee VLDP OPEB liability.



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

*Sensitivity of the Political Subdivision's Proportionate Share of the Political Subdivision Employee VLDP Net OPEB Liability to Changes in the Discount Rate*

The following presents the political subdivision's proportionate share of the VRS Political Subdivision Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the political subdivision's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the VRS Political Subdivision VLDP OPEB Plan Net VLDP OPEB Liability	\$ 4,000	\$ 3,000	\$ 3,000

**Virginia Retirement System – Teacher Employee Virginia Local Disability Program**

*Plan Description*

All full-time, salaried permanent (professional) employees of public school divisions who are in the VRS Hybrid Retirement Plan benefit structure and whose employer has not elected to opt out of the VRS-sponsored program are automatically covered by the VRS Teacher Employee Virginia Local Disability Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for eligible public employer groups in the Commonwealth of Virginia. School divisions are required by Title 51.1 of the Code of Virginia, as amended to provide short-term and long-term disability benefits for their Hybrid employees either through a local plan or through the Virginia Local Disability Program (VLDP).

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

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

<b>TEACHER EMPLOYEE VIRGINIA LOCAL DISABILITY PROGRAM (VLDP) PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Teacher Employee Virginia Local Disability Program was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits</p> <p>Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include:</p> <ul style="list-style-type: none"> <li>• Teachers and other full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li> </ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Virginia Disability Local Program (VLDP) provides the following benefits for eligible employees:</p> <p><b><u>Short-Term Disability –</u></b></p> <ul style="list-style-type: none"> <li>• The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.</li> <li>• During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related or work-related disability.</li> <li>• Once the eligibility period is satisfied, employees are eligible for higher income replacement levels</li> </ul> <p><b><u>Long-Term Disability –</u></b></p> <ul style="list-style-type: none"> <li>• The VLDP program provides a long-term disability benefit beginning after 125 workdays of short-term disability. Members are eligible if they are unable to work at all or are working fewer than 20 hours per week.</li> <li>• Members approved for long-term disability will receive 60% of their pre-disability income. If approved for work-related long-term disability, the VLDP benefit will be offset by the workers' compensation benefit. Members will not receive a VLDP benefit if their workers' compensation benefit is greater than the VLDP benefit.</li> </ul>
<p><b>Virginia Local Disability Program Notes:</b></p> <ul style="list-style-type: none"> <li>• Members approved for short-term or long-term disability at age 60 or older will be eligible for a benefit, provided they remain medically eligible.</li> <li>• VLDP Long-Term Care Plan is a self-funded program that assists with the cost of covered long-term care services.</li> </ul>

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

*Contributions*

The contribution requirement for active Hybrid employees is governed by §51.1-1178(C) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 0.31% of covered employee compensation for employees in the VRS Teacher Employee Virginia Local Disability Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions from the school division to the VRS Teacher Employee Virginia Local Disability Program were \$31,234 and \$25,458 for the years ended June 30, 2018 and June 30, 2017, respectively.

*Teacher Employee Virginia Local Disability Program OPEB Liabilities, Teacher Employee Virginia Local Disability Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Virginia Local Disability Program OPEB*

At June 30, 2018, the school division reported a liability of \$17,000 for its proportionate share of the VRS Teacher Employee Virginia Local Disability Program Net OPEB Liability. The Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was measured as of June 30, 2017 and the total VRS Teacher Employee Virginia Local Disability Program OPEB liability used to calculate the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the Net VRS Teacher Employee Virginia Local Disability Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee Virginia Local Disability Program OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of the VRS Teacher Employee Virginia Local Disability Program was 2.91011% as compared to 3.40239%.

For the year ended June 30, 2018, the school division recognized VRS Teacher Employee Virginia Local Disability Program OPEB expense of \$18,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the VRS Teacher Employee Virginia Local Disability Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Virginia Local Disability Program OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes of assumptions	2,000	-
Employer costs subsequent to the measurement date	31,234	-
Total	<u>\$ 33,234</u>	<u>\$ -</u>

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

\$31,234 reported as deferred outflows of resources related to the Teacher Employee VLDP OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee VLDP OPEB Liability in the Fiscal Year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee VLDP OPEB will be recognized in the Teacher Employee VLDP OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ 2,000
Total	<u>\$ 2,000</u>

*Net Teacher Employee VLDP OPEB Liability*

The net OPEB liability (NOL) for the Teacher Employee Virginia Local Disability Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, NOL amounts for the VRS Teacher Employee Virginia Local Disability Program is as follows (amounts expressed in thousands):

	<b>Teacher Employee VLDP OPEB Plan</b>
Total Teacher Employee VLDP OPEB Liability	\$ 873,000
Plan Fiduciary Net Position	279,000
Teacher Employee Net VLDP OPEB Liability	<u>\$ 594,000</u>

Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee VLDP OPEB Liability	0.21%
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The total Teacher Employee VLDP OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee VLDP OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

*Discount Rate*

The discount rate used to measure the total Teacher Employee VLDP OPEB was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2019, the rate contributed by the school division for the VRS Teacher Employee Virginia Local Disability Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee VLDP OPEB 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

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

periods of projected benefit payments to determine the total Teacher Employee VLDP OPEB liability.

*Sensitivity of the School Division's Proportionate Share of the Teacher Employee VLDP Net OPEB Liability to Changes in the Discount Rate*

The following presents the school division's proportionate share of the VRS Teacher Employee Virginia Local Disability Program net VLDP OPEB liability using the discount rate of 7.00%, as well as what the school division's proportionate share of the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
School Division's Proportionate Share of the Group Life Insurance Program			
Net OPEB Liability	\$ 2,000	\$ 17,000	\$ 15,000

County and School Division OPEB Liability – Health and Dental Insurance

*Plan Description*

The County and School Division's OPEB plan are each single-employer defined benefit plans administered by the County and School Division. At July 1, 2017, the County had 739 active members and the School Division had 1,737 active members of the plan.

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

*Benefits Provided*

Employees retiring after January 1, 2002 and having twenty or more years of service with the County and receiving a VRS annuity will qualify for a health insurance premium contribution from the County. The retiree's VRS annuity may be either a full or reduced benefit. The amount of the County's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provision: the County's 50% contribution will be reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program (retiring employees who have fifteen years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program). At June 30, 2018, 100 retirees were participating in this program. For the School Division, 63 retirees were participating in this program.

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

The School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, 10 years of service and a minimum of 24 months participation in the health insurance program immediately prior to retirement. At June 30, 2018, one retiree was participating in this program. The School Division pays a monthly contribution of \$25 toward the health care program premium for a total period of time not to exceed 10 years or until retiree is eligible for Medicare, whichever occurs first.

*Contributions*

Contribution requirements are established and may be amended by the Board of Supervisors and School Board. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements. The actuarially determined contribution at June 30, 2018 was \$73,133 and \$210,522 for the County and School Division, respectively.

***OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2018, the County reported an OPEB asset of \$2,024,975 for its share of the Net OPEB Liability. The Net OPEB Liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the Net OPEB Liability was determined by an actuarial valuation as of July 1, 2017. The covered employer's proportion of the Net OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Program for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions.

For the year ended June 30, 2018, the County recognized OPEB expense of \$125,506. OPEB expense was calculated as follows:

	<b>OPEB Expense</b>
Service cost	\$ 299,500
Interest	1,539,270
Administrative expenses	9,596
Expected Investment Return Net of Investment Expenses	(576,727)
Recognition of Deferred Inflows/Outflows of Resources	
Economic/demographic gains or losses	861,906
Assumption changes or inputs	(1,968,139)
Investment gains or losses	(39,900)
OPEB Expense	<u>\$ 125,506</u>

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 6,119,536
Net difference between projected and actual earnings	159,601	-
Change in assumptions	13,973,783	-
Total	<u>\$ 14,133,384</u>	<u>\$ 6,119,536</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ 1,146,133
2020	1,146,133
2021	1,146,133
2022	1,146,134
2023	1,106,233
Thereafter	2,323,082
Total	<u>\$ 8,013,848</u>

For the year ended June 30, 2018, the School Division recognized OPEB expense of \$134,451. At June 30, 2018, the School Division reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ 125,598
Total	<u>\$ -</u>	<u>\$ 125,598</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEB will be recognized in OPEB expense in future reporting periods as follows:

	<b>Deferred Amounts</b>
2019	\$ (31,400)
2020	(31,400)
2021	(31,400)
2022	(31,398)
Total	<u>\$ (125,598)</u>

*Net OPEB Liability* – The components of the net OPEB liability(asset) for the year ended June 30, 2018 were as follows:

Total OPEB liability	\$ 7,178,689
Plan fiduciary net position	<u>\$ 9,203,664</u>
Net OPEB liability (asset)	<u>\$ (2,024,975)</u>
Fiduciary net position as a percent of total OPEB liability	128.21%

*Actuarial Methods and Assumptions* - Projections of benefits for financial reporting purposes are based on the substantive plan in effect at the time of valuation and on the pattern of sharing of costs between the employer and plan members. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the County's June 30, 2018 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 7.0% investment rate of return (annual returns net of both investment and non-actuarial administrative expenses), general inflation of 2.5% and an annual healthcare cost trend rate of 6.4% for Pre-Medicare eligible, grading to a rate of 4.2% for fiscal year ending June 30, 2088 and 6.6% for Post-Medicare eligible, grading to a rate of 4.2% for fiscal year ending June 30, 2085. The dental cost trend rate assumption per year is 4.2%.

*Long-Term Expected Rate of Return*

*Rate of Return* – For the year ended June 30, 2018, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense was 9.46%. The money-weighted return expresses investment performance net of investment expense, adjusted for the changing amounts actually invested.



**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

The long-term expected rate of return on OPEB investments was determined by taking the annual average long-term future inflation and real return components, with each component being reasonable in our professional opinion, including the anticipated effects of return volatility and correlation among various asset classes. The data used in the assessment of reasonability were the 2017 Horizon Survey of Capital Market Assumptions (consensus 10-year real returns) and the 2018 Social Security Trustees Report (inflation). The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Long-Term Expected Arithmetic Real Rate of Return</b>	<b>Long-Term Expected Geometric Real Rate of Return</b>
Core Fixed Income	19.60%	1.17%	0.99%
High Yield Bonds	1.40%	3.38%	2.77%
Large Cap US Equities	26.00%	5.53%	4.14%
Small Cap US Equities	10.00%	6.58%	4.57%
Developed Foreign Equities	13.00%	6.43%	4.66%
Emerging Market Equities	5.00%	8.76%	5.64%
Private Equity	5.00%	9.10%	6.63%
Hedge Funds/Absolute Return	10.00%	3.03%	2.63%
Real Estate (REITS)	7.00%	5.05%	3.86%
Commodities	3.00%	3.37%	1.78%
Total	<u>100.00%</u>		
Inflation			2.60%
Portfolio Real Mean Return		4.97%	4.22%
Portfolio Nominal Mean Return		7.57%	6.93%
Portfolio Standard Deviation			12.55%
Long-Term Expected Rate of Return			7.00%

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. The Plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. The long-term expected rate of return on plan investments is 7.0%. Therefore, the discount rate for calculating the Total OPEB Liability is equal to the long-term expected rate of return.

*Changes in Net OPEB Liability (Asset) – County*

	<b>Total OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) – (b)</b>
Balance – July 1, 2017	\$ 15,103,269	\$ 8,056,758	\$ 7,046,511
Changes for the fiscal year:			
Service cost	299,500	-	299,500
Interest	1,539,270	-	1,539,270
Changes in assumptions	(15,941,922)	-	(15,941,922)
Effect of Economic/Demographic Gains or Losses	6,981,442	-	6,981,442
Contribution – employer	-	1,183,144	(1,183,144)
Net investment income	-	776,228	(776,228)
Benefit payments	(802,870)	(802,870)	-
Administrative expenses	-	(9,596)	9,596
Other changes	-	-	-
Net Changes	(7,924,580)	1,146,906	(9,071,486)
Balance – June 30, 2018	\$ 7,178,689	\$ 9,203,664	\$ (2,024,975)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net OPEB liability of the County, calculated using the discount rate of 7.00%, as well as what the net OPEB liability 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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Net OPEB Asset	\$ (1,800,534)	\$ (2,024,975)	\$ (2,280,478)

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

*Sensitivity of the Net Pension Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the net OPEB liability of the County, as well as what the net OPEB liability would be if it were calculated using the healthcare cost trend rates that are 1-percentage-point lower (5.4% decreasing to 3.2% or 1-percentage-point higher (7.4% decreasing to 5.2%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (5.4% decreasing to 3.2%)</b>	<b>Healthcare Cost Trend Rates (6.4% decreasing to 4.2%)</b>	<b>1.00% Increase (7.4% decreasing to 5.2%)</b>
Net OPEB Asset	\$ (2,413,278)	\$ (2,024,975)	\$ (1,640,660)

*Changes in Net OPEB Liability (Asset) – School Division*

	<b>Total OPEB Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (Asset) (a) – (b)</b>
Balance – July 1, 2017	\$ 4,521,095	\$ 6,269,247	\$ (1,748,152)
Changes for the fiscal year:			
Service cost	280,180	-	280,180
Interest	323,944	-	323,944
Contribution – employer	-	563,505	(563,505)
Net investment income	-	602,829	(602,829)
Benefit payments	(352,983)	(352,983)	-
Administrative expenses	-	(7,558)	7,558
Net Changes	251,141	805,793	(554,652)
Balance – June 30, 2018	\$ 4,772,236	\$ 7,075,040	\$ (2,302,804)

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net OPEB liability of the School Division, calculated using the discount rate of 7.00%, as well as what the net OPEB liability 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:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Net OPEB Liability (Asset)	\$ (1,979,450)	\$ (2,302,804)	\$ (2,601,349)

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

*Sensitivity of the Net Pension Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the net OPEB liability of the School Division, as well as what the School Division's net OPEB liability would be if were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.9% decreasing to 3.2%) or 1-percentage-point higher (7.9% decreasing to 5.4%) than the current healthcare cost trend rates:

	<b>1.00% Decrease (5.9% decreasing to 3.2%)</b>	<b>Healthcare Cost Trend Rates (6.9% decreasing to 4.2%)</b>	<b>1.00% Increase (7.9% decreasing to 5.2%)</b>
Net OPEB Liability (Asset)	\$ (2,817,654)	\$ (2,302,804)	\$ (1,701,648)

**12. DEFERRED COMPENSATION PLAN**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the participants. Investments are managed by the plan's trustee under one or a combination of 21 investment options. The participants make the choice of the investment options.

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

The County offered to its employees a retirement health savings plan, which was available to all full-time, regular County employees who have worked in that capacity for at least one full year. Participation in the plan was optional and employees could be reimbursed for qualified medical expenses, in accordance with Internal Revenue Service Publication 502, for themselves, spouse, and dependents upon separation or retirement from the County. In March 2007, the County was notified of an IRS ruling that due to its elective features, disallowed the County's plan design to continue and consequently, new elections to the existing plan are no longer accepted. The existing plan preserves the favorable tax treatments for elections and contributions prior to December 31, 2007. Investments are managed by the plan's trustee under one or a combination of 9 investment options.

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**13. COMMITMENTS AND CONTINGENT LIABILITIES**

Significant Commitments

Significant commitments as of June 30, 2018 were as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Project:		
Fire Station #1 Replacement	\$ 250,871	6,181,129
Tyler-Munis Human Resources Software Phase II	38,218	429,384
Yorktown Library Expansion Architectural & Engineering Fees	53,921	406,255
Cook/Falcon Drainage Improvement Phase II	287,448	316,418
2018 Crane Carrier & Rear Loader	-	223,249
Hollywood Sanitary Sewer Rehabilitation	1,447,859	196,077
Tyler-Munis Financial Software Phase I	921,460	179,143
AVAYA Phone Upgrade/Replacement	64,990	130,886
E911 Communications Astro Map	-	130,859
Remodelling of County Administration wing	-	126,625
Fire Station #1 Replacement - Architectural/Engineering Fees	448,656	117,874
Charles Brown Park Stream Restoration - Engineering Service Fees	20,240	113,665
Aerial Ladder Platform Vehicle	-	100,046
Professional IT Services	451,555	96,485
Public Works Parking Lot	-	81,166
Pumping Station Inspections - Engineering Design Services	19,956	70,722
Water Country Parkway Realignment Design Service Fee	28,943	70,285
John Deer Excavator	-	68,847
Security Cameras with E911 Connection	-	67,498
2019 Ford Super Cab	-	65,523
Finance Building Condensing Unit	-	63,363
Queens Lake Sewer Design and Engineering Services	1,920,153	62,002
Carver Gardens Sanitary Sewer Rehabilitation	207,999	50,904
	<u>\$ 6,162,269</u>	<u>\$ 9,348,405</u>

Risk Management

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

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**13. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

The School Division reports all of its risk management activities in its Operating Fund except those related to health and dental benefits. The School Operating Fund retains the full risk for unemployment compensation, and up to \$500,000, with no aggregate, for each worker's compensation occurrence. All claims for retained risks are paid from Operating Fund resources. Risks related to health and dental benefits for employees and retirees are reported in an Internal Service Fund. The School Division's risk for each health care claim is \$300,000.

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

The County's health care liability at June 30 has been included in claims payable in the County's internal service funds. The County had available \$5,884,723 for health care and dental claims and \$1,491,649 for workers' compensation claims at June 30, 2018, which is considered sufficient.

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

	<u><b>2018</b></u>	<u><b>2017</b></u>
Accrued liability/committed fund balance, beginning of fiscal year	\$ 4,895,671	\$ 5,606,543
Claims and changes in estimates	13,057,593	11,789,794
Claims payments	<u>(10,576,892)</u>	<u>(12,500,666)</u>
Accrued liability/committed fund balance, end of fiscal year	<u><b>\$ 7,376,372</b></u>	<u><b>\$ 4,895,671</b></u>

The School Division health care claim liability at June 30 has been included in claims payable in the School Division's internal service fund. The School Division had available \$894,450 for health care claims and \$2,969,079 for workers' compensation claims at June 30, 2018, which is considered sufficient to cover pending claims and incurred but not reported claims that may arise. Changes in the reported amounts since June 30, 2016 resulted from the following:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Accrued liability/committed fund balance, beginning of fiscal year	\$ 4,485,163	\$ 5,695,668
Claims and changes in estimates	281,714	343,795
Claims payment	<u>(903,348)</u>	<u>(1,554,300)</u>
Accrued liability/committed fund balance, end of fiscal year	<u><b>\$ 3,863,529</b></u>	<u><b>\$ 4,485,163</b></u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

**13. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)**

Consent Order

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

Litigation

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

**14. RESTATEMENT OF PRIOR PERIOD NET POSITION**

For fiscal year 2018, the County has adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB 75 required the reporting of OPEB expense, liabilities and related deferred outflows and inflows of resources on a full accrual basis of accounting. As a result, net position as of July 1, 2017, has been adjusted accordingly in the government-wide statements and the governmental and proprietary fund statements, respectively:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total Net Position</b>
Balance, as previously reported, June 30, 2017	\$ 42,210,472	\$ 117,505,659	\$ 159,716,131
Adjustments:			
Net OPEB liability	(10,181,764)	(1,033,391)	(11,215,155)
Deferred outflows	249,965	21,455	271,420
Net OPEB Obligation	380,274	-	380,274
Total adjustments	(9,551,525)	(1,011,936)	(10,563,461)
Balance, as restated, June 30, 2017	<u>\$ 32,658,947</u>	<u>\$ 116,493,723</u>	<u>\$ 149,152,670</u>

	<b>Sewer Utility</b>	<b>Nonmajor Enterprise Funds</b>	<b>Internal Service Funds</b>
Balance, as previously reported, June 30, 2017	\$ 100,169,278	\$ 17,336,381	\$ 6,780,361
Adjustments:			
Net OPEB liability	(867,669)	(165,722)	(176,855)
Deferred outflows	17,628	3,827	3,943
Total adjustments	(850,041)	(161,895)	(172,912)
Balance, as restated, June 30, 2017	<u>\$ 99,319,237</u>	<u>\$ 17,174,486</u>	<u>\$ 6,607,449</u>

**COUNTY OF YORK, VIRGINIA**  
Notes to Basic Financial Statements  
June 30, 2018

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

During the year ended June 30, 2018, the School Division implemented Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Implementation of GASB Statement No. 75 established standards for recognizing net OPEB liabilities, deferred outflows and inflows, and OPEB expense. This inclusion of the OPEB liabilities in the financial statements caused a restatement of prior period net position for fiscal year ended June 30, 2017. This restatement decreased prior period net position, added a net OPEB liability, as well as deferred inflow and deferred outflow. The total effect of the restatement for the School Division decreased net position by \$20,073,748.

