

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2014



COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF YORK, VIRGINIA

For the Fiscal Year Ended June 30, 2014

Prepared by the Department of Financial and Management Services,
Division of Budget and Financial Reporting

Deborah L. Morris, CPA
Controller

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Chief, Division of Budget and Financial Reporting

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Deborah A. Goodwin
Renate L. Sutherland
Catherine A. McLain

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June 30, 2014

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COUNTY ADMINISTRATOR
J. Mark Carter (Interim)



BOARD OF SUPERVISORS

Walter C. Zaremba
District 1
Sheila S. Noll
District 2
Donald E. Wiggins
District 3
George S. Hrichak
District 4
Thomas G. Shepperd, Jr.
District 5

November 25, 2014

The Board of Supervisors
County of York, Virginia

Dear Members of the Board:

We are pleased to submit to you the Comprehensive Annual Financial Report of the County of York for the fiscal year ended June 30, 2014, as required by the Code of Virginia. The Department of Financial and Management Services has prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP), the standards of financial reporting prescribed by the Governmental Accounting Standards Board, and the Auditor of Public Accounts of the Commonwealth of Virginia. The independent certified public accounting firm of Cherry Bekaert LLP has audited the financial statements, and their opinions are contained within this report.

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

The County government is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit, including the schedule of expenditures of Federal awards, findings and questioned costs, and auditors' reports on internal control and compliance with applicable laws and regulations, are included in the compliance section of this report.

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

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

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Fax: (757) 890-4002 • TDD (757) 890-3300 • Email: bos@yorkcounty.gov
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

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

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

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

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

The budget is prepared by fund and function (e.g. public safety). The County Administrator may make transfers of appropriations within a function. Transfers between functions require the prior approval of the Board of Supervisors. 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

During the year ended June 30, 2014, York County continued to feel the impact of the national and state slow economic recovery. The strong military presence in the region and the significant tourism base allowed the County to fare better than many other communities. Through careful monitoring of revenues and expenditures, measures to control spending continued, including a 90 day hiring freeze, holding vacant positions open, and delaying capital projects, to ensure the County would end the fiscal year in a sound financial condition.

At \$132.5 million, the fiscal year 2015 General Fund adopted budget is 1.8% higher than the fiscal year 2014 budget. Savings achieved in fiscal year 2014 continue with an on-going hiring freeze and delay of certain capital expenditures and other major purchases. The 2015 General Fund budget is balanced and it does not propose to use any of the unassigned fund balance. We believe that the conservative fiscal policy of the Board of Supervisors and County management will enable the continued provision of the same high level of government service that has come to be expected of York County. Further, these conservative policies will enable York County to emerge from the recovery in a strong financial position.

MAJOR INITIATIVES

During the formulation of the fiscal year 2015 budget, the Board of Supervisors directed that the governmental emphasis be focused on maintaining a high level of support for the operation and construction of the schools, public safety, and continued maintenance and extension of municipal sewer and stormwater systems. Accordingly, this direction was translated into a number of specific projects to which major portions of the available resources were allocated.

Operations

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

Economic Development

York County's economy continued to recover in fiscal year 2014, as total commercial building permit values reached \$23.4 million and 15 new projects were permitted. Total building permit values (residential & commercial) exceeded \$76 million for the first time since 2009.

The economic development fiscal year was highlighted by Enterprise Holdings (parent corporation Enterprise, Alamo & National Car Rentals) acquiring three vacant commercial buildings totaling

23,000 sq. ft. and completing major renovations. The acquisition brought 90 high paying jobs to the County and a boost for local hotels and restaurants as Enterprise will utilize the former "President's Park" building as a statewide training center. Another highlight was the retention/expansion of Magnolia Cleaning Services, a growing York County company serving the time share industry. The Economic Development Authority (EDA) provided an economic development grant to The Kerner Group to assist them in constructing and leasing a new 22,000 sq. ft. building to Magnolia in Busch Industrial Park. Priority Nissan announced their decision to acquire a site for a new dealership in Lightfoot. Priority will be joining Casey Toyota and Williamsburg Ford as the third new car dealership in the Lightfoot corridor. Smith/Packett, a national developer/owner of assisted living facilities, put 7.9 acres under contract at the corner of Rt. 134 and Victory Blvd for a 102 unit project and secured Board of Supervisors' approval for construction.

The Office of Economic Development (OED) and EDA continued to support the fall "Williamsburg Arts" initiative to increase tourism. The OED and EDA helped create and implement the new "Blues, Brews and BBQ" and "Art on the River" events in Yorktown to bolster this endeavor.

The OED and the EDA continued to focus on improving the County's entrepreneurial eco system and accelerating business growth. The EDA was a major sponsor of the "START Peninsula" 2.0 endeavor held at the Peninsula Technology Incubator. Start Peninsula 2.0 provided over 20 entrepreneurs an opportunity to compete for \$10,000 towards their venture and free time in an area business incubator.

The OED, in concert with the Marquis Community Development Authority, worked cooperatively with Todd Interests, the owner of the Marquis, to attract a ground lease commitment from Sam's Club, which along with other master plan amendments for the Marquis, was welcomed with Board of Supervisors' approval as a way to enhance traffic to the existing retailers and stimulate new commercial investment. Todd Interests has started construction on extending Marquis Parkway and storm water improvements to support further development of the Marquis.

The OED/EDA negotiated the acquisition of 30 acres of shovel ready light industrial property in Busch Industrial Park at a cost that is less than half of the assessed value. Ownership of the property transferred in June 2014 and the EDA already has five acres under contract for a light manufacturing facility.

Capital Improvements Program

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

The Route 17 utility undergrounding project began during fiscal year 2014 along the portion of the corridor being widened, and the County continues to focus on maintaining its current sewer and storm water infrastructure through the County's repair and maintenance program.

The Stormwater Maintenance Program continues to address ongoing drainage maintenance within County easements. The Stormwater Capital Improvements Program includes Lakeside Forest, Moore's Creek, Cook Road/Falcon Road, Victory Industrial Park, Dare Elementary, Coventry Boulevard, Greensprings, Tabb Lakes/King's Bottom, Goodwin Neck/Rosewood, Claxton Creek, Wormley Creek Headwaters, Marlbank Cove Ravine, Poquoson Headwaters, Route 134/Bayberry, Larkin

Woods stream restoration, Queens Lake Ravines, Seige Lane and the Chesapeake Bay TMDL Retrofit Engineering study.

The only major water construction project is the Lightfoot Newport News Waterworks Water Extension.

Major sewer construction projects that are in progress or that are in the County's Capital Improvements Program include Queen's Lake, Waterview, Carver Place, Old Wormley Creek, Acree Acres, Moore's Creek, Allen's Mill, Bruton High School, Hornsbyville, Wolftrap Road, National Lane, Dare-Jethro Lane, Kentucky Farms, Sinclair, Schneck Estates, Big Bethel, Whites-Faulkner, Burt's Road, and Payne's Road.

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

Regional and Joint Cooperation

Regional Jail

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

Juvenile Jail Facility

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

Other Projects

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

FINANCIAL INFORMATION

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

ing of assets against loss from unauthorized use or disposition; and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived therefrom; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

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

POLICIES

Several policy decisions related to the economic situation continued to have a significant impact on financial operations in 2014. The postponement of major capital projects (excluding sewer projects, whereby the revenue source is user fees) continued. Only minimal maintenance projects were approved, whereby further delay of such would have been cost-prohibitive. Another policy decision that began in fiscal year 2009 and continued through June 30, 2014 was a 90-day hiring freeze for positions that became vacant. There were several positions that were held vacant beyond that period to achieve further savings.

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 related OMB Circular A-133. The reports of the independent auditors that relate specifically to the single audit are also included in the compliance section of this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers' Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the County of York, Virginia, for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This was the 28th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

DISTINGUISHED BUDGET PRESENTATION

The Government Finance Officers' Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the County of York, Virginia, for its annual budget for the fiscal year beginning July 1, 2013. This was the 10th consecutive year that the County has achieved this prestigious award.

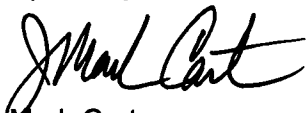
In order to receive this award, a governmental entity must publish a budget document that meet program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.

This award is valid for a period of one year only. We believe that our current budget continues to conform to program requirements and it has been submitted to the GFOA to determine its eligibility for another award.

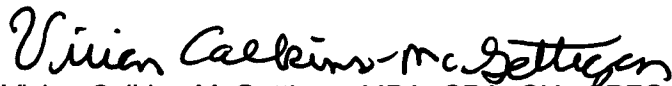
ACKNOWLEDGMENTS

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

Respectfully submitted,



J. Mark Carter
Interim County Administrator



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



Deborah L. Morris, CPA
Controller

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Government Finance Officers Association

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

Presented to

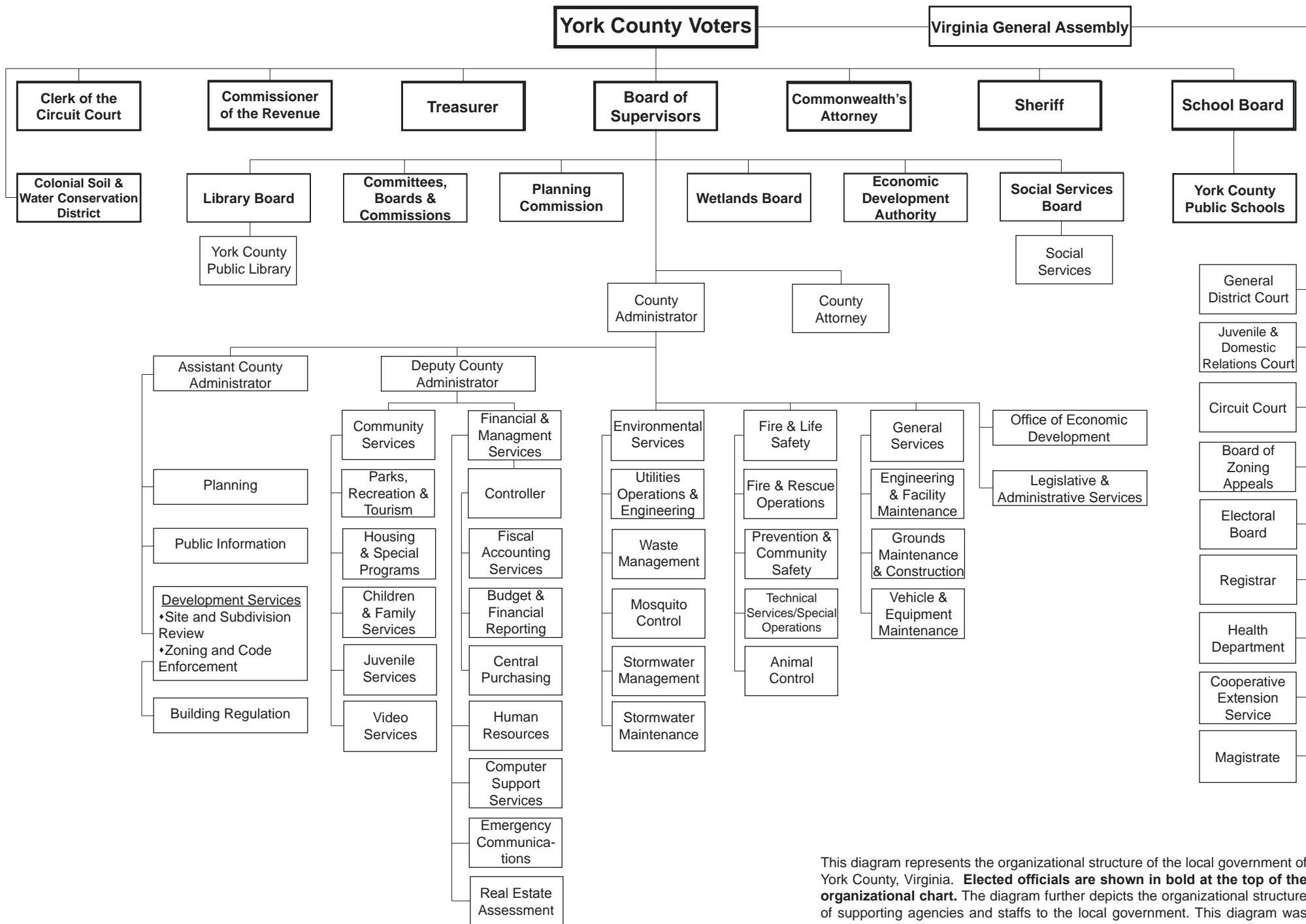
**County of York
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO



This diagram represents the organizational structure of the local government of York County, Virginia. **Elected officials are shown in bold at the top of the organizational chart.** The diagram further depicts the organizational structure of supporting agencies and staffs to the local government. This diagram was prepared by the York County Public Information Office, 224 Ballard Street, Yorktown, Virginia, 23690. Mailing Address: P.O. Box 532, Yorktown, Virginia, 23690-0532. Updated November 2014

COUNTY OF YORK, VIRGINIA

Principal Officials

For the Fiscal Year Ended June 30, 2014
(Updated November 2014)

Board of Supervisors

Donald E. Wiggins, Chairman
Thomas G. Shepperd, Jr., Vice-Chairman
Walter C. Zaremba
Sheila S. Noll
George S. Hrichak

Constitutional Officers

Clerk of the Circuit Court
Commissioner of the Revenue
County Treasurer
Commonwealth's Attorney
Sheriff

Kristen N. Nelson
Ann H. Thomas
Deborah B. Robinson
Benjamin M. Hahn
J. D. Diggs

County Officials

Interim County Administrator
County Attorney
Assistant County Administrator
Deputy County Administrator
Director of Community Services
Interim Director of Environmental Services
Director of General Services
Fire Chief
Controller

J. Mark Carter
James E. Barnett
J. Mark Carter
Vivian Calkins-McGettigan
Laurie Blanton-Coleman
Brian K. Woodward
Mark L. Bellamy, Jr.
Stephen P. Kopczynski
Deborah L. Morris

School Board

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

School Officials

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

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

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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, 2014, 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 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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and adjusted their health and dental insurance reserves based on a specialist's IBNR estimates as of July 1, 2013. Our opinions are not modified with respect to these matters.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages C-1 through C-14 and G-2 through G-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

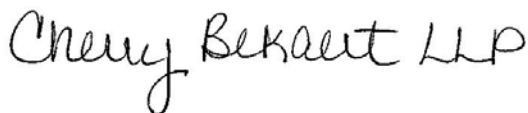
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of York, Virginia's basic financial statements. The introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is also presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Such information is the responsibility of management and was derived from and relates to the underlying accounting and other records used to prepare the 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 25, 2014, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Virginia Beach, Virginia
November 25, 2014

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, 2014. Please read it in conjunction with the transmittal letter on pages A-1 through A-8 at the front of this report and the County's basic financial statements, which begin on page D-1.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2014 (FY2014)

- The assets and deferred outflows of the County on a government-wide basis excluding component units, exceeded its liabilities and deferred inflows as of June 30, 2014 by \$187,060,758 (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 \$49,619,991 in school debt without the related assets.
- The County's total net position increased by \$6,105,494. Governmental activities increased by \$2,823,594, primarily due to increases in revenues, particularly charges for services, property tax revenues and other tax revenues, as well as credits issued by VPSA for school debt. Business-type activities increased by \$3,281,900, mainly attributable to capital contributions for sewer infrastructure and to increases in charges for services revenues.
- As of June 30, 2014, the County's governmental funds reported combined ending fund balances of \$73,070,165, an increase of \$173,640 from the prior year. Unassigned fund balance totaled \$13,031,015 and is available for spending at the County's discretion. This amount reflects a General Fund unassigned fund balance of \$19,747,802, or 18.3% of total General Fund expenditures and an unassigned fund deficit of (\$6,852,782) in the Yorktown Capital Improvements Fund, attributable to a long-term advance payable to another fund.
- The County's noncurrent liabilities at June 30, 2014 were \$110,826,723, which is a decrease of (\$5,303,958) from the prior year. The key factor in this decrease was the principal payments on existing debt.

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 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 and liabilities + deferred inflows - as one way to measure the County's financial health or financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial health is improving or deteriorating. However, other non-financial factors will need to be considered, such as changes in the County property tax base, to assess the overall health of the County.

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

- Governmental activities - Most of the County's basic services are reported here, including general government, judicial services, public safety, environmental and development services, finance and planning, education, human services, general services, 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 component units and provides operating and capital funding.

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 and County Capital Funds, all of which are considered to be major funds.

Data from the other seven 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.

The County uses 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 Other Post-Employment Benefits Fund (OPEB) accounts for subsidy payments for eligible retirees of the County towards health insurance coverage in a plan sponsored by the County. 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** - All of the County's fiduciary activities are reported in separate agency fund statements of assets and liabilities and changes in assets and liabilities. The County excludes these activities from the County's government-wide statements because the County cannot use these assets to finance its operations. Agency funds are County custodial funds used to provide accountability of client monies for which the County is the custodian.

The Statement of Assets and Liabilities - Agency funds can be found on page E-8 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-36 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 post-employment benefits to its employees and contributions for other-post employment 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, 2014 and 2013

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|-----------------------|---------------------------------|-----------------------|-----------------------|-----------------------|
| | Restated | | Restated | | Restated | |
| | <u>FY2014</u> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2013</u> |
| Current and other assets | \$ 103,203,900 | \$ 99,972,285 | \$ 11,136,912 | \$ 13,649,521 | \$ 114,340,812 | \$ 113,621,806 |
| Capital assets | 83,027,162 | 86,324,016 | 123,294,606 | 118,668,615 | 206,321,768 | 204,992,631 |
| Deferred outflows | <u>370,734</u> | <u>-</u> | <u>501,489</u> | <u>537,309</u> | <u>872,223</u> | <u>537,309</u> |
| Total assets and deferred outflows | <u>\$ 186,601,796</u> | <u>\$ 186,296,301</u> | <u>\$ 134,933,007</u> | <u>\$ 132,855,445</u> | <u>\$ 321,534,803</u> | <u>\$ 319,151,746</u> |
| Current and other liabilities | \$ 18,042,851 | \$ 17,835,772 | \$ 3,244,848 | \$ 3,692,720 | \$ 21,287,699 | \$ 21,528,492 |
| Long-term liabilities | 87,610,641 | 92,695,442 | 23,216,082 | 23,972,548 | 110,826,723 | 116,667,990 |
| Deferred inflows | <u>2,359,623</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,359,623</u> | <u>-</u> |
| Total liabilities and deferred inflows | <u>108,013,115</u> | <u>110,531,214</u> | <u>26,460,930</u> | <u>27,665,268</u> | <u>134,474,045</u> | <u>138,196,482</u> |
| Net position: | | | | | | |
| Net investment in capital assets | 55,437,501 | 57,401,484 | 102,477,564 | 97,496,807 | 157,915,065 | 154,898,291 |
| Restricted net position | 1,476,281 | 1,520,094 | 177,139 | 174,935 | 1,653,420 | 1,695,029 |
| Unrestricted net position | <u>21,674,899</u> | <u>16,843,509</u> | <u>5,817,374</u> | <u>7,518,435</u> | <u>27,492,273</u> | <u>24,361,944</u> |
| Total net position | <u>78,588,681</u> | <u>75,765,087</u> | <u>108,472,077</u> | <u>105,190,177</u> | <u>187,060,758</u> | <u>180,955,264</u> |
| Total liabilities and net position | <u>\$ 186,601,796</u> | <u>\$ 186,296,301</u> | <u>\$ 134,933,007</u> | <u>\$ 132,855,445</u> | <u>\$ 321,534,803</u> | <u>\$ 319,151,746</u> |

Capital assets increased by \$1,329,137 from the prior year. This is primarily related to the capitalization of buildings and improvements, equipment and sewer infrastructure.

The County's net position totaled \$187,060,758, an increase of \$6,105,494. This result is comprised of an increase of net position in governmental activities of \$2,823,594, and an increase of \$3,281,900 in business-type activities. The increase in governmental activities was primarily due to increases in revenues, particularly charges for services, property tax revenues and other tax revenues, as well as credits issued by VPSA for school debt. The increase for business-type activities was primarily attributable to capital contributions for the sewer infrastructure and to increases in charges for services revenues.

Approximately .88% 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. Unrestricted net position represents the part that can be used to finance day-to-day operations. At June 30, 2014, the County reported unrestricted net position of \$27,492,273.

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

Analysis - for State and Local Governments. The County borrows funds to finance the acquisition, construction, and improvement of school property and the School Division holds title to this property.

With the County opting out of Senate Bill 276, the asset values are reported on the School Division's Statement of Net Position and the related debt or liability are reported on the County's Statement of Net Position. Consequently, the County reports \$49,619,991 in school debt without the related assets.

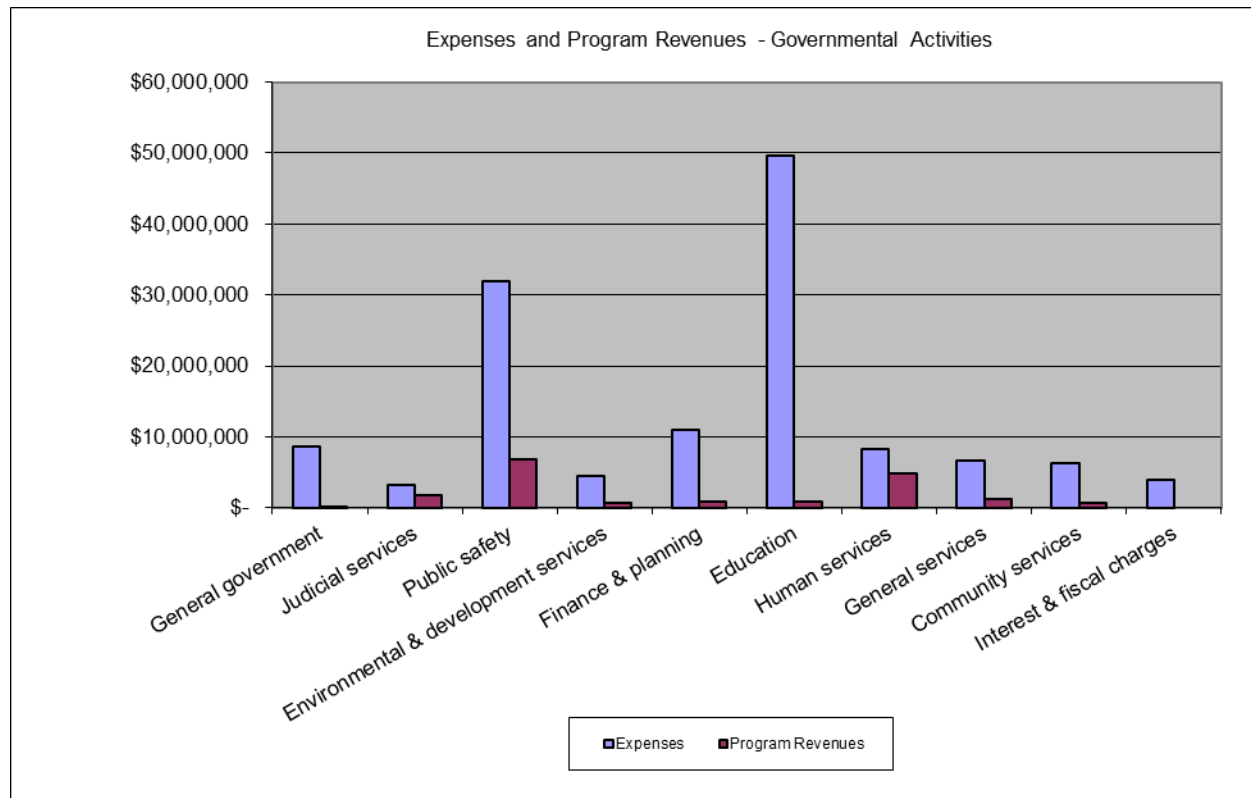
Summary of Changes in Net Position - Years Ended June 30, 2014 and 2013

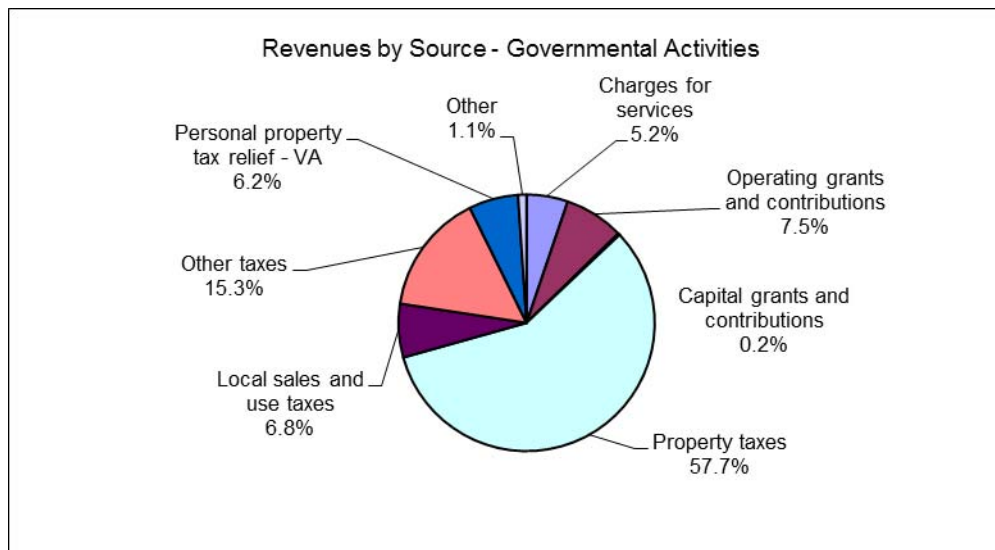
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|----------------------------|---------------------------------|----------------------------|-----------------------|----------------------------|
| | <u>FY2014</u> | <u>Restated FY2013</u> | <u>FY2014</u> | <u>Restated FY2013</u> | <u>FY2014</u> | <u>Restated FY2013</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 7,309,628 | \$ 6,410,147 | \$ 16,932,754 | \$ 14,616,181 | \$ 24,242,382 | \$ 21,026,328 |
| Operating grants and contributions | 10,521,429 | 10,205,585 | 295,108 | 300,180 | 10,816,537 | 10,505,765 |
| Capital grants and contributions | 317,128 | 1,668,035 | 1,371,580 | 1,139,604 | 1,688,708 | 2,807,639 |
| General revenues: | | | | | | |
| Property taxes | 80,907,792 | 79,711,885 | - | - | 80,907,792 | 79,711,885 |
| Other taxes | 30,901,829 | 30,070,719 | - | - | 30,901,829 | 30,070,719 |
| Commonwealth of Virginia, net | | | | | | |
| Local Aid to Commonwealth | 8,741,680 | 8,525,325 | - | - | 8,741,680 | 8,525,325 |
| Unrestricted investment earnings | 216,877 | 85,087 | 37,303 | 54,762 | 254,180 | 139,849 |
| Miscellaneous | 1,256,436 | 232,168 | 43,003 | 82,881 | 1,299,439 | 315,049 |
| Gain on sale of capital assets | 22,306 | 25,631 | - | 103,632 | 22,306 | 129,263 |
| Total revenues | <u>140,195,105</u> | <u>136,934,582</u> | <u>18,679,748</u> | <u>16,297,240</u> | <u>158,874,853</u> | <u>153,231,822</u> |
| Expenses: | | | | | | |
| Governmental activities: | | | | | | |
| General government | 8,717,434 | 3,437,320 | - | - | 8,717,434 | 3,437,320 |
| Judicial services | 3,190,077 | 2,928,927 | - | - | 3,190,077 | 2,928,927 |
| Public safety | 31,994,037 | 31,256,213 | - | - | 31,994,037 | 31,256,213 |
| Environmental and development services | 4,459,304 | 4,310,625 | - | - | 4,459,304 | 4,310,625 |
| Finance and planning | 11,071,656 | 9,462,983 | - | - | 11,071,656 | 9,462,983 |
| Education | 49,589,562 | 48,505,476 | - | - | 49,589,562 | 48,505,476 |
| Human services | 8,217,138 | 7,759,084 | - | - | 8,217,138 | 7,759,084 |
| General services | 6,707,865 | 6,282,460 | - | - | 6,707,865 | 6,282,460 |
| Community services | 6,263,573 | 6,300,127 | - | - | 6,263,573 | 6,300,127 |
| Interest and fiscal charges on noncurrent debt | 3,898,226 | 4,420,788 | - | - | 3,898,226 | 4,420,788 |
| Business-type activities: | | | | | | |
| Sewer Utility | - | - | 10,505,293 | 10,335,034 | 10,505,293 | 10,335,034 |
| Water Utility | - | - | 349,496 | 1,002,427 | 349,496 | 1,002,427 |
| Solid Waste | - | - | 4,818,406 | 4,618,642 | 4,818,406 | 4,618,642 |
| Yorktown Operations | - | - | 74,718 | 98,893 | 74,718 | 98,893 |
| Sanitary Districts | - | - | 418,133 | 424,857 | 418,133 | 424,857 |
| Regional Radio System | - | - | 2,494,441 | 2,402,484 | 2,494,441 | 2,402,484 |
| Total expenses | <u>134,108,872</u> | <u>124,664,003</u> | <u>18,660,487</u> | <u>18,882,337</u> | <u>152,769,359</u> | <u>143,546,340</u> |
| Change in net position, before transfers | 6,086,233 | 12,270,579 | 19,261 | (2,585,097) | 6,105,494 | 9,685,482 |
| Transfers | <u>(3,262,639)</u> | <u>(3,826,920)</u> | <u>3,262,639</u> | <u>3,826,920</u> | <u>-</u> | <u>-</u> |
| Change in net position | 2,823,594 | 8,443,659 | 3,281,900 | 1,241,823 | 6,105,494 | 9,685,482 |
| Net position, beginning - restated | <u>75,765,087</u> | <u>67,321,428</u> | <u>105,190,177</u> | <u>103,948,354</u> | <u>180,955,264</u> | <u>171,269,782</u> |
| Net position, ending | <u>\$ 78,588,681</u> | <u>\$ 75,765,087</u> | <u>\$ 108,472,077</u> | <u>\$ 105,190,177</u> | <u>\$ 187,060,758</u> | <u>\$ 180,955,264</u> |

Governmental Activities - For the fiscal year ended June 30, 2014, revenues from governmental activities totaled \$140,195,105. Real estate tax revenue, the County's largest revenue source, was \$68,046,349. The County's assessed real property tax base for calendar year 2014 was \$9,160,548,286. The County reported current year collections of \$20,829,625 in personal property taxes, the County's second largest revenue source. Of that amount, \$8,741,680 was from the Commonwealth of Virginia as an entitlement grant under the provisions of the Personal Property Tax Relief Act (PPTRA). Property taxes increased by \$1,195,907, due to an increase in the real estate rate of .01 cent per \$100 of value in 2nd half of calendar year 2013.