	<b>Governmental Activities</b>
Net position as previously reported, June 30, 2017	\$ 57,294,697
Net OPEB liability	(16,414,848)
Deferred outflows - contributions subsequent to the measurement date	1,141,000
OPEB asset	<u>(4,799,900)</u>
Net position as restated, June 30, 2017	<u>\$ 37,220,949</u>



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**REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGET COMPARISON SCHEDULE**

**GENERAL FUND**

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

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

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Revenues and Other Financing Sources  
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General property taxes:				
Real property taxes	\$ 71,769,000	\$ 71,769,000	\$ 71,048,734	\$ (720,266)
Real and personal property taxes-public service corporation	2,476,000	2,476,000	3,651,226	1,175,226
Personal property taxes	14,720,000	14,720,000	14,729,116	9,116
Machinery and tools taxes	120,000	120,000	121,531	1,531
Boat taxes > 5 tons	80,000	80,000	(327)	(80,327)
Penalties and interest	625,000	625,000	596,050	(28,950)
Total general property taxes	89,790,000	89,790,000	90,146,330	356,330
Other local taxes:				
Local sales and use taxes	9,577,000	9,577,000	9,791,704	214,704
Hotel and motel room taxes	3,700,000	3,700,000	1,599,635	(2,100,365)
Restaurant food taxes	6,200,000	6,200,000	3,264,175	(2,935,825)
Business license taxes	6,150,000	6,150,000	6,852,307	702,307
Consumer utility taxes	240,000	240,000	235,983	(4,017)
Communications sales taxes	1,250,000	1,250,000	1,202,410	(47,590)
Vehicle registration fees	1,595,000	1,595,000	1,627,449	32,449
Bank stock taxes	260,000	260,000	317,662	57,662
Franchise taxes	2,500	2,500	4,295	1,795
Taxes on recordation and wills	1,535,000	1,535,000	1,796,928	261,928
Rental taxes	122,000	122,000	126,132	4,132
Total other local taxes	30,631,500	30,631,500	26,818,680	(3,812,820)
From the Federal Government:				
Payments in lieu of taxes	11,000	11,000	10,728	(272)
Categorical aid:				
Civil Defense grant	45,000	50,335	50,194	(141)
Supplemental Local Emergency Management Performance grant	-	30,000	-	(30,000)
Universal Service Library E-rate program	7,000	7,000	9,852	2,852
Violence Against Women Formula grant	27,000	27,000	27,739	739
Crime Victim Assistance grant	95,000	95,000	78,846	(16,154)
Community Development Block grant	-	324,608	245,623	(78,985)
DMV Traffic Enforcement grant	-	41,983	55,596	13,613
Section 8 Housing Choice Vouchers program	99,500	99,500	108,873	9,373
Hazard Mitigation grant	-	858,316	11,469	(846,847)
Port Security grant	-	-	-	-
Boating infrastructure grant	-	55,724	-	(55,724)
State Homeland Security Program Citizen Corps	-	11,100	23,484	12,384
Indirect Cost Allocation reimbursement	150,000	150,000	159,283	9,283
State Criminal Alien Assistance program	-	-	-	-
Edward Byrne Memorial State and Local Law Enforcement grant	-	31,075	40,568	9,493
Bulletproof Vest Partnership program	-	6,768	552	(6,216)
Bureau of Justice Assistance grant	-	-	-	-
Drug Asset (Equitable Sharing Program)	-	64,217	64,217	-
Total categorical aid	423,500	1,852,626	876,296	(976,330)
Total revenues from the Federal Government	434,500	1,863,626	887,024	(976,602)
From the Commonwealth of Virginia:				
Non-categorical aid:				
Mobile home taxes	8,000	8,000	5,240	(2,760)
Rolling stock taxes	20,000	20,000	19,124	(876)
Personal property tax relief	8,742,000	8,742,000	8,760,374	18,374
Total non-categorical aid	8,770,000	8,770,000	8,784,738	14,738
Categorical aid:				
Shared expenses:				
Commonwealth's Attorney	544,860	544,860	552,979	8,119
Sheriff	2,657,190	2,657,190	2,635,232	(21,958)
Commissioner of the Revenue	203,400	203,400	197,293	(6,107)
Treasurer	163,453	163,453	166,250	2,797
Registrar	38,752	38,752	38,735	(17)
Electoral Board	8,500	8,500	8,723	223
Clerk of the Circuit Court	468,845	611,314	591,988	(19,326)
Total shared expenses	4,085,000	4,227,469	4,191,200	(36,269)
Other categorical aid:				
Emergency services grant	30,000	40,000	40,000	-
Fire and life safety grants	10,000	90,331	35,740	(54,591)
Fire program funds	205,000	218,855	218,855	-
Four for Life funds	60,000	60,000	-	(60,000)

(Continued)

**COUNTY OF YORK, VIRGINIA**

Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Revenues and Other Financing Sources  
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Other categorical aid:				
Wireless E911 services	250,000	250,000	259,027	9,027
Records Preservation grant	-	3,315	3,315	-
VA E911 Services Education grant	-	2,000	2,000	-
Crime Victim Assistance grant	32,000	32,000	29,192	(2,808)
VA Juvenile Community Crime Control Act grant	54,000	54,000	54,684	684
VA Supreme Court extradition	-	22,319	22,319	-
VA Department of Emergency Management Drone Team	-	12,215	11,911	(304)
Sheriff Drug Abuse Resistance Education grant	-	85,000	79,315	(5,685)
Hazard Mitigation grant	-	228,884	649	(228,235)
Emergency Home Repair grant	-	13,086	13,086	-
Arts Commission grant	5,000	9,500	4,500	(5,000)
Library Aid	155,000	155,000	154,441	(559)
Drug Asset	-	9,599	9,599	-
Court services postage reimbursement	11,000	11,000	9,875	(1,125)
Total other categorical aid	<u>812,000</u>	<u>1,297,104</u>	<u>948,508</u>	<u>(348,596)</u>
Total categorical aid	<u>4,897,000</u>	<u>5,524,573</u>	<u>5,139,708</u>	<u>(384,865)</u>
Total revenues from the Commonwealth of Virginia	<u>13,667,000</u>	<u>14,294,573</u>	<u>13,924,446</u>	<u>(370,127)</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	43,000	43,000	39,730	(3,270)
Permits and other licenses	707,000	716,300	997,624	281,324
Total permits, privilege fees and regulatory licenses	<u>750,000</u>	<u>759,300</u>	<u>1,037,354</u>	<u>278,054</u>
Fines and forfeitures	<u>293,500</u>	<u>294,852</u>	<u>345,783</u>	<u>50,931</u>
Revenues from use of money and property:				
Use of money	130,000	130,000	403,987	273,987
Use of property	370,002	370,002	418,323	48,321
Total revenues from use of money and property	<u>500,002</u>	<u>500,002</u>	<u>822,310</u>	<u>322,308</u>
Charges for services:				
Court costs	108,000	108,000	118,947	10,947
Charges for Commonwealth's Attorney	13,000	13,000	14,128	1,128
Charges for fiscal accounting services	3,000	3,000	3,315	315
Charges for law enforcement and traffic control	109,600	157,879	185,072	27,193
Charges for fire and life safety operations	-	-	1,250	1,250
Charges for emergency medical services	1,260,000	1,260,000	1,398,920	138,920
Charges for parks and recreation	550,700	550,700	533,893	(16,807)
Charges for library	54,000	54,000	42,911	(11,089)
Charges for mosquito control	1,000	1,000	750	(250)
Charges for information technology	3,200	3,200	6,084	2,884
Charges for self-insurance	39,220	39,220	39,220	-
Charges for grounds maintenance	1,134,650	1,134,650	1,134,650	-
Charges for law enforcement	346,000	346,000	326,840	(19,160)
Charges for video services	167,400	167,400	179,794	12,394
Charges for radio maintenance services	99,000	99,000	99,000	-
Charges for other	500	500	9	(491)
Total charges for services	<u>3,889,270</u>	<u>3,937,549</u>	<u>4,084,783</u>	<u>147,234</u>
Miscellaneous:				
Miscellaneous	195,700	272,709	332,990	60,281
Sale of surplus property	8,000	8,000	385	(7,615)
Total miscellaneous revenues	<u>203,700</u>	<u>280,709</u>	<u>333,375</u>	<u>52,666</u>
Recovered costs:				
City of Poquoson shared court services	412,748	412,748	412,748	-
City of Poquoson E911 services	326,500	326,500	326,553	53
City of Poquoson cooperative extension services	9,000	9,000	8,764	(236)
City of Williamsburg E911 services	561,100	561,100	561,108	8
City of Williamsburg public safety	1,200	1,200	1,200	-
Regional radio system staffing	45,000	45,000	45,000	-
Assistance for fire & life safety training and Virginia Task Force	-	3,915	60,791	56,876
Fiscal agent fees	235,900	235,900	233,065	(2,835)
Streetlight operations	15,000	15,000	8,119	(6,881)
Signage	5,000	5,000	6,740	1,740
Riverwalk Landing repairs and maintenance	-	3,464	3,464	-
Commissioner of Accounts' postage and phone reimbursement	800	800	1,199	399
Total recovered costs	<u>1,612,248</u>	<u>1,619,627</u>	<u>1,668,751</u>	<u>49,124</u>
Total revenues	<u>141,771,720</u>	<u>143,971,738</u>	<u>140,068,836</u>	<u>(3,902,902)</u>
Other financing sources:				
Insurance recovery	-	-	19,705	19,705
Transfers in	157,000	157,000	157,000	-
Total other financing sources	<u>157,000</u>	<u>157,000</u>	<u>176,705</u>	<u>19,705</u>
 Total revenues and other financing sources	 <u>\$ 141,928,720</u>	 <u>\$ 144,128,738</u>	 <u>\$ 140,245,541</u>	 <u>\$ (3,883,197)</u>

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

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Expenditures and Other Financing Uses  
Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenditures:</b>				
<b>General Government:</b>				
Legislative Department: Board of Supervisors	\$ 351,512	\$ 351,512	\$ 355,120	\$ (3,608)
<b>Executive Department:</b>				
County Administrator	681,415	681,415	676,119	5,296
Public Affairs	423,380	423,380	410,658	12,722
Video Services	523,259	523,259	498,075	25,184
County Attorney	444,320	444,320	502,196	(57,876)
Registrar	275,009	275,009	282,863	(7,854)
Electoral Board	95,256	95,256	88,784	6,472
Building Regulation	986,501	986,501	956,877	29,624
Board of Zoning/Subdivision Appeals	4,308	4,308	1,365	2,943
Development and Compliance	<u>859,235</u>	<u>859,235</u>	<u>797,305</u>	<u>61,930</u>
Total General Administration	<u>4,644,195</u>	<u>4,644,195</u>	<u>4,569,362</u>	<u>74,833</u>
<b>Judicial Services:</b>				
Circuit Court	88,296	88,296	65,225	23,071
General District Court	34,105	34,105	27,218	6,887
Juvenile and Domestic Relations Court	18,250	18,250	16,279	1,971
Clerk of the Circuit Court	967,088	1,097,525	994,599	102,926
Colonial Group Home Commission	395,398	395,398	450,082	(54,684)
Magistrate	1,938	1,938	1,057	881
Commonwealth's Attorney	1,209,115	1,211,062	1,089,914	121,148
Victim/Witness	232,315	232,315	209,242	23,073
Domestic Violence	<u>48,502</u>	<u>48,899</u>	<u>50,602</u>	<u>(1,703)</u>
Total Judicial Services	<u>2,995,007</u>	<u>3,127,788</u>	<u>2,904,218</u>	<u>223,570</u>
<b>Public Safety:</b>				
Sheriff General Operations	2,267,298	2,380,451	2,328,188	52,263
Law Enforcement	6,003,147	5,789,251	5,901,163	(111,912)
Investigations	1,771,295	1,802,146	1,649,223	152,923
Civil Operations/Court Security	1,390,216	1,392,951	1,476,348	(83,397)
Adult Corrections	2,584,589	2,584,589	2,583,935	654
School Resource Officers	506,484	519,124	530,601	(11,477)
DARE Grant Program	-	85,000	79,376	5,624
Fire and Life Safety Administration	431,777	441,319	482,202	(40,883)
Fire and Rescue Operations	12,994,427	12,684,559	12,084,671	599,888
Technical Services and Special Operations	810,630	852,884	537,865	315,019
Prevention and Community Safety	336,091	336,091	338,243	(2,152)
Juvenile Corrections	422,610	422,610	337,165	85,445
Animal Control	416,812	419,859	420,483	(624)
Emergency Management and Support Services	560,111	616,546	378,940	237,606
Emergency Communications/911	3,885,728	3,887,728	3,869,018	18,710
Radio Maintenance	<u>245,069</u>	<u>245,069</u>	<u>184,564</u>	<u>60,505</u>
Total Public Safety	<u>34,626,284</u>	<u>34,460,177</u>	<u>33,181,985</u>	<u>1,278,192</u>
<b>Management Services:</b>				
Finance Administration	261,265	261,265	252,809	8,456
Information Technology	2,637,748	2,653,395	2,572,183	81,212
Human Resources	907,110	907,110	794,353	112,757
Accounting and Financial Reporting	365,917	367,317	292,781	74,536
Budget	396,049	396,049	349,878	46,171
Fiscal Accounting Services	718,606	717,206	719,430	(2,224)
Commissioner of the Revenue	1,240,849	1,240,849	1,161,401	79,448
Treasurer	939,005	939,005	932,948	6,057
Real Estate Assessment	669,095	669,095	614,859	54,236
Central Purchasing	425,423	425,423	392,031	33,392
Central Administrative Services	432,974	432,974	386,649	46,325
Central Insurance	417,446	761,933	565,787	196,146
Planning	505,758	505,758	481,340	24,418
Planning Commission	27,017	27,017	22,156	4,861
Economic Development	1,875,203	1,875,203	475,203	1,400,000
Office of Economic Development	<u>476,681</u>	<u>476,681</u>	<u>435,761</u>	<u>40,920</u>
Total Management Services	<u>12,296,146</u>	<u>12,656,280</u>	<u>10,449,569</u>	<u>2,206,711</u>

(Continued)

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

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
General Fund - Expenditures and Other Financing Uses  
Year Ended June 30, 2018

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
Education:				
County of York Public School Division - Local	55,019,696	55,019,696	54,396,611	623,085
Library Services	2,899,060	2,911,251	2,923,206	(11,955)
Cooperative Extension	58,081	58,081	48,991	9,090
Total Education	<u>57,976,837</u>	<u>57,989,028</u>	<u>57,368,808</u>	<u>620,220</u>
Human Services:				
Social Services - payments to Board members	1,550	1,550	710	840
Contributions	1,510,536	1,510,536	1,445,645	64,891
Total Human Services	<u>1,512,086</u>	<u>1,512,086</u>	<u>1,446,355</u>	<u>65,731</u>
Public Works:				
Administration	273,645	273,645	201,144	72,501
Engineering and Facility Maintenance	3,449,812	3,381,801	3,121,579	260,222
Grounds Maintenance and Construction	3,266,746	3,195,246	3,055,471	139,775
Stormwater & Mosquito Control	2,166,578	2,175,878	1,987,958	187,920
Hazard Mitigation grant	1,129,128	1,129,128	5,339	1,123,789
Total Public Works	<u>10,285,909</u>	<u>10,155,698</u>	<u>8,371,491</u>	<u>1,784,207</u>
Community Services:				
Administration	306,491	306,491	305,271	1,220
Housing	973,170	990,027	706,666	283,361
Parks and Recreation	2,410,121	2,415,021	2,158,924	256,097
Total Community Services	<u>3,689,782</u>	<u>3,711,539</u>	<u>3,170,861</u>	<u>540,678</u>
Non-departmental:				
Employee benefits	1,113,594	1,913,594	1,415,754	497,840
Contributions	408,442	412,942	409,149	3,793
Nondepartmental	100,000	100,000	22,010	77,990
Appropriated reserves	73,686	73,686	41,733	31,953
Total Non-departmental	<u>1,695,722</u>	<u>2,500,222</u>	<u>1,888,646</u>	<u>611,576</u>
Capital Outlay	<u>2,187,267</u>	<u>2,187,267</u>	<u>16,778</u>	<u>2,170,489</u>
Total expenditures	<u>131,909,235</u>	<u>132,944,280</u>	<u>123,368,073</u>	<u>9,576,207</u>
Other Financing Uses:				
Transfers out	<u>26,382,506</u>	<u>26,382,506</u>	<u>19,908,939</u>	<u>6,473,567</u>
Total other financing uses	<u>26,382,506</u>	<u>26,382,506</u>	<u>19,908,939</u>	<u>6,473,567</u>
Total expenditures and other financing uses	<u>\$ 158,291,741</u>	<u>\$ 159,326,786</u>	<u>\$ 143,277,012</u>	<u>\$ 16,049,774</u>

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

**REQUIRED SUPPLEMENTARY INFORMATION –  
BUDGET COMPARISON SCHEDULE**

**TOURISM FUND**

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

**COUNTY OF YORK, VIRGINIA**  
Required Supplementary Information - Budgetary Comparison Schedule  
Tourism Fund  
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Other local taxes	\$ 3,320,000	\$ 3,320,000	\$ 3,572,349	\$ 252,349
Use of money and property	4,000	4,000	6,551	2,551
Total revenues	<u>3,324,000</u>	<u>3,324,000</u>	<u>3,578,900</u>	<u>254,900</u>
<b>EXPENDITURES</b>				
Current:				
General government	100,000	100,000	2,000	98,000
Public safety	170,000	170,000	181,385	(11,385)
Management services	348,600	348,600	348,600	-
Public works	60,000	60,000	60,000	-
Community services	2,723,300	2,723,300	2,598,265	125,035
Debt service - principal retirement	38,400	38,400	59,017	(20,617)
Total expenditures	<u>3,440,300</u>	<u>3,440,300</u>	<u>3,249,267</u>	<u>191,033</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(116,300)</u>	<u>(116,300)</u>	<u>329,633</u>	<u>445,933</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(778,503)</u>	<u>(778,503)</u>	<u>(778,503)</u>	<u>-</u>
Total other financing sources and uses	<u>(778,503)</u>	<u>(778,503)</u>	<u>(778,503)</u>	<u>-</u>
Net change in fund balances	(894,803)	(894,803)	(448,870)	445,933
Fund balances, beginning of year	<u>(1,149,924)</u>	<u>(1,149,924)</u>	<u>894,803</u>	<u>2,044,727</u>
Fund balances, end of year	<u>\$ (2,044,727)</u>	<u>\$ (2,044,727)</u>	<u>\$ 445,933</u>	<u>\$ 2,490,660</u>

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



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

	County				School Board Nonprofessional				School Board Optional			
	2018	2017	2016	2015	2018	2017	2016	2015	2018	2017	2016	2015
<b>Total Pension Liability</b>												
Service cost	\$ 4,400,884	\$ 4,390,926	\$ 4,347,200	\$ 4,324,554	\$ 639,053	\$ 645,253	\$ 657,682	\$ 651,659	\$ 1,385	\$ 1,834	\$ 1,731	\$ 2,224
Interest	13,134,091	12,607,441	12,029,849	11,340,354	1,511,907	1,434,468	1,340,262	1,257,618	127,986	132,210	120,051	124,341
Difference between expected and actual	(867,346)	(1,790,361)	(1,334,258)	-	(883,431)	(113,364)	144,530	-	(2,386)	2,076	74,161	-
Benefit payments	(8,050,116)	(7,318,772)	(6,264,165)	(5,365,786)	(186,884)	(836,736)	(756,608)	(700,700)	(197,602)	(194,429)	(164,908)	(193,616)
Other	(1,128,389)	-	-	-	21,121	-	-	-	(36,292)	-	157,315	-
Net change in total pension liability	7,489,124	7,889,234	8,778,626	10,299,122	1,101,766	1,129,621	1,385,866	1,208,577	(106,909)	(58,309)	188,350	(67,051)
Total pension liability - beginning	191,654,926	183,765,692	174,987,066	164,687,944	22,040,384	20,910,763	19,524,897	18,316,320	1,925,786	1,984,095	1,795,745	1,862,796
Total pension liability - ending	<u>\$ 199,144,050</u>	<u>\$ 191,654,926</u>	<u>\$ 183,765,692</u>	<u>\$ 174,987,066</u>	<u>\$ 23,142,150</u>	<u>\$ 22,040,384</u>	<u>\$ 20,910,763</u>	<u>\$ 19,524,897</u>	<u>\$ 1,818,877</u>	<u>\$ 1,925,786</u>	<u>\$ 1,984,095</u>	<u>\$ 1,795,745</u>
<b>Plan Fiduciary Net Position</b>												
Contributions - employer	\$ 3,593,323	\$ 4,373,897	\$ 4,288,412	\$ 4,332,603	\$ 361,828	\$ 487,737	\$ 474,730	\$ 540,694	\$ 20,000	\$ 10,000	\$ -	\$ 290,495
Contributions - employee	1,906,698	1,955,396	1,871,311	1,851,612	309,049	310,891	303,379	300,981	-	-	-	-
Net investment income	20,266,521	2,893,068	7,259,533	21,563,882	2,525,399	361,926	896,825	2,649,679	142,975	89,571	20,333	-
Benefit payments	(8,050,116)	(7,318,772)	(6,264,165)	(5,365,786)	(883,431)	(836,736)	(756,608)	(700,700)	(197,602)	(194,429)	(164,908)	(177,455)
Refunds of contributions	-	-	-	-	-	-	-	-	-	-	-	(22,106)
Administrative expenses	(117,234)	(102,044)	(98,165)	(114,394)	(14,499)	(12,543)	(12,064)	(14,022)	(19,782)	(21,276)	(21,515)	-
Other changes	(18,023)	(1,221)	(1,538)	1,136	(2,249)	(151)	(188)	139	-	-	-	-
Net change in plan fiduciary net position	17,581,169	1,800,324	7,055,388	22,269,053	2,296,097	311,124	906,074	2,776,771	(54,409)	(116,134)	(166,090)	90,934
Plan fiduciary net position - beginning	166,849,263	165,048,939	157,993,551	135,724,498	20,713,453	20,402,329	19,496,255	16,719,484	1,817,914	1,934,048	2,100,138	2,009,204
Plan fiduciary net position - ending	<u>\$ 184,430,432</u>	<u>\$ 166,849,263</u>	<u>\$ 165,048,939</u>	<u>\$ 157,993,551</u>	<u>\$ 23,009,550</u>	<u>\$ 20,713,453</u>	<u>\$ 20,402,329</u>	<u>\$ 19,496,255</u>	<u>\$ 1,763,505</u>	<u>\$ 1,817,914</u>	<u>\$ 1,934,048</u>	<u>\$ 2,100,138</u>
Net pension liability (asset) *	<u>\$ 14,713,618</u>	<u>\$ 24,805,663</u>	<u>\$ 18,716,753</u>	<u>\$ 16,993,515</u>	<u>\$ 132,600</u>	<u>\$ 1,326,931</u>	<u>\$ 508,434</u>	<u>\$ 28,642</u>	<u>\$ 55,372</u>	<u>\$ 107,872</u>	<u>\$ 50,047</u>	<u>\$ (304,393)</u>
Plan fiduciary net position as a percentage of total pension liability	<u>92.61%</u>	<u>87.06%</u>	<u>89.81%</u>	<u>90.29%</u>	<u>99.43%</u>	<u>93.98%</u>	<u>97.57%</u>	<u>99.85%</u>	<u>96.96%</u>	<u>94.40%</u>	<u>97.48%</u>	<u>116.95%</u>
Covered payroll	<u>\$ 39,079,963</u>	<u>\$ 38,259,805</u>	<u>\$ 37,197,611</u>	<u>\$ 37,009,571</u>	<u>\$ 6,373,699</u>	<u>\$ 6,361,525</u>	<u>\$ 6,167,447</u>	<u>\$ 6,035,633</u>	<u>\$ 416,038</u>	<u>\$ 490,949</u>	<u>\$ 540,694</u>	<u>\$ 605,577</u>
Net pension liability as a percentage of covered payroll	<u>37.65%</u>	<u>64.83%</u>	<u>50.32%</u>	<u>45.92%</u>	<u>2.08%</u>	<u>20.86%</u>	<u>8.24%</u>	<u>0.47%</u>	<u>13.31%</u>	<u>21.97%</u>	<u>9.26%</u>	<u>-50.26%</u>

Schedule is intended to show information for 10 years. Since 2018 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become available.

\* Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net Pension Liability**  
**School Board's Professional Employees**  
**Years Ended June 30, 2018**

	(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 Payroll	Employer's Proportionate Share of the NPL as a % of its Covered Payroll b / c	Plan Fiduciary Net Position as a % of the Total Pension Liability
Date					
<b>Professional Employees</b>					
June 30, 2018	0.85148%	\$ 104,715,000	\$ 66,894,061	156.54%	72.92%
June 30, 2017	0.87024%	121,956,000	66,367,678	183.76%	68.28%
June 30, 2016	0.85504%	107,618,000	63,559,725	169.32%	70.68%
June 30, 2015	0.83118%	100,445,000	60,755,750	165.33%	70.88%

Schedule is intended to show information for 10 years. Since 2018 is the fourth year for this presentation, only three additional years of data are available. However, additional years will be included as they become

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

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer Contributions - Pension**  
**Years Ended June 30, 2018, 2017 and 2016**

	(a)	(b)	(c)	(d)	(e)
	Contractually Required Contributions	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess) (a) - (b)	Employer's Covered Payroll	Contributions as a Percentage of Covered Payroll (b) / (d)
Date					
<b>County</b>					
June 30, 2018	\$ 4,170,856	\$ 4,170,856	-	\$ 41,074,204	10.15%
June 30, 2017	3,686,802	3,686,802	-	39,079,963	9.43%
June 30, 2016	4,480,621	4,480,621	-	38,259,805	11.71%
June 30, 2015	4,359,173	4,359,173	-	37,197,611	11.72%
June 30, 2014	6,183,660	6,183,660	-	37,009,571	16.71%
June 30, 2013	6,020,741	6,020,741	-	36,232,767	16.62%
June 30, 2012	4,887,296	4,887,296	-	34,397,352	14.21%
June 30, 2011	5,002,989	5,002,989	-	35,320,303	14.16%
June 30, 2010	4,809,039	4,809,039	-	36,442,031	13.20%
June 30, 2009	4,723,525	4,723,525	-	36,662,675	12.88%
<b>School Board Nonprofessional</b>					
June 30, 2018	\$ 355,364	\$ 355,364	\$ -	\$ 6,347,608	5.60%
June 30, 2017	363,194	363,194	-	6,373,699	5.70%
June 30, 2016	489,081	489,081	-	6,361,525	7.69%
June 30, 2015	475,903	475,903	-	6,167,447	7.72%
June 30, 2014	542,604	542,604	-	6,035,633	8.99%
June 30, 2013	519,830	519,830	-	5,782,294	8.99%
June 30, 2012	699,906	699,906	-	6,016,887	11.63%
June 30, 2011	717,579	717,579	-	6,164,768	11.64%
June 30, 2010	743,242	743,242	-	6,142,499	12.10%
June 30, 2009	753,611	753,611	-	6,227,359	12.10%
<b>School Board Professional</b>					
June 30, 2018	\$ 10,867,762	\$ 10,867,762	\$ -	\$ 67,691,857	16.05%
June 30, 2017	9,684,516	9,684,516	-	66,894,061	14.48%
June 30, 2016	9,271,511	9,271,511	-	66,367,678	13.97%
June 30, 2015	9,180,878	9,180,878	-	63,559,725	14.44%
June 30, 2014	7,081,843	7,081,843	-	60,755,750	11.66%
June 30, 2013	6,906,219	6,906,219	-	59,230,011	11.66%
June 30, 2012	6,876,567	6,876,567	-	60,693,441	11.33%
June 30, 2011	5,482,734	5,482,734	-	61,396,807	8.93%
June 30, 2010	7,043,137	7,043,137	-	62,498,365	11.27%
June 30, 2009	8,711,674	8,711,674	-	63,082,361	13.81%
<b>School Board Optional</b>					
June 30, 2018	\$ -	\$ -	\$ -	\$ 393,083	0.00%
June 30, 2017	20,000	20,000	-	416,038	4.81%
June 30, 2016	5,370	10,000	(4,630)	490,949	2.04%
June 30, 2015	-	-	-	540,694	0.00%
June 30, 2014	-	-	-	-	0.00%
June 30, 2013	-	-	-	-	0.00%
June 30, 2012	41,786	41,786	-	-	0.00%
June 30, 2011	45,923	45,923	-	-	0.00%
June 30, 2010	37,710	37,710	-	-	0.00%
June 30, 2009	55,838	55,838	-	-	0.00%

No changes have been made since GASB 68 has become effective.

# COUNTY OF YORK, VIRGINIA

## Schedule of Changes in Employer's Net OPEB Liability and Related Ratios Year Ended June 30

	County		School Board	
	2018	2017	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 299,500	\$ 289,250	\$ 280,180	\$ 261,850
Interest	1,539,270	1,002,541	323,944	308,920
Liability gains or losses	6,981,442	-	-	-
Assumption changes or inputs	(15,941,922)	-	-	-
Benefit payments	(802,870)	(435,212)	(352,983)	(395,238)
Net change in total OPEB liability	(7,924,580)	856,579	251,141	175,532
Total OPEB liability - beginning	15,103,269	14,246,690	4,521,095	4,345,563
Total OPEB liability - ending	<u>\$ 7,178,689</u>	<u>\$ 15,103,269</u>	<u>\$ 4,772,236</u>	<u>\$ 4,521,095</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 1,183,144	\$ 812,312	\$ 563,505	\$ 589,228
Net investment income	776,228	911,857	602,829	700,174
Benefit payments	(802,870)	(435,212)	(352,983)	(395,238)
Administrative expenses	(9,596)	(6,740)	(7,558)	(5,292)
Net change in plan fiduciary net position	1,146,906	1,282,217	805,793	888,872
Plan fiduciary net position - beginning	8,056,758	6,774,541	6,269,247	5,380,376
Plan fiduciary net position - ending	<u>\$ 9,203,664</u>	<u>\$ 8,056,758</u>	<u>\$ 7,075,040</u>	<u>\$ 6,269,248</u>
Net OPEB liability (asset)	<u>\$ (2,024,975)</u>	<u>\$ 7,046,511</u>	<u>\$ (2,302,804)</u>	<u>\$ (1,748,153)</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>128.21%</u>	<u>53.34%</u>	<u>148.25%</u>	<u>138.67%</u>
Covered-employee payroll	<u>\$ 39,807,161</u>	<u>\$ 37,197,611</u>	<u>\$ 73,417,704</u>	<u>\$ 73,417,704</u>
Net OPEB liability as a percentage of covered employee payroll	<u>-5.09%</u>	<u>18.94%</u>	<u>-3.14%</u>	<u>-2.38%</u>

Schedule is intended to show information for 10 years. Since 2018 is the second year for this presentation, only one additional year is available. However, additional years will be included as they become available.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer Contributions**  
**Other Postemployment Benefits - Health/Dental**  
**Years Ended June 30**

<b>County</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Actuarially determined contribution	\$ 73,133	\$ 816,365	\$ 762,958
Contributions in relation to the actuarially determined contribution	<u>1,183,144</u>	<u>812,312</u>	<u>7,146,558</u>
Contribution deficiency (excess)	<u>\$ (1,110,011)</u>	<u>\$ 4,053</u>	<u>\$ (6,383,600)</u>
Covered payroll	<u>\$39,807,161</u>	<u>\$37,197,611</u>	<u>\$37,197,611</u>
Contribution as a % of covered payroll	<u>2.97%</u>	<u>2.18%</u>	<u>19.21%</u>
<b>School Division</b>			
	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Actuarially determined contribution	\$ 210,522	\$ 193,990	\$ 178,621
Contributions in relation to the actuarially determined contribution	<u>563,505</u>	<u>589,228</u>	<u>5,777,164</u>
Contribution deficiency (excess)	<u>\$ (352,983)</u>	<u>\$ (395,238)</u>	<u>\$ (5,598,543)</u>
Covered payroll	<u>\$73,417,704</u>	<u>\$73,417,704</u>	<u>\$73,417,704</u>
Contribution as a % of covered payroll	<u>0.77%</u>	<u>0.80%</u>	<u>7.87%</u>

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Changes in Employer's Net HIC OPEB**  
**Liability and Related Ratios**  
**Year Ended June 30**

	<u>County</u> <u>2018</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 25,337
Interest	84,360
Assumption changes or inputs	(44,791)
Benefit payments	(44,700)
Net change in total OPEB liability	20,206
Total OPEB liability - beginning	1,227,505
Total OPEB liability - ending	<u>\$ 1,247,711</u>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 73,420
Net investment income	90,253
Benefit payments	(44,700)
Administrative expenses	(1,503)
Other changes	4,438
Net change in plan fiduciary net position	121,908
Plan fiduciary net position - beginning	762,861
Plan fiduciary net position - ending	<u>\$ 884,769</u>
Net OPEB liability	<u>\$ 362,942</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>70.91%</u>
Covered payroll	<u>\$ 39,079,963</u>
Net OPEB liability as a percentage of covered payroll	<u>0.93%</u>

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only FY2018 is available. However, additional years will be included as they become

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer HIC OPEB Contributions**  
**For the Years Ended June 30, 2009 through 2018**

	(a)	(b)	(c)	(d)	(e)
<b>Date</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess) (a) - (b)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll (b) / (d)</b>
<b>County</b>					
June 30, 2018	\$ 54,191	\$ 54,191	-	\$ 39,807,161	0.14%
June 30, 2017	51,206	51,206	-	39,079,963	0.13%
June 30, 2016	50,313	50,313	-	38,259,805	0.13%
June 30, 2015	49,503	49,503	-	37,197,611	0.13%
June 30, 2014	41,680	41,680	-	37,009,571	0.11%
June 30, 2013	57,577	57,577	-	36,232,767	0.16%
June 30, 2012	52,474	52,474	-	34,397,352	0.15%
June 30, 2011	53,720	53,720	-	35,320,303	0.15%
June 30, 2010	83,728	83,728	-	36,442,031	0.23%
June 30, 2009	82,226	82,226	-	36,662,675	0.22%
<b>School Board Professional</b>					
June 30, 2018	\$ 832,471	\$ 832,471	\$ -	\$ 67,680,531	1.23%
June 30, 2017	743,350	743,350	-	66,968,466	1.11%
June 30, 2016	703,335	703,335	-	66,352,331	1.06%
June 30, 2015	673,859	673,859	-	63,571,618	1.06%
June 30, 2014	674,705	674,705	-	60,784,260	1.11%
June 30, 2013	657,477	657,477	-	59,232,163	1.11%
June 30, 2012	364,850	364,850	-	60,808,301	0.60%
June 30, 2011	368,935	368,935	-	61,489,088	0.60%
June 30, 2010	463,345	463,345	-	62,617,916	0.74%
June 30, 2009	681,926	681,926	-	63,141,254	1.08%

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Health Insurance Credit Program - Professional Employees**  
**Year Ended June 30**

<b>School Division</b>	
	<u>2018</u>
Employer's Proportion of the Net HIC OPEB Liability	0.84856%
Employer's Proportionate Share of the Net HIC OPEB Liability	\$ 10,765,000
Employer's Covered Payroll	\$ 66,968,466
Employer's Proportionate Share of the Net HIC OPEB Liability as a Percentage of its Covered Payroll	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	7.04%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.



**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Group Life Insurance Program**  
**Year Ended June 30**

<b>County</b>	
	<u>2018</u>
Employer's Proportion of the Net GLI OPEB Liability	0.21034%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 3,165,000
Employer's Covered Payroll	\$ 38,797,164
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Group Life Insurance Program - Nonprofessional Employees**  
**Years Ended June 30**

<b>School Division</b>	
	<u>2018</u>
Employer's Proportion of the Net GLI OPEB Liability	0.03505%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 527,000
Employer's Covered Payroll	\$ 6,465,629
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.15%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Group Life Insurance Program - Professional Employees**  
**Years Ended June 30**

<b>School Division</b>	
	<u>2018</u>
Employer's Proportion of the Net GLI OPEB Liability	0.36412%
Employer's Proportionate Share of the Net GLI OPEB Liability	\$ 5,479,000
Employer's Covered Payroll	\$ 67,163,557
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	48.86%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer GLI OPEB Contributions**  
**For the Years Ended June 30, 2009 through 2018**

	(a)	(b)	(c)	(d)	(e)
<b>Date</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess) (a) - (b)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll (b) / (d)</b>
<b>County</b>					
June 30, 2018	\$ 213,240	\$ 213,240	-	\$ 41,007,670	0.52%
June 30, 2017	201,745	201,745	-	38,797,164	0.52%
June 30, 2016	182,606	182,606	-	38,042,921	0.48%
June 30, 2015	179,206	179,206	-	37,334,631	0.48%
June 30, 2014	178,047	178,047	-	37,093,209	0.48%
June 30, 2013	173,173	173,173	-	36,077,655	0.48%
June 30, 2012	98,058	98,058	-	35,020,634	0.28%
June 30, 2011	100,373	100,373	-	35,847,507	0.28%
June 30, 2010	73,889	73,889	-	27,366,315	0.27%
June 30, 2009	96,672	96,672	-	35,804,290	0.27%
<b>School Board Nonprofessional</b>					
June 30, 2018	\$ 33,613	\$ 33,613	\$ -	\$ 6,464,042	0.52%
June 30, 2017	33,621	33,621	-	6,465,629	0.52%
June 30, 2016	31,104	31,104	-	6,479,929	0.48%
June 30, 2015	29,858	29,858	-	6,220,361	0.48%
June 30, 2014	29,091	29,091	-	6,060,588	0.48%
June 30, 2013	28,253	28,253	-	5,885,972	0.48%
June 30, 2012	16,918	16,918	-	6,042,070	0.28%
June 30, 2011	17,495	17,495	-	6,248,301	0.28%
June 30, 2010	12,120	12,120	-	6,238,902	0.19%
June 30, 2009	17,021	17,021	-	6,303,895	0.27%
<b>School Board Professional</b>					
June 30, 2018	\$ 353,658	\$ 353,658	\$ -	\$ 68,011,166	0.52%
June 30, 2017	349,251	349,251	-	67,163,557	0.52%
June 30, 2016	319,402	319,402	-	66,542,088	0.48%
June 30, 2015	306,106	306,106	-	63,772,157	0.48%
June 30, 2014	292,259	292,259	-	60,887,315	0.48%
June 30, 2013	284,574	284,574	-	59,286,277	0.48%
June 30, 2012	170,304	170,304	-	60,822,776	0.28%
June 30, 2011	172,205	172,205	-	61,501,849	0.28%
June 30, 2010	120,348	120,348	-	62,630,962	0.19%
June 30, 2009	170,503	170,503	-	63,149,329	0.27%

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Virginia Local Disability Program - Nonprofessional Employees**  
**Years Ended June 30**

<b>School Division</b>	
	<u>2018</u>
Employer's Proportion of the Net VLDP OPEB Liability	0.58111%
Employer's Proportionate Share of the Net VLDP OPEB Liability	\$ 3,000
Employer's Covered Payroll	\$ 1,067,079
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.28%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	0.21%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer's Share of Net OPEB Liability**  
**Virginia Local Disability Program - Professional Employees**  
**Years Ended June 30**

<b>School Division</b>	
	<u>2018</u>
Employer's Proportion of the Net VLDP OPEB Liability	2.91011%
Employer's Proportionate Share of the Net VLDP OPEB Liability	\$ 17,000
Employer's Covered Payroll	\$ 8,212,334
Employer's Proportionate Share of the Net VLDP OPEB Liability as a Percentage of its Covered Payroll	0.21%
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	0.21%

Schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

\* Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Employer Virginia Local Disability Program (VLDP)**  
**For the Years Ended June 30, 2014 through 2018**

	(a)	(b)	(c)	(d)	(e)
<b>Date</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess) (a) - (b)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll (b) / (d)</b>
<b>School Board Nonprofessional</b>					
June 30, 2018	\$ 8,070	\$ 8,070	\$ -	\$ 1,344,986	0.60%
June 30, 2017	6,402	6,402	-	1,067,079	0.60%
June 30, 2016	4,505	4,505	-	750,816	0.60%
June 30, 2015	2,825	2,825	-	470,890	0.60%
June 30, 2014	461	461	-	76,841	0.60%
<b>School Board Professional</b>					
June 30, 2018	\$ 31,234	\$ 31,234	\$ -	\$ 10,075,546	0.31%
June 30, 2017	25,458	25,458	-	8,212,334	0.31%
June 30, 2016	18,227	18,227	-	6,285,203	0.29%
June 30, 2015	9,074	9,074	-	3,129,075	0.29%
June 30, 2014	336	336	-	115,993	0.29%

Schedule is intended to show information for 10 years. Since VLDP was implemented in January 2014, only five years of data is available. However, additional years will be included as they become available.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Investment Returns**  
**Other Postemployment Benefits**  
**Years Ended June 30**

<hr/>		
	<b>County</b>	
	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	9.46%	12.93%

Schedule is intended to show information for 10 years. Since 2018 is the second year for this presentation, only two years of data are available. However, additional years will be included as they become available.