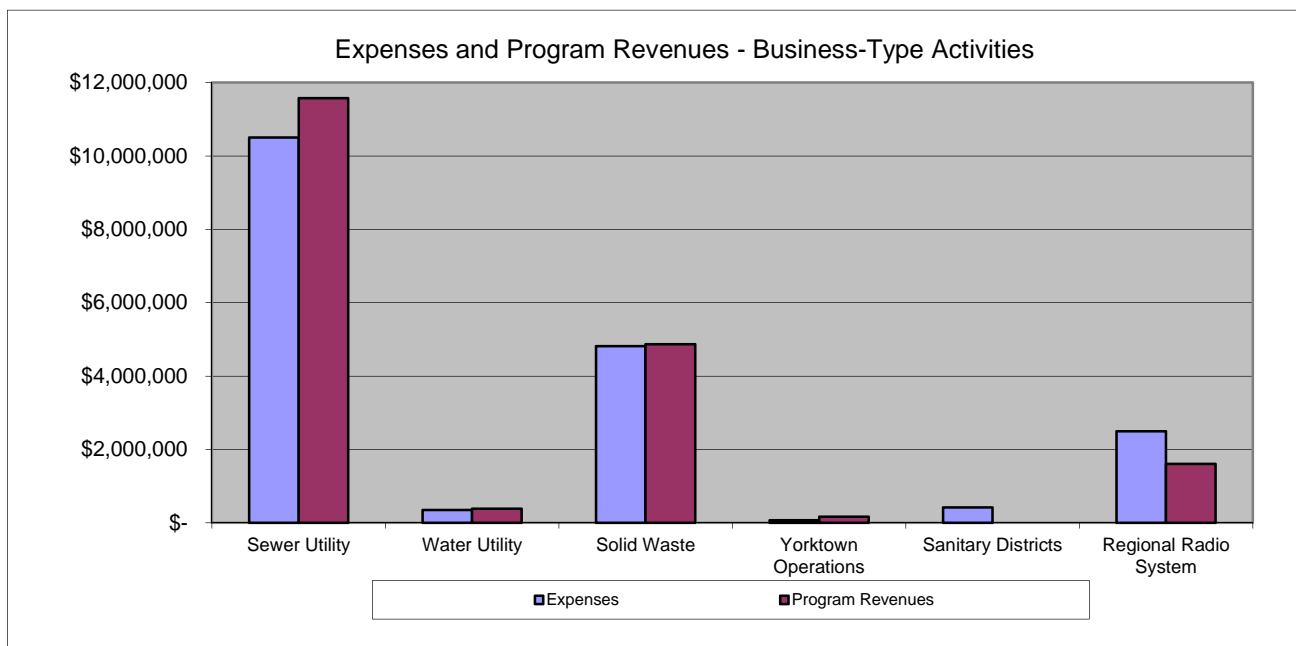
Other taxes increased by \$831,110 from the prior year as a result of increases in business licenses, local sales and use tax revenue, hotel and motel room tax revenue and restaurant food tax revenue. Most of the overall decrease of (\$1,350,907) in capital grants and contributions related to a Community Development Block Grant and Public Safety grants.

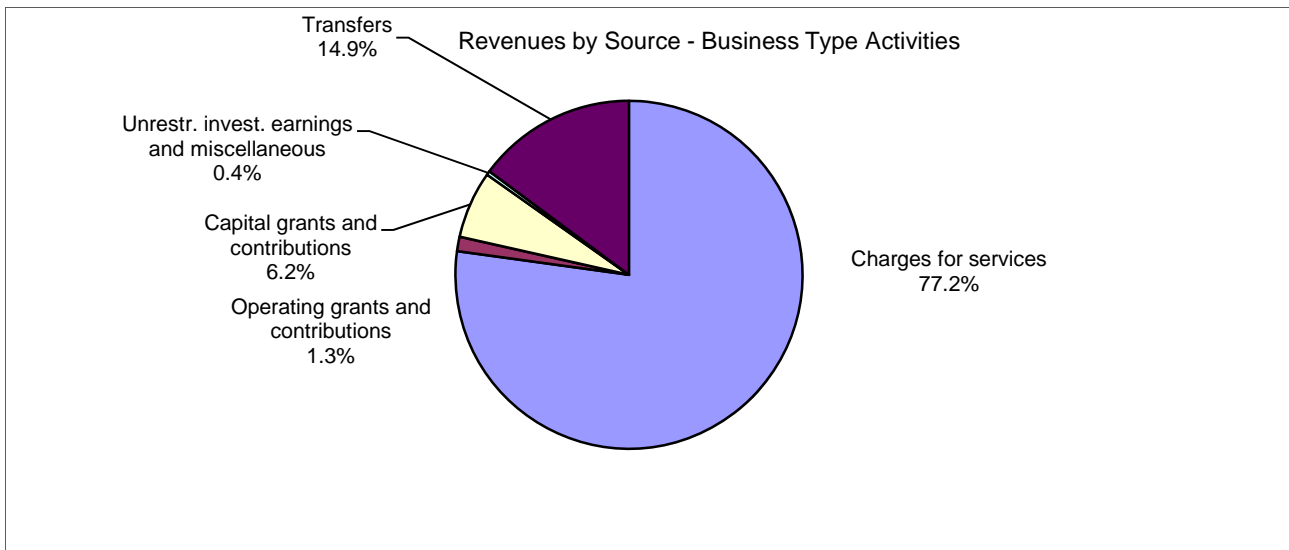
For the fiscal year ended June 30, 2014, expenses for governmental activities totaled \$134,108,872, including the following payments to the component unit - School Division: \$46,784,869 for operations; the component unit - Economic Development Authority: \$48,250 for operations and \$816,599 for an economic grant and land acquisition, and the component unit - Community Development Authority: \$1,056,883 in incremental taxes.





Business-Type Activities - Business-type activities increased the County's net position by \$3,281,900 for the fiscal year ended June 30, 2014. This increase is primarily attributable to capital contributions. Significant transfers include \$2,248,708 of meals tax to support capital projects in the Sewer Utility Fund and \$1,013,931 for the maintenance on the emergency radio system in the Regional Radio System Fund.



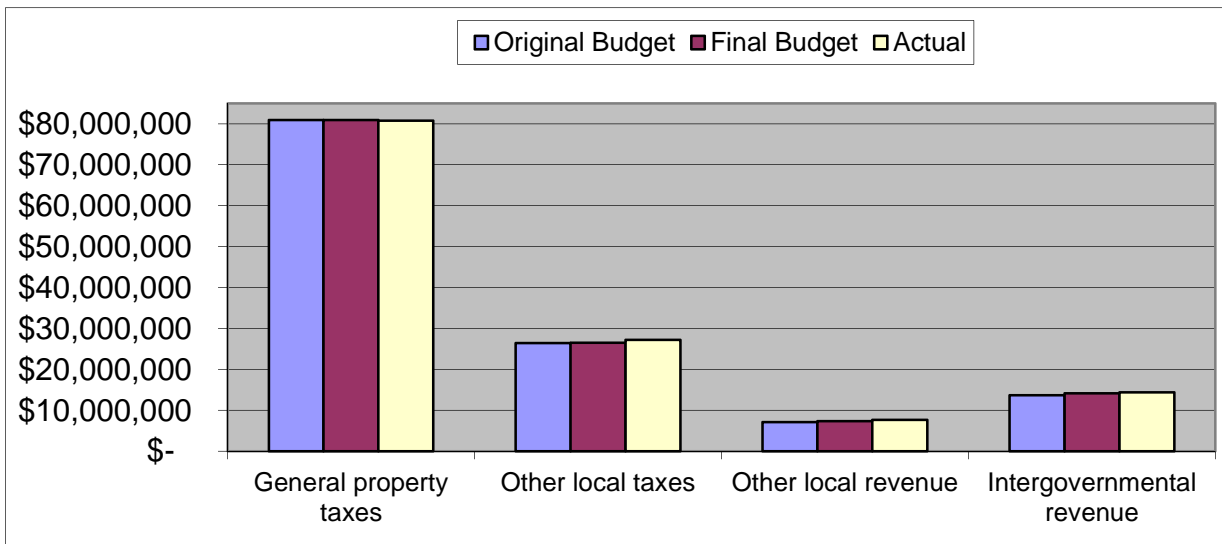


GENERAL FUND

As of June 30, 2014, the County's governmental funds reported combined ending fund balances of \$73,070,165, an increase of \$173,640 from the prior year. Unassigned fund balance totaled \$13,031,015 and is available for spending at the County's discretion. Of the remainder of fund balance, \$9,808,279 is nonspendable, \$1,476,281 is restricted, \$18,317,680 is committed and \$30,436,910 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 \$19,747,802, and total fund balance was \$61,666,571. 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 18.3% of total General Fund expenditures while total fund balance represents 57.2% of the same amount.

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

General Fund Revenue - Comparison of Budget to Actual

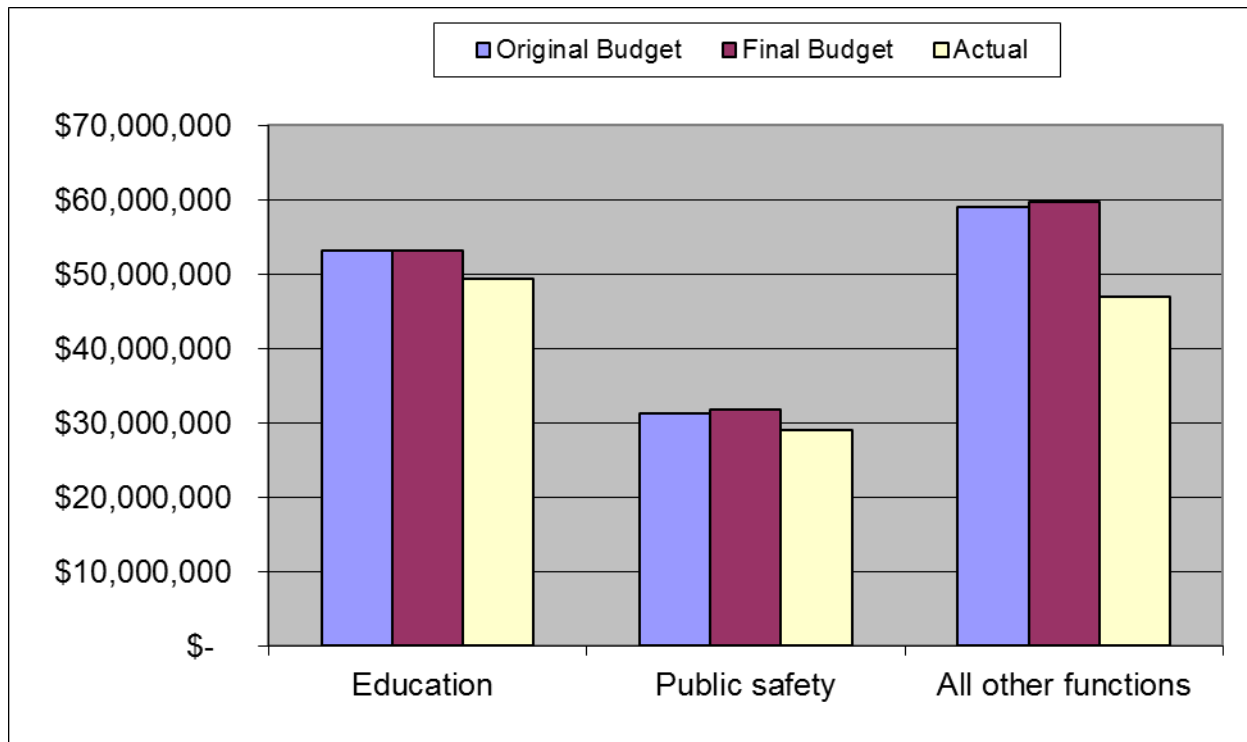


The total General Fund final budgeted revenues were \$790,594 (.62%) over the original budget. The majority of the increase was driven by federal and state grants appropriated during the year.

The total General Fund actual revenues were \$967,929 (.75%) over the final budget. Significant variances include the following:

- General property taxes were lower than the final budget by (\$177,099) (.22%), which was primarily driven by lower than anticipated real property tax collections.
- Charges for services were less than the final budget by (\$181,830) (4.61%), mainly due to decreases in collections from medic recovery fees and parks and recreation programs.
- Recovered costs increased by \$310,269 from the final budget (19.81%). Of this net increase, the more significant variances were the result of a contribution from the York Public School Division for other post-employment benefits and an insurance refund.
- Intergovernmental revenue was above the final budget by \$171,819 (1.2%). The main contributors to the increase were as follows: the Assistance to Firefighters and Violence Against Women grants were budgeted in the previous year however, the revenue is reimbursement-based and there were expenditures in the current year.

General Fund Expenditures - Comparison of Budget to Actual



The total General Fund final budgeted expenditures were \$1,060,065 (.74%) 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 \$19,122,490 (13.23%) under the final budget. A portion of the variance (\$240,859) is attributable to outstanding encumbrances at June 30, 2014, 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 and savings from vacant positions and turnover in Library Services.
- Public Safety: the department was under budget due to grants and donations that had not been fully expended at year-end. In addition, personnel savings were realized as a result of turnover. Various amendments to the original budget resulted from donations and the award of grants.
- All Other Functions with significant variances:
 - General Government: The Electoral Board was under budget because there were no significant withdrawals from the voting machine replacement reserve during the year.
 - 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.
 - Environmental and Development Services: the department was under budget due to vacancies and unspent funds set aside for the demolition of structures.
 - Finance and Planning: the department was under budget due to vacancies and savings from funds set aside for network and technology enhancements yet to occur.
 - General Services: this department realized savings in operations and personnel due to vacancies. Also, utility charges for electricity, heating, water and sewer usage came in below budget.
 - Community Services: the department had savings from holding positions vacant and from turnover during the year.
 - Non-departmental: the budget underage primarily reflects lower payments for employee termination pay.
 - Capital Outlay: the budget underage was due to the timing of projects.
 - Transfers Out: savings resulted from lower than budgeted local match transfers for Social Services and Head Start programs and budgeted funds set aside for future payments toward other post-employment benefits.

GOVERNMENTAL FUNDS

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

The General Fund increased by \$4,576,529 from prior year as a result of an increase in the property tax rate in the second half of calendar year 2013. In addition, funds returned to the school for health insurance premiums were reverted to the County and netted against education expenditure.

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.

For fiscal year ended June 30, 2014, the Tourism Fund had a decrease in fund balance of (\$89,524). The Yorktown Capital Improvements Fund had an increase in fund balance of \$433,126, mainly due to transfers in, and a year-end deficit of (\$6,852,782). The County Capital Fund had a decrease in fund balance of (\$5,136,037), due to capital outlays of \$6,708,303.

PROPRIETARY FUNDS

The County currently operates 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.

The internal service funds are used to account for the operation of the centralized motor vehicle pool and for subsidy payments for eligible retirees towards health insurance coverage.

The Sewer Utility Fund earned \$9,924,081 through charges for services. The Vehicle Maintenance Fund (internal service fund) collects its revenues through charges for services imposed on the various County departments to which fleet vehicles are assigned. The expenses relate directly to the maintenance and depreciation of the County's fleet of vehicles. The Other Post-Employment Benefits Fund (OPEB), also an internal service fund, allows for subsidy payments for County retirees towards health insurance coverage in a plan sponsored by the County.

The enterprise funds in the aggregate had an increase in net position during the fiscal period of \$3,281,900, and the internal service funds reported a decrease in net position of (\$112,562). The net position for the enterprise funds and internal service funds were \$108,472,077 and \$5,506,207, respectively, at the end of the fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the County's investment in capital assets for its governmental and business-type activities amounts to \$206,321,768 (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 land, buildings and improvements and equipment.

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

The increase in capital assets for business-type activities is driven by developers donating sewer systems to the County, the completion of Queens Lake, and the additional phases of the Waterview and Old Wormley Creek 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>FY2014</u> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2013</u> | <u>FY2014</u> | <u>FY2013</u> |
| Land | \$ 10,813,025 | \$ 10,768,484 | \$ 3,936,755 | \$ 3,936,755 | \$ 14,749,780 | \$ 14,705,239 |
| Easements | 553,875 | 502,875 | 454,079 | 356,455 | 1,007,954 | 859,330 |
| Construction in progress | 831,549 | 242,834 | 12,356,457 | 14,610,893 | 13,188,006 | 14,853,727 |
| Land improvements | 11,703,536 | 12,998,077 | 24,441 | 26,300 | 11,727,977 | 13,024,377 |
| Buildings and improvements | 33,681,256 | 34,073,340 | 9,492,527 | 7,930,702 | 43,173,783 | 42,004,042 |
| Infrastructure | 9,813,515 | 10,306,144 | 94,834,890 | 89,898,055 | 104,648,405 | 100,204,199 |
| Equipment | 7,690,256 | 9,736,094 | 1,603,767 | 1,295,986 | 9,294,023 | 11,032,080 |
| Vehicles | 7,409,780 | 7,009,826 | 556,851 | 587,305 | 7,966,631 | 7,597,131 |
| Computer software | 530,370 | 686,342 | 34,839 | 26,164 | 565,209 | 712,506 |
| Total | <u>\$ 83,027,162</u> | <u>\$ 86,324,016</u> | <u>\$ 123,294,606</u> | <u>\$ 118,668,615</u> | <u>\$ 206,321,768</u> | <u>\$ 204,992,631</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 2014, \$426,000 was transferred to the Yorktown Capital Improvements Fund from the Tourism Fund to pay down an advance. This fund had a (\$6,852,782) deficit at June 30, 2014, resulting from advances from the Tourism Fund.

County Capital Fund

For fiscal year 2014, a transfer of \$1,682,382 was from the General Fund for future projects. Capital expenditures of \$6,708,303 included the following: Route 17 utility undergrounding; heating, ventilation and air conditioning repairs/replacement; roof, building, parking lot and grounds repairs/maintenance and video services equipment.

Additional information on the County's capital assets can be found in note 5 beginning on page F-16 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 \$96,675,289. Capital leases, the School Division's note payable to the Virginia Retirement System, compensated absences and net OPEB obligation are not included in these figures.

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---------------|--------------------------------|----------------------|---------------------------------|----------------------------|----------------------|----------------------------|
| | <u>FY2014</u> | <u>FY2013</u> | <u>FY2014</u> | <u>Restated FY2013</u> | <u>FY2014</u> | <u>Restated FY2013</u> |
| Bonds payable | \$ 74,467,300 | \$ 81,021,050 | \$ 22,207,989 | \$ 22,678,839 | \$ 96,675,289 | \$ 103,699,889 |
| Total | <u>\$ 74,467,300</u> | <u>\$ 81,021,050</u> | <u>\$ 22,207,989</u> | <u>\$ 22,678,839</u> | <u>\$ 96,675,289</u> | <u>\$ 103,699,889</u> |

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 2014, the County paid debt service of \$5,572,741 and \$2,448,276 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 Moody's is Aa3 for debt backed by the full faith and credit of the County and 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-19 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 2015 budget. The fiscal year 2015 approved budget for the General Fund is \$132,451,130, a 1.8% increase from the fiscal year 2014 budget. Local revenue, which includes property tax, was expected to increase from fiscal year 2014 by 1.9%. The projected increase in real estate is primarily due to new construction. State and federal revenues comprise about 10.4% of the total. State revenues are expected to be up by \$67,027 or .5%. Federal revenues are projected to decrease by (\$23,189) or (5.9%).

The final approved budget resulted in a \$2.35 million General Fund increase, most of which is expected to be generated by increased property tax collections. The fiscal year 2015 budget provides no new initiatives and focuses on maintaining County services. It provides an increase of \$880,000 in funding to the York County School Division and includes a 3% compensation package market adjustment. It also delays General Fund capital projects for another year, with critical maintenance projects funded from the County Capital Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional financial information should be directed to Deborah Morris, CPA, Controller, 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, 2014

| ASSETS | Primary Government | | | Discretely Presented Component Units | | |
|---|-------------------------|--------------------------|-----------------------|--------------------------------------|--------------------------------|---------------------------------|
| | Governmental Activities | Business-type Activities | Total | School Division | Economic Development Authority | Community Development Authority |
| Cash and investments | \$ 85,560,891 | \$ 9,720,395 | \$ 95,281,286 | \$ 10,784,649 | \$ 503,552 | \$ - |
| Restricted cash | 20,350 | 1,809,858 | 1,830,208 | - | 11,994 | 1,837,949 |
| Receivables, net | 14,439,446 | 2,717,427 | 17,156,873 | 3,327,335 | 192,389 | 74 |
| Due from component unit - EDA | - | 29,350 | 29,350 | - | - | - |
| Due from primary government | - | - | - | 10,150,053 | - | 303,849 |
| Prepaid expenses | 18,936 | 24,159 | 43,095 | - | 20 | 900 |
| Other assets | - | - | - | - | 1,838,949 | - |
| Internal balances | 3,164,277 | (3,164,277) | - | - | - | - |
| Capital assets: | | | | | | |
| Nondepreciable/nonamortizable | 12,198,449 | 16,747,291 | 28,945,740 | 7,672,738 | - | 20,886,800 |
| Depreciable/amortizable | 124,983,486 | 162,108,337 | 287,091,823 | 202,198,358 | 860,517 | 9,000 |
| Less accumulated depreciation/amortization | (54,154,773) | (55,561,022) | (109,715,795) | (75,738,559) | (72,352) | (9,000) |
| Total assets | <u>186,231,062</u> | <u>134,431,518</u> | <u>320,662,580</u> | <u>158,394,574</u> | <u>3,335,069</u> | <u>23,029,572</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Debt refundings resulting in loss transactions, net of accumulated amortization | <u>370,734</u> | <u>501,489</u> | <u>872,223</u> | <u>-</u> | <u>-</u> | <u>189,577</u> |
| Total assets and deferred outflows of resources | <u>\$ 186,601,796</u> | <u>\$ 134,933,007</u> | <u>\$ 321,534,803</u> | <u>\$ 158,394,574</u> | <u>\$ 3,335,069</u> | <u>\$ 23,219,149</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 2,873,997 | \$ 1,276,797 | \$ 4,150,794 | \$ 4,282,633 | \$ 61,069 | \$ 39,015 |
| Retainage payable | - | 298,516 | 298,516 | 155,590 | - | - |
| Deposits payable | 1,197,771 | 147,489 | 1,345,260 | - | 11,994 | - |
| Salaries, taxes and benefits payable | 1,826,938 | 173,641 | 2,000,579 | 12,558,220 | - | - |
| Unearned revenue | 115,947 | 1,246,513 | 1,362,460 | 95,073 | 47,460 | - |
| Due to component unit - School Division | 10,150,053 | - | 10,150,053 | - | - | - |
| Due to component unit - EDA | 4,249 | - | 4,249 | - | - | - |
| Due to component unit - CDA | 303,849 | - | 303,849 | - | - | - |
| Due to primary government | - | - | - | - | 25,101 | - |
| Accrued interest payable | 1,570,047 | 101,892 | 1,671,939 | - | - | 409,600 |
| Noncurrent liabilities: | | | | | | |
| Due within one year | 7,034,291 | 832,698 | 7,866,989 | 1,525,000 | 20,000 | - |
| Due in more than one year | <u>80,576,350</u> | <u>22,383,384</u> | <u>102,959,734</u> | <u>5,261,077</u> | <u>156,667</u> | <u>29,728,125</u> |
| Total liabilities | <u>105,653,492</u> | <u>26,460,930</u> | <u>132,114,422</u> | <u>23,877,593</u> | <u>322,291</u> | <u>30,176,740</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unearned revenue - prepaid taxes, fees and receivables | <u>2,359,623</u> | <u>-</u> | <u>2,359,623</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 55,437,501 | 102,477,564 | 157,915,065 | 134,132,537 | 788,165 | (6,569,624) |
| Restricted for: | | | | | | |
| Public safety | 877,110 | - | 877,110 | - | - | - |
| Tourism | 514,832 | - | 514,832 | - | - | - |
| Judicial services | 54,359 | - | 54,359 | - | - | - |
| Community services | 22,115 | - | 22,115 | - | - | - |
| Other purposes | 7,865 | - | 7,865 | - | - | - |
| Debt service | - | 177,139 | 177,139 | - | - | 966 |
| Capital projects | - | - | - | - | - | - |
| Food service | - | - | - | 458,168 | - | - |
| Unrestricted | <u>21,674,899</u> | <u>5,817,374</u> | <u>27,492,273</u> | <u>(73,724)</u> | <u>2,224,613</u> | <u>(388,933)</u> |
| Total net position | <u>78,588,681</u> | <u>108,472,077</u> | <u>187,060,758</u> | <u>134,516,981</u> | <u>3,012,778</u> | <u>(6,957,591)</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 186,601,796</u> | <u>\$ 134,933,007</u> | <u>\$ 321,534,803</u> | <u>\$ 158,394,574</u> | <u>\$ 3,335,069</u> | <u>\$ 23,219,149</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, 2014