**COUNTY OF YORK, VIRGINIA**  
Notes to Required Supplementary Information  
June 30, 2018

**1. BUDGETARY DATA**

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

The budgetary data reported in the required supplementary information reflects the approved County Budget as adopted by the Board of Supervisors for the year ended June 30, 2018, as amended. The budget may be amended by the Board of Supervisors through supplemental appropriations or transfers as necessary. The legal level of budgetary control rests at the fund level with the exception of the General Fund, which is appropriated at the functional level. In addition, the County Code provides that the County Administrator may transfer funds within appropriation functions. These transfers may be made to allow the disbursement of funds for unanticipated costs incurred in daily County operations.

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

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

**2. PENSION DATA**

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Required Supplementary Information  
June 30, 2018

**2. PENSION DATA (Continued)**

Largest 10 – Non-Hazardous Duty:

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

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

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

Largest 10 – Hazardous Duty:

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%

**COUNTY OF YORK, VIRGINIA**  
Notes to Required Supplementary Information  
June 30, 2018

**3. OTHER POSTEMPLOYMENT BENEFITS GLI and HIC (OPEB) DATA**

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

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

Largest 10 – General Employees:

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

Non-Largest – General Employees:

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

Largest 10 – Hazardous Duty:

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

**COUNTY OF YORK, VIRGINIA**  
Notes to Required Supplementary Information  
June 30, 2018

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

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

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

The County and School Division pre-fund benefits through contributions to the trust. The current funding policy is to contribute the Actuarially Determined Contribution as calculated by the actuary. The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed period. The following methods and assumptions were used to calculate the Actuarially Determined Contribution for the fiscal year ending June 30, 2018.

Actuarial cost method:	Projected Unit Credit
Amortization method:	Level percentage of payroll, layered over 30 years
Asset valuation method:	Market value
Inflation:	2.5 percent
Payroll growth:	3.0 percent
Discount rate:	7.0 percent
Medical cost trend:	Pre-65 is 6.4 percent graded to 4.2 percent for fiscal year ending June 30, 2088 Post-65 is 6.6 percent graded to 4.2 percent for fiscal year ending June 30, 2085
Dental cost trend:	4.2 percent

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## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds:**

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

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

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

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

### **Debt Service Funds:**

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

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

### **Capital Project Funds:**

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue						Total Nonmajor Governmental Funds
	Children & Family Services	Virginia Public Assistance	Law Library	Community Development Authority Revenue Account	Debt Service County	Stormwater Capital Project	
<b>ASSETS</b>							
Cash and investments	\$ 317,815	\$ 43,899	\$ 16,616	\$ 250,634	\$ 36,951	\$ 3,519,166	\$ 4,185,081
Receivables, net	185,745	482,333	12	92,848	-	180,479	941,417
Prepaid expenditures	-	-	-	34,015	-	-	34,015
Total assets	<u>\$ 503,560</u>	<u>\$ 526,232</u>	<u>\$ 16,628</u>	<u>\$ 377,497</u>	<u>\$ 36,951</u>	<u>\$ 3,699,645</u>	<u>\$ 5,160,513</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
Liabilities:							
Accounts payable	\$ 42,018	\$ 104,628	\$ -	\$ -	\$ 20,000	\$ 211,575	\$ 378,221
Salaries, taxes and benefits payable	44,888	101,435	-	-	-	-	146,323
Unearned revenue	-	-	-	-	-	196,920	196,920
Due to component unit - CDA	-	-	-	343,482	-	-	343,482
Total liabilities	<u>86,906</u>	<u>206,063</u>	<u>-</u>	<u>343,482</u>	<u>20,000</u>	<u>408,495</u>	<u>1,064,946</u>
Deferred inflows of resources:							
Deferred revenues - prepaid taxes	-	-	-	34,015	-	-	34,015
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,015</u>	<u>-</u>	<u>-</u>	<u>34,015</u>
Fund balances:							
Restricted	1,498	-	16,628	-	-	-	18,126
Committed	-	-	-	-	-	3,291,150	3,291,150
Assigned	415,156	320,169	-	-	16,951	-	752,276
Total fund balances	<u>416,654</u>	<u>320,169</u>	<u>16,628</u>	<u>-</u>	<u>16,951</u>	<u>3,291,150</u>	<u>4,061,552</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 503,560</u>	<u>\$ 526,232</u>	<u>\$ 16,628</u>	<u>\$ 377,497</u>	<u>\$ 36,951</u>	<u>\$ 3,699,645</u>	<u>\$ 5,160,513</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018

	<b>Special Revenue</b>			<b>Community Development Authority Revenue Account</b>	<b>Debt Service County</b>	<b>Stormwater Capital Project</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>	<b>Children &amp; Family Services</b>	<b>Virginia Public Assistance</b>	<b>Law Library</b>				
General property taxes	\$ -	\$ -	\$ -	\$ 397,775	\$ -	\$ -	\$ 397,775
Other local taxes	-	-	-	582,995	-	1,215,920	1,798,915
Intergovernmental							
Federal	1,122,235	2,662,900	-	-	-	-	3,785,135
State	-	1,589,368	-	-	-	160,846	1,750,214
Use of money and property	2,951	-	109	681	605	24,159	28,505
Charges for services	4,000	952	8,136	-	-	2,775	15,863
Miscellaneous	4,609	1,526	-	-	-	404	6,539
Recovered costs	-	298,923	-	-	-	-	298,923
Total revenues	<u>1,133,795</u>	<u>4,553,669</u>	<u>8,245</u>	<u>981,451</u>	<u>605</u>	<u>1,404,104</u>	<u>8,081,869</u>
<b>EXPENDITURES</b>							
Current:							
Judicial services	-	-	5,017	-	-	-	5,017
Public Safety	-	-	-	-	-	-	-
Human services	1,394,069	6,858,319	-	-	-	-	8,252,388
Nondepartmental	-	-	-	824,451	-	-	824,451
Capital outlay	-	-	-	-	-	1,270,782	1,270,782
Debt service:							
Principal retirement	-	-	-	-	3,995,259	-	3,995,259
Interest and fiscal charges	-	-	-	-	1,025,778	-	1,025,778
Debt issuance costs	-	-	-	-	128,225	-	128,225
Total expenditures	<u>1,394,069</u>	<u>6,858,319</u>	<u>5,017</u>	<u>824,451</u>	<u>5,149,262</u>	<u>1,270,782</u>	<u>15,501,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(260,274)</u>	<u>(2,304,650)</u>	<u>3,228</u>	<u>157,000</u>	<u>(5,148,657)</u>	<u>133,322</u>	<u>(7,420,031)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers in	250,000	2,154,220	-	-	4,053,058	200,000	6,657,278
Issuance of debt	-	-	-	-	7,555,000	-	7,555,000
Premium on bonds issued	-	-	-	-	710,812	-	710,812
Transfers out	-	-	-	(157,000)	(8,137,587)	-	(8,294,587)
Total other financing sources and uses, net	<u>250,000</u>	<u>2,154,220</u>	<u>-</u>	<u>(157,000)</u>	<u>4,181,283</u>	<u>200,000</u>	<u>6,628,503</u>
Net change in fund balances	<u>(10,274)</u>	<u>(150,430)</u>	<u>3,228</u>	<u>-</u>	<u>(967,374)</u>	<u>333,322</u>	<u>(791,528)</u>
Fund balances, beginning of year	<u>426,928</u>	<u>470,599</u>	<u>13,400</u>	<u>-</u>	<u>984,325</u>	<u>2,957,828</u>	<u>4,853,080</u>
Fund balances, end of year	<u>\$ 416,654</u>	<u>\$ 320,169</u>	<u>\$ 16,628</u>	<u>\$ -</u>	<u>\$ 16,951</u>	<u>\$ 3,291,150</u>	<u>\$ 4,061,552</u>



**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Nonmajor Special Revenue Funds  
 For the Year Ended June 30, 2018

Children and Family Services					Virginia Public Assistance				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
<b>REVENUES</b>									
Intergovernmental:									
Federal	\$ 1,066,807	\$ 1,066,807	\$ 1,122,235	\$ 55,428	\$ 2,383,252	\$ 2,383,252	\$ 2,662,900	\$ 279,648	
State	-	-	-	-	1,608,916	1,801,353	1,589,368	(211,985)	
Use of money and property	1,800	1,800	2,951	1,151	-	-	-	-	
Charges for services	17,000	17,000	4,000	(13,000)	-	-	952	952	
Miscellaneous	2,400	4,450	4,609	159	-	-	1,526	1,526	
Recovered costs	-	-	-	-	270,000	270,000	298,923	28,923	
Total revenues	<u>1,088,007</u>	<u>1,090,057</u>	<u>1,133,795</u>	<u>43,738</u>	<u>4,262,168</u>	<u>4,454,605</u>	<u>4,553,669</u>	<u>99,064</u>	
<b>EXPENDITURES</b>									
Current:									
Human services	1,502,613	1,504,663	1,394,069	110,594	6,600,623	6,916,677	6,858,319	58,358	
Total expenditures	<u>1,502,613</u>	<u>1,504,663</u>	<u>1,394,069</u>	<u>110,594</u>	<u>6,600,623</u>	<u>6,916,677</u>	<u>6,858,319</u>	<u>58,358</u>	
Excess (deficiency) of revenues over (under) expenditures	(414,606)	(414,606)	(260,274)	154,332	(2,338,455)	(2,462,072)	(2,304,650)	157,422	
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	250,000	250,000	250,000	-	2,153,380	2,276,997	2,154,220	(122,777)	
Total other financing sources	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>2,153,380</u>	<u>2,276,997</u>	<u>2,154,220</u>	<u>(122,777)</u>	
Net change in fund balances	(164,606)	(164,606)	(10,274)	154,332	(185,075)	(185,075)	(150,430)	34,645	
Fund balances, beginning of year	75,775	69,171	426,928	357,757	203,988	203,988	470,599	266,611	
Fund balances, end of year	<u>\$ (88,831)</u>	<u>\$ (95,435)</u>	<u>\$ 416,654</u>	<u>\$ 512,089</u>	<u>\$ 18,913</u>	<u>\$ 18,913</u>	<u>\$ 320,169</u>	<u>\$ 301,256</u>	

Law Library					Community Development Authority Revenue Account				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
<b>REVENUES</b>									
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 312,557	\$ 312,557	\$ 397,775	\$ 85,218	
Other local taxes	-	-	-	-	578,000	578,000	582,995	4,995	
Use of money and property	60	60	109	49	-	-	681	681	
Charges for services	7,200	7,200	8,136	936	-	-	-	-	
Total revenues	<u>7,260</u>	<u>7,260</u>	<u>8,245</u>	<u>985</u>	<u>890,557</u>	<u>890,557</u>	<u>981,451</u>	<u>90,894</u>	
<b>EXPENDITURES</b>									
Current:									
Judicial services	9,000	9,000	5,017	3,983	-	-	-	-	
Nondepartmental	-	-	-	-	733,557	733,557	824,451	(90,894)	
Total expenditures	<u>9,000</u>	<u>9,000</u>	<u>5,017</u>	<u>3,983</u>	<u>733,557</u>	<u>733,557</u>	<u>824,451</u>	<u>(90,894)</u>	
Excess (deficiency) of revenues over (under) expenditures	(1,740)	(1,740)	3,228	4,968	157,000	157,000	157,000	-	
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers out	-	-	-	-	(157,000)	(157,000)	(157,000)	-	
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(157,000)</u>	<u>(157,000)</u>	<u>(157,000)</u>	<u>-</u>	
Net change in fund balances	(1,740)	(1,740)	3,228	4,968	-	-	-	-	
Fund balances, beginning of year	8,975	8,975	13,400	4,425	-	-	-	-	
Fund balances, end of year	<u>\$ 7,235</u>	<u>\$ 7,235</u>	<u>\$ 16,628</u>	<u>\$ 9,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

Total									
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)					
<b>REVENUES</b>									
General property taxes	\$ 312,557	\$ 312,557	\$ 397,775	\$ 85,218					
Other local taxes	578,000	578,000	582,995	4,995					
Intergovernmental									
Federal	3,450,059	3,450,059	3,785,135	335,076					
State	1,608,916	1,801,353	1,589,368	(211,985)					
Use of money and property	1,860	1,860	3,741	1,881					
Charges for services	24,200	24,200	13,088	(11,112)					
Miscellaneous	2,400	4,450	6,135	1,685					
Recovered costs	270,000	270,000	298,923	28,923					
Total revenues	<u>6,247,992</u>	<u>6,442,479</u>	<u>6,677,160</u>	<u>234,681</u>					
<b>EXPENDITURES</b>									
Current:									
Judicial services	9,000	9,000	5,017	3,983					
Human services	8,103,236	8,421,340	8,252,388	168,952					
Nondepartmental	733,557	733,557	824,451	(90,894)					
Total expenditures	<u>8,845,793</u>	<u>9,163,897</u>	<u>9,081,856</u>	<u>82,041</u>					
Excess (deficiency) of revenues over (under) expenditures	(2,597,801)	(2,721,418)	(2,404,696)	316,722					
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	2,403,380	2,526,997	2,404,220	(122,777)					
Transfers out	(157,000)	(157,000)	(157,000)	-					
Total other financing sources and uses, net	<u>2,246,380</u>	<u>2,369,997</u>	<u>2,247,220</u>	<u>(122,777)</u>					
Net change in fund balances	(351,421)	(351,421)	(157,476)	193,945					
Fund balances, beginning of year	288,738	282,134	910,927	628,793					
Fund balances, end of year	<u>\$ (62,683)</u>	<u>\$ (69,287)</u>	<u>\$ 753,451</u>	<u>\$ 822,738</u>					

**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Debt Service Funds  
 For the Year Ended June 30, 2018

	County				Education			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUE</b>								
Intergovernmental - Federal	\$ -	\$ -	\$ -	\$ -	\$ 55,368	\$ 55,368	\$ 55,547	\$ 179
Intergovernmental - State	-	-	-	-	72,523	72,523	78,997	6,474
Use of money and property	-	-	605	605	-	-	-	-
Recovered costs	-	-	-	-	105,612	105,612	105,612	-
Total revenues	-	-	605	605	233,503	233,503	240,156	6,653
<b>EXPENDITURES</b>								
Education	-	-	-	-	8,715,000	8,715,000	8,302,295	412,705
Debt service:								
Principal retirement	3,091,003	3,091,003	3,995,259	(904,256)	4,595,000	4,595,000	4,595,000	-
Interest and fiscal charges	947,041	947,041	1,025,778	(78,737)	2,576,109	2,576,109	2,585,336	(9,227)
Costs of issuance	64,000	64,000	128,225	(64,225)	175,000	175,000	25,386	149,614
Total expenditures	4,102,044	4,102,044	5,149,262	(1,047,218)	16,061,109	16,061,109	15,508,017	553,092
Excess (deficiency) of revenues over (under) expenditures	(4,102,044)	(4,102,044)	(5,148,657)	(1,046,613)	(15,827,606)	(15,827,606)	(15,267,861)	559,745
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	3,053,058	4,053,058	4,053,058	-	7,112,606	7,112,606	6,960,388	(152,218)
Issuance of debt, net	3,200,000	7,571,000	7,555,000	(16,000)	8,715,000	8,715,000	7,850,000	(865,000)
Premium on bonds issued	-	-	710,812	710,812	-	-	467,681	467,681
Transfers out	(3,136,000)	(7,507,000)	(8,137,587)	(630,587)	-	-	-	-
Total other financing sources and uses, net	3,117,058	4,117,058	4,181,283	64,225	15,827,606	15,827,606	15,278,069	(549,537)
Net change in fund balances	(984,986)	15,014	(967,374)	(982,388)	-	-	10,208	10,208
Fund balances, beginning of year	-	-	984,325	984,325	-	-	-	-
Fund balances, end of year	\$ (984,986)	\$ 15,014	\$ 16,951	\$ 1,937	\$ -	\$ -	\$ 10,208	\$ 10,208
	<b>Total</b>							
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)				
<b>REVENUE</b>								
Intergovernmental - Federal	\$ 55,368	\$ 55,368	\$ 55,547	\$ 179				
Intergovernmental - State	72,523	72,523	78,997	6,474				
Use of money and property	-	-	605	605				
Recovered costs	105,612	105,612	105,612	-				
Total revenues	233,503	233,503	240,761	7,258				
<b>EXPENDITURES</b>								
Education	8,715,000	8,715,000	8,302,295	412,705				
Debt service:								
Principal retirement	7,686,003	7,686,003	8,590,259	(904,256)				
Interest and fiscal charges	3,523,150	3,523,150	3,611,114	(87,964)				
Refunding and other costs of issuance	239,000	239,000	153,611	85,389				
Total expenditures	20,163,153	20,163,153	20,657,279	(494,126)				
Excess (deficiency) of revenues over (under) expenditures	(19,929,650)	(19,929,650)	(20,416,518)	(486,868)				
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	10,165,664	11,165,664	11,013,446	(152,218)				
Issuance of debt	11,915,000	16,286,000	15,405,000	(881,000)				
Premium on bonds issued	-	-	1,178,493	1,178,493				
Transfers out	(3,136,000)	(7,507,000)	(8,137,587)	(630,587)				
Total other financing sources and uses, net	18,944,664	19,944,664	19,459,352	(485,312)				
Net change in fund balances	(984,986)	15,014	(957,166)	(972,180)				
Fund balances, beginning of year	-	-	984,325	984,325				
Fund balances, end of year	\$ (984,986)	\$ 15,014	\$ 27,159	\$ 12,145				

**COUNTY OF YORK, VIRGINIA**  
 Budgetary Comparison Schedule  
 Capital Project Funds  
 For the Year Ended June 30, 2018

	Stormwater Fund				Yorktown Capital Improvements			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental:								
State	\$ -	\$ -	\$ 160,846	\$ 160,846	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	930,000	1,215,920	285,920	-	-	-	-
Use of money and property	9,500	9,500	24,159	14,659	-	-	11,043	11,043
Miscellaneous	-	-	404	404	-	-	-	-
Charges for services	28,000	28,000	2,775	(25,225)	-	-	-	-
Total revenues	37,500	967,500	1,404,104	436,604	-	-	11,043	11,043
<b>EXPENDITURES</b>								
Capital outlay	4,680,024	4,680,024	1,270,782	3,409,242	248,264	248,264	-	248,264
Total expenditures	4,680,024	4,680,024	1,270,782	3,409,242	248,264	248,264	-	248,264
Excess (deficiency) of revenues over (under) expenditures	(4,642,524)	(3,712,524)	133,322	3,845,846	(248,264)	(248,264)	11,043	259,307
<b>OTHER FINANCING SOURCES</b>								
Transfers in	1,130,000	200,000	200,000	-	-	-	778,503	778,503
Total other financing sources	1,130,000	200,000	200,000	-	-	-	778,503	778,503
Net change in fund balances	(3,512,524)	(3,512,524)	333,322	3,845,846	(248,264)	(248,264)	789,546	1,037,810
Fund balances (deficit), beginning of year	(2,104,123)	(2,104,123)	2,957,828	5,061,951	(6,634,038)	(6,634,038)	(4,736,725)	1,897,313
Fund balances (deficit), end of year	\$ (5,616,647)	\$ (5,616,647)	\$ 3,291,150	\$ 8,907,797	\$ (6,882,302)	\$ (6,882,302)	\$ (3,947,179)	\$ 2,935,123

	County Capital				Total			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>								
Intergovernmental:								
State	\$ -	\$ 1,203,450	\$ 32,089	\$ (1,171,361)	\$ -	\$ 1,203,450	\$ 192,935	\$ (1,010,515)
Other local taxes	-	-	-	-	-	930,000	1,215,920	285,920
Use of money and property	48,000	48,000	137,978	89,978	57,500	57,500	173,180	115,680
Charges for services	-	-	-	-	28,000	28,000	2,775	(25,225)
Miscellaneous	-	850,290	1,961,069	1,110,779	-	850,290	1,961,473	1,111,183
Recovered costs	60,305	60,305	60,305	-	60,305	60,305	60,305	-
Total revenues	108,305	2,162,045	2,191,441	29,396	145,805	3,129,545	3,606,588	477,043
<b>EXPENDITURES</b>								
Education	-	700,000	700,000	-	-	700,000	700,000	-
Capital outlay	26,832,332	28,936,587	4,840,878	24,095,709	31,760,620	33,864,875	6,111,660	27,753,215
Principal repayment	-	-	-	-	-	-	-	-
Total expenditures	26,832,332	29,636,587	5,540,878	24,095,709	31,760,620	34,564,875	6,811,660	27,753,215
Excess (deficiency) of revenues over (under) expenditures	(26,724,027)	(27,474,542)	(3,349,437)	24,125,105	(31,614,815)	(31,435,330)	(3,205,072)	28,230,258
<b>OTHER FINANCING SOURCES</b>								
Transfers in	4,386,174	12,139,159	12,169,746	30,587	5,516,174	12,339,159	13,148,249	809,090
Total other financing sources	4,386,174	12,139,159	12,169,746	30,587	5,516,174	12,339,159	13,148,249	809,090
Net change in fund balances	(22,337,853)	(15,335,383)	8,820,309	24,155,692	(26,098,641)	(19,096,171)	9,943,177	29,039,348
Fund balances (deficit), beginning of year	(30,335,079)	(26,710,587)	15,335,383	42,045,970	(39,073,240)	(35,448,748)	13,556,486	49,005,234
Fund balances (deficit), end of year	\$ (52,672,932)	\$ (42,045,970)	\$ 24,155,692	\$ 66,201,662	\$ (65,171,881)	\$ (54,544,919)	\$ 23,499,663	\$ 78,044,582

## **NONMAJOR ENTERPRISE FUNDS**

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

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

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

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

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2018

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>ASSETS</b>								
Current assets:								
Cash and investments	\$ 192,542	\$ 287	\$ -	\$ 1,254,278	\$ 233,661	\$ -	\$ -	\$ 1,680,768
Receivables, net	43,507	-	-	666,023	29,283	-	1,020,122	1,758,935
Due from component unit - EDA	18,715	-	-	-	-	-	-	18,715
Prepaid expenses	-	-	-	2,545	15,675	-	-	18,220
Total current assets	<u>254,764</u>	<u>287</u>	<u>-</u>	<u>1,922,846</u>	<u>278,619</u>	<u>-</u>	<u>1,020,122</u>	<u>3,476,638</u>
Noncurrent assets:								
Net OPEB asset	-	-	-	30,620	-	-	-	30,620
Nondepreciable capital assets:								
Land	2,707,736	37,916	33,994	413,902	-	251,854	-	3,445,402
Construction in progress	-	-	-	-	3,709,533	-	2,919,301	6,628,834
Easements	-	-	-	-	10,945	-	-	10,945
Depreciable capital assets:								
Buildings	-	783,982	-	1,550,467	-	2,699,159	-	5,033,608
Building improvements	-	-	-	295,438	-	-	-	295,438
Infrastructure	-	2,254,362	767,391	163,209	281,553	19,956,345	-	23,422,860
Equipment	-	446,216	-	720,580	-	453,831	-	1,620,627
Vehicles	-	-	-	1,067,976	-	-	-	1,067,976
Less accumulated depreciation	-	(2,900,377)	(546,373)	(2,849,363)	(71,615)	(18,304,459)	-	(24,672,187)
Total noncurrent assets	<u>2,707,736</u>	<u>622,099</u>	<u>255,012</u>	<u>1,392,829</u>	<u>3,930,416</u>	<u>5,056,730</u>	<u>2,919,301</u>	<u>16,884,123</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred outflows related to OPEB costs	-	-	-	96,316	-	-	-	96,316
Deferred outflows related to pension costs	-	-	-	156,250	-	-	-	156,250
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,566</u>
Total assets	<u>\$ 2,962,500</u>	<u>\$ 622,386</u>	<u>\$ 255,012</u>	<u>\$ 3,568,241</u>	<u>\$ 4,209,035</u>	<u>\$ 5,056,730</u>	<u>\$ 3,939,423</u>	<u>\$ 20,613,327</u>
<b>LIABILITIES</b>								
Current liabilities:								
Accounts payable	\$ 1,804	\$ -	\$ -	\$ 259,299	\$ 6,940	\$ -	\$ 208,600	\$ 476,643
Deposits payable	-	-	-	12,000	-	-	-	12,000
Salaries, taxes and benefits payable	1,865	-	-	33,308	-	-	-	35,173
Unearned revenue	1,216	-	-	21,657	37,490	-	-	60,363
Compensated absences - current	-	-	-	1,200	-	-	-	1,200
Total current liabilities	<u>4,885</u>	<u>-</u>	<u>-</u>	<u>327,464</u>	<u>44,430</u>	<u>-</u>	<u>208,600</u>	<u>585,379</u>
Noncurrent liabilities:								
Compensated absences - net current	-	-	-	39,921	-	-	-	39,921
Net OPEB liability	-	-	-	50,095	-	-	-	50,095
Net pension liability	-	-	-	206,029	-	-	-	206,029
Advance from other fund	2,500,000	-	-	-	-	-	-	2,500,000
Total noncurrent liabilities	<u>2,500,000</u>	<u>-</u>	<u>-</u>	<u>296,045</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,796,045</u>
Total liabilities	<u>2,504,885</u>	<u>-</u>	<u>-</u>	<u>623,509</u>	<u>44,430</u>	<u>-</u>	<u>208,600</u>	<u>3,381,424</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred inflows related to OPEB costs	-	-	-	219,923	-	-	-	219,923
Deferred inflows related to pension costs	-	-	-	171,320	-	-	-	171,320
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,243</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>391,243</u>
<b>NET POSITION</b>								
Net investment in capital assets	2,707,736	622,099	255,012	1,362,209	3,930,416	5,056,730	2,919,301	16,853,503
Unrestricted	<u>(2,250,121)</u>	<u>287</u>	<u>-</u>	<u>1,191,280</u>	<u>234,189</u>	<u>-</u>	<u>811,522</u>	<u>(12,843)</u>
Total net position	<u>457,615</u>	<u>622,386</u>	<u>255,012</u>	<u>2,553,489</u>	<u>4,164,605</u>	<u>5,056,730</u>	<u>3,730,823</u>	<u>16,840,660</u>
Total liabilities and net position	<u>\$ 2,962,500</u>	<u>\$ 622,386</u>	<u>\$ 255,012</u>	<u>\$ 3,568,241</u>	<u>\$ 4,209,035</u>	<u>\$ 5,056,730</u>	<u>\$ 3,939,423</u>	<u>\$ 20,613,327</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>Operating Revenues</b>								
Use of property	\$ 119,039	\$ -	\$ -	\$ 144,000	\$ -	\$ -	\$ 2,928,359	\$ 3,191,398
Other local taxes	-	-	-	-	498,438	-	-	498,438
Charges for services	63,859	-	-	4,295,291	273,009	-	-	4,632,159
Miscellaneous	5,503	-	-	7,462	150	-	-	13,115
Total operating revenues	<u>188,401</u>	<u>-</u>	<u>-</u>	<u>4,446,753</u>	<u>771,597</u>	<u>-</u>	<u>2,928,359</u>	<u>8,335,110</u>
<b>Operating Expenses</b>								
Personal services	29,664	-	-	795,119	-	-	-	824,783
Contractual services	37,400	-	-	3,175,366	13,809	-	3,828,910	7,055,485
Materials and supplies	10,854	-	-	147,149	354,434	-	30,611	543,048
Depreciation	-	31,730	15,748	135,027	5,632	370,655	-	558,792
Total operating expenses	<u>77,918</u>	<u>31,730</u>	<u>15,748</u>	<u>4,252,661</u>	<u>373,875</u>	<u>370,655</u>	<u>3,859,521</u>	<u>8,982,108</u>
Operating income (loss)	<u>110,483</u>	<u>(31,730)</u>	<u>(15,748)</u>	<u>194,092</u>	<u>397,722</u>	<u>(370,655)</u>	<u>(931,162)</u>	<u>(646,998)</u>
<b>Nonoperating Revenues (Expenses)</b>								
Grant income	-	-	-	11,845	-	-	-	11,845
Interest income	1,464	2	-	9,012	6,504	-	2,682	19,664
Donated property	-	-	-	-	(1,377,461)	-	-	(1,377,461)
Total nonoperating revenues	<u>1,464</u>	<u>2</u>	<u>-</u>	<u>20,857</u>	<u>(1,370,957)</u>	<u>-</u>	<u>2,682</u>	<u>(1,345,952)</u>
Income before contributions and transfers	111,947	(31,728)	(15,748)	214,949	(973,235)	(370,655)	(928,480)	(1,992,950)
<b>Transfers In</b>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>600,000</u>	<u>-</u>	<u>1,059,114</u>	<u>1,659,124</u>
Change in net position	111,947	(31,718)	(15,748)	214,949	(373,235)	(370,655)	130,634	(333,826)
Total net position, beginning of year restated	<u>345,668</u>	<u>654,104</u>	<u>270,760</u>	<u>2,338,540</u>	<u>4,537,840</u>	<u>5,427,385</u>	<u>3,600,189</u>	<u>17,174,486</u>
Total net position, end of year	<u>\$ 457,615</u>	<u>\$ 622,386</u>	<u>\$ 255,012</u>	<u>\$ 2,553,489</u>	<u>\$ 4,164,605</u>	<u>\$ 5,056,730</u>	<u>\$ 3,730,823</u>	<u>\$ 16,840,660</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2018

	<u>Yorktown Operations</u>	<u>York Sanitary District</u>	<u>Upper County Utility</u>	<u>Solid Waste</u>	<u>Water Utility</u>	<u>Sanitary District No. 2</u>	<u>Regional Radio System</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from customers and users	\$ 157,410	\$ -	\$ -	\$ 4,448,729	\$ 420,194	\$ -	\$ 2,012,066	\$ 7,038,399
Other receipts	5,503	-	-	7,462	498,588	-	-	511,553
Payments to suppliers for goods and services	(48,802)	-	-	(3,351,076)	(380,644)	-	(3,867,111)	(7,647,633)
Payments to employees for services	(36,815)	-	-	(853,922)	-	-	-	(890,737)
Payments for interfund activity	(56,452)	-	-	-	-	-	-	(56,452)
Net cash provided by (used in) operating activities	<u>20,844</u>	<u>-</u>	<u>-</u>	<u>251,193</u>	<u>538,138</u>	<u>-</u>	<u>(1,855,045)</u>	<u>(1,044,870)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Grant income	-	-	-	11,845	-	-	-	11,845
Transfers in	-	10	-	-	600,000	-	1,059,114	1,659,124
Net cash provided by noncapital financing activities	<u>-</u>	<u>10</u>	<u>-</u>	<u>11,845</u>	<u>600,000</u>	<u>-</u>	<u>1,059,114</u>	<u>1,670,969</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and construction of capital assets	-	-	-	(221,055)	(2,915,467)	-	-	(3,136,522)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>(221,055)</u>	<u>(2,915,467)</u>	<u>-</u>	<u>-</u>	<u>(3,136,522)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Interest income	1,355	2	-	8,568	7,287	-	2,992	20,204
Net cash provided by investing activities	<u>1,355</u>	<u>2</u>	<u>-</u>	<u>8,568</u>	<u>7,287</u>	<u>-</u>	<u>2,992</u>	<u>20,204</u>
Net increase (decrease) in cash and cash equivalents	22,199	12	-	50,551	(1,770,042)	-	(792,939)	(2,490,219)
Cash and cash equivalents, beginning of year	170,343	275	-	1,203,727	2,003,703	-	792,939	4,170,987
Cash and cash equivalents, end of year	<u>\$ 192,542</u>	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ 1,254,278</u>	<u>\$ 233,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,768</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>								
Cash and investments	\$ 192,542	\$ 287	\$ -	\$ 1,254,278	\$ 233,661	\$ -	\$ -	\$ 1,680,768
Cash and cash equivalents, end of year	<u>\$ 192,542</u>	<u>\$ 287</u>	<u>\$ -</u>	<u>\$ 1,254,278</u>	<u>\$ 233,661</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,680,768</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>								
Operating income (loss)	\$ 110,483	\$ (31,730)	\$ (15,748)	\$ 194,092	\$ 397,722	\$ (370,655)	\$ (931,162)	\$ (646,998)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	31,730	15,748	135,027	5,632	370,655	-	558,792
(Increase) decrease in:								
Receivables	(20,796)	-	-	9,332	96,343	-	256,380	341,259
Due from other funds	-	-	-	-	42,707	-	-	42,707
Due from/to component unit - EDA	(5,891)	-	-	-	-	-	-	(5,891)
Increase (decrease) in:								
Accounts payable	(548)	-	-	(28,561)	(12,401)	-	(7,590)	(49,100)
Salaries, taxes and benefits payable	802	-	-	6,938	-	-	-	7,740
Unearned revenue	1,199	-	-	106	8,135	-	(1,172,673)	(1,163,233)
Due to other funds	(6,452)	-	-	-	-	-	-	(6,452)
Net OPEB liability and related outflows/inflows	-	-	-	(18,813)	-	-	-	(18,813)
Net pension liability and related outflows/inflows	(7,953)	-	-	(53,780)	-	-	-	(61,733)
Compensated absences	-	-	-	6,852	-	-	-	6,852
Advance from other fund	(50,000)	-	-	-	-	-	-	(50,000)
Net cash provided by (used in) operating activities	<u>\$ 20,844</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 251,193</u>	<u>\$ 538,138</u>	<u>\$ -</u>	<u>\$ (1,855,045)</u>	<u>\$ (1,044,870)</u>

## **INTERNAL SERVICE FUNDS**

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

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

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



**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Net Position  
Internal Service Funds  
June 30, 2018

	<b>Vehicle Maintenance Fund</b>	<b>Health and Dental Insurance Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,904,093	\$ 6,260,593	\$ 9,164,686
Receivable, net	<u>60,058</u>	<u>4,528</u>	<u>64,586</u>
Total current assets	<u>2,964,151</u>	<u>6,265,121</u>	<u>9,229,272</u>
Noncurrent assets:			
Net OPEB asset	33,267	-	33,267
Depreciable capital assets:			
Intangibles	101,512	-	101,512
Land improvements	221,446	-	221,446
Equipment	1,394,794	-	1,394,794
Vehicles	6,312,510	-	6,312,510
Less accumulated depreciation	(4,921,744)	-	(4,921,744)
Less accumulated amortization	<u>(101,512)</u>	<u>-</u>	<u>(101,512)</u>
Total noncurrent assets	<u>3,040,273</u>	<u>-</u>	<u>3,040,273</u>
Deferred outflows of resources			
Deferred outflows related to OPEB costs	104,434	-	104,434
Deferred outflows related to pension costs	<u>165,556</u>	<u>-</u>	<u>165,556</u>
Total deferred outflows of resources	<u>269,990</u>	<u>-</u>	<u>269,990</u>
Total assets	<u>\$ 6,274,414</u>	<u>\$ 6,265,121</u>	<u>\$ 12,539,535</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 455,635	\$ 380,398	\$ 836,033
Salaries, taxes and benefits payable	33,714	-	33,714
Compensated absences - current	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total current liabilities	<u>496,349</u>	<u>380,398</u>	<u>876,747</u>
Noncurrent liabilities:			
Compensated absences - net current	54,413	-	54,413
Claims payable	-	878,631	878,631
Net OPEB liability	51,727	-	51,727
Net pension liability	<u>211,132</u>	<u>-</u>	<u>211,132</u>
Total noncurrent liabilities	<u>317,272</u>	<u>878,631</u>	<u>1,195,903</u>
Total liabilities	<u>813,621</u>	<u>1,259,029</u>	<u>2,072,650</u>
Deferred inflows of resources			
Deferred inflows related to OPEB costs	238,599	-	238,599
Deferred inflows related to pension costs	<u>183,220</u>	<u>-</u>	<u>183,220</u>
Total deferred inflows of resources	<u>421,819</u>	<u>-</u>	<u>421,819</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,007,006	-	3,007,006
Unrestricted	<u>2,031,968</u>	<u>5,006,092</u>	<u>7,038,060</u>
Total net position	<u>5,038,974</u>	<u>5,006,092</u>	<u>10,045,066</u>
Total liabilities and net position	<u>\$ 6,274,414</u>	<u>\$ 6,265,121</u>	<u>\$ 12,539,535</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Revenues, Expenses and Changes in Fund Net Position  
Internal Service Funds  
For the Year Ended June 30, 2018

	<b>Vehicle Maintenance Fund</b>	<b>Health and Dental Insurance Fund</b>	<b>Total</b>
<b>Operating Revenues</b>			
Charges for services	\$ 3,898,385	\$ 12,772,179	\$ 16,670,564
Miscellaneous	69,141	-	69,141
Total operating revenues	<u>3,967,526</u>	<u>12,772,179</u>	<u>16,739,705</u>
<b>Operating Expenses</b>			
Personal services	819,591	570,063	1,389,654
Contractual services	545,519	9,617,460	10,162,979
Materials and supplies	1,859,068	-	1,859,068
Depreciation	602,318	-	602,318
Amortization	10,153	-	10,153
Total operating expenses	<u>3,836,649</u>	<u>10,187,523</u>	<u>14,024,172</u>
Operating income	<u>130,877</u>	<u>2,584,656</u>	<u>2,715,533</u>
<b>Nonoperating Revenues</b>			
Interest income	19,644	43,285	62,929
Gain on disposal of capital assets	35,569	-	35,569
Total nonoperating revenues	<u>55,213</u>	<u>43,285</u>	<u>98,498</u>
Income before contributions and transfers	186,090	2,627,941	2,814,031
<b>Transfers In</b>	<u>23,586</u>	<u>600,000</u>	<u>623,586</u>
Change in net position	209,676	3,227,941	3,437,617
Total net position, beginning of year restated	<u>4,829,298</u>	<u>1,778,151</u>	<u>6,607,449</u>
Total net position, end of year	<u>\$ 5,038,974</u>	<u>\$ 5,006,092</u>	<u>\$ 10,045,066</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2018

	<b>Vehicle Maintenance Fund</b>	<b>Health and Dental Insurance Fund</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 3,856,056	\$ 12,774,323	\$ 16,630,379
Other receipts	69,141	-	69,141
Payments to suppliers for goods and services	(2,067,933)	(9,667,373)	(11,735,306)
Payments to employees for services	(894,852)	(570,063)	(1,464,915)
Receipts (payments) from (for) interfund activity	(3,667)	42,302	38,635
Net cash provided by operating activities	<u>958,745</u>	<u>2,579,189</u>	<u>3,537,934</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers in	-	600,000	600,000
Net cash provided by noncapital financing activities	<u>-</u>	<u>600,000</u>	<u>600,000</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(571,797)	-	(571,797)
Net proceeds from the disposal of capital assets	124,898	-	124,898
Net cash used in capital and related financing activities	<u>(446,899)</u>	<u>-</u>	<u>(446,899)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	18,500	38,757	57,257
Net cash provided by investing activities	<u>18,500</u>	<u>38,757</u>	<u>57,257</u>
Net increase in cash and cash equivalents	530,346	3,217,946	3,748,292
Cash and cash equivalents, beginning of year	2,373,747	3,042,647	5,416,394
Cash and cash equivalents, end of year	<u>\$ 2,904,093</u>	<u>\$ 6,260,593</u>	<u>\$ 9,164,686</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Position:</b>			
Cash and investments	\$ 2,904,093	\$ 6,260,593	\$ 9,164,686
Cash and cash equivalents, end of year	<u>\$ 2,904,093</u>	<u>\$ 6,260,593</u>	<u>\$ 9,164,686</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 130,877	\$ 2,584,656	\$ 2,715,533
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	602,318	-	602,318
Amortization	10,153	-	10,153
Decrease (increase) in:			
Receivables	(40,962)	2,144	(38,818)
Prepaid expenses	-	782,200	782,200
Due from other funds	-	42,302	42,302
Increase (decrease) in:			
Accounts payable	336,654	(405,933)	(69,279)
Salaries, taxes and benefits payable	45	-	45
Due to other funds	(3,667)	-	(3,667)
Unearned revenue	(1,367)	-	(1,367)
Claims payable	-	(426,180)	(426,180)
Compensated absences	(10,328)	-	(10,328)
Net OPEB liability and related outflows/inflows	(20,287)	-	(20,287)
Net pension liability and related outflows/inflows	(44,691)	-	(44,691)
Net cash provided by operating activities	<u>\$ 958,745</u>	<u>\$ 2,579,189</u>	<u>\$ 3,537,934</u>
<b>Noncash investing, capital, and financing activities:</b>			
Transfer in of capital assets	<u>\$ 23,586</u>	<u>\$ -</u>	<u>\$ 23,586</u>

## **AGENCY FUNDS**

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

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

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

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

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

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

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

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

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Assets and Liabilities  
Agency Funds  
June 30, 2018