| | Program Revenues | | | | Net (Expenses) Revenue and Changes in Net Position | | | | | | |
|---|------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|----------------|--------------------------------------|--------------------------------|---------------------------------|--|
| | | | | | Primary Government | | | Discretely Presented Component Units | | | |
| Functions/Programs | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | School Division | Economic Development Authority | Community Development Authority | |
| Primary government: | | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | | |
| General government | \$ 8,717,434 | \$ 121,888 | \$ 46,081 | \$ 46,879 | \$ (8,502,586) | \$ - | \$ (8,502,586) | \$ - | \$ - | \$ - | |
| Judicial services | 3,190,077 | 528,711 | 1,300,575 | - | (1,360,791) | - | (1,360,791) | - | - | - | |
| Public safety | 31,994,037 | 3,212,578 | 3,615,213 | 91,970 | (25,074,276) | - | (25,074,276) | - | - | - | |
| Environmental and development services | 4,459,304 | 741,235 | 120 | - | (3,717,949) | - | (3,717,949) | - | - | - | |
| Finance and planning | 11,071,656 | 449,041 | 361,017 | - | (10,261,598) | - | (10,261,598) | - | - | - | |
| Education | 49,589,562 | 213,633 | 554,592 | 142,257 | (48,679,080) | - | (48,679,080) | - | - | - | |
| Human services | 8,217,138 | 270,403 | 4,503,315 | - | (3,443,420) | - | (3,443,420) | - | - | - | |
| General services | 6,707,865 | 1,257,665 | 17,121 | 32,392 | (5,400,687) | - | (5,400,687) | - | - | - | |
| Community services | 6,263,573 | 514,474 | 123,395 | 3,630 | (5,622,074) | - | (5,622,074) | - | - | - | |
| Interest and fiscal charges on noncurrent debt | 3,898,226 | - | - | - | (3,898,226) | - | (3,898,226) | - | - | - | |
| Total governmental activities | 134,108,872 | 7,309,628 | 10,521,429 | 317,128 | (115,960,687) | - | (115,960,687) | - | - | - | |
| Business-type activities: | | | | | | | | | | | |
| Sewer Utility | 10,505,293 | 9,924,081 | 277,508 | 1,371,580 | - | 1,067,876 | 1,067,876 | - | - | - | |
| Water Utility | 349,496 | 383,138 | - | - | - | 33,642 | 33,642 | - | - | - | |
| Solid Waste | 4,818,406 | 4,856,961 | 12,481 | - | - | 51,036 | 51,036 | - | - | - | |
| Yorktown Operations | 74,718 | 166,197 | - | - | - | 91,479 | 91,479 | - | - | - | |
| Sanitary Districts | 418,133 | - | - | - | - | (418,133) | (418,133) | - | - | - | |
| Regional Radio System | 2,494,441 | 1,602,377 | 5,119 | - | - | (886,945) | (886,945) | - | - | - | |
| Total business-type activities | 18,660,487 | 16,932,754 | 295,108 | 1,371,580 | - | (61,045) | (61,045) | - | - | - | |
| Total primary government | \$ 152,769,359 | \$ 24,242,382 | \$ 10,816,537 | \$ 1,688,708 | (115,960,687) | (61,045) | (116,021,732) | - | - | - | |
| Component units: | | | | | | | | | | | |
| School Division | \$ 126,033,071 | \$ 3,134,600 | \$ 59,579,412 | \$ - | - | - | - | \$ (63,319,059) | \$ - | \$ - | |
| Economic Development Authority | 482,837 | 382,233 | 2,057 | - | - | - | - | - | (98,547) | - | |
| Community Development Authority | 1,874,278 | - | - | 935 | - | - | - | - | - | (1,873,343) | |
| Total component units | \$ 128,390,186 | \$ 3,516,833 | \$ 59,581,469 | \$ 935 | - | - | - | (63,319,059) | (98,547) | (1,873,343) | |
| General revenues: | | | | | | | | | | | |
| Taxes: | | | | | | | | | | | |
| Property taxes | | | | | 80,907,792 | - | 80,907,792 | - | - | - | |
| Local sales and use taxes | | | | | 9,475,836 | - | 9,475,836 | - | - | - | |
| Hotel and motel room taxes | | | | | 4,323,868 | - | 4,323,868 | - | - | - | |
| Restaurant food taxes | | | | | 5,607,884 | - | 5,607,884 | - | - | - | |
| Business license taxes | | | | | 6,410,146 | - | 6,410,146 | - | - | - | |
| Motor vehicle licenses | | | | | 1,582,332 | - | 1,582,332 | - | - | - | |
| Taxes on recordation and wills | | | | | 1,545,219 | - | 1,545,219 | - | - | - | |
| Other local taxes | | | | | 1,956,544 | - | 1,956,544 | - | - | - | |
| Personal property tax relief from Commonwealth of Virginia, net Local Aid to Commonwealth | | | | | 8,741,680 | - | 8,741,680 | - | - | - | |
| Payment from primary government | | | | | - | - | - | 46,784,869 | 864,849 | 1,056,883 | |
| Unrestricted shared intergovernmental revenues | | | | | - | - | - | 11,905,068 | - | - | |
| Unrestricted investment earnings | | | | | 216,877 | 37,303 | 254,180 | 4,594 | 5,721 | - | |
| Miscellaneous | | | | | 1,256,436 | 43,003 | 1,299,439 | 348,728 | 4,965 | - | |
| Gain on sale of capital assets | | | | | 22,306 | - | 22,306 | - | - | - | |
| Transfers | | | | | (3,262,639) | 3,262,639 | - | - | - | - | |
| Total general revenues and transfers | | | | | 118,784,281 | 3,342,945 | 122,127,226 | 59,043,259 | 875,535 | 1,056,883 | |
| Change in net position | | | | | 2,823,594 | 3,281,900 | 6,105,494 | (4,275,800) | 776,988 | (816,460) | |
| Net position, beginning restated | | | | | 75,765,087 | 105,190,177 | 180,955,264 | 138,792,781 | 2,235,790 | (6,141,131) | |
| Net position, ending | | | | | \$ 78,588,681 | \$ 108,472,077 | \$ 187,060,758 | \$ 134,516,981 | \$ 3,012,778 | \$ (6,957,591) | |

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

COUNTY OF YORK, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2014

| ASSETS | General | Tourism Special Revenue | Capital Project | | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-------------------------------|-------------------------------------|----------------------|-----------------------------------|--------------------------------|
| | | | Yorktown Capital Improvements | County Capital | | |
| Cash and investments | \$ 58,546,567 | \$ 419,500 | \$ 275,449 | \$ 14,068,023 | \$ 3,913,891 | \$ 77,223,430 |
| Restricted cash | 20,350 | - | - | - | - | 20,350 |
| Receivables, net | 12,349,464 | 117,049 | 176,769 | 1,117,858 | 667,798 | 14,428,938 |
| Due from other funds | 963,626 | - | - | - | 72,954 | 1,036,580 |
| Due from component unit - School Division | - | - | - | 449,865 | - | 449,865 |
| Prepaid expenditures | 18,936 | - | - | - | - | 18,936 |
| Advances to other funds | 9,789,343 | 7,305,000 | - | - | - | 17,094,343 |
| Total assets | <u>\$ 81,688,286</u> | <u>\$ 7,841,549</u> | <u>\$ 452,218</u> | <u>\$ 15,635,746</u> | <u>\$ 4,654,643</u> | <u>\$ 110,272,442</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,669,159 | \$ 231,810 | \$ - | \$ 608,321 | \$ 200,963 | \$ 2,710,253 |
| Deposits payable | 1,197,771 | - | - | - | - | 1,197,771 |
| Salaries, taxes and benefits payable | 1,572,817 | 5,318 | - | - | 162,643 | 1,740,778 |
| Unearned revenue | - | 246 | - | - | 115,701 | 115,947 |
| Due to other funds | 295,314 | - | - | - | - | 295,314 |
| Due to component unit - School Division | 10,575,053 | - | - | 24,865 | - | 10,599,918 |
| Due to component unit - EDA | - | - | - | 4,249 | - | 4,249 |
| Due to component unit - CDA | - | - | - | - | 303,849 | 303,849 |
| Advances from other funds | - | 7,089,343 | 7,305,000 | - | - | 14,394,343 |
| Total liabilities | <u>15,310,114</u> | <u>7,326,717</u> | <u>7,305,000</u> | <u>637,435</u> | <u>783,156</u> | <u>31,362,422</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - property taxes, fees and grants | 3,378,653 | - | - | 85,000 | 16,579 | 3,480,232 |
| Unearned revenue - prepaid taxes, fees and receivables | 1,332,948 | - | - | 1,026,675 | - | 2,359,623 |
| Total deferred inflows of resources | <u>4,711,601</u> | <u>-</u> | <u>-</u> | <u>1,111,675</u> | <u>16,579</u> | <u>5,839,855</u> |
| Fund balances (deficit): | | | | | | |
| Nonspendable | 9,808,279 | - | - | - | - | 9,808,279 |
| Restricted | 940,152 | 514,832 | - | 2,863 | 18,434 | 1,476,281 |
| Committed | 12,664,460 | - | - | 2,833,917 | 2,819,303 | 18,317,680 |
| Assigned | 18,505,878 | - | - | 11,049,856 | 881,176 | 30,436,910 |
| Unassigned | 19,747,802 | - | (6,852,782) | - | 135,995 | 13,031,015 |
| Total fund balances (deficit) | <u>61,666,571</u> | <u>514,832</u> | <u>(6,852,782)</u> | <u>13,886,636</u> | <u>3,854,908</u> | <u>73,070,165</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 81,688,286</u> | <u>\$ 7,841,549</u> | <u>\$ 452,218</u> | <u>\$ 15,635,746</u> | <u>\$ 4,654,643</u> | <u>\$ 110,272,442</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, 2014

Fund balances - Total governmental funds \$ 73,070,165

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. 79,967,451

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

| | | |
|---|-----------------|-----------|
| Unavailable revenue property taxes, fees and grants | \$ 3,480,232 | |
| Less allowance for doubtful accounts, fees | <u>(91,088)</u> | 3,389,144 |

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 | \$ 384,465 | |
| Less accumulated amortization | <u>(13,731)</u> | 370,734 |

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 | 8,439,057 | |
| Capital assets | 6,882,077 | |
| Less accumulated depreciation/amortization | <u>(3,822,366)</u> | |

11,498,768

| | | |
|-------------|--------------------|-----------|
| Liabilities | <u>(5,992,561)</u> | 5,506,207 |
|-------------|--------------------|-----------|

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

| | | |
|-------------------------------|--------------------|---------------------|
| Accrued interest payable | (1,570,047) | |
| General obligation bonds, net | (49,619,991) | |
| Capital leases | (3,113,086) | |
| Lease revenue bonds, net | (24,847,309) | |
| Compensated absences | <u>(4,564,587)</u> | <u>(83,715,020)</u> |

Total net position - Statement of Net Position \$ 78,588,681

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, 2014

| | | | <u>Capital Project</u> | | | |
|--|----------------------|--|--|---------------------------|--|---|
| | <u>General</u> | <u>Tourism Special Revenue</u> | <u>Yorktown Capital Improvements</u> | <u>County Capital</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
| REVENUES | | | | | | |
| General property taxes | \$ 80,751,401 | \$ - | \$ - | \$ - | \$ 373,726 | \$ 81,125,127 |
| Other local taxes | 27,193,425 | 3,015,165 | - | - | 682,824 | 30,891,414 |
| Intergovernmental: | | | | | | |
| Federal | 788,072 | - | - | - | 3,139,196 | 3,927,268 |
| State | 13,589,597 | - | - | 137,543 | 1,758,839 | 15,485,979 |
| Permits, fees, and licenses | 818,221 | - | - | - | - | 818,221 |
| Fines and forfeitures | 298,754 | - | - | - | - | 298,754 |
| Use of money and property | 477,449 | 2,204 | 7,126 | 48,904 | 11,476 | 547,159 |
| Charges for services | 3,764,147 | 7,313 | - | - | 31,521 | 3,802,981 |
| Miscellaneous | 260,408 | - | - | 2,365 | 750,261 | 1,013,034 |
| Recovered costs | 1,876,405 | - | - | 129,225 | 727,298 | 2,732,928 |
| Total revenues | <u>129,817,879</u> | <u>3,024,682</u> | <u>7,126</u> | <u>318,037</u> | <u>7,475,141</u> | <u>140,642,865</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | 2,203,303 | - | - | - | - | 2,203,303 |
| Judicial services | 2,733,322 | - | - | - | 7,812 | 2,741,134 |
| Public safety | 29,096,722 | - | - | - | - | 29,096,722 |
| Environmental and development services | 3,668,780 | - | - | - | - | 3,668,780 |
| Finance and planning | 9,144,821 | 134,687 | - | 333,574 | - | 9,613,082 |
| Education | 49,386,779 | - | - | - | - | 49,386,779 |
| Human services | 1,329,535 | - | - | - | 6,510,233 | 7,839,768 |
| General services | 6,323,547 | - | - | - | - | 6,323,547 |
| Community services | 2,830,617 | 1,966,207 | - | - | - | 4,796,824 |
| Non-departmental | 709,038 | - | - | - | 906,883 | 1,615,921 |
| Capital outlay | 240,614 | 300,376 | - | 6,708,303 | 534,722 | 7,784,015 |
| Debt service: | | | | | | |
| Principal retirement | - | 27,980 | - | - | 7,154,931 | 7,182,911 |
| Interest and fiscal charges | - | - | - | 96,469 | 3,556,305 | 3,652,774 |
| Refunding debt issuance costs | - | - | - | - | 188,219 | 188,219 |
| Total expenditures | <u>107,667,078</u> | <u>2,429,250</u> | <u>-</u> | <u>7,138,346</u> | <u>18,859,105</u> | <u>136,093,779</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>22,150,801</u> | <u>595,432</u> | <u>7,126</u> | <u>(6,820,309)</u> | <u>(11,383,964)</u> | <u>4,549,086</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Insurance recovery | 19,569 | - | - | 1,890 | - | 21,459 |
| Transfers in | 150,000 | - | 426,000 | 1,682,382 | 11,730,835 | 13,989,217 |
| Refunding bonds issued | - | - | - | - | 9,865,000 | 9,865,000 |
| Premium on refunding bonds issued | - | - | - | - | 827,791 | 827,791 |
| Capital Lease | - | 300,376 | - | - | - | 300,376 |
| Deposits for refunding | - | - | - | - | (10,500,116) | (10,500,116) |
| Transfers out | <u>(17,743,841)</u> | <u>(985,332)</u> | <u>-</u> | <u>-</u> | <u>(150,000)</u> | <u>(18,879,173)</u> |
| Total other financing sources and uses | <u>(17,574,272)</u> | <u>(684,956)</u> | <u>426,000</u> | <u>1,684,272</u> | <u>11,773,510</u> | <u>(4,375,446)</u> |
| Net change in fund balance | 4,576,529 | (89,524) | 433,126 | (5,136,037) | 389,546 | 173,640 |
| Fund balance (deficit), beginning of year restated | 57,090,042 | 604,356 | (7,285,908) | 19,022,673 | 3,465,362 | 72,896,525 |
| Fund balance (deficit), end of year | <u>\$ 61,666,571</u> | <u>\$ 514,832</u> | <u>\$ (6,852,782)</u> | <u>\$ 13,886,636</u> | <u>\$ 3,854,908</u> | <u>\$ 73,070,165</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, 2014

Net change in fund balances - total governmental funds \$ 173,640

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

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

| | | |
|--|-----------------|-------------|
| Capital outlay expenditures | \$ 2,563,400 | |
| Depreciation and amortization expenses | (5,640,727) | |
| Loss on disposal of capital assets | <u>(57,486)</u> | (3,134,813) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Unearned revenue decreased by this amount in the current year.

(758,502)

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

| | | |
|--|-----------------|-----------|
| Principal repayments | \$ 7,182,911 | |
| Capital lease | (300,376) | |
| Issuance of debt | (9,865,000) | |
| Premium on issuance of noncurrent debt, net | (827,791) | |
| Deferred charge on refunded debt | 384,465 | |
| Deposit to refunding fund | 10,345,000 | |
| Amortization of discount on issuance of debt | (102,452) | |
| Amortization of premium on issuance of noncurrent debt | 243,993 | |
| Amortization of deferred charge on refunded debt | <u>(13,731)</u> | 7,047,019 |

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

| | | |
|--------------------------|------------------|-----------|
| Accrued interest payable | \$ (170,399) | |
| Compensated absences | <u>(220,789)</u> | (391,188) |

The vehicle maintenance internal service fund is used by management to charge the costs of fleet management to individual funds. The net loss of this internal service fund is reported with governmental activities.

(112,562)

Change in net position of governmental activities \$ 2,823,594

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

COUNTY OF YORK, VIRGINIA

Statement of Net Position

Proprietary Funds

June 30, 2014

| | Business-type Activities | | | Governmental Activities |
|---|---------------------------------|----------------------------------|-----------------------|--------------------------------|
| | Sewer Utility | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 5,165,709 | \$ 4,554,686 | \$ 9,720,395 | \$ 8,337,461 |
| Restricted cash | 1,809,858 | - | 1,809,858 | - |
| Receivable, net | 1,833,212 | 884,215 | 2,717,427 | 101,596 |
| Due from other funds | 222,360 | 2,141 | 224,501 | - |
| Due from component unit - EDA | - | 29,350 | 29,350 | - |
| Prepaid expenses | 5,939 | 18,220 | 24,159 | - |
| Total current assets | <u>9,037,078</u> | <u>5,488,612</u> | <u>14,525,690</u> | <u>8,439,057</u> |
| Noncurrent assets: | | | | |
| Nondepreciable capital assets: | | | | |
| Land | 491,353 | 3,445,402 | 3,936,755 | - |
| Construction in progress | 9,897,091 | 2,459,366 | 12,356,457 | - |
| Easements | 435,189 | 18,890 | 454,079 | - |
| Depreciable capital assets: | | | | |
| Land improvements | 37,155 | - | 37,155 | 221,446 |
| Buildings and improvements | 16,770,701 | 5,329,046 | 22,099,747 | - |
| Infrastructure | 109,523,167 | 23,422,860 | 132,946,027 | - |
| Equipment | 3,677,891 | 1,611,586 | 5,289,477 | 1,281,063 |
| Vehicles | 998,738 | 666,921 | 1,665,659 | 5,278,056 |
| Computer software | 70,272 | - | 70,272 | 101,512 |
| Less accumulated depreciation | (33,026,269) | (22,499,320) | (55,525,589) | (3,791,913) |
| Less accumulated amortization | (35,433) | - | (35,433) | (30,453) |
| Total noncurrent assets | <u>108,839,855</u> | <u>14,454,751</u> | <u>123,294,606</u> | <u>3,059,711</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Debt refundings resulting in loss transactions, net of accumulated amortization | <u>501,489</u> | <u>-</u> | <u>501,489</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 118,378,422</u> | <u>\$ 19,943,363</u> | <u>\$ 138,321,785</u> | <u>\$ 11,498,768</u> |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | \$ 748,693 | \$ 528,104 | \$ 1,276,797 | \$ 163,744 |
| Retainage payable | 298,516 | - | 298,516 | - |
| Deposits payable | 147,489 | - | 147,489 | - |
| Salaries, taxes and benefits payable | 138,896 | 34,745 | 173,641 | 86,160 |
| Unearned revenue | 1,034,623 | 211,890 | 1,246,513 | - |
| Due to other funds | - | 688,778 | 688,778 | 276,989 |
| Accrued interest payable | 101,892 | - | 101,892 | - |
| Revenue bonds - current | 504,746 | - | 504,746 | - |
| Capital leases - current | 313,241 | - | 313,241 | - |
| Compensated absences - current | 14,566 | 145 | 14,711 | 5,600 |
| Total current liabilities | <u>3,302,662</u> | <u>1,463,662</u> | <u>4,766,324</u> | <u>532,493</u> |
| Noncurrent liabilities: | | | | |
| Revenue bonds - net current | 21,703,243 | - | 21,703,243 | - |
| Capital leases - net current | 325,301 | - | 325,301 | - |
| Compensated absences - net current | 324,923 | 29,917 | 354,840 | 67,604 |
| Net OPEB obligation | - | - | - | 5,392,464 |
| Advance from other fund | - | 2,700,000 | 2,700,000 | - |
| Total noncurrent liabilities | <u>22,353,467</u> | <u>2,729,917</u> | <u>25,083,384</u> | <u>5,460,068</u> |
| Total liabilities | <u>25,656,129</u> | <u>4,193,579</u> | <u>29,849,708</u> | <u>5,992,561</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 88,022,813 | 14,454,751 | 102,477,564 | 3,059,711 |
| Restricted for debt service | 177,139 | - | 177,139 | - |
| Unrestricted | <u>4,522,341</u> | <u>1,295,033</u> | <u>5,817,374</u> | <u>2,446,496</u> |
| Total net position | <u>92,722,293</u> | <u>15,749,784</u> | <u>108,472,077</u> | <u>5,506,207</u> |
| Total liabilities and net position | <u>\$ 118,378,422</u> | <u>\$ 19,943,363</u> | <u>\$ 138,321,785</u> | <u>\$ 11,498,768</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, 2014

| | Business-type Activities | | | Governmental Activities |
|---|---------------------------------|----------------------------------|-----------------------|--------------------------------|
| | Sewer Utility | Nonmajor Enterprise Funds | Total | Internal Service Funds |
| Operating Revenues | | | | |
| Use of property | \$ - | \$ 1,718,278 | \$ 1,718,278 | \$ - |
| Charges for services | 9,924,081 | 5,290,395 | 15,214,476 | 3,950,766 |
| Miscellaneous | 22,763 | 13,425 | 36,188 | 46,540 |
| Total operating revenues | <u>9,946,844</u> | <u>7,022,098</u> | <u>16,968,942</u> | <u>3,997,306</u> |
| Operating Expenses | | | | |
| Personal services | 3,537,343 | 803,654 | 4,340,997 | 2,497,614 |
| Contractual services | 678,955 | 6,246,262 | 6,925,217 | 445,462 |
| Materials and supplies | 1,636,077 | 542,340 | 2,178,417 | 2,242,702 |
| Depreciation | 3,323,160 | 562,938 | 3,886,098 | 576,395 |
| Amortization | 45,090 | - | 45,090 | 20,302 |
| Total operating expenses | <u>9,220,625</u> | <u>8,155,194</u> | <u>17,375,819</u> | <u>5,782,475</u> |
| Operating gain (loss) | <u>726,219</u> | <u>(1,133,096)</u> | <u>(406,877)</u> | <u>(1,785,169)</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Federal subsidy for interest on debt | 277,508 | - | 277,508 | - |
| Grant income | - | 17,600 | 17,600 | - |
| Interest income | 24,179 | 13,124 | 37,303 | 22,984 |
| Amortization of debt premium | 6,815 | - | 6,815 | - |
| Interest and fiscal charges | (1,284,668) | - | (1,284,668) | - |
| Gain on disposal of capital assets | - | - | - | 22,306 |
| Total nonoperating revenues (expenses) | <u>(976,166)</u> | <u>30,724</u> | <u>(945,442)</u> | <u>45,290</u> |
| Loss before contributions and transfers | <u>(249,947)</u> | <u>(1,102,372)</u> | <u>(1,352,319)</u> | <u>(1,739,879)</u> |
| Capital Contributions | 1,371,580 | - | 1,371,580 | - |
| Transfers In | 2,248,708 | 1,013,941 | 3,262,649 | 1,627,317 |
| Transfers Out | <u>(10)</u> | <u>-</u> | <u>(10)</u> | <u>-</u> |
| Change in net position | 3,370,331 | (88,431) | 3,281,900 | (112,562) |
| Total net position, beginning of year, restated | <u>89,351,962</u> | <u>15,838,215</u> | <u>105,190,177</u> | <u>5,618,769</u> |
| Total net position, end of year | <u>\$ 92,722,293</u> | <u>\$ 15,749,784</u> | <u>\$ 108,472,077</u> | <u>\$ 5,506,207</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, 2014

| | Business-type Activities | | | Governmental Activities Internal Service Funds |
|--|---------------------------------|--------------------------------------|----------------------|---|
| | Sewer Utility | Nonmajor Enterprise Funds | Total | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from customers and users | \$ 10,277,238 | \$ 7,417,154 | \$ 17,694,392 | \$ 4,051,061 |
| Receipts from interfund activity | - | 686,305 | 686,305 | (70,419) |
| Other receipts | 22,763 | 13,425 | 36,188 | 46,540 |
| Payments to suppliers for goods and services | (3,001,138) | (6,565,530) | (9,566,668) | (2,756,858) |
| Payments to employees for services | (3,482,034) | (789,640) | (4,271,674) | (1,118,857) |
| Payments for interfund activity | - | (50,000) | (50,000) | 2,197 |
| Net cash provided by operating activities | <u>3,816,829</u> | <u>711,714</u> | <u>4,528,543</u> | <u>153,664</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Grant income | - | 17,600 | 17,600 | - |
| Transfers in | - | 1,013,941 | 1,013,941 | 1,627,317 |
| Transfers out | (10) | - | (10) | - |
| Net cash provided by (used in) noncapital financing activities | <u>(10)</u> | <u>1,031,541</u> | <u>1,031,531</u> | <u>1,627,317</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Transfers in | 2,254,858 | - | 2,254,858 | - |
| Acquisition and construction of capital assets | (6,431,914) | (717,865) | (7,149,779) | (494,722) |
| Net proceeds from the disposal of capital assets | - | - | - | 82,372 |
| Federal subsidy for interest on debt | 277,508 | - | 277,508 | - |
| Principal paid on capital debt | (765,663) | - | (765,663) | - |
| Interest paid on capital debt | (1,285,869) | - | (1,285,869) | - |
| Net cash used in capital and related financing activities | <u>(5,951,080)</u> | <u>(717,865)</u> | <u>(6,668,945)</u> | <u>(412,350)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | 24,698 | 12,614 | 37,312 | 22,223 |
| Net cash provided by investing activities | <u>24,698</u> | <u>12,614</u> | <u>37,312</u> | <u>22,223</u> |
| Net increase (decrease) in cash and cash equivalents | (2,109,563) | 1,038,004 | (1,071,559) | 1,390,854 |
| Cash and cash equivalents, beginning of year | <u>9,085,130</u> | <u>3,516,682</u> | <u>12,601,812</u> | <u>6,946,607</u> |
| Cash and cash equivalents, end of year | <u>\$ 6,975,567</u> | <u>\$ 4,554,686</u> | <u>\$ 11,530,253</u> | <u>\$ 8,337,461</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | | | | |
| Cash and investments | \$ 5,165,709 | \$ 4,554,686 | \$ 9,720,395 | \$ 8,337,461 |
| Restricted cash | 1,809,858 | - | 1,809,858 | - |
| Cash and cash equivalents, end of year | <u>\$ 6,975,567</u> | <u>\$ 4,554,686</u> | <u>\$ 11,530,253</u> | <u>\$ 8,337,461</u> |
| Reconciliation of operating gain (loss) to net cash provided by (used in) operating activities: | | | | |
| Operating gain (loss) | \$ 726,219 | \$ (1,133,096) | \$ (406,877) | \$ (1,785,169) |
| Adjustments to reconcile operating gain (loss) to net cash provided by (used in) operating activities: | | | | |
| Depreciation | 3,323,160 | 562,938 | 3,886,098 | 576,395 |
| Amortization | 45,090 | - | 45,090 | 20,302 |
| Decrease (increase) in: | | | | |
| Receivables | 490,732 | 268,758 | 759,490 | 101,331 |
| Due from component unit - EDA | - | (10,480) | (10,480) | - |
| Due from other funds | - | (2,141) | (2,141) | - |
| Prepaid expenses | 42,383 | 9,334 | 51,717 | 7,849 |
| Increase (decrease) in: | | | | |
| Accounts payable | (671,913) | 223,072 | (448,841) | (68,694) |
| Retainage payable | (14,193) | - | (14,193) | - |
| Salaries, taxes and benefits payable | 1,761 | (167) | 1,594 | (822) |
| Unearned revenue | (137,575) | 152,344 | 14,769 | - |
| Due to other funds | - | 686,305 | 686,305 | (68,222) |
| Compensated absences | 11,165 | 4,847 | 16,012 | (31) |
| Advance from other fund | - | (50,000) | (50,000) | - |
| Net OPEB obligation | - | - | - | 1,370,725 |
| Net cash provided by operating activities | <u>\$ 3,816,829</u> | <u>\$ 711,714</u> | <u>\$ 4,528,543</u> | <u>\$ 153,664</u> |
| Noncash investing, capital, and financing activities: | | | | |
| Contributions of capital assets | <u>\$ 1,371,580</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

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

COUNTY OF YORK, VIRGINIA
Statement of Assets and Liabilities
Agency Funds
June 30, 2014

| | Agency Funds |
|--------------------------------------|----------------------------|
| ASSETS | |
| Cash and investments | \$ 4,287,661 |
| Other receivables | <u>218,057</u> |
| Total assets | <u><u>\$ 4,505,718</u></u> |
| LIABILITIES | |
| Accounts payable | \$ 849,916 |
| Salaries, taxes and benefits payable | 369,096 |
| Amounts held for others | <u>3,286,706</u> |
| Total liabilities | <u><u>\$ 4,505,718</u></u> |

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements
June 30, 2014

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 2014, the County adopted the provisions of a new GASB statement: GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. *This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.*

The Reporting Entity

The County's financial reporting entity is defined and its financial statements are presented in accordance with GASB Statement No.14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. These Statements define 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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 government. All of the component units have a June 30 year-end. A description of the discretely presented component units follows:

The **York County School Division (the School Division)** 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 Division. The School Division is fiscally dependent upon the County because the Board of Supervisors approves the School Division's annual budget, levies the necessary taxes to finance the School Division's operations and approves the borrowing of money and the issuance of bonds. 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*. The 2004 General Assembly amended the Code of Virginia Section 15.2-4903 to allow localities to change the name of their Industrial Development Authorities if so authorized by the local governing body and the EDA took such action. A separate board appointed by the Board of Supervisors governs the EDA. The EDA is fiscally dependent upon the County because substantially all of its income is derived from an appropriation from the County. The EDA has the responsibility to promote industry and develop trade by inducing manufacturing, industrial and commercial enterprises to locate or to remain in the County. Separate audited financial statements are available from the EDA at P.O. Box 612, Yorktown, Virginia, 23690.