	<b>Colonial Behavioral Health</b>	<b>Colonial Group Home Commission</b>	<b>Special Welfare</b>	<b>Regional Projects</b>	<b>Other Funds</b>	<b>Total</b>
<b>ASSETS</b>						
Cash and investments	\$ 3,409,930	\$ 348,910	\$ 61,379	\$ 12,344	\$ 116,543	\$ 3,949,106
Other receivables	25,815	252	-	71,712	84	97,863
Total assets	<u>\$ 3,435,745</u>	<u>\$ 349,162</u>	<u>\$ 61,379</u>	<u>\$ 84,056</u>	<u>\$ 116,627</u>	<u>\$ 4,046,969</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 736,806	\$ 21,100	\$ -	\$ 84,033	\$ -	\$ 841,939
Deposits payable	-	-	328	-	-	328
Salaries, taxes and benefits payable	244,599	44,977	-	-	-	289,576
Amounts held for others	2,454,340	283,085	61,051	23	116,627	2,915,126
Total liabilities	<u>\$ 3,435,745</u>	<u>\$ 349,162</u>	<u>\$ 61,379</u>	<u>\$ 84,056</u>	<u>\$ 116,627</u>	<u>\$ 4,046,969</u>

**COUNTY OF YORK, VIRGINIA**  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
Year Ended June 30, 2018

	<b>Balance Beginning of Year</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance End of Year</b>
<b>Colonial Behavioral Health</b>				
ASSETS				
Cash and investments	\$ 3,203,454	\$ 16,803,492	\$ 16,597,016	\$ 3,409,930
Other receivables	53,742	25,887	53,814	25,815
Total assets	<u>\$ 3,257,196</u>	<u>\$ 16,829,379</u>	<u>\$ 16,650,830</u>	<u>\$ 3,435,745</u>
LIABILITIES				
Accounts payable	\$ 685,153	\$ 736,806	\$ 685,153	736,806
Salaries, taxes and benefits payable	223,396	244,599	223,396	244,599
Amounts held for others	2,348,647	15,847,974	15,742,281	2,454,340
Total liabilities	<u>\$ 3,257,196</u>	<u>\$ 16,829,379</u>	<u>\$ 16,650,830</u>	<u>\$ 3,435,745</u>
<b>Colonial Group Home Commission</b>				
ASSETS				
Cash and investments	\$ 290,869	\$ 1,564,422	\$ 1,506,381	\$ 348,910
Other receivables	114	252	114	252
Total assets	<u>\$ 290,983</u>	<u>\$ 1,564,674</u>	<u>\$ 1,506,495</u>	<u>\$ 349,162</u>
LIABILITIES				
Accounts payable	\$ 14,507	\$ 21,100	\$ 14,507	\$ 21,100
Salaries, taxes and benefits payable	45,616	44,977	45,616	44,977
Amounts held for others	230,860	1,498,597	1,446,372	283,085
Total liabilities	<u>\$ 290,983</u>	<u>\$ 1,564,674</u>	<u>\$ 1,506,495</u>	<u>\$ 349,162</u>
<b>Special Welfare</b>				
ASSETS				
Cash and investments	\$ 58,485	\$ 34,221	\$ 31,327	\$ 61,379
Total assets	<u>\$ 58,485</u>	<u>\$ 34,221</u>	<u>\$ 31,327</u>	<u>\$ 61,379</u>
LIABILITIES				
Deposits payable	\$ 71	\$ 514	\$ 257	\$ 328
Amounts held for others	58,414	33,707	31,070	61,051
Total liabilities	<u>\$ 58,485</u>	<u>\$ 34,221</u>	<u>\$ 31,327</u>	<u>\$ 61,379</u>
<b>Regional Projects</b>				
ASSETS				
Cash and investments	\$ 29,673	\$ 524,924	\$ 542,253	\$ 12,344
Other receivables	67,373	71,712	67,373	71,712
Total assets	<u>\$ 97,046</u>	<u>\$ 596,636</u>	<u>\$ 609,626</u>	<u>\$ 84,056</u>
LIABILITIES				
Accounts payable	\$ 97,046	\$ 181,433	\$ 194,446	\$ 84,033
Amounts held for others	-	415,203	415,180	23
Total liabilities	<u>\$ 97,046</u>	<u>\$ 596,636</u>	<u>\$ 609,626</u>	<u>\$ 84,056</u>
<b>Other Funds</b>				
ASSETS				
Cash and investments	\$ 115,739	\$ 829	\$ 25	\$ 116,543
Other receivables	45	84	45	84
Total assets	<u>\$ 115,784</u>	<u>\$ 913</u>	<u>\$ 70</u>	<u>\$ 116,627</u>
LIABILITIES				
Amounts held for others	\$ 115,784	\$ 913	\$ 70	\$ 116,627
Total liabilities	<u>\$ 115,784</u>	<u>\$ 913</u>	<u>\$ 70</u>	<u>\$ 116,627</u>
<b>Totals - All Agency Funds</b>				
ASSETS				
Cash and investments	\$ 3,698,220	\$ 18,927,888	\$ 18,677,002	\$ 3,949,106
Other receivables	121,274	97,935	121,346	97,863
Total assets	<u>\$ 3,819,494</u>	<u>\$ 19,025,823</u>	<u>\$ 18,798,348</u>	<u>\$ 4,046,969</u>
LIABILITIES				
Accounts payable	\$ 796,706	\$ 939,339	\$ 894,106	\$ 841,939
Deposits payable	71	514	257	328
Salaries, taxes and benefits payable	269,012	289,576	269,012	289,576
Amounts held for others	2,753,705	17,796,394	17,634,973	2,915,126
Total liabilities	<u>\$ 3,819,494</u>	<u>\$ 19,025,823</u>	<u>\$ 18,798,348</u>	<u>\$ 4,046,969</u>

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## STATISTICAL SECTION

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

### Contents:

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

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

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

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

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

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

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

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

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

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



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

	<u>2018 (2)</u>	<u>Restated 2017</u>	<u>2016</u>	<u>2015 (1)</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities:										
Net investment in capital assets	\$ 54,032,029	\$ 59,070,221	\$ 57,048,477	\$ 55,705,954	\$ 55,437,501	\$ 57,401,484	\$ 57,208,246	\$ 58,572,877	\$ 58,434,789	\$ 60,961,846
Restricted	8,608,459	1,979,403	2,245,562	1,901,161	1,476,281	1,520,094	1,235,126	10,669	10,723	1,713,484
Unrestricted (deficit)	<u>(26,289,614)</u>	<u>(28,390,677)</u>	<u>(16,790,034)</u>	<u>(9,934,965)</u>	<u>21,674,899</u>	<u>13,599,525</u>	<u>8,878,056</u>	<u>10,664,551</u>	<u>6,832,631</u>	<u>3,408,239</u>
Total governmental activities net position	<u>\$ 36,350,874</u>	<u>\$ 32,658,947</u>	<u>\$ 42,504,005</u>	<u>\$ 47,672,150</u>	<u>\$ 78,588,681</u>	<u>\$ 72,521,103</u>	<u>\$ 67,321,428</u>	<u>\$ 69,248,097</u>	<u>\$ 65,278,143</u>	<u>\$ 66,083,569</u>
Business-type Activities:										
Net investment in capital assets	\$ 114,520,731	\$ 108,482,250	\$ 105,211,098	\$ 103,815,937	\$ 102,477,564	\$ 97,496,807	\$ 91,705,008	\$ 92,794,535	\$ 95,113,023	\$ 93,173,971
Restricted	117,043	105,906	141,802	177,154	177,139	174,935	182,087	403,421	314,833	314,693
Unrestricted	<u>6,112,669</u>	<u>7,905,567</u>	<u>8,314,320</u>	<u>6,630,921</u>	<u>5,817,374</u>	<u>7,734,278</u>	<u>12,061,259</u>	<u>10,366,477</u>	<u>6,605,990</u>	<u>7,623,256</u>
Total business-type activities net position	<u>\$ 120,750,443</u>	<u>\$ 116,493,723</u>	<u>\$ 113,667,220</u>	<u>\$ 110,624,012</u>	<u>\$ 108,472,077</u>	<u>\$ 105,406,020</u>	<u>\$ 103,948,354</u>	<u>\$ 103,564,433</u>	<u>\$ 102,033,846</u>	<u>\$ 101,111,920</u>
Primary Government:										
Net investment in capital assets	\$ 168,552,760	\$ 167,552,471	\$ 162,259,575	\$ 159,521,891	\$ 157,915,065	\$ 154,898,291	\$ 148,913,254	\$ 151,367,412	\$ 153,547,812	\$ 154,135,817
Restricted	8,725,502	2,085,309	2,387,364	2,078,315	1,653,420	1,695,029	1,417,213	414,090	325,556	2,028,177
Unrestricted (deficit)	<u>(20,176,945)</u>	<u>(20,485,110)</u>	<u>(8,475,714)</u>	<u>(3,304,044)</u>	<u>27,492,273</u>	<u>21,333,803</u>	<u>20,939,315</u>	<u>21,031,028</u>	<u>13,438,621</u>	<u>11,031,495</u>
Total Primary Government net position	<u>\$ 157,101,317</u>	<u>\$ 149,152,670</u>	<u>\$ 156,171,225</u>	<u>\$ 158,296,162</u>	<u>\$ 187,060,758</u>	<u>\$ 177,927,123</u>	<u>\$ 171,269,782</u>	<u>\$ 172,812,530</u>	<u>\$ 167,311,989</u>	<u>\$ 167,195,489</u>

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

(2) Implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions."

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Expenses (1)</b>										
Governmental activities:										
General government	\$ 5,589,064	\$ 5,713,262	\$ 5,281,219	\$ 3,408,038	\$ 8,717,434	\$ 3,469,315	\$ 3,852,265	\$ 4,756,990	\$ 3,281,995	\$ 3,729,163
Judicial services	2,739,760	3,104,169	2,925,400	3,256,745	3,190,077	2,974,509	2,983,284	3,114,416	3,050,588	3,217,220
Public safety	34,764,761	33,955,855	31,455,990	31,565,116	31,994,037	31,809,187	30,651,085	29,749,782	29,913,451	29,469,455
Environmental and development services	-	-	-	5,921,822	4,459,304	4,392,549	5,110,799	7,360,263	4,588,243	4,293,152
Management services	11,470,801	11,381,592	9,863,547	-	-	-	-	-	-	-
Finance and planning	-	-	-	9,776,644	11,071,656	9,605,982	9,246,805	9,957,090	10,347,260	11,074,824
Education	66,176,627	63,842,618	68,349,890	68,436,746	49,589,562	51,052,753	55,589,523	48,896,509	52,749,950	53,460,125
Human services	8,825,140	9,386,250	8,538,830	7,854,783	8,217,138	7,895,079	8,250,918	8,375,011	8,888,070	8,751,468
General services	-	-	-	6,884,634	6,707,865	6,400,928	7,185,728	7,159,338	7,219,383	6,944,857
Public works	8,543,538	9,486,304	9,918,224	-	-	-	-	-	-	-
Community services	7,011,085	7,044,559	6,479,836	6,449,967	6,263,573	6,333,119	6,667,688	5,934,513	5,828,214	6,021,699
Interest and fiscal charges on noncurrent debt	3,308,747	2,454,107	3,643,143	2,735,422	3,898,226	3,974,566	4,048,324	4,263,014	4,393,098	4,144,723
Total governmental activities	<u>148,429,523</u>	<u>146,368,716</u>	<u>146,456,079</u>	<u>146,289,917</u>	<u>134,108,872</u>	<u>127,907,987</u>	<u>133,586,419</u>	<u>129,566,926</u>	<u>130,260,252</u>	<u>131,106,686</u>
Business-type activities:										
Sewer Utility	10,210,063	11,036,541	10,792,409	10,705,774	10,505,293	10,086,788	10,467,392	9,983,893	8,949,964	9,011,555
Water Utility	1,751,336	443,414	323,253	339,656	349,496	1,002,427	346,275	362,073	596,782	7,100,039
Solid Waste	4,252,661	4,058,355	4,238,137	4,249,485	4,818,406	4,651,045	5,599,987	4,407,178	4,305,967	4,228,895
Yorktown Operations	77,918	92,828	85,983	77,434	74,718	98,893	112,258	117,368	122,537	137,837
Sanitary Districts	418,133	418,133	418,133	418,133	418,133	424,857	431,544	439,058	455,094	534,583
Regional Radio System	3,859,521	2,649,549	2,597,863	2,634,351	2,494,441	2,402,484	2,024,644	1,773,267	1,524,079	58,246
Total business-type activities	<u>20,569,632</u>	<u>18,698,820</u>	<u>18,464,778</u>	<u>18,424,833</u>	<u>18,660,487</u>	<u>18,666,494</u>	<u>18,982,100</u>	<u>17,082,837</u>	<u>15,954,423</u>	<u>21,071,155</u>
Total Primary Government	<u>\$ 168,999,155</u>	<u>\$ 165,067,536</u>	<u>\$ 164,920,857</u>	<u>\$ 164,714,750</u>	<u>\$ 152,769,359</u>	<u>\$ 146,574,481</u>	<u>\$ 152,568,519</u>	<u>\$ 146,649,763</u>	<u>\$ 146,214,675</u>	<u>\$ 152,177,841</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,030,633	\$ 667,530	\$ 734,113	\$ 141,697	\$ 121,888	\$ 86,198	\$ 77,019	\$ 78,310	\$ 112,626	\$ 93,000
Judicial services	550,272	551,142	540,591	496,240	528,711	606,118	854,103	783,767	939,549	1,001,882
Public safety	3,490,235	3,490,578	3,361,432	3,146,553	3,212,578	2,252,219	3,408,661	3,238,055	1,773,303	1,081,644
Environmental and development services	-	-	-	816,746	741,235	654,373	403,657	412,451	529,167	657,892
Management services	515,776	495,514	470,186	-	-	-	-	-	-	-
Finance and planning	-	-	-	447,610	449,041	447,077	411,139	400,466	244,008	79,754
Education	52,037	57,119	431,785	311,851	213,633	161,115	59,587	521,282	944,383	671,289
Human services	327,270	323,279	320,155	277,393	270,403	295,254	289,378	362,963	371,921	423,252
General services	-	-	-	1,289,908	1,257,665	1,404,091	1,181,949	1,200,451	1,238,374	1,254,539
Public works	1,305,091	1,285,384	1,308,871	-	-	-	-	-	-	-
Community services	659,451	631,672	576,602	500,144	514,474	503,702	443,227	516,414	497,008	458,100
Operating grants and contributions	11,226,226	10,845,577	10,631,197	10,188,235	10,521,429	10,205,585	10,146,333	10,738,996	10,900,393	10,796,179
Capital grants and contributions	2,514,487	872,828	797,833	1,369,785	317,128	1,668,035	2,727,017	2,562,616	1,683,547	1,092,566
Total governmental activities	<u>21,671,478</u>	<u>19,220,623</u>	<u>19,172,765</u>	<u>18,986,162</u>	<u>18,148,185</u>	<u>18,283,767</u>	<u>20,002,070</u>	<u>20,815,771</u>	<u>19,234,279</u>	<u>17,610,097</u>
Business-type activities:										
Charges for services:										
Sewer Utility	11,194,581	10,660,740	10,788,652	11,144,763	9,924,081	8,928,385	7,938,010	7,209,582	6,878,901	7,353,075
Water Utility	273,009	336,448	323,387	349,594	383,138	357,728	333,534	351,955	360,297	718,736
Solid Waste	4,439,291	4,460,309	4,626,276	4,626,082	4,856,961	3,739,588	3,505,246	3,520,553	3,452,153	3,384,681
Yorktown Operations	182,898	146,991	186,905	164,106	166,197	88,725	87,353	97,919	141,836	335,753
Regional Radio System	2,928,359	1,726,723	1,643,514	1,901,788	1,602,377	1,501,755	1,259,130	1,035,880	903,155	200,053
Operating grants and contributions	291,507	290,552	291,307	289,674	295,108	300,180	1,342,550	149,502	10,070	-
Capital grants and contributions	1,719,060	1,121,944	299,948	925,950	1,371,580	1,139,604	1,063,452	2,595,686	1,027,138	1,742,277
Total business-type activities	<u>21,028,705</u>	<u>18,743,707</u>	<u>18,159,989</u>	<u>19,401,957</u>	<u>18,599,442</u>	<u>16,055,965</u>	<u>15,529,275</u>	<u>14,961,077</u>	<u>12,773,550</u>	<u>13,734,575</u>
Total Primary Government	<u>\$ 42,700,183</u>	<u>\$ 37,964,330</u>	<u>\$ 37,332,754</u>	<u>\$ 38,388,119</u>	<u>\$ 36,747,627</u>	<u>\$ 34,339,732</u>	<u>\$ 35,531,345</u>	<u>\$ 35,776,848</u>	<u>\$ 32,007,829</u>	<u>\$ 31,344,672</u>
<b>Net (expense)/revenue</b>										
Governmental activities	<u>\$ (126,758,045)</u>	<u>\$ (127,148,093)</u>	<u>\$ (127,283,314)</u>	<u>\$ (127,303,755)</u>	<u>\$ (115,960,687)</u>	<u>\$ (109,624,220)</u>	<u>\$ (113,584,349)</u>	<u>\$ (108,751,155)</u>	<u>\$ (111,025,973)</u>	<u>\$ (113,496,589)</u>
Business-type activities	<u>459,073</u>	<u>44,887</u>	<u>(304,789)</u>	<u>977,124</u>	<u>(61,045)</u>	<u>(2,610,529)</u>	<u>(3,452,825)</u>	<u>(2,121,760)</u>	<u>(3,180,873)</u>	<u>(7,336,580)</u>
Total Primary Government net expense	<u>\$ (126,298,972)</u>	<u>\$ (127,103,206)</u>	<u>\$ (127,588,103)</u>	<u>\$ (126,326,631)</u>	<u>\$ (116,021,732)</u>	<u>\$ (112,234,749)</u>	<u>\$ (117,037,174)</u>	<u>\$ (110,872,915)</u>	<u>\$ (114,206,846)</u>	<u>\$ (120,833,169)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property taxes	90,382,404	88,210,050	85,362,882	81,767,345	80,907,792	79,711,885	76,373,509	77,433,934	75,669,094	79,616,260
Local sales and use taxes	10,266,194	10,236,341	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699
Hotel and motel room taxes	5,142,868	5,071,633	4,994,074	4,643,484	4,323,868	4,268,312	4,221,304	4,336,193	4,072,547	4,292,559
Restaurant food taxes	4,436,519	6,387,418	6,047,842	5,818,598	5,607,884	5,550,391	5,321,843	5,322,721	5,034,793	5,178,743
Business license taxes	6,952,681	6,603,695	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494
Motor vehicle licenses	1,624,520	1,600,973	1,591,953	1,558,331	1,582,332	1,596,403	1,523,082	1,516,710	1,419,591	1,495,399
Taxes on recordation and wills	1,796,928	1,470,205	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076
Other local taxes	1,921,574	1,935,553	1,938,974	1,925,269	1,956,544	1,966,816	1,969,937	2,045,667	2,011,290	1,997,715
Personal property tax relief - Commonwealth of Virginia	8,760,374	8,741,680	8,741,680	8,665,120	8,741,680	8,525,325	8,485,927	8,496,159	8,550,746	8,547,502
Unrestricted investment earnings	650,388	248,076	305,043	149,037	216,877	85,087	174,000	234,060	256,284	1,070,698
Miscellaneous	115,481	43,452	358,177	79,766	1,256,436	232,168	414,057	813,341	683,799	1,037,292
Gain (loss) on sale of capital assets	35,569	-	188,537	(118,576)	22,306	25,631	28,907	33,007	-	-
Transfers	(1,635,528)	(3,694,516)	(3,425,018)	(3,346,849)	(3,262,639)	(3,826,920)	(3,739,725)	(3,562,226)	(3,913,865)	(3,330,542)
Total governmental activities	<u>130,449,972</u>	<u>126,854,560</u>	<u>123,916,205</u>	<u>118,533,124</u>	<u>118,784,281</u>	<u>114,823,895</u>	<u>111,657,680</u>	<u>112,721,109</u>	<u>110,220,547</u>	<u>116,672,435</u>
Business-type activities:										
Restaurant food taxes	2,036,878	-	-	-	-	-	-	-	-	-
Unrestricted investment earnings	93,526	63,619	46,907	12,167	37,303	54,762	66,982	68,299	125,061	289,168
Miscellaneous	19,493	35,417	32,179	17,684	43,003	82,881	30,039	21,822	62,956	142,591
Gain on sale of capital assets	12,222	-	7,000	573	-	103,632	-	-	917	-
Transfers	1,635,528	3,694,516	3,425,018	3,346,849	3,262,639	3,826,920	3,739,725	3,562,226	3,913,865	3,330,542
Total business-type activities	<u>3,797,647</u>	<u>3,793,552</u>	<u>3,511,104</u>	<u>3,377,273</u>	<u>3,342,945</u>	<u>4,068,195</u>	<u>3,836,746</u>	<u>3,652,347</u>	<u>4,102,799</u>	<u>3,762,301</u>
Total Primary Government	<u>\$ 134,247,619</u>	<u>\$ 130,648,112</u>	<u>\$ 127,427,309</u>	<u>\$ 121,910,397</u>	<u>\$ 122,127,226</u>	<u>\$ 118,892,090</u>	<u>\$ 115,494,426</u>	<u>\$ 116,373,456</u>	<u>\$ 114,323,346</u>	<u>\$ 120,434,736</u>
<b>Change in Net Position</b>										
Governmental activities	<u>\$ 3,691,927</u>	<u>\$ (293,533)</u>	<u>\$ (3,367,109)</u>	<u>\$ (8,770,631)</u>	<u>\$ 2,823,594</u>	<u>\$ 5,199,675</u>	<u>\$ (1,926,669)</u>	<u>\$ 3,969,954</u>	<u>\$ (805,426)</u>	<u>\$ 3,175,846</u>
Business-type activities	<u>4,256,720</u>	<u>3,838,439</u>	<u>3,206,315</u>	<u>4,354,397</u>	<u>3,281,900</u>	<u>1,457,666</u>	<u>(383,921)</u>	<u>1,530,587</u>	<u>(921,926)</u>	<u>(3,574,279)</u>
Total Primary Government	<u>\$ 7,948,647</u>	<u>\$ 3,544,906</u>	<u>\$ (160,794)</u>	<u>\$ (4,416,234)</u>	<u>\$ 6,105,494</u>	<u>\$ 6,657,341</u>	<u>\$ (1,542,748)</u>	<u>\$ 5,500,541</u>	<u>\$ 116,500</u>	<u>\$ (398,433)</u>