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Joint Venture Government Organizations

The County does not include in the basic financial statements certain authorities created as separate governments under the laws of the Commonwealth of Virginia. These authorities are separate legal entities having governmental character and sufficient autonomy in the management of their own affairs to distinguish them as separate from the administrative organization of the County although the County Board of Supervisors appoints certain members of their governing bodies. While the County may have some reversionary interest in the assets of these entities in the event they are dissolved, the nature and extent of that interest would be subject to negotiation at the time of dissolution. The County does not include these entities as component units because they do not meet the criteria as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*.

The **Virginia Peninsulas Public Service Authority (VPPSA)** was established under the Virginia Water and Sewer Authorities Act - *Code of Virginia*. 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 of Virginia* to finance, acquire, construct, equip, maintain and operate a regional jail. A separate seven-member board of which the County Sheriff serves as a member and the County appoints one representative governs the Jail Authority. The Jail Authority is fiscally independent of the County because substantially all of its income is generated from payments by the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs, a portion of salaries and benefits of certain regional jail employees and a charge for prisoners housed at the jail.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Government-wide and Fund Financial Statements

The basic financial statements are composed of both government-wide and fund financial statements. The government-wide statements, the statement of net position and the statement of activities report information on all of the nonfiduciary activities of the County and its component units.

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

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

Measurement Focus, Basis of Accounting, Financial Statement Presentation

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

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).

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.

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.

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, Continued
June 30, 2014

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 Other Post-Employment Benefits Fund accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan.

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.

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, Continued
June 30, 2014

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, 2013 and June 25, 2014, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2013 and 2014 was \$0.7515, per \$100 of assessed value.

Personal Property: The County levies personal property taxes on motor vehicles and tangible personal business property. These levies are made each year as of January 1. Personal property taxes are billed in equal semi-annual installments due June 25 and December 5. Personal property taxes do not create a lien on property. The personal property taxes reported as revenue are for the levies due December 5, 2013, and June 25, 2014, less an allowance for uncollectible amounts and taxes not collected within 45 days after year-end. The tax rate for calendar years 2013 and 2014 was \$4.00 per \$100 of assessed value.

The County's property tax collection records show that 97.10% 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.

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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Prepays

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

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 that meets the County's capitalization threshold, acquired prior to the implementation of GASB Statement No. 34 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 fair market 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, 2014 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, Continued
June 30, 2014

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. The deferred outflow is being amortized over the remaining life of the refunded debt.

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.

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) or by resolution. 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; resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance may be redeployed for other purposes with appropriate due process.

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Fund Balances, Continued

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 accounting principles generally accepted in the United States of America. 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 11.02% 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, 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

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 of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

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 accordance with the "2a7 like pool" risk limiting requirements of GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" with the portfolio securities valued by the amortized cost method. Investments with a maturity date of one year or less are stated at amortized cost. 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 carrying amount of the County's cash and investments at June 30, 2014 is as follows:

| | <u>Amount</u> |
|--------------------------------------|-----------------------|
| Restricted cash | \$ 1,830,208 |
| Investments | 68,080,562 |
| Deposits with financial institutions | 31,484,070 |
| Petty cash | <u>4,315</u> |
| Total cash and investments | <u>\$ 101,399,155</u> |

A reconciliation to the basic financial statements is as follows:

| | |
|-------------------------------------|-----------------------|
| Cash and investments | \$ 95,281,286 |
| Restricted cash | 1,830,208 |
| Agency funds - cash and investments | <u>4,287,661</u> |
| Total cash and investments | <u>\$ 101,399,155</u> |

Restricted Cash

The County's restricted cash of \$1,830,208 at June 30, 2014 consisted of the following: \$5,000 of surety deposits for junkyards held in the County and junkyards' names; \$15,350 of donations and grants received for specific purposes; \$141,715 for debt payments on the 2005 and 2010 sewer revenue bonds; \$1,563,424 for debt service reserves on the 1992 and 2010 sewer bonds and \$104,719 for funds held in escrow for retainage.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

2. DEPOSITS AND INVESTMENTS, Continued

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, 2014, the County's investments as rated by Standard & Poor's were as follows:

| <u>Investment Type</u> | <u>AAA</u> | <u>AA</u> | <u>Unrated</u> |
|--------------------------------|----------------------|----------------------|-----------------------|
| Virginia LGIP | \$ 17,403,274 | \$ - | \$ - |
| Money market | - | - | 1,014,571 |
| Municipal bonds | 1,234,738 | 15,528,862 | 257,370 |
| Federal agency bonds and notes | - | 18,937,044 | - |
| Corporate obligations | - | 13,704,703 | - |
| Total investments | <u>\$ 18,638,012</u> | <u>\$ 48,170,609</u> | <u>\$ 1,271,941</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.

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, 2014, the carrying values and weighted average maturity of the County's investments were as follows:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity in Years</u> |
|--------------------------------|--------------------------|--|
| Money market-Virginia LGIP | \$ 17,403,274 | 0.02 |
| Money market | 1,014,571 | 0.02 |
| Municipal bonds | 17,020,970 | 1.90 |
| Federal agency bonds and notes | 18,937,044 | 2.05 |
| Corporate obligations | 13,704,703 | 1.99 |
| Total investments | <u>\$ 68,080,562</u> | |
| Weighted average of portfolio | | <u>1.45</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

2. DEPOSITS AND INVESTMENTS, Continued

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, 2014, all of the County's investments were held in a bank's trust department in the County's name.

Discretely Presented Component Units

At June 30, 2014, and excluding fiduciary funds of \$3,716,570 not held by the County Treasurer, the School Division had investments of \$94,806 with LGIP, rated AAA by Standard and Poor's.

At June 30, 2014, the EDA had bank deposits of \$192,433 (\$11,994 of which was restricted for tenant security deposits), investments in LGIP of \$322,612, rated AAAM by Standard & Poor's and common stock equity in Waterside Capital Corporation of \$501, stated at fair value.

The CDA's restricted cash and investments of \$1,837,949 at June 30, 2014, consisted of unspent bond proceeds. Of the total, \$1,230,620 was invested in the US Treasury money market funds and \$607,329 was invested in SNAP money market mutual funds. Both are rated AAAM by Standard & Poor's and were stated at cost, which approximates fair value.

3. RECEIVABLES

At June 30, 2014, receivables were as follows:

| | <u>General</u> | <u>Tourism</u> | <u>Yorktown Capital Imps</u> | <u>County Capital</u> | <u>Nonmajor Governmental Funds</u> | <u>Sewer Utility</u> | <u>Nonmajor Enterprise Funds</u> | <u>Internal Service Funds</u> |
|--------------------------------------|----------------------|-------------------|--------------------------------------|---------------------------|--|--------------------------|--|---------------------------------------|
| Property taxes | \$ 5,476,990 | \$ - | \$ - | \$ - | \$ 17,413 | \$ - | \$ - | \$ - |
| Vehicle registration fees | 651,341 | - | - | - | - | - | - | - |
| Other taxes | 2,431,245 | 208,087 | - | - | 89,312 | - | - | - |
| Accounts | 1,067,188 | 629 | - | 940 | 135,092 | 1,918,929 | 948,598 | 98,495 |
| Interest | 5,246 | 156 | 102 | 5,243 | 1,433 | 1,934 | 1,694 | 3,101 |
| Notes | - | - | 176,667 | 1,026,675 | - | - | - | - |
| Intergovernmental: | | | | | | | | |
| Federal | 322,963 | - | - | - | 243,768 | - | - | - |
| State | 4,466,618 | - | - | 85,000 | 180,780 | - | - | - |
| Receivables, gross | 14,421,591 | 208,872 | 176,769 | 1,117,858 | 667,798 | 1,920,863 | 950,292 | 101,596 |
| Less allowance for doubtful accounts | (2,072,127) | (91,823) | - | - | - | (87,651) | (66,077) | - |
| Receivables, net | <u>\$ 12,349,464</u> | <u>\$ 117,049</u> | <u>\$ 176,769</u> | <u>\$ 1,117,858</u> | <u>\$ 667,798</u> | <u>\$ 1,833,212</u> | <u>\$ 884,215</u> | <u>\$ 101,596</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS

The composition of interfund balances as of June 30, 2014 is as follows:

| <u>Due from Fund</u> | <u>Due to Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|-------------------------------|-------------------------------|----------------|---------------------|
| General | Nonmajor governmental | Program match | \$ 17,358 |
| | Nonmajor governmental | Meals tax | 55,596 |
| | Sewer Utility | Meals tax | 222,360 |
| Total Due to other funds | | | <u>\$ 295,314</u> |
| Nonmajor enterprise | General | Reimbursement | 688,778 |
| Internal service fund | Nonmajor enterprise | Reimbursement | \$ 2,141 |
| | | | <u>\$ 690,919</u> |
| Internal service funds | General | Reimbursement | <u>\$ 274,848</u> |
| | | | |
| <u>Advance from Fund</u> | <u>Advance to Fund</u> | <u>Purpose</u> | <u>Amount</u> |
| General | Tourism | Infrastructure | \$ 7,089,343 |
| | Yorktown Operations | Land purchase | 2,700,000 |
| Total Advances to other funds | | | <u>\$ 9,789,343</u> |
| Tourism | Yorktown Capital Improvements | Infrastructure | <u>\$ 7,305,000</u> |

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

Due to/from Primary Government:

| <u>Due from Entity</u> | <u>Due to Entity</u> | <u>Purpose</u> | <u>Amount</u> |
|------------------------|----------------------|--------------------------|----------------------|
| County of York | School Division | Operations | <u>\$ 10,599,918</u> |
| School Division | County of York | Capital project loan | <u>\$ 449,865</u> |
| County of York | EDA | Land purchase | <u>\$ 4,249</u> |
| EDA | County of York | Riverwalk Landing lease | <u>\$ 29,350</u> |
| County of York | CDA | Incremental tax revenues | <u>\$ 303,849</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

4. INTERFUND AND COMPONENT UNIT TRANSACTIONS, Continued

| <u>Fund</u> | <u>Transfers Out Fund</u> | <u>Transfers In Fund</u> |
|-------------------------------|---------------------------|--------------------------|
| General | \$ 17,743,841 | \$ 150,000 |
| Tourism | 985,332 | - |
| Yorktown Capital Improvements | - | 426,000 |
| County Capital | - | 1,682,382 |
| Nonmajor governmental | 150,000 | 11,730,835 |
| Sewer Utility | 10 | 2,248,708 |
| Nonmajor enterprise | - | 1,013,941 |
| Internal service | - | 1,627,317 |
| Total | <u>\$ 18,879,183</u> | <u>\$ 18,879,183</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 2014 were as follows:

| | |
|--|----------------------|
| Payments from County to School Division for School operations | \$ 50,034,444 |
| Payments from County to School Division for School technology | 338,302 |
| Payments to County from School Division - year-end reversion entry for health & dental insurance | (3,252,803) |
| Payments to County from School Division - year-end reversion entry | <u>(335,074)</u> |
| Statement of Activities - Payment from County of York | <u>\$ 46,784,869</u> |
| Payment from County General Fund to Economic Development Authority for operations | \$ 48,250 |
| Payment from County General Fund to Economic Development Authority for an economic incentive and land acquisition | <u>816,599</u> |
| Statement of Activities - Payment from County of York | <u>\$ 864,849</u> |
| Payment from County to Community Development Authority for incremental tax revenue - Nonmajor Governmental Fund; Statement of Activities - Payment from County of York | <u>\$ 1,056,883</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

Primary Government:

Governmental Activities:

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|-------------------------|-----------------------|---------------------|--------------------------|
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 10,768,484 | \$ 47,176 | \$ (2,635) | \$ 10,813,025 |
| Easements | 502,875 | 51,000 | - | 553,875 |
| Construction in progress | 242,834 | 771,925 | (183,210) | 831,549 |
| Total capital assets not being depreciated/amortized | 11,514,193 | 870,101 | (185,845) | 12,198,449 |
| Capital assets being depreciated/amortized: | | | | |
| Land improvements | 22,553,058 | 8,185 | - | 22,561,243 |
| Buildings and improvements | 46,830,276 | 535,577 | - | 47,365,853 |
| Infrastructure | 14,861,646 | - | - | 14,861,646 |
| Equipment | 23,738,953 | 357,590 | (384,731) | 23,711,812 |
| Vehicles | 14,513,209 | 1,436,921 | (428,334) | 15,521,796 |
| Computer Software | 928,178 | 32,958 | - | 961,136 |
| Total capital assets being depreciated/amortized | 123,425,320 | 2,371,231 | (813,065) | 124,983,486 |
| Less accumulated depreciation/amortization for: | | | | |
| Land improvements | (9,554,981) | (1,302,726) | - | (10,857,707) |
| Buildings and improvements | (12,756,936) | (927,661) | - | (13,684,597) |
| Infrastructure | (4,555,502) | (492,629) | - | (5,048,131) |
| Equipment | (14,002,859) | (2,356,549) | 337,852 | (16,021,556) |
| Vehicles | (7,503,383) | (968,929) | 360,296 | (8,112,016) |
| Computer Software | (241,836) | (188,930) | - | (430,766) |
| Total accumulated depreciation/amortization | (48,615,497) | (6,237,424) | 698,148 | (54,154,773) |
| Total capital assets being depreciated/amortized, net | 74,809,823 | (3,866,193) | (114,917) | 70,828,713 |
| Governmental activities capital assets, net | <u>\$ 86,324,016</u> | <u>\$ (2,996,092)</u> | <u>\$ (300,762)</u> | <u>\$ 83,027,162</u> |

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

| | |
|---|---------------------|
| General government | \$ 1,146,860 |
| Judicial services | 205,810 |
| Public safety | 2,698,519 |
| Environmental and development services | 44,521 |
| Finance and planning | 221,226 |
| Education | 116,003 |
| Human services | 7,361 |
| General services | 187,357 |
| Community services | 1,013,070 |
| Internal Service Fund - charged to functions based on usage | 596,697 |
| Total depreciation and amortization expenses - governmental activities | <u>\$ 6,237,424</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

5. CAPITAL ASSETS, Continued

| Business-type Activities: | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|-------------------------|---------------|----------------|--------------------------|
| Capital assets not being depreciated/amortized: | | | | |
| Land | \$ 3,936,755 | \$ - | \$ - | \$ 3,936,755 |
| Easements | 356,455 | 97,624 | - | 454,079 |
| Construction in progress | 14,610,893 | 6,210,312 | (8,464,748) | 12,356,457 |
| Total capital assets not being depreciated/amortized | 18,904,103 | 6,307,936 | (8,464,748) | 16,747,291 |
| Capital assets being depreciated/amortized: | | | | |
| Land improvements | 37,155 | - | - | 37,155 |
| Buildings and improvements | 19,703,981 | 2,395,766 | - | 22,099,747 |
| Infrastructure | 125,462,289 | 7,483,738 | - | 132,946,027 |
| Equipment | 5,113,434 | 733,238 | (557,195) | 5,289,477 |
| Vehicles | 1,618,175 | 47,484 | - | 1,665,659 |
| Computer Software | 52,327 | 17,945 | - | 70,272 |
| Total capital assets being depreciated/amortized | 151,987,361 | 10,678,171 | (557,195) | 162,108,337 |
| Less accumulated depreciation/amortization for: | | | | |
| Land improvements | (10,855) | (1,859) | - | (12,714) |
| Buildings and improvements | (11,773,279) | (833,941) | - | (12,607,220) |
| Infrastructure | (35,564,234) | (2,546,903) | - | (38,111,137) |
| Equipment | (3,817,448) | (425,457) | 557,195 | (3,685,710) |
| Vehicles | (1,030,870) | (77,938) | - | (1,108,808) |
| Computer Software | (26,163) | (9,270) | - | (35,433) |
| Total accumulated depreciation/amortization | (52,222,849) | (3,895,368) | 557,195 | (55,561,022) |
| Total capital assets being depreciated/amortized, net | 99,764,512 | 6,782,803 | - | 106,547,315 |
| Business-type activities capital assets, net | \$ 118,668,615 | \$ 13,090,739 | \$ (8,464,748) | \$ 123,294,606 |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

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 | 139,173 |
| Sewer utility | 3,332,430 |
| York Sanitary District | 31,730 |
| Upper County utility | 15,748 |
| Water utility | 5,632 |
| Total depreciation and amortization expenses (excluding amortization on capitalized debt costs) - business-type activities | <u>\$ 3,895,368</u> |

Discretely Presented Component Unit - School Division

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|-------------------------|---------------------|-----------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 4,826,359 | \$ 2,635 | \$ (4,176) | \$ 4,824,818 |
| Construction in progress | 4,347,965 | 5,606,313 | (7,106,358) | 2,847,920 |
| Total capital assets not being depreciated | <u>9,174,324</u> | <u>5,608,948</u> | <u>(7,110,534)</u> | <u>7,672,738</u> |
| Capital assets being depreciated: | | | | |
| Improvements other than buildings | 4,912,942 | - | - | 4,912,942 |
| Buildings and improvements | 175,319,936 | 7,356,359 | (90,700) | 182,585,595 |
| Equipment | 2,798,722 | 317,781 | (55,566) | 3,060,937 |
| Vehicles | 11,814,460 | 339,935 | (515,511) | 11,638,884 |
| Total capital assets being depreciated | <u>194,846,060</u> | <u>8,014,075</u> | <u>(661,777)</u> | <u>202,198,358</u> |
| Less accumulated depreciation for: | | | | |
| Improvements other than buildings | (2,315,753) | (187,483) | - | (2,503,236) |
| Buildings and improvements | (61,388,530) | (3,677,122) | 75,353 | (64,990,299) |
| Equipment | (1,637,123) | (228,421) | 46,733 | (1,818,811) |
| Vehicles | (6,139,703) | (796,539) | 510,029 | (6,426,213) |
| Total accumulated depreciation | <u>(71,481,109)</u> | <u>(4,889,565)</u> | <u>632,115</u> | <u>(75,738,559)</u> |
| Total capital assets being depreciated, net | <u>123,364,951</u> | <u>3,124,510</u> | <u>(29,662)</u> | <u>126,459,799</u> |
| School Division capital assets, net | <u>\$ 132,539,275</u> | <u>\$ 8,733,458</u> | <u>\$ (7,140,196)</u> | <u>\$ 134,132,537</u> |

Discretely Presented Component Unit - EDA

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|--|-------------------------|--------------------|-------------|--------------------------|
| Capital assets being depreciated: | | | | |
| Land improvements | \$ 9,604 | \$ - | \$ - | \$ 9,604 |
| Infrastructure | 850,913 | - | - | 850,913 |
| Total capital assets being depreciated | <u>\$ 860,517</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 860,517</u> |
| Less accumulated depreciation for: | | | | |
| Land improvements | (960) | (640) | - | (1,600) |
| Infrastructure | (42,451) | (28,301) | - | (70,752) |
| Total accumulated depreciation | <u>\$ (43,411)</u> | <u>\$ (28,941)</u> | <u>\$ -</u> | <u>\$ (72,352)</u> |
| Total capital assets being depreciated, net | <u>\$ 817,106</u> | <u>\$ (28,941)</u> | <u>\$ -</u> | <u>\$ 788,165</u> |
| Economic Development Authority capital assets, net | <u>\$ 817,106</u> | <u>\$ (28,941)</u> | <u>\$ -</u> | <u>\$ 788,165</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

5. CAPITAL ASSETS, Continued

Discretely Presented Component Unit - CDA

| | Balance July 1, 2013 | Additions | Reductions | Balance June 30, 2014 |
|---|---------------------------------------|------------------|-------------------|--|
| Capital assets not being depreciated: | | | | |
| Construction in progress | \$ 18,561,448 | \$ - | \$ - | \$ 18,561,448 |
| Capitalized interest | 2,821,491 | - | - | 2,821,491 |
| Less interest revenue on investments | (496,139) | - | - | (496,139) |
| Total capital assets not being depreciated | <u>\$ 20,886,800</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,886,800</u> |
| Capital assets being amortized: | | | | |
| Computer software | 9,000 | - | - | 9,000 |
| Less accumulated amortization | (9,000) | - | - | (9,000) |
| Total capital assets being amortized, net | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Community Development Authority capital assets, net | <u>\$ 20,886,800</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 20,886,800</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, 2014, unearned revenues and deferred inflows are provided in the table below.

| <u>Unearned Revenue</u> | <u>General</u> | <u>Tourism</u> | <u>County Capital</u> | <u>Nonmajor Governmental Funds</u> | <u>Sewer Utility</u> | <u>Nonmajor Enterprise Funds</u> |
|--|-----------------------|-----------------------|------------------------------|---|-----------------------------|---|
| Advance payments for taxes, services and rents | \$ 1,332,948 | \$ 246 | \$ - | \$ 115,701 | \$ 1,034,623 | \$ 211,890 |
| <u>Deferred Inflows</u> | | | | | | |
| Unavailable property taxes and fees | \$ 3,271,910 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unavailable grants | 106,743 | - | 85,000 | 16,579 | - | - |
| Long-term notes receivable | - | - | 1,026,675 | - | - | - |
| Total | <u>\$ 3,378,653</u> | <u>\$ -</u> | <u>\$ 1,111,675</u> | <u>\$ 16,579</u> | <u>\$ -</u> | <u>\$ -</u> |

7. LONG-TERM DEBT

The following is a summary of changes in long-term debt during the year ended June 30, 2014:

| <u>Primary Government:</u> | <u>Balance</u> | | | <u>Balance</u> | <u>Due Within</u> |
|--|----------------------------|-------------------------|--------------------------|-----------------------------|--------------------------|
| <u>Governmental Activities:</u> | <u>July 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2014</u> | <u>One Year</u> |
| General obligation bonds | \$ 52,970,000 | \$ - | \$ (5,200,000) | \$ 47,770,000 | \$ 5,430,000 |
| Premium on bonds | 1,991,398 | - | (141,407) | 1,849,991 | - |
| Capital leases | 2,862,880 | 300,376 | (50,170) | 3,113,086 | 268,241 |
| Lease revenue bonds | 25,865,000 | 9,865,000 | (11,905,000) | 23,825,000 | 1,200,000 |
| Premium on bonds | 297,104 | 827,791 | (102,586) | 1,022,309 | - |
| Discount on bonds | (102,452) | - | 102,452 | - | - |
| Note payable | 372,740 | - | (372,740) | - | - |
| Compensated absences | 4,417,033 | 3,996,855 | (3,776,097) | 4,637,791 | 136,050 |
| Net OPEB obligation | 4,021,739 | 1,902,070 | (531,345) | 5,392,464 | - |
| Total Governmental Activities | <u>\$ 92,695,442</u> | <u>\$ 16,892,092</u> | <u>\$ (21,976,893)</u> | <u>\$ 87,610,641</u> | <u>\$ 7,034,291</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

7. LONG-TERM DEBT, Continued

| <u>Primary Government:</u> | Balance | | | Balance | Due Within |
|---|----------------------------|-------------------------|--------------------------|-----------------------------|------------------------|
| <u>Business-type Activities:</u> | <u>July 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2014</u> | <u>One Year</u> |
| Revenue bonds | \$ 22,551,236 | \$ - | \$ (464,035) | \$ 22,087,201 | \$ 504,746 |
| Premium on bonds | 127,603 | - | (6,815) | 120,788 | - |
| Capital leases | 940,170 | - | (301,628) | 638,542 | 313,241 |
| Compensated absences | 353,539 | 324,296 | (308,284) | 369,551 | 14,711 |
| Total Business-type Activities | <u>\$ 23,972,548</u> | <u>\$ 324,296</u> | <u>\$ (1,080,762)</u> | <u>\$ 23,216,082</u> | <u>\$ 832,698</u> |

| <u>Discretely Presented</u> | Balance | | | Balance | Due Within |
|---|----------------------------|-------------------------|--------------------------|-----------------------------|------------------------|
| <u>Component Units:</u> | <u>July 1, 2013</u> | <u>Additions</u> | <u>Reductions</u> | <u>June 30, 2014</u> | <u>One Year</u> |
| <u>School Division</u> | | | | | |
| Compensated absences | \$ 2,268,868 | \$ 1,182,279 | \$ (1,050,588) | \$ 2,400,559 | \$ 1,000,000 |
| Workers' compensation claims | 3,625,296 | 392,802 | (355,743) | 3,662,355 | - |
| Net OPEB obligation | 481,420 | 792,359 | (550,616) | 723,163 | 525,000 |
| Total School Division | <u>\$ 6,375,584</u> | <u>\$ 2,367,440</u> | <u>\$ (1,956,947)</u> | <u>\$ 6,786,077</u> | <u>\$ 1,525,000</u> |
| <u>Economic Development Authority</u> | | | | | |
| Notes payable | <u>\$ 196,667</u> | <u>\$ -</u> | <u>\$ (20,000)</u> | <u>\$ 176,667</u> | <u>\$ 20,000</u> |
| <u>Community Development Authority</u> | | | | | |
| Bonds payable | <u>\$ 28,875,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 28,875,000</u> | <u>\$ -</u> |
| Accretion of interest payable | <u>\$ 487,500</u> | <u>\$ 365,625</u> | <u>\$ -</u> | <u>\$ 853,125</u> | <u>\$ -</u> |

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. During fiscal year 2014, the County was required to have arbitrage rebate calculations performed for its 2012 VPSA \$6,925,000 issue and the \$15,280,000 Sewer System Revenue Bonds issue. As of June 30, 2014, 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, 2014 of the primary government governmental activities are as follows:

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

7. LONG-TERM DEBT, Continued

| GOB | | Bond | Maturity | Interest | Balance |
|----------------------|---|--------------------|--------------------|--------------------|-----------------------------|
| <u>Series</u> | <u>Purpose</u> | <u>Date</u> | <u>Date</u> | <u>Rate</u> | <u>June 30, 2014</u> |
| VPSA 97I | Various school projects | 11/20/97 | 07/15/17 | 4.35-5.35% | \$ 4,380,000 |
| Series 01 | Refinance 1994 issue for school construction | 11/01/01 | 07/15/14 | 3.00-5.00% | 2,035,000 |
| VPSA 02B | Bruton High | 11/07/02 | 07/15/22 | 2.35-5.10% | 4,365,000 |
| VPSA 03 | Queens Lake | 11/06/03 | 07/15/23 | 3.10-5.35% | 2,420,000 |
| VPSA 05 | York High and School Board renovations | 11/10/05 | 07/15/25 | 4.60-5.10% | 10,640,000 |
| VPSA 06 | Yorktown Middle and New Horizons renovations | 11/09/06 | 07/15/26 | 4.23-5.10% | 8,290,000 |
| VPSA 08 | Dare, Magruder, Yorktown Elementary classrooms | 12/11/08 | 07/15/28 | 3.60-5.35% | 4,510,000 |
| VPSA 09 | Dare and Mt. Vernon Elementary and Tabb High | 12/03/09 | 07/15/29 | 3.05-4.05% | 3,565,000 |
| VPSA 10 | Grafton Bethel Elementary | 07/08/10 | 06/01/27 | 1.085-1.925% | 860,000 |
| | Coventry Elementary and New Horizons HVAC, Grafton Bethel and Coventry Elementary gymnasium roofs, Tabb Elementary classrooms and Grafton | | | | |
| VPSA 12 | Complex gymnasium | 05/10/12 | 07/15/32 | 2.55-5.05% | 6,705,000 |
| | | | | | <u>\$ 47,770,000</u> |

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

| | Governmental Activities | |
|--------------------|--------------------------------|------------------------|
| <u>Year</u> | <u>Principal</u> | <u>Interest</u> |
| 2015 | \$ 5,430,000 | \$ 2,166,705 |
| 2016 | 3,560,000 | 1,949,475 |
| 2017 | 3,745,000 | 1,770,599 |
| 2018 | 3,935,000 | 1,582,018 |
| 2019 | 2,880,000 | 1,418,712 |
| 2020 - 2024 | 16,015,000 | 4,892,474 |
| 2025 - 2029 | 10,000,000 | 1,519,174 |
| 2030 - 2034 | 2,205,000 | 181,426 |
| | <u>\$ 47,770,000</u> | <u>\$ 15,480,583</u> |

Compensated Absences

For governmental activities, compensated absences are typically liquidated by the general fund.