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property tax	\$ 90,382,404	\$ 88,210,050	\$ 85,362,882	\$ 81,767,345	\$ 80,907,792	\$ 79,711,885	\$ 76,373,509	\$ 77,433,934	\$ 75,669,094	\$ 79,616,260
Local sales and use tax	10,266,194	10,236,341	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699
Hotel and motel room taxes	5,142,868	5,071,633	4,994,074	4,643,484	4,323,868	4,268,312	4,221,304	4,336,193	4,072,547	4,292,559
Restaurant food taxes	4,436,519	6,387,418	6,047,842	5,818,598	5,607,884	5,550,391	5,321,843	5,322,721	5,034,793	5,178,743
Business license taxes	6,952,681	6,603,695	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494
Motor vehicle licenses	1,624,520	1,600,973	1,591,953	1,558,331	1,582,332	1,596,403	1,523,082	1,516,710	1,419,591	1,495,939
Taxes on recordation and wills	1,796,928	1,470,205	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076
Other local taxes	1,921,574	1,935,553	1,938,974	1,925,269	1,956,544	1,966,816	1,969,937	2,045,667	2,011,290	1,997,715
Total	<u>\$ 122,523,688</u>	<u>\$ 121,515,868</u>	<u>\$ 117,747,786</u>	<u>\$ 113,104,626</u>	<u>\$ 111,809,621</u>	<u>\$ 109,782,604</u>	<u>\$ 106,294,514</u>	<u>\$ 106,706,768</u>	<u>\$ 104,643,583</u>	<u>\$ 109,347,485</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund										
Nonspendable	\$ 7,191,310	\$ 7,787,380	\$ 8,750,971	\$ 9,743,740	\$ 9,808,279	\$ 10,518,258	\$ 10,578,620	\$ 11,106,155	\$ -	\$ -
Restricted	948,861	1,069,702	1,106,571	991,058	940,152	843,439	781,934	858,361	-	-
Committed	11,567,875	12,479,603	12,027,362	13,315,169	12,664,460	12,520,518	12,380,970	12,446,451	-	-
Assigned	9,880,308	11,296,640	11,275,325	13,262,008	18,505,878	14,064,015	18,997,964	8,319,357	-	-
Unassigned	17,040,240	17,026,740	16,270,680	16,126,447	19,747,802	15,612,469	15,547,246	21,491,918	-	-
Reserved	-	-	-	-	-	-	-	-	11,609,565	12,371,540
Unreserved	-	-	-	-	-	-	-	-	39,851,251	39,493,924
Total general fund	<u>\$ 46,628,594</u>	<u>\$ 49,660,065</u>	<u>\$ 49,430,909</u>	<u>\$ 53,438,422</u>	<u>\$ 61,666,571</u>	<u>\$ 53,558,699</u>	<u>\$ 58,286,734</u>	<u>\$ 54,222,242</u>	<u>\$ 51,460,816</u>	<u>\$ 51,865,464</u>
All Other Governmental Funds										
Nonspendable	\$ 107,390	\$ -	\$ -	\$ -	\$ -	\$ 138,671	\$ 210,976	\$ 8,194,857	\$ -	\$ -
Restricted	7,659,598	909,701	1,138,991	910,103	536,129	676,655	432,829	1,504,544	-	-
Committed	7,521,642	5,396,429	6,213,357	4,052,604	5,653,220	9,937,427	851,246	1,101,066	-	-
Assigned	13,384,755	14,777,136	12,844,980	11,745,879	11,931,032	12,203,643	15,058,975	14,165,574	-	-
Unassigned	(3,947,179)	(4,736,725)	(5,638,008)	(6,637,510)	(6,716,787)	(7,285,908)	(7,308,883)	(15,666,704)	-	-
Reserved	-	-	-	-	-	-	-	-	12,413,276	11,633,657
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	-	-	(6,686,125)	(7,518,113)
Capital project funds	-	-	-	-	-	-	-	-	9,075,811	10,990,959
Total all other governmental funds	<u>\$ 24,726,206</u>	<u>\$ 16,346,541</u>	<u>\$ 14,559,320</u>	<u>\$ 10,071,076</u>	<u>\$ 11,403,594</u>	<u>\$ 15,670,488</u>	<u>\$ 9,245,143</u>	<u>\$ 9,299,337</u>	<u>\$ 14,802,962</u>	<u>\$ 15,106,503</u>

\*Fiscal years 2018-2011 reflect the adoption of GASB 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>										
General property taxes	\$ 90,544,105	\$ 88,434,572	\$ 85,368,220	\$ 81,977,556	\$ 81,125,127	\$ 80,071,914	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854
Other local taxes	32,189,944	33,181,367	32,343,857	31,318,061	30,891,414	30,012,365	29,997,922	29,073,893	28,997,406	29,646,843
Intergovernmental	20,513,452	20,157,138	19,884,521	19,612,174	19,413,247	20,114,231	20,720,210	19,700,968	20,179,204	19,489,917
Permits, fees and licenses	1,037,354	680,369	779,390	882,569	818,221	659,658	468,190	471,535	598,252	735,562
Fines and forfeitures	345,783	332,090	308,039	277,108	298,754	335,974	387,560	359,937	371,169	358,110
Use of money and property	1,006,387	604,377	912,391	523,982	547,159	393,980	438,442	643,250	623,904	1,384,103
Charges for services	4,100,646	3,985,157	3,841,821	3,659,811	3,802,981	3,821,047	3,772,679	3,561,630	2,759,517	2,630,683
Miscellaneous	2,300,983	428,328	566,588	360,608	1,013,034	251,048	779,129	811,833	581,827	611,039
Recovered costs	2,133,591	2,074,403	2,547,682	2,343,291	2,732,928	2,527,853	2,378,769	2,608,989	3,160,903	2,161,212
Total revenue	<u>154,172,245</u>	<u>149,877,801</u>	<u>146,552,509</u>	<u>140,955,160</u>	<u>140,642,865</u>	<u>138,188,070</u>	<u>137,115,593</u>	<u>133,748,197</u>	<u>133,122,873</u>	<u>134,276,323</u>
<b>Expenditures (2)</b>										
General government	4,571,362	4,266,942	4,125,373	2,117,469	2,203,303	2,056,291	2,011,421	1,915,207	1,911,202	2,018,604
Judicial services	2,909,235	2,753,613	2,607,584	2,788,807	2,741,134	2,576,351	2,630,531	2,831,373	2,760,342	2,775,268
Public safety	33,363,370	35,979,369	30,245,518	29,524,373	29,096,722	28,296,119	27,595,816	30,126,085	27,326,021	26,970,154
Environmental and development services	-	-	-	3,420,823	3,668,780	3,512,884	3,441,640	3,492,773	3,580,740	3,572,643
Finance and planning	-	-	-	8,687,984	9,613,082	8,305,316	7,822,399	9,058,412	9,479,582	10,506,158
Management services	10,798,169	10,180,894	8,863,808	-	-	-	-	-	-	-
Education	66,371,103	63,460,252	68,240,885	65,747,918	49,386,779	50,780,591	55,271,680	48,805,929	52,623,555	53,222,468
Human services	9,698,743	9,166,051	8,611,086	7,958,815	7,839,768	7,663,060	7,875,456	8,221,433	8,833,985	8,747,132
Public works	8,431,491	8,541,683	8,623,135	-	-	-	-	-	-	-
General services	-	-	-	6,640,288	6,323,547	6,086,730	6,747,125	6,822,173	7,012,414	7,311,531
Community services	5,769,126	5,572,438	5,151,517	5,089,962	4,796,824	4,758,072	5,271,976	4,138,036	3,512,723	3,696,218
Non-departmental	2,713,097	2,495,321	1,693,556	1,925,791	1,615,921	2,267,011	2,278,091	1,429,528	1,913,583	1,881,882
Capital outlay	6,128,438	4,635,455	5,988,334	6,955,577	7,784,015	4,646,213	4,091,765	8,968,847	4,613,783	9,789,500
Debt service:										
Principal	8,649,276	7,143,707	5,425,023	6,882,404	7,182,911	6,550,894	6,901,861	6,560,684	5,814,490	5,574,780
Interest and fiscal charges	3,611,114	3,363,409	3,507,961	3,336,339	3,652,774	3,959,671	4,078,062	4,283,166	4,402,171	3,855,923
Other costs of debt issuance	153,611	63,044	180,516	25,822	188,219	-	41,814	24,257	52,621	328,015
Total expenditures	<u>163,168,135</u>	<u>157,622,178</u>	<u>153,264,296</u>	<u>151,102,372</u>	<u>136,093,779</u>	<u>131,459,203</u>	<u>136,059,637</u>	<u>136,677,903</u>	<u>133,837,212</u>	<u>140,250,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,995,890)</u>	<u>(7,744,377)</u>	<u>(6,711,787)</u>	<u>(10,147,212)</u>	<u>4,549,086</u>	<u>6,728,867</u>	<u>1,055,956</u>	<u>(2,929,706)</u>	<u>(714,339)</u>	<u>(5,973,953)</u>
<b>Other Financing Sources (Uses)</b>										
Insurance recovery	19,705	13,163	78,234	19,749	21,459	23,596	37,594	5,363	206,459	34,680
Bonds issued	15,405,000	11,135,000	21,950,000	21,125,000	9,865,000	-	6,925,000	1,120,000	4,180,000	22,630,000
Premium on bonds issued	1,178,493	606,063	3,312,073	974,672	827,791	-	1,047,456	-	66,222	523,691
Capital leases	-	4,736,044	-	-	300,376	-	-	3,035,627	-	151,400
Sale of capital and other assets	-	-	-	-	-	-	11,000	482,720	12,723	347,464
Transfers In	26,722,915	19,253,176	20,304,143	17,065,038	13,989,217	19,188,067	14,018,812	16,211,735	17,148,920	36,597,362
Deposits for refunding	-	(3,035,000)	(12,598,700)	(12,595,000)	(10,500,116)	-	-	-	-	-
Transfers Out	<u>(28,982,029)</u>	<u>(22,947,692)</u>	<u>(24,082,571)</u>	<u>(22,139,715)</u>	<u>(18,879,173)</u>	<u>(24,243,220)</u>	<u>(19,085,520)</u>	<u>(20,667,938)</u>	<u>(21,608,174)</u>	<u>(40,832,047)</u>
Total other financing sources (uses), net	<u>14,344,084</u>	<u>9,760,754</u>	<u>8,963,179</u>	<u>4,449,744</u>	<u>(4,375,446)</u>	<u>(5,031,557)</u>	<u>2,954,342</u>	<u>187,507</u>	<u>6,150</u>	<u>19,452,550</u>
Net change in fund balances	<u>\$ 5,348,194</u>	<u>\$ 2,016,377</u>	<u>\$ 2,251,392</u>	<u>\$ (5,697,468)</u>	<u>\$ 173,640</u>	<u>\$ 1,697,310</u>	<u>\$ 4,010,298</u>	<u>\$ (2,742,199)</u>	<u>\$ (708,189)</u>	<u>\$ 13,478,597</u>
Debt service as a percentage of noncapital expenditures (1)	<u>7.75%</u>	<u>7.05%</u>	<u>6.01%</u>	<u>6.95%</u>	<u>8.11%</u>	<u>8.27%</u>	<u>8.22%</u>	<u>8.3%</u>	<u>7.8%</u>	<u>7.2%</u>

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

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Property tax	\$ 90,544,105	\$ 88,434,572	\$ 85,368,220	\$ 81,977,556	\$ 81,125,127	\$ 80,071,914	\$ 78,172,692	\$ 76,516,162	\$ 75,850,691	\$ 77,258,854
Local sales and use tax	10,266,194	10,236,341	10,146,625	9,759,880	9,475,836	9,380,393	9,425,492	9,043,325	9,322,221	9,661,699
Hotel and motel room taxes	5,171,984	5,058,976	4,977,615	4,643,484	4,323,868	4,302,250	4,278,426	4,264,686	4,057,057	4,290,511
Restaurant food taxes	4,488,226	6,332,930	6,060,974	5,814,040	5,631,472	5,563,010	5,381,266	5,260,568	5,054,179	5,132,516
Business license taxes	6,952,681	6,603,695	6,187,990	6,240,330	6,410,146	5,720,592	5,855,061	5,770,095	5,470,052	5,487,494
Communications sales tax	1,202,410	1,241,212	1,272,490	1,311,310	1,322,868	1,345,767	1,342,206	1,370,049	1,376,864	1,371,148
Motor vehicle licenses	1,627,449	1,582,337	1,590,308	1,574,559	1,586,865	1,525,026	1,514,549	1,485,763	1,474,552	1,503,306
Franchise taxes	4,295	3,808	2,876	1,267	1,247	1,028	735	502	259	41
Taxes on recordation and wills	1,796,928	1,470,205	1,477,446	1,391,389	1,545,219	1,587,812	1,604,286	1,238,123	1,643,995	1,617,076
Other local taxes	679,777	651,863	627,533	581,802	593,893	586,487	595,901	640,782	598,227	583,052
Total	<u>\$ 122,734,049</u>	<u>\$ 121,615,939</u>	<u>\$ 117,712,077</u>	<u>\$ 113,295,617</u>	<u>\$ 112,016,541</u>	<u>\$ 110,084,279</u>	<u>\$ 108,170,614</u>	<u>\$ 105,590,055</u>	<u>\$ 104,848,097</u>	<u>\$ 106,905,697</u>

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

<u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Mobile Home</u>	<u>Public Utility</u>			<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
	<u>Residential</u>	<u>Commercial</u>			<u>Real Estate</u>	<u>Personal Property</u>	<u>CPC Equipment</u>		
2018	\$ 7,686,020,670	\$ 1,417,754,500	\$ 595,105,775	\$ 3,294,500	\$ 459,070,808	\$ 55,504	\$ -	\$ 10,161,301,757	\$ 0.9827
2017	7,588,190,700	1,516,028,900	582,157,745	3,568,200	459,191,601	82,826	-	10,149,219,972	0.9789
2016	7,425,810,400	1,574,952,300	593,894,890	3,512,600	442,369,715	104,756	-	10,040,644,661	0.9437
2015	7,307,361,300	1,491,507,600	561,880,260	3,939,500	430,748,916	127,592	-	9,795,565,168	0.9379
2014	7,243,259,500	1,491,310,000	552,552,935	3,780,000	425,978,786	148,514	-	9,717,029,735	0.9363
2013	7,321,920,900	1,368,970,400	531,217,905	3,912,100	420,994,403	186,019	-	9,647,201,727	0.9304
2012	7,276,743,200	1,361,986,800	514,828,080	3,812,600	393,773,490	69,127	-	9,551,213,297	0.9172
2011	7,551,450,600	1,397,685,000	493,248,385	4,187,400	382,175,535	96,956	68,960,274	9,897,804,150	0.8232
2010	7,549,953,800	1,411,273,300	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	7,802,656,100	1,190,943,400	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123

Source: County Commissioner of Revenue.

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed on a calendar year basis and at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$100 of assessed value. Calendar year 2012 reflects an amendment to the Virginia State Code, which exempted CPC (Certified Pollution Control) equipment. Calendar year 2017 included a change to the boat tax in that all boats are taxed at \$.000000001/\$100; previously boats less than 5 tons were taxed in the same class as personal property.



# COUNTY OF YORK, VIRGINIA

## Property Tax Rates Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Real Estate (1) (2) (3)</b>	<b>Personal Property (1) (4)</b>	<b>Mobile Home (1) (3)</b>	<b>Boats &gt; 5 Tons (1) (5)</b>	<b>Total Direct Tax Rate</b>
2018	\$ 0.795	\$ 4.00	\$ 0.795	\$ 0.000000001	\$ 0.9827
2017	0.7515/0.795	4.00	0.7515/0.795	1.00/0.000000001	0.9789
2016	0.7515	4.00	0.7515	1.00	0.9437
2015	0.7515	4.00	0.7515	1.00	0.9379
2014	0.7515	4.00	0.7515	1.00	0.9363
2013	0.7415/0.7515	4.00	0.7415/0.7515	1.00	0.9304
2012	0.6575/0.7415	4.00	0.6575/0.7415	1.00	0.9172
2011	0.6575	4.00	0.6575	1.00	0.8232
2010	0.6575	4.00	0.6575	1.00	0.8211
2009	0.6575	4.00	0.6575	1.00	0.8123

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

(2) The amount designated for school operating is \$0.587 per \$100 of valuation for fiscal year 2018.

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

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

(5) Effective for calendar year 2017, all boats are taxed at \$.000000001/\$100. The boat tax rate has been effectively eliminated on all classes of boats.

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

**COUNTY OF YORK, VIRGINIA**  
Principal Property Taxpayers  
Calendar Year 2017 and Nine Years Prior\*

<u>Taxpayer</u>	<u>Description</u>	<u>2017 Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>2008 Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Virginia Power Company	Generating plant	\$ 365,801,458	1	3.59%	\$ 349,158,895	1	3.57%
BP/Western Refining/Plains Marketing	Former Refinery	235,927,645	2	2.31%	117,880,840	3	1.21%
Lawyers Title/Fairfield Resorts/Wyndham	Timeshare condominiums	170,938,605	3	1.68%	195,387,665	2	2.00%
City of Newport News	Water system	135,741,600	4	1.33%	88,968,300	4	0.91%
GWR OP Lessee VA LLC (Great Wolf Lodge)	Hotel and water park	81,684,290	5	0.80%	64,764,680	5	0.66%
Kings Creek Plantation	Timeshare condominiums	80,408,480	6	0.79%	64,429,970	6	0.66%
Moyork LLC (Commonwealth Apartments)	Apartment complex	44,000,700	7	0.43%			
Walmart	Retail sales	38,029,655	8	0.37%	35,616,520	9	0.36%
1991 Ashe Partnership	Apartment complex	37,819,790	9	0.37%	39,375,400	8	0.40%
Busch Entertainment/Water Country USA	Water Park	37,324,670	10	0.37%	47,061,925	7	0.48%
Phillip Morris	Manufacturer				19,742,660	10	0.20%
Total		<u>\$ 1,227,676,893</u>		<u>12.03%</u>	<u>\$ 1,022,386,855</u>		<u>10.45%</u>

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

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

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Collections in Subsequent Year</u>	<u>Total Collections to Date</u>	
					<u>Amount</u>	<u>Percentage of Levy</u>
2018	\$ 89,691,238	\$ 87,216,407	97.24%	\$ -	\$ 87,216,407	97.24%
2017	87,536,065	84,909,975	97.00%	1,920,791	86,830,766	99.19%
2016	84,110,482	81,503,407	96.90%	2,003,305	83,506,712	99.28%
2015	80,716,523	77,929,910	96.55%	2,492,572	80,422,482	99.64%
2014	79,831,923	77,513,973	97.10%	1,943,731	79,457,704	99.53%
2013	78,390,079	75,580,443	96.42%	2,374,405	77,954,848	99.44%
2012	77,167,308	75,120,925	97.35%	1,559,100	76,680,025	99.37%
2011	78,309,524	74,202,547	94.76%	1,634,808	75,837,355	96.84%
2010	79,967,238	74,592,412	93.28%	1,709,795	76,302,207	95.42%
2009	77,519,190	74,221,594	95.75%	1,761,998	75,983,592	98.02%

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>					<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (2)</u>
	<u>General Obligation Bonds</u>	<u>Literary Loans</u>	<u>Capital Leases</u>	<u>Lease Revenue Bonds</u>	<u>Note Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>			
2018	\$ 69,812,399	\$ -	\$ 3,423,720	\$ 28,136,579	\$ -	\$ -	\$ 20,616,187	\$ -	\$ 121,988,885	N/A	\$ 1,757
2017	66,330,054	-	5,722,996	21,308,937	-	-	21,254,301	-	114,616,288	N/A	1,664
2016	61,906,639	-	2,420,659	23,247,569	-	-	21,169,120	-	108,743,987	2.51%	1,586
2015	53,270,668	-	2,860,682	23,544,723	-	-	21,696,428	325,301	101,697,802	2.35%	1,464
2014	49,619,991	-	3,113,086	24,847,309	-	-	22,207,989	638,542	100,426,917	2.39%	1,490
2013	54,961,398	-	2,862,880	26,059,652	372,740	-	22,141,530	940,170	107,338,370	2.68%	1,603
2012	59,822,805	-	2,917,121	27,499,214	719,393	-	22,570,884	1,230,616	114,760,033	2.88%	1,728
2011	56,564,037	100,000	3,316,594	29,052,785	1,041,781	-	22,984,594	1,705,295	114,765,086	2.96%	1,740
2010	59,858,071	200,000	694,180	30,792,347	1,341,604	-	7,924,245	2,159,605	102,970,052	2.75%	1,567
2009	59,764,486	300,000	914,834	31,951,909	1,620,440	-	8,194,645	2,598,931	105,345,245	2.90%	1,622

N/A - This information is not available.