Net Other Post Employment Benefit Obligation (OPEB)

For governmental activities, net OPEB obligations are typically liquidated by the general fund.

Advance Refunding

On January 29, 2014, the Economic Development Authority of York County, Virginia issued \$9,865,000 of Lease Revenue Refunding Bonds, Series 2014. The proceeds were issued to advance refund \$10,249,465 of outstanding Industrial Development Authority Lease Revenue Bonds, Series 2003 which had interest rates ranging from 2.0 to 4.5%. The proceeds were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the Series 2003 Lease Revenue Refunding Bonds are considered defeased and the liability for those bonds has been removed

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

7. LONG-TERM DEBT, Continued

from the statement of net position. The reacquisition price exceeded the net carrying amount of the old debt by \$384,465. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The County refunded the 2003 Series lease revenue bonds to reduce its total debt service payments over 10 years by \$842,234 and to obtain an economic gain of \$811,891.

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, 2014 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, 2014</u> |
|---------------|---|------------------|----------------------|----------------------|------------------------------|
| 2008 | Sports Field Complex, fire station additions | 12/01/08 | 10/01/29 | 3.125-5.327% | \$ 14,900,000 |
| 2014 | Communications system & building, equipment, parking garage | 02/27/14 | 07/15/23 | 2.000-4.500% | 8,925,000 |
| | | | | | <u>\$ 23,825,000</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> |
| 2015 | \$ 1,200,000 | \$ 1,059,713 |
| 2016 | 1,230,000 | 1,022,575 |
| 2017 | 1,690,000 | 971,729 |
| 2018 | 1,755,000 | 905,775 |
| 2019 | 1,835,000 | 826,879 |
| 2020 - 2024 | 9,130,000 | 2,860,380 |
| 2025 - 2029 | 5,670,000 | 1,110,033 |
| 2030 - 2034 | 1,315,000 | 34,191 |
| | <u>\$ 23,825,000</u> | <u>\$ 8,791,275</u> |

Note Payable

Note payable is a taxable-refunding note used to refinance the Virginia Retirement System (VRS) obligation incurred by the School Division in a one-time early retirement incentive program during the fiscal year 1992. Payments will be made in semi-annual installments plus interest calculated at 7.39% per annum. This note was satisfied during FY2014.

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, 2014 of the primary government business-type activities are as follows:

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

7. LONG-TERM DEBT, Continued

| <u>Series</u> | <u>Purpose</u> | <u>Bond Date</u> | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Balance June 30, 2014</u> |
|---------------|------------------------|------------------|----------------------|----------------------|------------------------------|
| 1992 | Lackey sewer system | 05/14/92 | 05/14/32 | 5.00% | \$ 417,201 |
| 2005 | Sewer system refunding | 06/08/05 | 06/01/29 | 3.00-5.00% | 6,765,000 |
| 2010 | Sewer systems | 12/01/10 | 06/01/40 | 2.00-6.607% | 14,905,000 |
| | | | | | <u>\$ 22,087,201</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> |
| 2015 | \$ 504,746 | \$ 1,231,258 |
| 2016 | 520,493 | 1,215,686 |
| 2017 | 536,277 | 1,199,033 |
| 2018 | 552,101 | 1,181,102 |
| 2019 | 572,966 | 1,161,725 |
| 2020 - 2024 | 3,229,431 | 5,441,693 |
| 2025 - 2029 | 3,993,682 | 4,657,447 |
| 2030 - 2034 | 4,907,505 | 3,387,955 |
| 2035 - 2039 | 5,930,000 | 1,650,428 |
| 2040 - 2044 | 1,340,000 | 88,534 |
| | <u>\$ 22,087,201</u> | <u>\$ 21,214,861</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, 2014 was \$9,025,000. 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%.

Economic Development Authority

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

7. LONG-TERM DEBT, Continued

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 have 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 <u>June 30.</u> | <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> |
| 2015 | \$ - | \$ 289,425 | \$ - | \$ 939,375 | \$ - | \$ - |
| 2016 | - | 289,425 | - | 939,375 | - | - |
| 2017 | - | 289,425 | - | 939,375 | - | - |
| 2018 | - | 289,425 | - | 939,375 | - | - |
| 2019 | - | 289,425 | - | 939,375 | - | - |
| 2020-2024 | - | 1,447,125 | - | 4,696,875 | - | - |
| 2025-2029 | 1,255,000 | 1,353,413 | - | 4,696,875 | - | - |
| 2030-2034 | 2,555,000 | 814,599 | 3,610,000 | 4,399,594 | - | - |
| 2035-2039 | 1,865,000 | 145,988 | 7,500,000 | 2,673,282 | - | - |
| 2040-2042 | - | - | 5,590,000 | 482,907 | 6,500,000 | 26,890,476 |
| Total | <u>\$ 5,675,000</u> | <u>\$ 5,208,250</u> | <u>\$ 16,700,000</u> | <u>\$ 21,646,408</u> | <u>\$ 6,500,000</u> | <u>\$ 26,890,476</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

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:

| <u>Purpose</u> | <u>General</u> | <u>Tourism</u> | <u>Yorktown Capital Imps</u> | <u>County Capital</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|----------------------|-------------------|--------------------------------------|---------------------------|--|---|
| Nonspendable: | | | | | | |
| Prepaid expenditures | \$ 18,936 | \$ - | \$ - | \$ - | \$ - | \$ 18,936 |
| Advances | 9,789,343 | - | - | - | - | 9,789,343 |
| Total nonspendable | <u>\$ 9,808,279</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 9,808,279</u> |
| Restricted: | | | | | | |
| Public safety | \$ 874,247 | \$ - | \$ - | \$ 2,863 | \$ - | \$ 877,110 |
| Tourism | - | 514,832 | - | - | - | 514,832 |
| Judicial services | 40,598 | - | - | - | 13,761 | 54,359 |
| Community services | 22,115 | - | - | - | - | 22,115 |
| Other purposes | 3,192 | - | - | - | 4,673 | 7,865 |
| Total restricted | <u>\$ 940,152</u> | <u>\$ 514,832</u> | <u>\$ -</u> | <u>\$ 2,863</u> | <u>\$ 18,434</u> | <u>\$ 1,476,281</u> |
| Committed: | | | | | | |
| School reversion | \$ 335,074 | \$ - | \$ - | \$ - | \$ - | \$ 335,074 |
| Chesapeake Bay & Wetlands remediation | 2,428 | - | - | - | - | 2,428 |
| Meals tax for drainage projects | - | - | - | - | 2,819,303 | 2,819,303 |
| Environmental and transportation imp | - | - | - | 2,833,917 | - | 2,833,917 |
| Workers' compensation | 2,074,383 | - | - | - | - | 2,074,383 |
| School Division post employment benefits | 4,730,299 | - | - | - | - | 4,730,299 |
| Intergovernmental revenue shortfalls for School Division | 5,522,276 | - | - | - | - | 5,522,276 |
| Total committed | <u>\$ 12,664,460</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,833,917</u> | <u>\$ 2,819,303</u> | <u>\$ 18,317,680</u> |
| Assigned: | | | | | | |
| Registrar and Electoral Board | \$ 121,949 | \$ - | \$ - | \$ - | \$ - | \$ 121,949 |
| Judicial services | 3,300 | - | - | - | - | 3,300 |
| Public safety | 770,533 | - | - | 3,637,577 | - | 4,408,110 |
| Environmental and development services | 86,047 | - | - | 279,857 | - | 365,904 |
| Finance and planning | 628,413 | - | - | - | - | 628,413 |
| Education and educational services | 3,262,936 | - | - | - | - | 3,262,936 |
| General services | 261,534 | - | - | 1,430,962 | - | 1,692,496 |
| Community services | 9,296 | - | - | 88,399 | - | 97,695 |
| Other post-employment benefits | 2,990,441 | - | - | - | - | 2,990,441 |
| Capital outlay | 9,296,058 | - | - | 2,727,265 | - | 12,023,323 |
| Environmental and transportation improvements | - | - | - | 2,885,796 | - | 2,885,796 |
| Head Start and Social Services programs | - | - | - | - | 881,176 | 881,176 |
| Other purposes | 1,075,371 | - | - | - | - | 1,075,371 |
| Total assigned | <u>\$ 18,505,878</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 11,049,856</u> | <u>\$ 881,176</u> | <u>\$ 30,436,910</u> |
| Unassigned: | <u>\$ 19,747,802</u> | <u>\$ -</u> | <u>\$ (6,852,782)</u> | <u>\$ -</u> | <u>\$ 135,995</u> | <u>\$ 13,031,015</u> |
| Total fund balances (deficit) | <u>\$ 61,666,571</u> | <u>\$ 514,832</u> | <u>\$ (6,852,782)</u> | <u>\$ 13,886,636</u> | <u>\$ 3,854,908</u> | <u>\$ 73,070,165</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

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, 2014 is as follows:

| <u>Year</u> | <u>Primary Government</u> | <u>Discretely Presented Component Unit - School Division</u> |
|------------------------------|-------------------------------|--|
| 2015 | \$ 421,119 | \$ 267,406 |
| 2016 | 410,907 | 266,902 |
| 2017 | 406,657 | 215,098 |
| 2018 | 407,726 | 33,824 |
| 2019 | 408,245 | - |
| 2020-2024 | 1,525,435 | - |
| 2025-2029 | 1,187,000 | - |
| 2030-2034 | 1,187,000 | - |
| 2035-2039 | 1,187,000 | - |
| 2040-2044 | 1,160,069 | - |
| 2045-2049 | 858,550 | - |
| Total minimum lease payments | <u>\$ 9,159,708</u> | <u>\$ 783,230</u> |

Rental expenditures for the year ended June 30, 2014 for all operating leases were \$438,604 and \$267,406 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 \$8,886,205, for a carrying amount of \$506,485 at June 30, 2014. A summary of the future minimum rental receipts under noncancellable operating leases as of June 30, 2014 is as follows:

| <u>Year</u> | <u>Primary Government</u> | <u>Discretely Presented Component Unit - School Division</u> |
|------------------------------|-------------------------------|--|
| 2015 | \$ 193,372 | \$ 335,398 |
| 2016 | 178,430 | 335,417 |
| 2017 | 182,780 | 335,266 |
| 2018 | 185,287 | 335,914 |
| 2019 | 188,593 | 335,353 |
| 2020-2024 | 857,018 | - |
| 2025-2029 | 321,472 | - |
| 2030-2034 | 165,024 | - |
| 2035-2039 | 95,010 | - |
| 2040-2044 | 68,079 | - |
| 2045-2049 | 10 | - |
| Total minimum lease payments | <u>\$ 2,435,075</u> | <u>\$ 1,677,348</u> |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

9. LEASES, Continued

Rental revenue receipts for all operating leases were \$383,631 for the County and \$331,609 for the School Division for the year ended June 30, 2014.

Capital Leases

The County leases certain equipment and a building under capital lease agreements. A summary of future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2014 is as follows:

| <u>Year</u> | <u>Primary Government</u> | |
|-----------------------------------|---------------------------|----------------------|
| | <u>Governmental</u> | <u>Business-type</u> |
| | <u>Activities</u> | <u>Activities</u> |
| 2015 | \$ 370,113 | \$ 337,825 |
| 2016 | 550,433 | 337,825 |
| 2017 | 525,580 | - |
| 2018 | 516,171 | - |
| 2019 | 500,890 | - |
| 2020-2024 | 1,043,862 | - |
| 2025-2029 | 40,514 | - |
| Total minimum lease payments | 3,547,563 | 675,650 |
| Less amount representing interest | (434,477) | (37,108) |
| Present value of principal | <u>\$ 3,113,086</u> | <u>\$ 638,542</u> |

The gross value of capital assets under capital lease agreements is as follows: Governmental Activities - \$3,456,149 (equipment) and Business-type Activities - \$2,038,931 (equipment).

10. DEFINED BENEFIT PENSION PLANS

Plan Descriptions

The County has three defined benefit pension plans. In the first plan (the "County" plan), the County contributes to the Virginia Retirement System (VRS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for political subdivisions in the Commonwealth of Virginia. The County payroll for employees covered by the VRS for the year ended June 30, 2014 was \$37,009,571 out of the total payroll of \$41,005,009.

In the second plan (the "School Division" plan), professional employees of the School Division are covered by the VRS. Professional employees participate in a VRS statewide teacher cost sharing pool. The payroll for professional employees covered by VRS for the year ended June 30, 2014 was \$60,755,750 and the total payroll was \$61,306,895. As of June 30, 1992, non-professional employees of the School Division are also covered by the VRS. Non-professional employees participate as a separate group in the agent multiple-employer retirement system. The payroll for non-professional employees covered by VRS for the year ended June 30, 2014 was \$6,035,633 and the total payroll was \$7,361,593.

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Members earn one month of service credit for each month they are employed and their employer is paying contributions to VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as service credit in their plan.

Within the VRS Plan, the System administers three different benefit plans for local government employees – Plan 1, Plan 2 and Hybrid. Each plan has different eligibility and benefit structures as defined below:

VRS Plan 1

About VRS Plan 1

VRS 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 VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Eligible Members

Employees are in VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible VRS Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under VRS Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 1 or ORP.

Retirement Contributions

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.

Creditable Service

Creditable service includes active service. Members earn creditable service for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional creditable service the member was granted. A member's total creditable service is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.

Calculating the Benefit

The Basic Benefit is calculated based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. It is one of the benefit payout options available to a member at retirement. 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.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.7%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.7% or 1.85% as elected by the employer.

Normal Retirement Age

Age 65.

Earliest Unreduced Retirement Eligibility

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. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility

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.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Eligibility

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. 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.

Exceptions to COLA Effective Dates

The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. The member retires on disability. The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as creditable service in their plan. Prior creditable service counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. When buying service, members must purchase their most recent period of service first. Members also may be eligible to purchase periods of leave without pay.

VRS Plan 2

About VRS Plan 2

VRS 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 VRS 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.

Eligible Members

Employees are in VRS 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Hybrid Opt-In Election

VRS 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. The Hybrid Retirement Plan's effective date for eligible VRS Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under VRS Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as VRS Plan 2 or ORP.

Retirement Contributions

Same as VRS Plan 1.

Creditable Service

Same as VRS Plan 1.

Vesting

Same as VRS Plan 1.

Calculating the Benefit

See definition under VRS Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

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.

Normal Retirement Age

Normal Social Security retirement age.

Earliest Unreduced Retirement Eligibility

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. Hazardous duty members are eligible for an unreduced retirement benefit at age 60 with at least five years of creditable service or age 50 with at least 25 years of creditable service.

Earliest Reduced Retirement Eligibility

Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Cost-of-Living Adjustment (COLA) in Retirement

The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Eligibility

Same as VRS Plan 1.

Exceptions to COLA Effective Dates

Same as VRS Plan 1.

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

Purchase of Prior Service

Same as VRS Plan 1.

Hybrid Retirement Plan

About the Hybrid Retirement Plan

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 VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during a special election window. (See "Eligible Members") The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- State employees*

- School division employees

- Political subdivision employees*

- Judges appointed or elected to an original term on or after January 1, 2014

- Members in VRS Plan 1 or VRS 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

Non-Eligible Members

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Members of the State Police Officers' Retirement System (SPORS)

- Members of the Virginia Law Officers' Retirement System (VaLORS)

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

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 VRS Plan 1 or VRS Plan 2,

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

they are not eligible to elect the Hybrid Retirement Plan and must select VRS Plan 1 or VRS Plan 2 (as applicable) or ORP.

Retirement Contributions

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.

Creditable Service

Defined Benefit Component: 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.

Defined Contributions Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

Vesting

Defined Benefit Component: 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. VRS Plan 1 or VRS 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.

Defined Contributions Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make. 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. After two years, a member is 50% vested and may withdraw 50% of employer contributions. After three years, a member is 75% vested and may withdraw 75% of employer contributions. After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

Calculating the Benefit

Defined Benefit Component: See definition under VRS Plan 1.

Defined Contribution Component: 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Average Final Compensation

Same as VRS Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Normal Retirement Age

Defined Benefit Component: Same as VRS Plan 2.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component: 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.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Unreduced Retirement Eligibility

Defined Benefit Component: Members may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.

Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Cost-of-Living Adjustment (COLA) in Retirement

Defined Benefit Component: Same as VRS Plan 2.

Defined Contribution Component: Not applicable.

Eligibility: Same as VRS Plan 1 and VRS Plan 2.

Exceptions to COLA Effective Dates: Same as VRS Plan 1 and VRS Plan 2.

Disability Coverage

Eligible political subdivision and school division (including VRS Plan 1 and VRS Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides and employer-paid comparable program for its members. State employees (including VRS Plan 1 and VRS Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.

Hybrid members (including VRS Plan 1 and VRS Plan 2 opt-ins) covered under VSDP or VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Purchase of Prior Service

Defined Benefit Component: Same as VRS Plan 1.

Defined Contribution Component: Not applicable.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of the most recent report may be obtained from the VRS website at <http://www.varetire.org/Pdf/Publications/2013-annual-report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

In the third plan (the "optional" plan), non-professional employees of the School Division who were not previously covered by VRS are provided pension benefits through a single employer defined benefit pension plan administered by a fiduciary agent of the School Division. The optional plan 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.

Funding Policy

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5% of their compensation toward their retirement. All or part of the 5% member contribution may be assumed by the County and by the School Division. Beginning July 1, 2012 new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to 5 years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. In addition, the County and the School Division are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Division of Trustees. The County's contribution rate for fiscal year ended 2014 was 16.71% of annual covered payroll. The School Division's contribution rate for fiscal year ended 2014 for professional and non-professional employees was 8.99% of annual covered payroll.

Annual Pension Cost and Net Pension Obligation

For fiscal year 2014, the County's annual pension cost and net pension obligation were follows:

| Three-Year Trend Information - County | | | |
|--|------------------------------------|--|---------------------------------------|
| Fiscal Year | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2014 | \$ 6,183,660 | 100% | \$ - |
| 6/30/2013 | 6,020,741 | 100% | - |
| 6/30/2012 | 4,887,296 | 100% | - |

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

The School Division's annual pension cost and net pension obligation for non-professional and professional employees were as follows:

| Three-Year Trend Information - School Division | | | | | | |
|---|----------------------------------|--------------------------------------|-------------------------------|-------------------------------|--------------------------------------|-------------------------------|
| Fiscal Year | Nonprofessional Employees | | | Professional Employees | | |
| | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation | Annual Pension Cost | Percentage of APC Contributed | Net Pension Obligation |
| 6/30/2014 | \$ 542,604 | 100% | \$ - | \$ 7,081,843 | 100% | \$ - |
| 6/30/2013 | 519,830 | 100% | - | 6,906,219 | 100% | - |
| 6/30/2012 | 699,906 | 100% | - | 6,876,567 | 100% | - |

The optional plan required no employee contributions after June 30, 1992. Employee contributions are accumulated with interest at 5.0%. For the year ended June 30, 2014, the average active member contribution rate was 0% of annual, and the School Division's average contribution rate was 0% of annual payroll.

The School Division's net pension liability for the optional plan at June 30, 2014, is as follows:

| Net Pension Liability - School Division | |
|--|--------------|
| Total pension liability | \$ 1,862,796 |
| Plan fiduciary net position | (2,009,204) |
| School Division's net pension liability | (146,408) |
| Plan fiduciary net position as a percentage of the total pension liability | 107.86% |

Actuarial Methods and Assumptions

The required contribution for VRS was determined as part of the June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.0% investment rate of return, (b) projected salary increases ranging from 3.50% - 5.35% per year for general government employees, 3.50% - 5.35% per year for teachers, and 3.50% - 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters and sheriffs, and (c) 2.5% and 2.25% per year cost-of-living adjustments for Plan 1 and Plan 2, respectively. Both (a) and (b) included an inflation component of 2.5%. The actuarial value of the County's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a 5-year period. The County's unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on an open basis for a period of thirty years.

The total pension liability was determined by an actuarial valuation as of June 30, 2014. Significant actuarial assumptions applied to all periods included in the measurement include (a) interest of 7.0%, (b) general inflation of 2.5%, (c) cost of living adjustment of 2.0%, and (d) a salary scale of 4.5%. Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA. The discount rate used to measure the total pension liability was 7.0%.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

10. DEFINED BENEFIT PENSION PLANS, Continued

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the County's plan was 78.36% funded. The actuarial accrued liability for benefits was \$164,687,944, and the actuarial value of assets was \$129,044,313, resulting in an unfunded actuarial accrued liability (UAAL) of \$35,643,631. The covered payroll (annual payroll of active employees covered by the plan) was \$36,232,767, and the ratio of the UAAL to the covered payroll was 98.37%.

As of June 30, 2013, the most recent actuarial valuation date, the School Division's plan for its non-professional employees was 86.79% funded. The actuarial accrued liability for benefits was \$18,316,320, and the actuarial value of assets was \$15,896,573, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,419,747. The covered payroll (annual payroll of active employees covered by the plan) was \$5,798,345, and the ratio of the UAAL to the covered payroll was 41.73%.

The Schedule of Funding Progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actual accrual liability for benefits.

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Descriptions

The County's OPEB plan is a single-employer defined benefit plan administered by York County. Employees retiring after January 1, 2002 and having twenty or more years of service with the County and receiving a VRS annuity will qualify for a health insurance premium contribution from the County. The retiree's Virginia Retirement System (VRS) annuity may be either a full or reduced benefit. The amount of the County's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provision: the County's 50% contribution will be reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program (retiring employees who have fifteen years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program). At June 30, 2014, 67 retirees were participating in this program. For the School Division, 82 retirees were participating in this program.

The School Division's OPEB plan is a single-employer defined benefit plan administered by the School Division. The School Division provides post-retirement health care benefits, in accordance with School Division policy, to all employees who retire from York County Public Schools with 100 days of accumulated sick leave, 10 years of service and a minimum of 24 months participation in the health insurance program immediately prior to retirement. At June 30, 2014, 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.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

Funding Policy

The County established an internal service fund to account for other post-employment benefits. An amount equal to the annual required contribution was made to the fund during fiscal year 2014, and the pay-as-you-go expenses were made from the fund. GASB Statement No. 45 requires recognition of the current OPEB expense based on the annual required contribution, but does not require funding of the related liability. For fiscal year 2014, the County provided an annual contribution of \$531,345, and the annual required contribution was \$1,918,054.

The School Division opted not to advance-fund or establish a funding methodology for its OPEB costs or net OPEB obligation. For fiscal year 2014, the School Division provided an annual contribution of \$550,616, and the annual required contribution was \$796,174.

Annual OPEB Cost

The County's and School Division's annual OPEB expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance within the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. For fiscal year 2014, the County's and its discretely presented component unit - School Division's annual OPEB cost, the amount actually contributed to the plan, and changes in the net OPEB obligation are as follows:

| | <u>County</u> | <u>School Division</u> |
|--|---------------------|----------------------------|
| Normal cost | \$ 911,846 | \$ 483,622 |
| Amortization of unfunded accrued liability | 932,437 | 312,552 |
| Interest | 73,771 | - |
| Annual required contribution | 1,918,054 | 796,174 |
| Interest on net OPEB obligation (NOO) | 160,870 | 16,850 |
| Amortization of NOO | (176,854) | (20,665) |
| Annual OPEB cost | 1,902,070 | 792,359 |
| Actual contribution towards OPEB cost | (531,345) | (550,616) |
| Increase in NOO | 1,370,725 | 241,743 |
| NOO, beginning of year | 4,021,739 | 481,420 |
| NOO, end of year | <u>\$ 5,392,464</u> | <u>\$ 723,163</u> |

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

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

| Three-Year Trend Information - County | | | |
|--|-------------------------|--------------------------------------|----------------------------|
| Fiscal Year | Annual OPEB Cost | Percentage of AOC Contributed | Net OPEB Obligation |
| 6/30/2014 | \$ 1,902,070 | 28% | \$ 5,392,464 |
| 6/30/2013 | 1,588,583 | 39% | 4,021,739 |
| 6/30/2012 | 1,461,211 | 24% | 3,053,340 |

| Three-Year Trend Information - School Division | | | |
|---|-------------------------|--------------------------------------|------------------------------------|
| Fiscal Year | Annual OPEB Cost | Percentage of AOC Contributed | Net OPEB Obligation (Asset) |
| 6/30/2014 | \$ 792,359 | 91% | \$ 723,163 |
| 6/30/2013 | 612,808 | 97% | 481,420 |
| 6/30/2012 | 525,911 | 88% | 460,461 |

Funded Status and Funding Progress

As of June 30, 2014, the County's actuarial accrued liability for benefits was \$22,052,123, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$22,052,123. The covered payroll (annual payroll of active employees covered by the plan) was \$35,993,900, \$34,397,352 and \$35,320,303 for fiscal years 2014, 2013 and 2012, respectively, and the ratio of the UAAL to the covered payroll was 61.27%, 110.46% and 92.68% for fiscal years 2014, 2013 and 2012.

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

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

Actuarial Methods and Assumptions

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

Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

11. OTHER POST-EMPLOYMENT BENEFITS (OPEB), Continued

volatility in actuarial accrued liabilities and the actuarial value of assets.

In the County's June 30, 2014 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% 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 7% for Pre- and Post-Medicare eligible, grading to a rate of 4.8% for fiscal year ending June 30, 2084. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.0% per year.

In the School's June 30, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5% investment rate of return (discount rate) and an annual healthcare cost trend rate of 5.9%, grading to a rate of 4.5% over sixty-eight years. The underlying inflation rate was 2.5%. The unfunded actuarial accrual liability (UAAL) is being amortized over a closed thirty-year period as a level percentage of projected payroll, assumed to grow 3.0% per year.

12. DEFERRED COMPENSATION PLAN

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held in trust for the participants. Investments are managed by the plan's trustee under one or a combination of 47 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 14 investment options.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

13. COMMITMENTS AND CONTINGENT LIABILITIES

Significant Commitments

Significant commitments as of June 30, 2014 were as follows:

| <u>Project</u> | <u>Spent-to-date</u> | <u>Remaining Commitment</u> |
|---|----------------------|---------------------------------|
| Three medic units | \$ - | \$ 822,441 |
| Emergency Communications radio rebanding project | - | 382,785 |
| Hosted 911 system | - | 317,340 |
| York-Poquoson Courthouse roof replacement project | 472,036 | 286,402 |
| Lightfoot water construction | 36,701 | 212,794 |
| Queens Lake sewer architect and engineering fees | 1,302,111 | 196,747 |
| Moore's Creek sewer construction | 746,257 | 182,227 |
| Generator equipment | - | 75,500 |
| Real Estate appraisal software | 70,213 | 68,787 |
| 800 MHz radio rebanding consulting services | - | 60,000 |
| Dogwood Road widening project | - | 59,848 |
| | <u>\$ 2,627,318</u> | <u>\$ 2,664,871</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 employees; and natural disasters. The County reports all of its risk management activities in its General Fund and pays all claims for retained risks from General Fund resources.

The School Division reports all of its risk management activities in its Operating Fund and pays all claims for retained risks from Operating Fund resources. 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 General and School Operating Funds retain the full risk for unemployment compensation; up to \$250,000 for each health care claim for the County and up to \$300,000 for each health care claim for the School Division, and up to \$400,000 and \$500,000 for each workers' compensation occurrence with no aggregate, for the County and School Division, respectively.

All unemployment, health care claims and workers' compensation claims are paid through a third-party administrator through resources from the General and School Operating Funds. 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 four fiscal years.

The County's health care liability at June 30 is included in salaries, taxes and benefits payable in the applicable County funds. The County had available \$928,245 for health care claims and \$2,074,383 for workers' compensation claims at June 30, 2014, which is considered sufficient

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

13. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

Changes in the reported amounts since June 30, 2012 resulted from the following:

| | <u>2014</u> | <u>Restated 2013</u> |
|--|----------------------------|---------------------------------|
| Accrued liability/committed fund balance, beginning of fiscal year restated | \$ 3,017,761 | \$ 4,106,493 |
| Claims and changes in estimates | 9,641,970 | 7,758,503 |
| Claims payments | <u>(9,657,103)</u> | <u>(8,847,235)</u> |
| Accrued liability/committed fund balance, end of fiscal year | <u><u>\$ 3,002,628</u></u> | <u><u>\$ 3,017,761</u></u> |

The School Division health care claim liability at June 30 is included in salaries, taxes, and benefits payable balance of its Operating Fund. The School Division had available \$1,467,727 for health care claims and \$3,662,355 for workers' compensation claims at June 30, 2014, 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, 2012 resulted from the following:

| | <u>2014</u> | <u>Restated 2013</u> |
|---|----------------------------|---------------------------------|
| Accrued liability/committed fund balance, beginning of fiscal year | \$ 5,308,450 | \$ 6,777,738 |
| Claims and changes in estimates | 12,206,173 | 12,923,477 |
| Claims payment | <u>(12,384,541)</u> | <u>(14,392,765)</u> |
| Accrued liability/committed fund balance, end of fiscal year | <u><u>\$ 5,130,082</u></u> | <u><u>\$ 5,308,450</u></u> |

Landfill Post-Closure

State and federal laws and regulations require that the County perform post-closure care requirements on its landfill. The landfill was closed on October 9, 1993. An annual evaluation is performed to determine future costs and actual costs may differ due to inflation, deflation, changes in technology or changes in regulations. Funding of these costs will be from current operating revenues.

Consent Order

A Consent Special Order has been issued under the authority of Virginia Code 62.1-44.15(8a) between the State Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, 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. With the data collected and inspection results, each party to the Order by Consent has to submit to the Commonwealth of Virginia, Department of Environmental Quality, a Condition Assessment Report of each sanitary sewer basin and develop a comprehensive Rehabilitation Plan, with costs and associated schedule.

COUNTY OF YORK, VIRGINIA
Notes to Basic Financial Statements, Continued
June 30, 2014

13. COMMITMENTS AND CONTINGENT LIABILITIES, Continued

A new consent order is in the process of being approved but will not take place until December 2014. This new order will add the City of Norfolk and focuses on each locality having an approved Management, Operations & Maintenance (MOM) Plan, and quantifiable benchmarks to measure the success of the program.

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. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF PRIOR PERIOD NET POSITION AND FUND BALANCE

For fiscal year 2014, the County has adopted GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. The implementation of GASB 65 recognized cost of issuance of bonds as an expense, therefore the adoption of this statement resulted in an increase to the cost of issuance expense and a decrease to the unamortized bond issuance costs and unamortized underwriters discount fee for fiscal year ended June 30, 2013.

In addition, the beginning fund balance/net position was restated for the surplus of health and dental insurance received with a reclassification from salary, taxes, benefits payable to fund balance in the applicable governmental and proprietary funds. As a result, net position as of July 1, 2013, has been adjusted accordingly in the government-wide statements and the governmental and proprietary fund statements, respectively:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total Net Position</u> |
|--|------------------------------------|-------------------------------------|-------------------------------|
| Balance, as previously reported, June 30, 2013 | \$ 72,521,103 | \$ 105,406,020 | \$ 177,927,123 |
| Adjustments: | | | |
| GASB 65, changes related to debt issuance cost | (446,222) | (394,862) | (841,084) |
| Health and dental insurance reclassification | 3,690,206 | 179,019 | 3,869,225 |
| Balance, as restated, June 30, 2013 | <u>\$ 75,765,087</u> | <u>\$ 105,190,177</u> | <u>\$ 180,955,264</u> |

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Sewer Utility</u> | <u>Nonmajor Enterprise Funds</u> | <u>Internal Service Funds</u> |
|--|----------------------|--|--------------------------|--|---------------------------------------|
| Balance, as previously reported, June 30, 2013 | \$ 53,558,699 | \$ 3,329,367 | \$ 89,600,208 | \$ 15,805,812 | \$ 5,595,901 |
| Adjustments: | | | | | |
| GASB 65, changes related to debt issuance cost | - | - | (394,862) | - | - |
| Health and dental insurance reclassification | 3,531,343 | 135,995 | 146,616 | 32,403 | 22,868 |
| Balance, as restated, June 30, 2013 | <u>\$ 57,090,042</u> | <u>\$ 3,465,362</u> | <u>\$ 89,351,962</u> | <u>\$ 15,838,215</u> | <u>\$ 5,618,769</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 County of York Public School Division to fund operations and transferred to other funds to meet debt service requirements, assist with the operations of Virginia Public Assistance and fund capital projects.

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Revenues and Other Financing Sources
Year Ended June 30, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|-------------------|---|
| General property taxes: | | | | |
| Real property taxes | \$ 65,469,500 | \$ 65,469,500 | \$ 64,704,943 | \$ (764,557) |
| Real and personal property taxes-public service corporation | 3,100,000 | 3,100,000 | 3,223,423 | 123,423 |
| Personal property taxes | 11,309,000 | 11,309,000 | 11,983,916 | 674,916 |
| Machinery and tools taxes | 370,000 | 370,000 | 104,182 | (265,818) |
| Boat taxes > 5 tons | 80,000 | 80,000 | 84,507 | 4,507 |
| Penalties and interest | 600,000 | 600,000 | 650,430 | 50,430 |
| Total general property taxes | <u>80,928,500</u> | <u>80,928,500</u> | <u>80,751,401</u> | <u>(177,099)</u> |
| Other local taxes: | | | | |
| Local sales and use taxes | 9,100,000 | 9,100,000 | 8,927,993 | (172,007) |
| Hotel and motel room taxes | 1,280,000 | 1,280,000 | 1,308,703 | 28,703 |
| Restaurant food taxes | 5,500,000 | 5,560,884 | 5,621,769 | 60,885 |
| Business license taxes | 5,635,000 | 5,635,000 | 6,284,868 | 649,868 |
| Consumer utility taxes | 250,000 | 250,000 | 240,222 | (9,778) |
| Communications sales taxes | 1,385,000 | 1,385,000 | 1,322,868 | (62,132) |
| Vehicle registration fees | 1,300,000 | 1,300,000 | 1,586,865 | 286,865 |
| Bank stock taxes | 265,000 | 265,000 | 259,957 | (5,043) |
| Franchise taxes | - | - | 1,247 | 1,247 |
| Taxes on recordation and wills | 1,650,000 | 1,650,000 | 1,545,219 | (104,781) |
| Rental taxes | 92,000 | 92,000 | 93,714 | 1,714 |
| Total other local taxes | <u>26,457,000</u> | <u>26,517,884</u> | <u>27,193,425</u> | <u>675,541</u> |
| From the Federal Government: | | | | |
| Payments in lieu of taxes | <u>9,500</u> | <u>9,500</u> | <u>10,213</u> | <u>713</u> |
| Categorical aid: | | | | |
| Civil Defense grant | 45,000 | 50,335 | - | (50,335) |
| Universal Service Library E-rate program | 19,000 | 19,000 | 14,802 | (4,198) |
| Violence Against Women Formula grant | 27,366 | 27,366 | 27,431 | 65 |
| Crime Victim Assistance grant | 71,152 | 47,434 | 48,032 | 598 |
| Community-Defined Solutions to Violence Against Women grant | - | - | 81,465 | 81,465 |
| DMV Traffic Enforcement grant | - | 31,810 | 31,951 | 141 |
| Community Development Block grant | - | - | 3,620 | 3,620 |
| Section 8 Housing Choice Vouchers program | 120,000 | 120,000 | 90,689 | (29,311) |
| Chesapeake Bay Program | - | 16,843 | 729 | (16,114) |
| Assistance to Firefighters grant | - | - | 150,194 | 150,194 |
| State Homeland Security Program Citizen Coprs | - | 27,000 | - | (27,000) |
| State Homeland Security Program CERT training grant | - | - | 32,720 | 32,720 |
| Smoke Detectors grant | - | - | 4,212 | 4,212 |
| Indirect Cost Allocation reimbursement | 100,000 | 100,000 | 123,010 | 23,010 |
| State Criminal Alien Assistance program | - | 3,883 | 3,883 | - |
| Edward Byrne Memorial State and Local Law Enforcement grant | - | 65,069 | 44,472 | (20,597) |
| Bulletproof Vest Partnership program | - | 7,573 | 8,715 | 1,142 |
| Bureau of Justice Assistance grant | - | 10,184 | 10,298 | 114 |
| Drug Asset and Crisis Intervention Team grant | - | 101,636 | 101,636 | - |
| Total categorical aid | <u>382,518</u> | <u>628,133</u> | <u>777,859</u> | <u>149,726</u> |
| Total revenues from the Federal Government | <u>392,018</u> | <u>637,633</u> | <u>788,072</u> | <u>150,439</u> |
| From the Commonwealth of Virginia: | | | | |
| Non-categorical aid: | | | | |
| Mobile home taxes | 9,000 | 9,000 | 9,677 | 677 |
| Rolling stock taxes | 15,000 | 15,000 | 18,646 | 3,646 |
| Personal property tax relief | 8,741,680 | 8,741,680 | 8,741,680 | - |
| Local Aid To Commonwealth | - | - | - | - |
| Total non-categorical aid | <u>8,765,680</u> | <u>8,765,680</u> | <u>8,770,003</u> | <u>4,323</u> |
| Categorical aid: | | | | |
| Shared expenses: | | | | |
| Commonwealth's Attorney | 507,840 | 507,840 | 496,071 | (11,769) |
| Sheriff | 2,524,500 | 2,524,500 | 2,518,005 | (6,495) |
| Commissioner of the Revenue | 184,620 | 184,620 | 190,972 | 6,352 |
| Treasurer | 144,840 | 144,840 | 155,243 | 10,403 |
| Registrar | 37,000 | 37,000 | 37,705 | 705 |
| Electoral Board | 7,500 | 7,500 | 8,376 | 876 |
| Clerk of the Circuit Court | 435,540 | 524,151 | 529,809 | 5,658 |
| Total shared expenses | <u>3,841,840</u> | <u>3,930,451</u> | <u>3,936,181</u> | <u>5,730</u> |
| Other categorical aid: | | | | |
| Emergency services grant | 25,000 | 35,000 | 35,000 | - |
| Fire and life safety grants | - | 48,834 | 46,148 | (2,686) |
| Fire program funds | 157,500 | 196,608 | 196,608 | - |
| Four for Life funds | 58,897 | 60,858 | 60,858 | - |
| Rescue Squad Assistance Stretcher grant | - | - | 31,068 | 31,068 |

(Continued)

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Budgetary Comparison Schedule
General Fund - Revenues and Other Financing Sources
Year Ended June 30, 2014

| | <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 | \$ 229,000 | \$ 229,000 | \$ 220,958 | \$ (8,042) |
| Crime Victim Assistance grant | 23,717 | 47,435 | 47,634 | 199 |
| VA Juvenile Community Crime Control Act grant | 54,684 | 54,684 | 54,684 | - |
| VA Supreme Court extradition | - | 15,481 | 15,481 | - |
| Chesapeake Bay Program | - | 8,900 | - | (8,900) |
| Emergency Home Repair grant | - | 2,651 | 2,651 | - |
| Arts Commission grant | - | 5,000 | 5,000 | - |
| Library Aid | 147,247 | 151,792 | 151,792 | - |
| Drug Asset | - | 4,743 | 4,743 | - |
| Court services postage reimbursement | 11,100 | 11,100 | 10,788 | (312) |
| Total other categorical aid | 707,145 | 872,086 | 883,413 | 11,327 |
| Total categorical aid | 4,548,985 | 4,802,537 | 4,819,594 | 17,057 |
| Total revenues from the Commonwealth of Virginia | 13,314,665 | 13,568,217 | 13,589,597 | 21,380 |
| Permits, privilege fees and regulatory licenses: | | | | |
| Animal licenses | 45,000 | 45,000 | 45,359 | 359 |
| Permits and other licenses | 561,060 | 561,060 | 772,862 | 211,802 |
| Total permits, privilege fees and regulatory licenses | 606,060 | 606,060 | 818,221 | 212,161 |
| Fines and forfeitures | 374,300 | 374,300 | 298,754 | (75,546) |
| Revenues from use of money and property: | | | | |
| Use of money | 66,800 | 66,803 | 124,193 | 57,390 |
| Use of property | 318,462 | 318,462 | 353,256 | 34,794 |
| Total revenues from use of money and property | 385,262 | 385,265 | 477,449 | 92,184 |
| Charges for services: | | | | |
| Court costs | 145,800 | 145,800 | 141,367 | (4,433) |
| Charges for Commonwealth's Attorney | 14,000 | 14,000 | 14,545 | 545 |
| Charges for victim witness conference | - | 750 | 750 | - |
| Charges for fiscal accounting services | 3,000 | 3,000 | 2,775 | (225) |
| Charges for law enforcement and traffic control | 101,410 | 176,522 | 149,753 | (26,769) |
| Charges for emergency medical services | 1,300,000 | 1,300,000 | 1,253,332 | (46,668) |
| Charges for parks and recreation | 567,200 | 567,200 | 506,436 | (60,764) |
| Charges for library | 59,500 | 59,500 | 53,530 | (5,970) |
| Charges for mosquito control | 5,000 | 5,000 | 1,400 | (3,600) |
| Charges for computer support services | 10,000 | 10,000 | 6,352 | (3,648) |
| Charges for self-insurance | 38,220 | 38,220 | 38,220 | - |
| Charges for grounds maintenance | 1,121,365 | 1,121,365 | 1,121,365 | - |
| Charges for law enforcement | 294,450 | 294,450 | 260,734 | (33,716) |
| Charges for video services | 86,250 | 124,300 | 121,677 | (2,623) |
| Charges for radio maintenance services | 85,720 | 85,720 | 91,720 | 6,000 |
| Charges for other | 150 | 150 | 191 | 41 |
| Total charges for services | 3,832,065 | 3,945,977 | 3,764,147 | (181,830) |
| Miscellaneous: | | | | |
| Miscellaneous | 243,600 | 308,786 | 241,332 | (67,454) |
| Sale of surplus property | 15,000 | 15,000 | 19,076 | 4,076 |
| Total miscellaneous revenues | 258,600 | 323,786 | 260,408 | (63,378) |
| Recovered costs: | | | | |
| York Public School Division for Other Post Employment Benefits | - | - | 150,000 | 150,000 |
| City of Poquoson shared court services | 411,500 | 411,500 | 389,146 | (22,354) |
| City of Poquoson E911 services | 313,020 | 313,020 | 313,020 | - |
| City of Poquoson cooperative extension services | 7,700 | 7,700 | 7,041 | (659) |
| City of Williamsburg E911 services | 537,135 | 537,135 | 537,135 | - |
| City of Williamsburg public safety | - | - | 1,200 | 1,200 |
| Regional radio system staffing | 45,000 | 45,000 | 45,000 | - |
| Assistance for Fire & Life Safety training | - | 23,085 | 23,086 | 1 |
| Fiscal agent fees | 200,500 | 200,500 | 209,372 | 8,872 |
| Streetlight operations | 13,000 | 13,000 | 3,293 | (9,707) |
| Signage | 2,000 | 2,000 | 8,250 | 6,250 |
| Health and dental surplus | - | - | 176,532 | 176,532 |
| Warranty repairs | - | 1,305 | 1,305 | - |
| Riverwalk Landing repairs and maintenance | - | 9,506 | 9,505 | (1) |
| Library book damage from York Library roof | - | 1,785 | 1,785 | - |
| Commissioner of Accounts' postage and phone reimbursement | 600 | 600 | 735 | 135 |
| Total recovered costs | 1,530,455 | 1,566,136 | 1,876,405 | 310,269 |
| Total revenues | 128,078,925 | 128,853,758 | 129,817,879 | 964,121 |
| Other financing sources: | | | | |
| Insurance recovery | - | 15,761 | 19,569 | 3,808 |
| Transfers in | 150,000 | 150,000 | 150,000 | - |
| Total other financing sources | 150,000 | 165,761 | 169,569 | 3,808 |
| Total revenues and other financing sources | \$ 128,228,925 | \$ 129,019,519 | \$ 129,987,448 | \$ 967,929 |

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, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| Expenditures: | | | | |
| General Government: | | | | |
| Legislative Department: Board of Supervisors | \$ 305,402 | \$ 305,402 | \$ 301,981 | \$ 3,421 |
| Executive Department: | | | | |
| County Administrator | 613,197 | 627,570 | 623,771 | 3,799 |
| Public Information and Community Relations | 128,765 | 128,765 | 120,355 | 8,410 |
| Video Services | 370,233 | 408,283 | 367,671 | 40,612 |
| County Attorney | 488,388 | 499,035 | 497,643 | 1,392 |
| Registrar | 228,364 | 229,005 | 225,750 | 3,255 |
| Electoral Board | 203,499 | 202,858 | 66,132 | 136,726 |
| Total General Government | <u>2,337,848</u> | <u>2,400,918</u> | <u>2,203,303</u> | <u>197,615</u> |
| Judicial Services: | | | | |
| Circuit Court | 87,733 | 87,733 | 63,293 | 24,440 |
| General District Court | 30,785 | 30,785 | 22,941 | 7,844 |
| Juvenile and Domestic Relations Court | 14,935 | 14,935 | 18,217 | (3,282) |
| Clerk of the Circuit Court | 925,713 | 988,935 | 926,215 | 62,720 |
| Colonial Group Home Commission | 435,538 | 435,538 | 435,538 | - |
| Magistrate | 1,200 | 1,200 | 671 | 529 |
| Commonwealth's Attorney | 1,005,990 | 1,021,111 | 932,276 | 88,835 |
| Victim/Witness | 480,499 | 482,374 | 290,913 | 191,461 |
| Domestic Violence | 49,783 | 49,783 | 43,258 | 6,525 |
| Total Judicial Services | <u>3,032,176</u> | <u>3,112,394</u> | <u>2,733,322</u> | <u>379,072</u> |
| Public Safety: | | | | |
| Sheriff General Operations | 1,555,481 | 1,669,107 | 1,574,311 | 94,796 |
| Law Enforcement | 5,301,337 | 5,388,390 | 5,156,236 | 232,154 |
| Investigations | 1,616,459 | 1,694,457 | 1,622,992 | 71,465 |
| Civil Operations/Court Security | 1,410,042 | 1,421,426 | 1,337,954 | 83,472 |
| Adult Corrections | 2,860,924 | 2,864,807 | 2,673,646 | 191,161 |
| School Resource Officers | 339,594 | 347,720 | 300,243 | 47,477 |
| Fire and Life Safety Administration | 507,204 | 519,731 | 330,610 | 189,121 |
| Fire and Rescue Operations | 12,071,633 | 12,222,853 | 11,275,860 | 946,993 |
| Technical Services and Special Operations | 795,157 | 793,544 | 470,274 | 323,270 |
| Prevention and Community Safety | 351,560 | 336,499 | 333,287 | 3,212 |
| Juvenile Corrections | 399,770 | 399,770 | 446,387 | (46,617) |
| Animal Control | 492,884 | 483,030 | 363,821 | 119,209 |
| Emergency Management and Support Services | 379,096 | 417,622 | 321,798 | 95,824 |
| Emergency Communications/911 | 3,066,009 | 3,066,009 | 2,742,335 | 323,674 |
| Radio Maintenance | 172,644 | 169,398 | 146,968 | 22,430 |
| Total Public Safety | <u>31,319,794</u> | <u>31,794,363</u> | <u>29,096,722</u> | <u>2,697,641</u> |
| Environmental and Development Services: | | | | |
| Administration | 217,109 | 217,109 | 214,089 | 3,020 |
| Building Regulation | 1,063,041 | 1,063,041 | 958,817 | 104,224 |
| Stormwater Maintenance | 892,930 | 892,930 | 889,013 | 3,917 |
| Stormwater Management | 619,924 | 645,667 | 595,262 | 50,405 |
| Litter Control | 5,825 | 5,825 | 8,922 | (3,097) |
| Mosquito Control | 285,574 | 285,574 | 255,394 | 30,180 |
| Board of Zoning/Subdivision Appeals | 4,400 | 4,400 | 1,561 | 2,839 |
| Development and Compliance | 772,223 | 772,223 | 738,544 | 33,679 |
| Wetlands and Chesapeake Bay Boards | 10,617 | 10,617 | 7,178 | 3,439 |
| Total Environmental and Development Services | <u>3,871,643</u> | <u>3,897,386</u> | <u>3,668,780</u> | <u>228,606</u> |
| Finance and Planning: | | | | |
| Office of the Controller | 204,865 | 203,055 | 197,043 | 6,012 |
| Computer Support Services | 2,237,262 | 2,262,651 | 1,929,068 | 333,583 |
| Human Resources | 606,603 | 601,220 | 560,200 | 41,020 |
| Budget and Financial Reporting | 473,899 | 480,447 | 419,683 | 60,764 |
| Fiscal Accounting Services | 740,720 | 740,720 | 690,694 | 50,026 |
| Commissioner of the Revenue | 1,096,848 | 1,096,848 | 1,063,923 | 32,925 |
| Treasurer | 949,447 | 949,447 | 895,042 | 54,405 |
| Real Estate Assessment | 664,909 | 664,909 | 599,340 | 65,569 |
| Central Purchasing | 418,849 | 425,012 | 416,367 | 8,645 |
| Central Administrative Services | 279,945 | 274,427 | 99,071 | 175,356 |
| Central Insurance | 470,695 | 742,112 | 466,722 | 275,390 |

(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, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|----------------------------|-------------------------|-----------------------|---|
| Planning | \$ 503,463 | \$ 503,731 | \$ 485,165 | \$ 18,566 |
| Planning Commission | 21,733 | 21,465 | 18,953 | 2,512 |
| Economic Development | 910,419 | 910,419 | 910,419 | - |
| Office of Economic Development | 401,676 | 401,676 | 393,131 | 8,545 |
| Total Finance and Planning | <u>9,981,333</u> | <u>10,278,139</u> | <u>9,144,821</u> | <u>1,133,318</u> |
| Education: | | | | |
| County of York Public School Division - Local | 50,372,746 | 50,372,746 | 46,784,869 | 3,587,877 |
| Library Services | 2,667,731 | 2,683,336 | 2,567,352 | 115,984 |
| Cooperative Extension | 47,540 | 47,540 | 34,558 | 12,982 |
| Total Education | <u>53,088,017</u> | <u>53,103,622</u> | <u>49,386,779</u> | <u>3,716,843</u> |
| Human Services: | | | | |
| Social Services - payments to Board members | 1,550 | 1,550 | 905 | 645 |
| Contributions | 1,331,211 | 1,331,211 | 1,328,630 | 2,581 |
| Total Human Services | <u>1,332,761</u> | <u>1,332,761</u> | <u>1,329,535</u> | <u>3,226</u> |
| General Services: | | | | |
| Administration | 211,505 | 211,505 | 205,929 | 5,576 |
| Engineering and Facility Maintenance | 2,356,401 | 2,247,732 | 2,157,326 | 90,406 |
| Facility/Utility Charges | 1,290,602 | 1,290,602 | 977,497 | 313,105 |
| Grounds Maintenance and Construction | 3,070,971 | 3,217,903 | 2,982,795 | 235,108 |
| Total General Services | <u>6,929,479</u> | <u>6,967,742</u> | <u>6,323,547</u> | <u>644,195</u> |
| Community Services: | | | | |
| Administration | 213,280 | 213,280 | 197,495 | 15,785 |
| Special Programs | 3,131 | 3,131 | 2,128 | 1,003 |
| Housing - Administration | 663,366 | 666,830 | 644,580 | 22,250 |
| Housing - Rental Assistance | 11,977 | 11,977 | - | 11,977 |
| Housing - Rehabilitation | 3,187 | 3,187 | 3,187 | - |
| Parks and Recreation | 1,981,481 | 2,088,902 | 1,983,227 | 105,675 |
| Tourism and Events | 89,204 | - | - | - |
| Total Community Services | <u>2,965,626</u> | <u>2,987,307</u> | <u>2,830,617</u> | <u>156,690</u> |
| Non-departmental: | | | | |
| Employee benefits | 345,650 | 320,630 | 179,936 | 140,694 |
| Contributions | 547,466 | 552,466 | 403,516 | 148,950 |
| Nondepartmental | 117,505 | 117,505 | 117,505 | - |
| Appropriated reserves | 50,000 | 50,000 | 8,081 | 41,919 |
| Total Non-departmental | <u>1,060,621</u> | <u>1,040,601</u> | <u>709,038</u> | <u>331,563</u> |
| Capital Outlay | <u>1,208,027</u> | <u>1,371,637</u> | <u>240,614</u> | <u>1,131,023</u> |
| Total expenditures | <u>117,127,325</u> | <u>118,286,870</u> | <u>107,667,078</u> | <u>10,619,792</u> |
| Other Financing Uses: | | | | |
| Transfers out | <u>26,346,019</u> | <u>26,246,539</u> | <u>17,743,841</u> | <u>8,502,698</u> |
| Total other financing uses | <u>26,346,019</u> | <u>26,246,539</u> | <u>17,743,841</u> | <u>8,502,698</u> |
| Total expenditures and other financing uses | <u>\$ 143,473,344</u> | <u>\$ 144,533,409</u> | <u>\$ 125,410,919</u> | <u>\$ 19,122,490</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, 2014