(1) Bonds are shown at net of related premiums and/or discounts and deferred amounts on refundings for 2008 - 2013. Beginning in FY2014, bonds are shown at net of related premiums and/or discounts.

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

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

<b><u>Fiscal Year</u></b>	<b><u>General Obligation Bonds</u></b>	<b><u>Less Amounts Available in Debt Service Fund</u></b>	<b><u>Total</u></b>	<b><u>Percentage of Actual Taxable Value of Property (1)</u></b>	<b><u>Per Capita (2)</u></b>
2018	\$ 69,812,399	\$ -	\$ 69,812,399	0.69%	\$ 1,005
2017	66,330,054	-	66,330,054	0.65%	963
2016	61,906,639	-	61,906,639	0.62%	903
2015	53,270,668	-	53,270,668	0.54%	767
2014	49,619,991	-	49,619,991	0.51%	736
2013	54,961,398	-	54,961,398	0.57%	821
2012	59,822,805	-	59,822,805	0.63%	901
2011	56,564,037	-	56,564,037	0.57%	857
2010	59,858,071	-	59,858,071	0.61%	911
2009	59,764,486	-	59,764,486	0.61%	920

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

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

**COUNTY OF YORK, VIRGINIA**

Pledged Revenue Coverage (1)

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Net Revenues (2)</b>	<b>Capacity Fees</b>	<b>Meals Tax</b>	<b>Unrestricted Reserves</b>	<b>Total Debt Service</b>	<b>Coverage</b>		
						<b>Test 1 (3)</b>	<b>Test 2a (4)</b>	<b>Test 2b (4)</b>
2018	\$ 5,683,107	\$ 1,027,775	\$ 1,538,440	N/A	\$ 1,714,215	3.48	3.18	3.78
2017	4,405,156	523,657	1,712,878	N/A	1,367,648	3.42	3.23	4.29
2016	4,663,892	759,850	2,420,811	N/A	1,700,755	2.97	2.74	3.94
2015	4,863,228	1,309,597	1,872,798	N/A	1,700,580	3.24	2.86	3.58
2014	4,356,577	1,136,879	2,248,708	N/A	1,674,130	2.60	2.26	3.27
2013	3,687,966	815,581	2,220,994	N/A	1,682,502	2.19	1.95	3.03
2012	2,344,292	668,525	1,734,227	N/A	1,679,914	1.40	1.20	2.03
2011	1,239,891	515,932	1,050,248	N/A	1,059,085	1.17	0.93	1.68
2010	1,275,578	274,900	N/A	5,731,287	664,878	1.92	1.71	5.82
2009	2,104,996	876,754	N/A	7,531,006	662,328	3.18	2.52	7.54

(1) Revenue covenants on the Series 2010 Sewer System Revenue Bonds must meet two coverage tests.

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

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

(4) Either (a) the ratio of net revenues less 50% of capacity fees divided by 100% of total debt service must exceed 1.0; or for fiscal years 2018 - 2011, (b) the ratio of net revenues plus meals tax revenues less 100% of capacity fees divided by 100% of annual debt service must exceed 1.50; for fiscal years 2010 - 2009, (b) the ratio of net revenues less 100% of capacity fees plus 50% of unrestricted reserves divided by 100% of annual debt service must exceed 1.50.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (Thousands) (2)</b>	<b>Per Capita Income (2)</b>	<b>Median Age (3)</b>	<b>Education Level In Years of Formal Schooling (4)</b>	<b>Student Average Daily Membership (5)</b>	<b>Unemployment Rate (6)</b>
2018	69,441	N/A	N/A	N/A	13.20	12,610	3.10%
2017	68,890	N/A	N/A	39.00	13.20	12,584	3.60%
2016	68,585	\$ 4,336,956	\$ 54,592	38.80	13.20	12,522	3.90%
2015	69,466	4,333,888	54,159	38.80	13.20	12,519	4.30%
2014	67,396	4,202,631	53,431	39.30	13.20	12,333	5.00%
2013	66,955	4,011,311	51,268	39.40	13.20	12,226	5.40%
2012	66,428	3,982,139	51,037	39.40	13.20	12,410	5.80%
2011	65,973	3,876,176	49,744	39.40	13.20	12,477	6.10%
2010	65,695	3,743,244	48,390	39.40	13.20	12,533	6.10%
2009	64,933	3,636,579	47,015	39.90	13.10	12,732	5.30%

N/A - This information is not available.

Source:

(1) Weldon Cooper Center for Public Service; 2018 estimate derived from previous years' data.

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

(3) Median Age from U.S. Census Bureau

(4) Educational Attainment derived from data published by the U.S. Census Bureau.

(5) County School Division.

(6) Virginia Employment Commission; 2018 estimate per County Planning Division.

# COUNTY OF YORK, VIRGINIA

Principal Employers  
Current and Nine Years Prior

<u>Employer</u>	<u>2018</u>			<u>2009</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment</u>
Naval Weapons Station/ Cheatham Annex	2,424	1	10.45%	3,225	1	14.40%
York County School Division	1,786	2	7.70%	1,840	2	8.21%
U.S. Coast Guard Station	1,807	3	7.79%	871	5	3.89%
Sentara Williamsburg Regional Medical Center	906	4	3.91%	885	4	3.95%
Walmart	766	5	3.30%	998	3	4.46%
York County Government	750	6	3.23%	716	7	3.20%
Water Country	655	7	2.82%	825	6	3.68%
Great Wolf Lodge of Williamsburg, LLC	534	8	2.30%	557	8	2.49%
YMCA	384	9	1.66%			0.00%
Wyndham Vacation Ownership	335	10	1.44%	445	9	1.99%
Kings Creek Plantation				266	10	1.19%
Total	<u>10,347</u>		<u>44.60%</u>	<u>10,628</u>		<u>47.46%</u>

Source: County Office of Economic Development.



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

<b>Function (1)</b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
General government	46.00	44.00	46.00	20.00	19.00	18.00	20.00	20.00	20.50	20.50
Judicial services	32.00	31.00	31.50	32.50	32.50	32.50	32.75	32.75	32.75	31.50
Public safety	313.50	307.00	302.00	300.00	300.00	300.00	300.00	299.50	300.25	286.75
Environmental and development services	-	-	-	54.50	54.50	54.25	55.00	54.00	54.00	54.00
Management services	97.50	95.75	95.25	-	-	-	-	-	-	-
Finance and planning	-	-	-	92.25	91.25	91.25	89.25	89.25	89.25	89.25
Education (Library)	32.50	32.00	33.00	33.00	33.00	33.00	33.50	33.50	33.50	33.50
Public works	177.00	173.00	171.00	-	-	-	-	-	-	-
General services	-	-	-	72.00	72.00	71.00	80.00	81.00	81.00	80.00
Community services	51.40	50.20	50.20	50.20	50.20	50.20	54.20	54.20	54.20	54.20
Sewer (Public Works)	-	-	-	56.00	57.00	56.00	56.50	55.50	54.00	53.00
Water (Public Works)	-	-	-	-	-	-	-	-	1.50	1.50
Solid Waste (Public Works)	-	-	-	12.00	12.00	12.00	12.00	12.00	12.00	12.00
	<u>749.90</u>	<u>732.95</u>	<u>728.95</u>	<u>722.45</u>	<u>721.45</u>	<u>718.20</u>	<u>733.20</u>	<u>731.70</u>	<u>732.95</u>	<u>716.20</u>

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

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

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

<b>Function</b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
General Government										
Elections - Registered voters	45,757	45,134	44,361	43,007	44,840	45,165	45,540	44,814	44,353	44,962
Building Permits Issued	4,380	3,570	3,648	4,175	4,822	4,043	3,663	3,751	3,676	3,881
Building Permit Value	\$ 153,764,229	\$ 64,886,424	\$ 68,300,485	\$ 91,568,396	\$ 78,778,858	\$ 74,340,412	\$ 55,959,121	\$ 50,093,788	\$ 76,376,378	\$ 113,550,581
Judicial Services (Clerk of Court)										
Criminal and civil cases filed	4,137	3,307	3,361	2,886	2,501	1,651	1,773	1,903	2,022	1,730
Land records filed	24,273	25,576	22,857	22,821	23,023	26,117	21,061	21,059	28,413	26,790
Sheriff										
Physical arrests	1,768	1,596	1,685	1,547	1,673	1,655	1,768	2,197	2,210	1,684
Parking violations	62	72	106	83	103	71	92	130	109	467
Traffic violations	3,965	3,565	3,768	2,675	2,126	2,476	3,489	3,395	3,712	4,390
Fire and Life Safety										
Number of calls	11,464	10,919	9,969	9,707	9,550	9,289	9,070	8,842	8,677	8,717
Fire dispatches	4,992	4,743	4,117	4,076	4,007	3,567	3,504	3,552	3,482	3,497
Rescue dispatches	6,472	6,176	5,852	5,631	5,543	5,722	5,566	5,290	5,195	5,220
Education										
Library book circulation	509,704	514,824	527,047	534,923	524,847	529,718	562,212	576,134	623,015	647,845
Library registered patrons	48,530	44,022	64,436	63,248	69,860	65,057	70,684	72,915	69,064	77,612
School Division cost per pupil	\$ 10,662	\$ 10,204	\$ 10,081	\$ 10,177	\$ 9,584	\$ 9,743	\$ 9,424	\$ 9,292	\$ 9,736	\$ 9,506
Community services										
Recreation program participation	160,280	131,205	105,032	121,587	100,542	108,590	101,650	119,314	113,653	130,137
Sewer										
New connections	273	109	170	401	277	339	366	158	166	251
Water										
New connections	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8
Consumption	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	116,927,460
Solid Waste										
Refuse collections (tons)	83,094	68,714	83,000	83,996	78,352	82,774	91,699	95,671	103,842	110,282
Recyclables collected (tons)	27,997	27,814	32,005	37,651	28,702	23,970	18,139	17,302	29,780	27,200

Source: Various County departments

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

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

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

<b>Function</b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>
Sheriff										
Patrol units	55	56	51	55	61	57	59	54	55	54
Fire and Life Safety										
Stations	6	6	6	6	6	6	6	6	6	6
Fire and rescue apparatus	27	27	26	26	26	26	26	26	26	25
Community services										
Park acreage	786	786	786	786	786	786	786	786	786	786
Parks	11	11	11	11	11	11	11	11	11	11
Tennis courts	36	36	36	36	36	36	36	36	36	36
Basketball courts	38	38	38	38	38	38	38	38	38	38
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Athletic fields	73	73	73	73	73	73	73	73	73	73
Education										
School facilities	19	19	19	19	19	19	19	19	19	19
Sewer										
Sanitary sewer (miles)	389	384	381	377	367	362	350	294	337	288
Water										
Mains (miles)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	21.00
Fire hydrants	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	208
Maximum daily capacity	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	300,000

Source: Various County departments.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of York, Virginia (the "County"), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 30, 2018. That report recognizes that the County implemented a new accounting standard effective July 1, 2017.

**Internal Control over Financial Reporting**

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

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

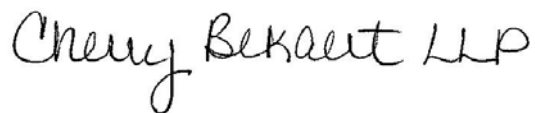
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Virginia Beach, Virginia  
November 30, 2018

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the County of York, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**Report on Internal Control over Compliance**

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

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

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

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

Cherry Bekaert LLP

Virginia Beach, Virginia  
November 30, 2018

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**COUNTY OF YORK, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

<u>Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Agriculture:		
Direct payments: Child and Adult Care Food Program	10.558	\$ 141,599
Pass-through payments:		
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (765-460-03)	10.561	755,369
Department of Agriculture:		
Schools and Roads - Grants to States	10.665	23,607
Department of Education:		
School Breakfast Program (197-179-01)	10.553	\$ 291,263
Department of Agriculture:		
Donated Foods	10.555	292,904
Department of Education:		
National School Lunch Program (197-179-01)	10.555	1,139,448
Department of Juvenile Justice: National School Lunch Program (777-360-03)	10.555	9,797
Subtotal Donated Foods and National School Lunch Program	10.555	<u>1,442,149</u>
Total Child Nutrition Cluster		1,733,412
Department of Commerce		
Direct payment: Chesapeake Bay Studies	11.457	87,085
Department of Defense:		
Direct payments:		
Naval Junior ROTC Program	12.UNK	85,553
National Defense Authorization Act	12.UNK	645,165
Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	12.556	348,470
Invitational Grants for Military-Connected Schools	12.557	30,778
Department of Housing and Urban Development:		
Pass-through payments:		
Department of Housing and Community Development		
Community Development Block Grants/State's Program (165-533-05)	14.228	184,480
Virginia Housing Development Authority:		
Section 8 Housing Choice Vouchers	14.871	108,873
Department of the Interior: Direct payments: Payments in Lieu of Taxes	15.226	10,728
Department of Justice:		
Direct payments:		
Edward Byrne Memorial State and Local Law Enforcement Assistance		
Discretionary Grants Program	16.580	40,568
Equitable Sharing Program	16.922	92,569
Pass-through payments:		
Department of Criminal Justice Services:		
Crime Victim Assistance (140-390-01)	16.575	88,512
Violence Against Women Formula Grants (140-390-01)	16.588	27,085
Department of Transportation:		
Pass-through payments: Department of Motor Vehicles:		
State and Community Highway Safety (530-605-07)	20.600	55,596
Federal Communications Commission:		
Direct payments: Universal Service - E-rate Program	32.UNK	9,852
Department of Education:		
Direct payments:		
Impact Aid	84.041	8,307,349
Pass-through payments:		
Department of Education (197-179-01):		
Title I Grants to Local Educational Agencies	84.010	696,695
Special Education and Rehabilitative Services:		
Special Education - Grants to States	84.027	2,331,832
Special Education - Preschool Grants	84.173	<u>40,611</u>
Total Special Education Cluster (IDEA)		2,372,443

(continued)

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF YORK, VIRGINIA**  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

<u>Federal Granting Agency/Recipient State Agency/Grant Program/Grant Number</u>	<u>Federal Catalog Number</u>	<u>Federal Expenditures</u>
Department of Education:		
Pass-through payments:		
Department of Education (197-179-01):		
Safe and Drug-Free Schools and Communities - State Grants	84.186	18,501
Vocational and Adult Education:		
Career and Technical Education - Basic Grants to States	84.048	104,392
English Language Acquisition State Grants	84.365	27,488
Supporting Effective Instruction State Grants	84.367	153,328
Department of Health and Human Services:		
Direct payments: Administration for Children, Youth and Families: Head Start	93.600	980,636
Pass-through payments:		
Department of Social Services:		
Promoting Safe and Stable Families (765-460-03; 765-469-02)	93.556	36,418
Temporary Assistance for Needy Families (765-452-12; 765-452-01; 765-460-03)	93.558	385,976
Refugee and Entrant Assistance - State Administered Programs		
(765-460-03; 765-491-02)	93.566	745
Low-Income Home Energy Assistance (765-460-03)	93.568	39,757
Child Care and Development Block Grant (765-452-15)	93.575	(1,173)
Child Care Mandatory and Matching Funds of the Child Care and		
Development Fund (765-452-14; 765-452-15; 765-460-03)	93.596	55,267
Total Child Care and Development Fund Cluster (93.575, 93.596)		54,094
Chafee Education and Training Vouchers Program (ETV) (765-469-02)	93.599	(734)
Stephanie Tubbs Jones Child Welfare Services Program (765-460-03)	93.645	987
Foster Care - Title IV-E (765-460-03; 765-469-01; 765-469-02)	93.658	352,453
Adoption Assistance (765-460-03; 765-469-03)	93.659	110,647
Social Services Block Grant (765-460-03; 765-468-02; 765-469-02; 765-469-03)	93.667	279,762
Chafee Foster Care Independence Program (765-460-03; 765-469-01)	93.674	4,174
Children's Health Insurance Program (765-460-03)	93.767	29,984
Medical Assistance Program (765-460-03)	93.778	772,550
Department of Medical Assistance Services: Medical Assistance Program	93.778	103,364
Total Medicaid Cluster		875,914
Department of Homeland Security:		
Pass-through payments:		
Department of Emergency Services:		
Hazard Mitigation Grant (127-775-01; 127-776-01; 127-776-02)	97.039	16,897
Emergency Management Performance Grants (127-775-01)	97.042	32,551
Homeland Security Grant Program (127-775-01)	97.067	28,131
 Total		 <u>\$ 19,377,889</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**COUNTY OF YORK, VIRGINIA**  
Notes to Schedule of Expenditures of Federal Awards  
June 30, 2018

**1. GENERAL**

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

**2. BASIS OF ACCOUNTING**

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

**3. SUBRECIPIENTS**

Of the federal expenditures presented in the Schedule, the County provided no federal awards to a subrecipient during the year ended June 30, 2018.

**4. UNIFORM GRANT GUIDANCE**

The Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards, which is effective for new grants, issued after December 26, 2014, included changes to how indirect costs are awarded. In an effort to relieve administrative burden, the Office of Management and Budget (OMB) specified that non-federal entities that have never received a negotiated indirect cost rate may elect to charge a de minimis cost rate of 10 percent of modified total direct costs, which may be used indefinitely. The County elected not to apply the de minimis rate for fiscal year 2018.

**COUNTY OF YORK, VIRGINIA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

**A. Summary of Auditor's Results**

Financial Statements:

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

Federal Awards:

Type of auditor's report issued on compliance for major programs:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weaknesses identified:	<b>No</b>
Significant deficiencies identified:	<b>None reported</b>
Noncompliance material to federal awards noted?	<b>No</b>
Any audit findings disclosed that are required to be reported in Accordance with Section 200.516(a) of the Uniform Guidance?	<b>No</b>

Identification of major federal programs:

<u><b>Name of Program</b></u>	<u><b>CFDA #</b></u>
Department of Agriculture:	
Child Nutrition Cluster	10.553-CL
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program Cluster	10.561
Department of Education:	
Impact Aid	84.041
Department of Defense:	
National Defense Authorization Grant	12.UNK

Dollar threshold to distinguish between Types A and B Programs:	<b>\$750,000</b>
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The County of York was qualified as a low risk auditee in? Accordance with Section 200.520 of the Uniform Guidance?	<b>Yes</b>
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<b>B. Findings - Financial Statement Audit</b>	<b>None</b>
<b>C. Findings and Questioned Costs - Major Federal Awards</b>	<b>None</b>
<b>D. Findings and Questioned Costs – State Compliance</b>	<b>None</b>
<b>E. Resolution of Prior Year's Findings</b>	<b>Not applicable</b>

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