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| REVENUES | | | | |
| Other local taxes | \$ 3,020,000 | \$ 3,063,054 | \$ 3,015,165 | \$ (47,889) |
| Use of money and property | 1,200 | 1,200 | 2,204 | 1,004 |
| Recovered costs | - | 6,000 | 7,313 | 1,313 |
| Total revenues | <u>3,021,200</u> | <u>3,070,254</u> | <u>3,024,682</u> | <u>(45,572)</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Finance and planning | 134,687 | 134,687 | 134,687 | - |
| Community services | 2,263,424 | 2,598,031 | 2,266,583 | 331,448 |
| Debt service - principal retirement | 33,121 | 47,944 | 27,980 | 19,964 |
| Total expenditures | <u>2,431,232</u> | <u>2,780,662</u> | <u>2,429,250</u> | <u>351,412</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>589,968</u> | <u>289,592</u> | <u>595,432</u> | <u>305,840</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Capital lease | - | 300,376 | 300,376 | - |
| Transfers out | (1,194,324) | (1,194,324) | (985,332) | 208,992 |
| Total other financing sources and uses | <u>(1,194,324)</u> | <u>(893,948)</u> | <u>(684,956)</u> | <u>208,992</u> |
| Net change in fund balances | (604,356) | (604,356) | (89,524) | 514,832 |
| Fund balances, beginning of year | 604,356 | 604,356 | 604,356 | - |
| Fund balances, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 514,832</u> | <u>\$ 514,832</u> |

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

COUNTY OF YORK, VIRGINIA
Required Supplementary Information - Schedule of Funding Progress (Unaudited)
Year Ended June 30, 2014

| Actuarial Valuation Date | Actuarial Value of Assets (AVA) | Actuarial Accrued Liability (AAL) -Entry Age | Unfunded AAL (UAAL) (Funding Excess) | Funded Ratio | Covered Payroll | UAAL (Funding Excess) as % of Payroll |
|--|---------------------------------------|---|--|-----------------|--------------------|---|
| PRIMARY GOVERNMENT | | | | | | |
| <u>Virginia Retirement System - County of York Employees</u> | | | | | | |
| June 30, 2013 | \$ 129,044,313 | \$ 164,687,944 | \$ 35,643,631 | 78.36% | \$ 36,232,767 | 98.37% |
| June 30, 2012 | 122,469,087 | 160,463,118 | 37,994,031 | 76.32% | 34,397,352 | 110.46% |
| June 30, 2011 | 121,021,815 | 153,755,914 | 32,734,099 | 78.71% | 35,320,303 | 92.68% |
| <u>Other Post-Employment Benefits (OPEB)</u> | | | | | | |
| June 30, 2014 | \$ - | \$ 22,052,123 | \$ 22,052,123 | 0.00% | \$ 35,993,900 | 61.27% |
| June 30, 2013 | - | 19,336,493 | 19,336,493 | 0.00% | 35,054,741 | 55.16% |
| June 30, 2012 | - | 14,538,417 | 14,538,417 | 0.00% | 35,815,826 | 40.59% |
| COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION | | | | | | |
| <u>Virginia Retirement System - Nonprofessional Employees</u> | | | | | | |
| June 30, 2013 | \$ 15,896,573 | \$ 18,316,320 | \$ 2,419,747 | 86.79% | \$ 5,798,345 | 41.73% |
| June 30, 2012 | 15,054,480 | 18,391,503 | 3,337,023 | 81.86% | 5,999,289 | 55.62% |
| June 30, 2011 | 14,841,019 | 17,947,365 | 3,106,346 | 82.69% | 6,172,968 | 50.32% |
| <u>Single Employer Defined Benefit Pension - Optional Plan</u> | | | | | | |
| June 30, 2014 | \$ 2,100,138 | \$ 1,807,117 | (293,021) | 116.21% | N/A | N/A |
| June 30, 2013 | 2,009,204 | 1,875,649 | (133,555) | 107.12% | N/A | N/A |
| June 30, 2012 | 1,869,001 | 1,935,161 | 66,160 | 96.58% | N/A | N/A |
| <u>Other Post-Employment Benefits (OPEB)</u> | | | | | | |
| June 30, 2014 | \$ - | \$ 7,536,270 | \$ 7,536,270 | 0.00% | \$ 67,126,751 | 11.23% |
| June 30, 2013 | - | 6,395,607 | 6,395,607 | 0.00% | 45,334,607 | 14.11% |
| June 30, 2012 | - | 4,963,126 | 4,963,126 | 0.00% | 69,361,101 | 7.16% |

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

COUNTY OF YORK, VIRGINIA**Required Supplementary Information - Schedule of Employer Contributions (Unaudited)**
Year Ended June 30, 2014**COMPONENT UNIT - YORK COUNTY SCHOOL DIVISION**Single Employer Defined Benefit Pension - Optional Plan

| <u>Year Ended June 30</u> | <u>Annual Required Contribution</u> | <u>Percentage Contributed</u> |
|-------------------------------|---|-----------------------------------|
| 2014 | - | 100.00% |
| 2013 | - | 100.00% |
| 2012 | 41,786 | 100.00% |
| 2011 | 45,923 | 100.00% |
| 2010 | 37,710 | 100.00% |
| 2009 | 55,838 | 100.00% |

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

COUNTY OF YORK, VIRGINIA
Notes to Required Supplementary Information
June 30, 2014

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, 2014, 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 and any such transfer may not result in a change in the total appropriated for personnel or non-personnel costs within the function.

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.

3. OTHER POST-EMPLOYMENT 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.

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.

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, 2014

| | Special Revenue | | | Community Development Authority Revenue Account | Stormwater Capital Project | Total Nonmajor Governmental Funds |
|---|---|---|--------------------|--|---|--|
| | Children & Family Services | Virginia Public Assistance | Law Library | | | |
| ASSETS | | | | | | |
| Cash and investments | \$ 744,684 | \$ 45,757 | \$ 13,761 | \$ 197,051 | \$ 2,912,638 | \$ 3,913,891 |
| Receivables, net | 40,269 | 479,173 | - | 106,798 | 41,558 | 667,798 |
| Due from other funds | - | 17,358 | - | - | 55,596 | 72,954 |
| Total assets | <u>\$ 784,953</u> | <u>\$ 542,288</u> | <u>\$ 13,761</u> | <u>\$ 303,849</u> | <u>\$ 3,009,792</u> | <u>\$ 4,654,643</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 11,870 | \$ 132,889 | \$ - | \$ - | \$ 56,204 | \$ 200,963 |
| Salaries, taxes and benefits payable | 43,410 | 119,233 | - | - | - | 162,643 |
| Unearned revenue | - | - | - | - | 115,701 | 115,701 |
| Due to component unit - CDA | - | - | - | 303,849 | - | 303,849 |
| Total liabilities | <u>55,280</u> | <u>252,122</u> | <u>-</u> | <u>303,849</u> | <u>171,905</u> | <u>783,156</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - grant | - | - | - | - | 16,579 | 16,579 |
| Fund balances: | | | | | | |
| Restricted | 2,668 | - | 13,761 | - | 2,005 | 18,434 |
| Committed | - | - | - | - | 2,819,303 | 2,819,303 |
| Assigned | 681,859 | 199,317 | - | - | - | 881,176 |
| Unassigned | 45,146 | 90,849 | - | - | - | 135,995 |
| Total fund balances | <u>729,673</u> | <u>290,166</u> | <u>13,761</u> | <u>-</u> | <u>2,821,308</u> | <u>3,854,908</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 784,953</u> | <u>\$ 542,288</u> | <u>\$ 13,761</u> | <u>\$ 303,849</u> | <u>\$ 3,009,792</u> | <u>\$ 4,654,643</u> |

COUNTY OF YORK, VIRGINIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

| | Special Revenue | | | Community Development Authority Revenue Account | Debt Service | | Stormwater Capital Project | Total Nonmajor Governmental Funds |
|--|---|---|--------------------|--|---------------------|--------------------|---|--|
| | Children & Family Services | Virginia Public Assistance | Law Library | | County | Education | | |
| REVENUES | | | | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ 373,726 | \$ - | \$ - | \$ - | \$ 373,726 |
| Other local taxes | - | - | - | 682,824 | - | - | - | 682,824 |
| Intergovernmental | | | | | | | | |
| Federal | 912,994 | 2,171,012 | - | - | - | 55,190 | - | 3,139,196 |
| State | - | 1,296,299 | - | - | - | - | 462,540 | 1,758,839 |
| Use of money and property | 2,243 | - | 39 | 333 | 10 | - | 8,851 | 11,476 |
| Charges for services | 16,380 | 3,791 | 7,071 | - | - | - | 4,279 | 31,521 |
| Miscellaneous | 5,066 | - | - | - | - | 745,145 | 50 | 750,261 |
| Recovered costs | 5,542 | 241,164 | - | - | - | 480,592 | - | 727,298 |
| Total revenues | <u>942,225</u> | <u>3,712,266</u> | <u>7,110</u> | <u>1,056,883</u> | <u>10</u> | <u>1,280,927</u> | <u>475,720</u> | <u>7,475,141</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Judicial services | - | - | 7,812 | - | - | - | - | 7,812 |
| Human services | 1,199,020 | 5,311,213 | - | - | - | - | - | 6,510,233 |
| Nondepartmental | - | - | - | 906,883 | - | - | - | 906,883 |
| Capital outlay | - | - | - | - | - | - | 534,722 | 534,722 |
| Debt service: | | | | | | | | |
| Principal retirement | - | - | - | - | 1,582,190 | 5,572,741 | - | 7,154,931 |
| Interest and fiscal charges | - | - | - | - | 1,108,029 | 2,448,276 | - | 3,556,305 |
| Refunding debt issuance costs | - | - | - | - | 188,219 | - | - | 188,219 |
| Total expenditures | <u>1,199,020</u> | <u>5,311,213</u> | <u>7,812</u> | <u>906,883</u> | <u>2,878,438</u> | <u>8,021,017</u> | <u>534,722</u> | <u>18,859,105</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(256,795)</u> | <u>(1,598,947)</u> | <u>(702)</u> | <u>150,000</u> | <u>(2,878,428)</u> | <u>(6,740,090)</u> | <u>(59,002)</u> | <u>(11,383,964)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 225,000 | 1,367,815 | - | - | 2,685,753 | 6,740,090 | 712,177 | 11,730,835 |
| Refunding bonds issued | - | - | - | - | 9,865,000 | - | - | 9,865,000 |
| Premium on refunding bonds issued | - | - | - | - | 827,791 | - | - | 827,791 |
| Deposits for refunding | - | - | - | - | (10,500,116) | - | - | (10,500,116) |
| Transfers out | - | - | - | (150,000) | - | - | - | (150,000) |
| Total other financing sources and uses | <u>225,000</u> | <u>1,367,815</u> | <u>-</u> | <u>(150,000)</u> | <u>2,878,428</u> | <u>6,740,090</u> | <u>712,177</u> | <u>11,773,510</u> |
| Net change in fund balances | <u>(31,795)</u> | <u>(231,132)</u> | <u>(702)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>653,175</u> | <u>389,546</u> |
| Fund balances, beginning of year restated | <u>761,468</u> | <u>521,298</u> | <u>14,463</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,168,133</u> | <u>3,465,362</u> |
| Fund balances, end of year | <u>\$ 729,673</u> | <u>\$ 290,166</u> | <u>\$ 13,761</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,821,308</u> | <u>\$ 3,854,908</u> |

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2014

| | Children and Family Services | | | | Virginia Public Assistance | | | |
|---|------------------------------|-------------------|---------------------|---|---|-------------------|-------------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| Federal | \$ 958,207 | \$ 958,207 | \$ 912,994 | \$ (45,213) | \$ 1,932,070 | \$ 1,932,070 | \$ 2,171,012 | \$ 238,942 |
| State | - | - | - | - | 1,582,810 | 1,582,810 | 1,296,299 | (286,511) |
| Use of money and property | 2,500 | 2,500 | 2,243 | (257) | - | - | - | - |
| Charges for services | 17,060 | 17,060 | 16,380 | (680) | - | - | 3,791 | 3,791 |
| Miscellaneous | 2,400 | 5,066 | 5,066 | - | - | - | - | - |
| Recovered costs | - | - | 5,542 | 5,542 | 248,000 | 248,000 | 241,164 | (6,836) |
| Total revenues | <u>980,167</u> | <u>982,833</u> | <u>942,225</u> | <u>(40,608)</u> | <u>3,762,880</u> | <u>3,762,880</u> | <u>3,712,266</u> | <u>(50,614)</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Human services | 1,363,097 | 1,365,763 | 1,199,020 | 166,743 | 5,920,871 | 5,920,871 | 5,311,213 | 609,658 |
| Total expenditures | <u>1,363,097</u> | <u>1,365,763</u> | <u>1,199,020</u> | <u>166,743</u> | <u>5,920,871</u> | <u>5,920,871</u> | <u>5,311,213</u> | <u>609,658</u> |
| Excess (deficiency) of revenues over (under) expenditures | (382,930) | (382,930) | (256,795) | 126,135 | (2,157,991) | (2,157,991) | (1,598,947) | 559,044 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 250,000 | 250,000 | 225,000 | (25,000) | 1,874,685 | 1,874,685 | 1,367,815 | (506,870) |
| Total other financing sources and uses | <u>250,000</u> | <u>250,000</u> | <u>225,000</u> | <u>(25,000)</u> | <u>1,874,685</u> | <u>1,874,685</u> | <u>1,367,815</u> | <u>(506,870)</u> |
| Net change in fund balances | (132,930) | (132,930) | (31,795) | 101,135 | (283,306) | (283,306) | (231,132) | 52,174 |
| Fund balances, beginning of year restated | 761,468 | 761,468 | 761,468 | - | 521,298 | 521,298 | 521,298 | - |
| Fund balances, end of year | <u>\$ 628,538</u> | <u>\$ 628,538</u> | <u>\$ 729,673</u> | <u>\$ 101,135</u> | <u>\$ 237,992</u> | <u>\$ 237,992</u> | <u>\$ 290,166</u> | <u>\$ 52,174</u> |
| | | | | | | | | |
| | Law Library | | | | Community Development Authority Revenue Account | | | |
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | | | | | |
| General property taxes | \$ - | \$ - | \$ - | \$ - | \$ 480,000 | \$ 480,000 | \$ 373,726 | \$ (106,274) |
| Other local taxes | - | - | - | - | 701,000 | 701,000 | 682,824 | (18,176) |
| Use of money and property | 100 | 100 | 39 | (61) | 300 | 300 | 333 | 33 |
| Charges for services | 8,000 | 8,000 | 7,071 | (929) | - | - | - | - |
| Total revenues | <u>8,100</u> | <u>8,100</u> | <u>7,110</u> | <u>(990)</u> | <u>1,181,300</u> | <u>1,181,300</u> | <u>1,056,883</u> | <u>(124,417)</u> |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Judicial services | 8,000 | 9,500 | 7,812 | 1,688 | - | - | - | - |
| Nondepartmental | - | - | - | - | 1,031,300 | 1,031,300 | 906,883 | 124,417 |
| Total expenditures | <u>8,000</u> | <u>9,500</u> | <u>7,812</u> | <u>1,688</u> | <u>1,031,300</u> | <u>1,031,300</u> | <u>906,883</u> | <u>124,417</u> |
| Excess (deficiency) of revenues over (under) expenditures | 100 | (1,400) | (702) | 698 | 150,000 | 150,000 | 150,000 | - |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers out | - | - | - | - | (150,000) | (150,000) | (150,000) | - |
| Total other financing sources and uses | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>-</u> |
| Net change in fund balances | 100 | (1,400) | (702) | 698 | - | - | - | - |
| Fund balances, beginning of year | 14,463 | 14,463 | 14,463 | - | - | - | - | - |
| Fund balances, end of year | <u>\$ 14,563</u> | <u>\$ 13,063</u> | <u>\$ 13,761</u> | <u>\$ 698</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| | | | | | | | | |
| | Total | | | | | | | |
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | | | | |
| REVENUES | | | | | | | | |
| General property taxes | \$ 480,000 | \$ 480,000 | \$ 373,726 | \$ (106,274) | | | | |
| Other local taxes | 701,000 | 701,000 | 682,824 | (18,176) | | | | |
| Intergovernmental | | | | | | | | |
| Federal | 2,890,277 | 2,890,277 | 3,084,006 | 193,729 | | | | |
| State | 1,582,810 | 1,582,810 | 1,296,299 | (286,511) | | | | |
| Use of money and property | 2,900 | 2,900 | 2,615 | (285) | | | | |
| Charges for services | 25,060 | 25,060 | 27,242 | 2,182 | | | | |
| Miscellaneous | 2,400 | 5,066 | 5,066 | - | | | | |
| Recovered costs | 248,000 | 248,000 | 246,706 | (1,294) | | | | |
| Total revenues | <u>5,932,447</u> | <u>5,935,113</u> | <u>5,718,484</u> | <u>(216,629)</u> | | | | |
| EXPENDITURES | | | | | | | | |
| Current: | | | | | | | | |
| Judicial services | 8,000 | 9,500 | 7,812 | 1,688 | | | | |
| Human services | 7,283,968 | 7,286,634 | 6,510,233 | 776,401 | | | | |
| Nondepartmental | 1,031,300 | 1,031,300 | 906,883 | 124,417 | | | | |
| Total expenditures | <u>8,323,268</u> | <u>8,327,434</u> | <u>7,424,928</u> | <u>902,506</u> | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (2,390,821) | (2,392,321) | (1,706,444) | 685,877 | | | | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 2,124,685 | 2,124,685 | 1,592,815 | (531,870) | | | | |
| Transfers out | (150,000) | (150,000) | (150,000) | - | | | | |
| Total other financing sources and uses | <u>1,974,685</u> | <u>1,974,685</u> | <u>1,442,815</u> | <u>(531,870)</u> | | | | |
| Net change in fund balances | (416,136) | (417,636) | (263,629) | 154,007 | | | | |
| Fund balances, beginning of year | 1,297,229 | 1,297,229 | 1,297,229 | - | | | | |
| Fund balances, end of year | <u>\$ 881,093</u> | <u>\$ 879,593</u> | <u>\$ 1,033,600</u> | <u>\$ 154,007</u> | | | | |

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Debt Service Funds
 For the Year Ended June 30, 2014

| | County | | | | Education | | | |
|--|--------------------|-----------------|--------------|---|--------------------|-----------------|-------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUE | | | | | | | | |
| Intergovernmental - Federal | \$ - | \$ - | \$ - | \$ - | \$ 59,472 | \$ 59,472 | \$ 55,190 | \$ (4,282) |
| Use of money and property | - | - | 10 | 10 | - | - | - | - |
| Miscellaneous | - | - | - | - | - | 745,144 | 745,145 | 1 |
| Recovered costs | - | - | - | - | 505,741 | 480,593 | 480,592 | (1) |
| Total revenue | - | - | 10 | 10 | 565,213 | 1,285,209 | 1,280,927 | (4,282) |
| EXPENDITURES | | | | | | | | |
| Education | - | - | - | - | 9,500,000 | 9,500,000 | - | 9,500,000 |
| Debt service: | | | | | | | | |
| Principal retirement | 1,556,298 | 1,636,298 | 1,582,190 | 54,108 | 5,572,741 | 5,572,741 | 5,572,741 | - |
| Interest and fiscal charges | 1,303,266 | 1,223,266 | 1,108,029 | 115,237 | 2,452,660 | 2,452,660 | 2,448,276 | 4,384 |
| Refunding and other costs of issuance | - | - | 188,219 | (188,219) | - | 100,000 | - | 100,000 |
| Total expenditures | 2,859,564 | 2,859,564 | 2,878,438 | (18,874) | 17,625,401 | 17,625,401 | 8,021,017 | 9,604,384 |
| Excess (deficiency) of revenues over (under) expenditures | (2,859,564) | (2,859,564) | (2,878,428) | (18,864) | (17,060,188) | (16,340,192) | (6,740,090) | 9,600,102 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 2,859,564 | 2,859,564 | 2,685,753 | (173,811) | 7,560,188 | 6,840,192 | 6,740,090 | (100,102) |
| Issuance of debt | - | 10,692,793 | 9,865,000 | (827,793) | 9,500,000 | 9,500,000 | - | (9,500,000) |
| Premium on refunding bonds issued | - | - | 827,791 | 827,791 | - | - | - | - |
| Deposit to refunding fund | - | (10,692,793) | (10,500,116) | 192,677 | - | - | - | - |
| Total other financing sources and uses | 2,859,564 | 2,859,564 | 2,878,428 | 18,864 | 17,060,188 | 16,340,192 | 6,740,090 | (9,600,102) |
| Net change in fund balances | - | - | - | - | - | - | - | - |
| Fund balances, beginning of year | - | - | - | - | - | - | - | - |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total | | | | | | | | |
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | | | | |
| REVENUE | | | | | | | | |
| Intergovernmental - Federal | \$ 59,472 | \$ 59,472 | \$ 55,190 | \$ (4,282) | | | | |
| Use of money and property | - | - | 10 | 10 | | | | |
| Miscellaneous | - | 745,144 | 745,145 | 1 | | | | |
| Recovered costs | 505,741 | 480,593 | 480,592 | (1) | | | | |
| Total revenue | 565,213 | 1,285,209 | 1,280,937 | (4,272) | | | | |
| EXPENDITURES | | | | | | | | |
| Education | 9,500,000 | 9,500,000 | - | 9,500,000 | | | | |
| Debt service: | | | | | | | | |
| Principal retirement | 7,129,039 | 7,209,039 | 7,154,931 | 54,108 | | | | |
| Interest and fiscal charges | 3,755,926 | 3,675,926 | 3,556,305 | 119,621 | | | | |
| Refunding and other costs of issuance | 100,000 | 100,000 | 188,219 | (88,219) | | | | |
| Total expenditures | 20,484,965 | 20,484,965 | 10,899,455 | 9,585,510 | | | | |
| Excess (deficiency) of revenues over (under) expenditures | (19,919,752) | (19,199,756) | (9,618,518) | 9,581,238 | | | | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 10,419,752 | 9,699,756 | 9,425,843 | (273,913) | | | | |
| Issuance of debt | 9,500,000 | 20,192,793 | 9,865,000 | (10,327,793) | | | | |
| Premium on refunding bonds issued | - | - | 827,791 | 827,791 | | | | |
| Deposit to refunding fund | - | (10,692,793) | (10,500,116) | 192,677 | | | | |
| Total other financing sources and uses | 19,919,752 | 19,199,756 | 9,618,518 | (9,581,238) | | | | |
| Net change in fund balances | - | - | - | - | | | | |
| Fund balances, beginning of year | - | - | - | - | | | | |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - | | | | |

COUNTY OF YORK, VIRGINIA
 Budgetary Comparison Schedule
 Capital Project Funds
 For the Year Ended June 30, 2014

| | Stormwater Fund | | | | Yorktown Capital Improvements | | | |
|--|--------------------|-----------------|--------------|---|-------------------------------|-----------------|----------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| State | \$ 200,000 | \$ 200,000 | \$ 462,540 | \$ 262,540 | \$ - | \$ - | \$ - | \$ - |
| Use of money and property | 5,000 | 5,000 | 8,851 | 3,851 | - | - | 7,126 | 7,126 |
| Miscellaneous | - | - | 50 | 50 | - | - | - | - |
| Charges for services | 28,000 | 29,550 | 4,279 | (25,271) | - | - | - | - |
| Total revenues | 233,000 | 234,550 | 475,720 | 241,170 | - | - | 7,126 | 7,126 |
| EXPENDITURES | | | | | | | | |
| Capital outlay | 2,526,434 | 2,527,984 | 534,722 | 1,993,262 | 248,264 | 248,264 | - | 248,264 |
| Total expenditures | 2,526,434 | 2,527,984 | 534,722 | 1,993,262 | 248,264 | 248,264 | - | 248,264 |
| Excess (deficiency) of revenues over (under) expenditures | (2,293,434) | (2,293,434) | (59,002) | 2,234,432 | (248,264) | (248,264) | 7,126 | 255,390 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Transfers in | 900,000 | 900,000 | 712,177 | (187,823) | 100,000 | 100,000 | 426,000 | 326,000 |
| Total other financing sources and uses | 900,000 | 900,000 | 712,177 | (187,823) | 100,000 | 100,000 | 426,000 | 326,000 |
| Net change in fund balances | (1,393,434) | (1,393,434) | 653,175 | 2,046,609 | (148,264) | (148,264) | 433,126 | 581,390 |
| Fund balances (deficit), beginning of year | 2,168,133 | 2,168,133 | 2,168,133 | - | (7,285,908) | (7,285,908) | (7,285,908) | - |
| Fund balances (deficit), end of year | \$ 774,699 | \$ 774,699 | \$ 2,821,308 | \$ 2,046,609 | \$ (7,434,172) | \$ (7,434,172) | \$ (6,852,782) | \$ 581,390 |

| | County Capital | | | | Total | | | |
|--|--------------------|-----------------|---------------|---|--------------------|-----------------|--------------|---|
| | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) | Original Budget | Final Budget | Actual | Variance with Final Budget Positive (Negative) |
| REVENUES | | | | | | | | |
| Intergovernmental: | | | | | | | | |
| State | \$ - | \$ - | \$ 137,543 | \$ 137,543 | \$ 200,000 | \$ 200,000 | \$ 600,083 | \$ 400,083 |
| Use of money and property | 50,000 | 50,000 | 48,904 | (1,096) | 55,000 | 55,000 | 64,881 | 9,881 |
| Charges for services | - | - | - | - | 28,000 | 29,550 | 4,279 | (25,271) |
| Miscellaneous | - | 1,217 | 2,365 | 1,148 | - | 1,217 | 2,415 | 1,198 |
| Recovered costs | 90,000 | 122,392 | 129,225 | 6,833 | 90,000 | 122,392 | 129,225 | 6,833 |
| Total revenues | 140,000 | 173,609 | 318,037 | 144,428 | 373,000 | 408,159 | 800,883 | 392,724 |
| EXPENDITURES | | | | | | | | |
| Finance and planning | - | 333,574 | 333,574 | - | - | 333,574 | 333,574 | - |
| Capital outlay | 18,945,619 | 18,847,404 | 6,708,303 | 12,139,101 | 21,720,317 | 21,623,652 | 7,243,025 | 14,380,627 |
| Debt service - interest and fiscal charges | 96,469 | 96,469 | 96,469 | - | 96,469 | 96,469 | 96,469 | - |
| Total expenditures | 19,042,088 | 19,277,447 | 7,138,346 | 12,139,101 | 21,816,786 | 22,053,695 | 7,673,068 | 14,380,627 |
| Excess (deficiency) of revenues over (under) expenditures | (18,902,088) | (19,103,838) | (6,820,309) | 12,283,529 | (21,443,786) | (21,645,536) | (6,872,185) | 14,773,351 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | |
| Insurance recovery | - | 1,750 | 1,890 | 140 | - | 1,750 | 1,890 | 140 |
| Transfers in | 292,284 | 292,284 | 1,682,382 | 1,390,098 | 1,292,284 | 1,292,284 | 2,820,559 | 1,528,275 |
| Transfers out | (200,000) | - | - | - | (200,000) | - | - | - |
| Total other financing sources and uses | 92,284 | 294,034 | 1,684,272 | 1,390,238 | 1,092,284 | 1,294,034 | 2,822,449 | 1,528,415 |
| Net change in fund balances | (18,809,804) | (18,809,804) | (5,136,037) | 13,673,767 | (20,351,502) | (20,351,502) | (4,049,736) | 16,301,766 |
| Fund balances (deficit), beginning of year | 19,022,673 | 19,022,673 | 19,022,673 | - | 13,904,898 | 13,904,898 | 13,904,898 | - |
| Fund balances (deficit), end of year | \$ 212,869 | \$ 212,869 | \$ 13,886,636 | \$ 13,673,767 | \$ (6,446,604) | \$ (6,446,604) | \$ 9,855,162 | \$ 16,301,766 |

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, 2014

| | <u>Yorktown Operations</u> | <u>York Sanitary District</u> | <u>Upper County Utility</u> | <u>Solid Waste</u> | <u>Water Utility</u> | <u>Sanitary District No. 2</u> | <u>Regional Radio System</u> | <u>Total</u> |
|--------------------------------------|--------------------------------|---------------------------------------|---------------------------------|------------------------|--------------------------|------------------------------------|----------------------------------|----------------------|
| ASSETS | | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and investments | \$ 62,825 | \$ 243 | \$ - | \$ 502,300 | \$ 2,828,557 | \$ - | \$ 1,160,761 | \$ 4,554,686 |
| Receivables, net | 2,458 | - | - | 752,208 | 107,445 | - | 22,104 | 884,215 |
| Due from component unit - EDA | 29,350 | - | - | - | - | - | - | 29,350 |
| Due from other funds | - | - | - | 2,141 | - | - | - | 2,141 |
| Prepaid expenses | - | - | - | 2,545 | 15,675 | - | - | 18,220 |
| Total current assets | <u>94,633</u> | <u>243</u> | <u>-</u> | <u>1,259,194</u> | <u>2,951,677</u> | <u>-</u> | <u>1,182,865</u> | <u>5,488,612</u> |
| Noncurrent assets: | | | | | | | | |
| Nondepreciable capital assets: | | | | | | | | |
| Land | 2,707,736 | 37,916 | 33,994 | 413,902 | - | 251,854 | - | 3,445,402 |
| Construction in progress | - | - | - | 20,000 | 71,188 | - | 2,368,178 | 2,459,366 |
| Intangibles | - | - | - | - | 18,890 | - | - | 18,890 |
| Depreciable capital assets: | | | | | | | | |
| Buildings and improvements | - | 783,982 | - | 1,845,905 | - | 2,699,159 | - | 5,329,046 |
| Infrastructure | - | 2,254,362 | 767,391 | 163,209 | 281,553 | 19,956,345 | - | 23,422,860 |
| Equipment | - | 446,216 | - | 711,539 | - | 453,831 | - | 1,611,586 |
| Vehicles | - | - | - | 666,921 | - | - | - | 666,921 |
| Less accumulated depreciation | - | (2,773,457) | (483,381) | (2,371,556) | (49,087) | (16,821,839) | - | (22,499,320) |
| Total noncurrent assets | <u>2,707,736</u> | <u>749,019</u> | <u>318,004</u> | <u>1,449,920</u> | <u>322,544</u> | <u>6,539,350</u> | <u>2,368,178</u> | <u>14,454,751</u> |
| Total assets | <u>\$ 2,802,369</u> | <u>\$ 749,262</u> | <u>\$ 318,004</u> | <u>\$ 2,709,114</u> | <u>\$ 3,274,221</u> | <u>\$ 6,539,350</u> | <u>\$ 3,551,043</u> | <u>\$ 19,943,363</u> |
| LIABILITIES | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Accounts payable | \$ 413 | \$ - | \$ - | \$ 293,750 | \$ 30,437 | \$ - | \$ 203,504 | \$ 528,104 |
| Salaries, taxes and benefits payable | 683 | - | - | 34,062 | - | - | - | 34,745 |
| Unearned revenue | 20 | - | - | - | 43,890 | - | 167,980 | 211,890 |
| Due to other funds | - | - | - | 688,778 | - | - | - | 688,778 |
| Compensated absences - current | - | - | - | 145 | - | - | - | 145 |
| Total current liabilities | <u>1,116</u> | <u>-</u> | <u>-</u> | <u>1,016,735</u> | <u>74,327</u> | <u>-</u> | <u>371,484</u> | <u>1,463,662</u> |
| Noncurrent liabilities: | | | | | | | | |
| Compensated absences - net current | - | - | - | 29,917 | - | - | - | 29,917 |
| Advance from other fund | 2,700,000 | - | - | - | - | - | - | 2,700,000 |
| Total noncurrent liabilities | <u>2,700,000</u> | <u>-</u> | <u>-</u> | <u>29,917</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,729,917</u> |
| Total liabilities | <u>2,701,116</u> | <u>-</u> | <u>-</u> | <u>1,046,652</u> | <u>74,327</u> | <u>-</u> | <u>371,484</u> | <u>4,193,579</u> |
| NET POSITION | | | | | | | | |
| Net investment in capital assets | 2,707,736 | 749,019 | 318,004 | 1,449,920 | 322,544 | 6,539,350 | 2,368,178 | 14,454,751 |
| Unrestricted | (2,606,483) | 243 | - | 212,542 | 2,877,350 | - | 811,381 | 1,295,033 |
| Total net position | <u>101,253</u> | <u>749,262</u> | <u>318,004</u> | <u>1,662,462</u> | <u>3,199,894</u> | <u>6,539,350</u> | <u>3,179,559</u> | <u>15,749,784</u> |
| Total liabilities and net position | <u>\$ 2,802,369</u> | <u>\$ 749,262</u> | <u>\$ 318,004</u> | <u>\$ 2,709,114</u> | <u>\$ 3,274,221</u> | <u>\$ 6,539,350</u> | <u>\$ 3,551,043</u> | <u>\$ 19,943,363</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, 2014

| | <u>Yorktown Operations</u> | <u>York Sanitary District</u> | <u>Upper County Utility</u> | <u>Solid Waste</u> | <u>Water Utility</u> | <u>Sanitary District No. 2</u> | <u>Regional Radio System</u> | <u>Total</u> |
|--|--------------------------------|---------------------------------------|---------------------------------|------------------------|--------------------------|------------------------------------|----------------------------------|----------------------|
| Operating Revenues | | | | | | | | |
| Use of property | \$ 115,901 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,602,377 | \$ 1,718,278 |
| Charges for services | 50,296 | - | - | 4,856,961 | 383,138 | - | - | 5,290,395 |
| Miscellaneous | 475 | - | - | 12,950 | - | - | - | 13,425 |
| Total operating revenues | <u>166,672</u> | <u>-</u> | <u>-</u> | <u>4,869,911</u> | <u>383,138</u> | <u>-</u> | <u>1,602,377</u> | <u>7,022,098</u> |
| Operating Expenses | | | | | | | | |
| Personal services | 45,023 | - | - | 758,631 | - | - | - | 803,654 |
| Contractual services | 28,387 | - | - | 3,748,647 | 8,721 | - | 2,460,507 | 6,246,262 |
| Materials and supplies | 1,308 | - | - | 171,955 | 335,143 | - | 33,934 | 542,340 |
| Depreciation | - | 31,730 | 15,748 | 139,173 | 5,632 | 370,655 | - | 562,938 |
| Total operating expenses | <u>74,718</u> | <u>31,730</u> | <u>15,748</u> | <u>4,818,406</u> | <u>349,496</u> | <u>370,655</u> | <u>2,494,441</u> | <u>8,155,194</u> |
| Operating income (loss) | <u>91,954</u> | <u>(31,730)</u> | <u>(15,748)</u> | <u>51,505</u> | <u>33,642</u> | <u>(370,655)</u> | <u>(892,064)</u> | <u>(1,133,096)</u> |
| Nonoperating Revenues (Expenses) | | | | | | | | |
| Grant income | - | - | - | 12,481 | - | - | 5,119 | 17,600 |
| Interest income | 187 | 1 | - | 881 | 8,764 | - | 3,291 | 13,124 |
| Total nonoperating revenues (expenses) | <u>187</u> | <u>1</u> | <u>-</u> | <u>13,362</u> | <u>8,764</u> | <u>-</u> | <u>8,410</u> | <u>30,724</u> |
| Loss before contributions and transfers | 92,141 | (31,729) | (15,748) | 64,867 | 42,406 | (370,655) | (883,654) | (1,102,372) |
| Transfers In | <u>-</u> | <u>10</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,013,931</u> | <u>1,013,941</u> |
| Change in net position | 92,141 | (31,719) | (15,748) | 64,867 | 42,406 | (370,655) | 130,277 | (88,431) |
| Total net position, beginning of year restated | <u>9,112</u> | <u>780,981</u> | <u>333,752</u> | <u>1,597,595</u> | <u>3,157,488</u> | <u>6,910,005</u> | <u>3,049,282</u> | <u>15,838,215</u> |
| Total net position, end of year | <u>\$ 101,253</u> | <u>\$ 749,262</u> | <u>\$ 318,004</u> | <u>\$ 1,662,462</u> | <u>\$ 3,199,894</u> | <u>\$ 6,539,350</u> | <u>\$ 3,179,559</u> | <u>\$ 15,749,784</u> |

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2014

| | <u>Yorktown Operations</u> | <u>York Sanitary District</u> | <u>Upper County Utility</u> | <u>Solid Waste</u> | <u>Water Utility</u> | <u>Sanitary District No. 2</u> | <u>Regional Radio System</u> | <u>Total</u> |
|--|--------------------------------|---------------------------------------|---------------------------------|------------------------|--------------------------|------------------------------------|----------------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | |
| Receipts from customers and users | \$ 155,983 | \$ - | \$ - | \$ 4,821,243 | \$ 361,666 | \$ - | \$ 2,078,262 | \$ 7,417,154 |
| Receipts from internal activity | - | - | - | 686,305 | - | - | - | 686,305 |
| Other receipts | 475 | - | - | 12,950 | - | - | - | 13,425 |
| Payments to suppliers for goods and services | (29,874) | - | - | (3,895,406) | (347,895) | - | (2,292,355) | (6,565,530) |
| Payments to employees for services | (44,821) | - | - | (744,819) | - | - | - | (789,640) |
| Payments for interfund activity | (50,000) | - | - | - | - | - | - | (50,000) |
| Net cash provided by (used in) operating activities | <u>31,763</u> | <u>-</u> | <u>-</u> | <u>880,273</u> | <u>13,771</u> | <u>-</u> | <u>(214,093)</u> | <u>711,714</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | | | |
| Grant income | - | - | - | 12,481 | - | - | 5,119 | 17,600 |
| Transfers in | - | 10 | - | - | - | - | 1,013,931 | 1,013,941 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>10</u> | <u>-</u> | <u>12,481</u> | <u>-</u> | <u>-</u> | <u>1,019,050</u> | <u>1,031,541</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | | | |
| Acquisition and construction of capital assets | - | - | - | (688,778) | (29,087) | - | - | (717,865) |
| Net cash used in capital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>(688,778)</u> | <u>(29,087)</u> | <u>-</u> | <u>-</u> | <u>(717,865)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | | |
| Interest income | <u>174</u> | <u>1</u> | <u>-</u> | <u>794</u> | <u>8,667</u> | <u>-</u> | <u>2,978</u> | <u>12,614</u> |
| Net cash provided by investing activities | <u>174</u> | <u>1</u> | <u>-</u> | <u>794</u> | <u>8,667</u> | <u>-</u> | <u>2,978</u> | <u>12,614</u> |
| Net increase (decrease) in cash and cash equivalents | 31,937 | 11 | - | 204,770 | (6,649) | - | 807,935 | 1,038,004 |
| Cash and cash equivalents, beginning of year | <u>30,888</u> | <u>232</u> | <u>-</u> | <u>297,530</u> | <u>2,835,206</u> | <u>-</u> | <u>352,826</u> | <u>3,516,682</u> |
| Cash and cash equivalents, end of year | <u>\$ 62,825</u> | <u>\$ 243</u> | <u>\$ -</u> | <u>\$ 502,300</u> | <u>\$ 2,828,557</u> | <u>\$ -</u> | <u>\$ 1,160,761</u> | <u>\$ 4,554,686</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | | | | | | | | |
| Cash and investments | <u>\$ 62,825</u> | <u>\$ 243</u> | <u>\$ -</u> | <u>\$ 502,300</u> | <u>\$ 2,828,557</u> | <u>\$ -</u> | <u>\$ 1,160,761</u> | <u>\$ 4,554,686</u> |
| Cash and cash equivalents, end of year | <u>\$ 62,825</u> | <u>\$ 243</u> | <u>\$ -</u> | <u>\$ 502,300</u> | <u>\$ 2,828,557</u> | <u>\$ -</u> | <u>\$ 1,160,761</u> | <u>\$ 4,554,686</u> |
| Reconciliation of operating income (loss) to net cash used in operating activities: | | | | | | | | |
| Operating income (loss) | \$ 91,954 | \$ (31,730) | \$ (15,748) | \$ 51,505 | \$ 33,642 | \$ (370,655) | \$ (892,064) | \$ (1,133,096) |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | | | |
| Depreciation | - | 31,730 | 15,748 | 139,173 | 5,632 | 370,655 | - | 562,938 |
| (Increase) decrease in: | | | | | | | | |
| Receivables | 267 | - | - | (33,577) | (7,637) | - | 309,705 | 268,758 |
| Due from component unit - EDA | (10,480) | - | - | - | - | - | - | (10,480) |
| Due from other funds | - | - | - | (2,141) | - | - | - | (2,141) |
| Prepaid expenses | - | - | - | 9,334 | - | - | - | 9,334 |
| Increase (decrease) in: | | | | | | | | |
| Accounts payable | (179) | - | - | 25,196 | (4,031) | - | 202,086 | 223,072 |
| Retainage payable | - | - | - | - | - | - | - | - |
| Salaries, taxes and benefits payable | 202 | - | - | (369) | - | - | - | (167) |
| Unearned revenue | (1) | - | - | - | (13,835) | - | 166,180 | 152,344 |
| Due to other funds | - | - | - | 686,305 | - | - | - | 686,305 |
| Compensated absences | - | - | - | 4,847 | - | - | - | 4,847 |
| Advance from other fund | (50,000) | - | - | - | - | - | - | (50,000) |
| Net cash provided by (used in) operating activities | <u>\$ 31,763</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 880,273</u> | <u>\$ 13,771</u> | <u>\$ -</u> | <u>\$ (214,093)</u> | <u>\$ 711,714</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.

Other Post-Employment Benefits Fund - accounts for subsidy payments for eligible County retirees towards health insurance coverage in a County-sponsored plan.

COUNTY OF YORK, VIRGINIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2014

| | Vehicle Maintenance Fund | Other Post- Employment Benefit (OPEB) Fund | Total |
|--------------------------------------|---|---|----------------------|
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 2,628,824 | \$ 5,708,637 | \$ 8,337,461 |
| Receivable, net | 95,485 | 6,111 | 101,596 |
| Total current assets | <u>2,724,309</u> | <u>5,714,748</u> | <u>8,439,057</u> |
| Noncurrent assets: | | | |
| Depreciable capital assets: | | | |
| Intangibles | 101,512 | - | 101,512 |
| Land improvements | 221,446 | - | 221,446 |
| Equipment | 1,281,063 | - | 1,281,063 |
| Vehicles | 5,278,056 | - | 5,278,056 |
| Less accumulated depreciation | (3,791,913) | - | (3,791,913) |
| Less accumulated amortization | (30,453) | - | (30,453) |
| Total noncurrent assets | <u>3,059,711</u> | <u>-</u> | <u>3,059,711</u> |
| Total assets | <u>\$ 5,784,020</u> | <u>\$ 5,714,748</u> | <u>\$ 11,498,768</u> |
| LIABILITIES | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 163,744 | \$ - | \$ 163,744 |
| Salaries, taxes and benefits payable | 38,629 | 47,531 | 86,160 |
| Due to other funds | 2,236 | 274,753 | 276,989 |
| Compensated absences - current | 5,600 | - | 5,600 |
| Total current liabilities | <u>210,209</u> | <u>322,284</u> | <u>532,493</u> |
| Noncurrent liabilities: | | | |
| Compensated absences - net current | 67,604 | - | 67,604 |
| Net OPEB obligation | - | 5,392,464 | 5,392,464 |
| Total noncurrent liabilities | <u>67,604</u> | <u>5,392,464</u> | <u>5,460,068</u> |
| Total liabilities | <u>277,813</u> | <u>5,714,748</u> | <u>5,992,561</u> |
| NET POSITION | | | |
| Net investment in capital assets | 3,059,711 | - | 3,059,711 |
| Unrestricted | 2,446,496 | - | 2,446,496 |
| Total net position | <u>5,506,207</u> | <u>-</u> | <u>5,506,207</u> |
| Total liabilities and net position | <u>\$ 5,784,020</u> | <u>\$ 5,714,748</u> | <u>\$ 11,498,768</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, 2014

| | Vehicle Maintenance Fund | Other Post- Employment Benefit (OPEB) Fund | Total |
|--|---|---|---------------------|
| Operating Revenues | | | |
| Charges for services | \$ 3,950,766 | \$ - | \$ 3,950,766 |
| Miscellaneous | 46,540 | - | 46,540 |
| Total operating revenues | <u>3,997,306</u> | <u>-</u> | <u>3,997,306</u> |
| Operating Expenses | | | |
| Personal services | 855,105 | 1,642,509 | 2,497,614 |
| Contractual services | 445,462 | - | 445,462 |
| Materials and supplies | 2,242,702 | - | 2,242,702 |
| Depreciation | 576,395 | - | 576,395 |
| Amortization | 20,302 | - | 20,302 |
| Total operating expenses | <u>4,139,966</u> | <u>1,642,509</u> | <u>5,782,475</u> |
| Operating loss | <u>(142,660)</u> | <u>(1,642,509)</u> | <u>(1,785,169)</u> |
| Nonoperating Revenues (Expenses) | | | |
| Interest income | 7,792 | 15,192 | 22,984 |
| Gain on disposal of capital assets | 22,306 | - | 22,306 |
| Total nonoperating revenues (expenses) | <u>30,098</u> | <u>15,192</u> | <u>45,290</u> |
| Loss before contributions and transfers | <u>(112,562)</u> | <u>(1,627,317)</u> | <u>(1,739,879)</u> |
| Transfers In | <u>-</u> | <u>1,627,317</u> | <u>1,627,317</u> |
| Change in net position | <u>(112,562)</u> | <u>-</u> | <u>(112,562)</u> |
| Total net position, beginning of year restated | 5,618,769 | - | 5,618,769 |
| Total net position, end of year | <u>\$ 5,506,207</u> | <u>\$ -</u> | <u>\$ 5,506,207</u> |

COUNTY OF YORK, VIRGINIA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2014

| | Vehicle Maintenance Fund | Other Post- Employment Benefit (OPEB) Fund | Total |
|--|---|---|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers and users | \$ 4,051,061 | \$ - | \$ 4,051,061 |
| Receipts from interfund activity | - | (70,419) | (70,419) |
| Other receipts | 46,540 | - | 46,540 |
| Payments to suppliers for goods and services | (2,756,858) | - | (2,756,858) |
| Payments to employees for services | (849,816) | (269,041) | (1,118,857) |
| Payments for interfund activity | 2,197 | - | 2,197 |
| Net cash provided by (used in) operating activities | <u>493,124</u> | <u>(339,460)</u> | <u>153,664</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers in | - | 1,627,317 | 1,627,317 |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>1,627,317</u> | <u>1,627,317</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Acquisition and construction of capital assets | (494,722) | - | (494,722) |
| Net proceeds from the disposal of capital assets | <u>82,372</u> | <u>-</u> | <u>82,372</u> |
| Net cash used in capital and related financing activities | <u>(412,350)</u> | <u>-</u> | <u>(412,350)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest income | <u>7,670</u> | <u>14,553</u> | <u>22,223</u> |
| Net cash provided by investing activities | <u>7,670</u> | <u>14,553</u> | <u>22,223</u> |
| Net increase (decrease) in cash and cash equivalents | 88,444 | 1,302,410 | 1,390,854 |
| Cash and cash equivalents, beginning of year | 2,540,380 | 4,406,227 | 6,946,607 |
| Cash and cash equivalents, end of year | <u>\$ 2,628,824</u> | <u>\$ 5,708,637</u> | <u>\$ 8,337,461</u> |
| Reconciliation of cash and cash equivalents to the Statement of Net Position: | | | |
| Cash and investments | \$ 2,628,824 | \$ 5,708,637 | \$ 8,337,461 |
| Cash and cash equivalents, end of year | <u>\$ 2,628,824</u> | <u>\$ 5,708,637</u> | <u>\$ 8,337,461</u> |
| Reconciliation of operating loss to net cash cash provided by (used in) operating activities: | | | |
| Operating loss | \$ (142,660) | \$ (1,642,509) | \$ (1,785,169) |
| Adjustments to reconcile operating loss to net cash provided by (used in) operating activities: | | | |
| Depreciation | 576,395 | - | 576,395 |
| Amortization | 20,302 | - | 20,302 |
| Decrease (increase) in: | | | |
| Receivables | 100,295 | 1,036 | 101,331 |
| Prepaid expenses | 7,849 | - | 7,849 |
| Increase (decrease) in: | | | |
| Accounts payable | (68,694) | - | (68,694) |
| Salaries, taxes and benefits payable | (2,529) | 1,707 | (822) |
| Due to other funds | 2,197 | (70,419) | (68,222) |
| Compensated absences | (31) | - | (31) |
| Net OPEB obligation | - | 1,370,725 | 1,370,725 |
| Net cash provided by (used in) operating activities | <u>\$ 493,124</u> | <u>\$ (339,460)</u> | <u>\$ 153,664</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, 2014

| | Colonial Behavioral Health | Colonial Group Home Commission | Special Welfare | Regional Projects | Other Funds | Total |
|--------------------------------------|---|---|----------------------------|------------------------------|------------------------|---------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 3,767,215 | \$ 333,682 | \$ 38,529 | \$ 27,813 | \$ 120,422 | \$ 4,287,661 |
| Other receivables | 121,112 | 19,123 | - | 77,821 | 1 | 218,057 |
| Total assets | <u>\$ 3,888,327</u> | <u>\$ 352,805</u> | <u>\$ 38,529</u> | <u>\$ 105,634</u> | <u>\$ 120,423</u> | <u>\$ 4,505,718</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 729,597 | \$ 12,629 | \$ - | \$ 105,634 | \$ 2,056 | \$ 849,916 |
| Salaries, taxes and benefits payable | 326,193 | 42,903 | - | - | - | 369,096 |
| Amounts held for others | 2,832,537 | 297,273 | 38,529 | - | 118,367 | 3,286,706 |
| Total liabilities | <u>\$ 3,888,327</u> | <u>\$ 352,805</u> | <u>\$ 38,529</u> | <u>\$ 105,634</u> | <u>\$ 120,423</u> | <u>\$ 4,505,718</u> |

COUNTY OF YORK, VIRGINIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
Year Ended June 30, 2014

| | Restated Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|---------------------------------------|---|----------------------|----------------------|------------------------------------|
| Colonial Behavioral Health | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 3,459,917 | \$ 14,084,091 | \$ 13,776,793 | \$ 3,767,215 |
| Other receivables | 77,102 | 121,112 | 77,102 | 121,112 |
| Total assets | <u>\$ 3,537,019</u> | <u>\$ 14,205,203</u> | <u>\$ 13,853,895</u> | <u>\$ 3,888,327</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 672,051 | \$ 672,051 | \$ 729,597 | \$ 729,597 |
| Salaries, taxes and benefits payable | | | | |
| - restated | 322,721 | 278,045 | 281,517 | 326,193 |
| Amounts held for others - restated | 2,542,247 | 12,903,799 | 13,194,089 | 2,832,537 |
| Total liabilities | <u>\$ 3,537,019</u> | <u>\$ 13,853,895</u> | <u>\$ 14,205,203</u> | <u>\$ 3,888,327</u> |
| Colonial Group Home Commission | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 271,787 | \$ 1,591,962 | \$ 1,530,067 | \$ 333,682 |
| Other receivables | 10,605 | 19,123 | 10,605 | 19,123 |
| Total assets | <u>\$ 282,392</u> | <u>\$ 1,611,085</u> | <u>\$ 1,540,672</u> | <u>\$ 352,805</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 10,042 | \$ 10,042 | \$ 12,629 | \$ 12,629 |
| Salaries, taxes and benefits payable | | | | |
| - restated | 48,676 | 39,272 | 33,499 | 42,903 |
| Amounts held for others - restated | 223,674 | 1,491,358 | 1,564,957 | 297,273 |
| Total liabilities | <u>\$ 282,392</u> | <u>\$ 1,540,672</u> | <u>\$ 1,611,085</u> | <u>\$ 352,805</u> |
| Special Welfare | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 31,070 | \$ 48,448 | \$ 40,989 | \$ 38,529 |
| Total assets | <u>\$ 31,070</u> | <u>\$ 48,448</u> | <u>\$ 40,989</u> | <u>\$ 38,529</u> |
| LIABILITIES | | | | |
| Amounts held for others | \$ 31,070 | \$ 40,989 | \$ 48,448 | \$ 38,529 |
| Total liabilities | <u>\$ 31,070</u> | <u>\$ 40,989</u> | <u>\$ 48,448</u> | <u>\$ 38,529</u> |
| Regional Projects | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 94,158 | \$ 564,261 | \$ 630,606 | \$ 27,813 |
| Other receivables | 21,600 | 77,821 | 21,600 | 77,821 |
| Total assets | <u>\$ 115,758</u> | <u>\$ 642,082</u> | <u>\$ 652,206</u> | <u>\$ 105,634</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 115,758 | \$ 115,758 | \$ 105,634 | \$ 105,634 |
| Amounts held for others | - | 536,448 | 536,448 | - |
| Total liabilities | <u>\$ 115,758</u> | <u>\$ 652,206</u> | <u>\$ 642,082</u> | <u>\$ 105,634</u> |
| Other Funds | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 136,951 | \$ 395 | \$ 16,924 | \$ 120,422 |
| Other receivables | 1 | 1 | 1 | 1 |
| Total assets | <u>\$ 136,952</u> | <u>\$ 396</u> | <u>\$ 16,925</u> | <u>\$ 120,423</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 1,772 | \$ 1,772 | \$ 2,056 | \$ 2,056 |
| Amounts held for others | 135,180 | 17,209 | 396 | 118,367 |
| Total liabilities | <u>\$ 136,952</u> | <u>\$ 18,981</u> | <u>\$ 2,452</u> | <u>\$ 120,423</u> |
| Totals - All Agency Funds | | | | |
| ASSETS | | | | |
| Cash and investments | \$ 3,993,883 | \$ 16,289,157 | \$ 15,995,379 | \$ 4,287,661 |
| Other receivables | 109,308 | 218,057 | 109,308 | 218,057 |
| Total assets | <u>\$ 4,103,191</u> | <u>\$ 16,507,214</u> | <u>\$ 16,104,687</u> | <u>\$ 4,505,718</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 799,623 | \$ 799,623 | \$ 849,916 | \$ 849,916 |
| Salaries, taxes and benefits payable | | | | |
| - restated | 371,397 | 317,317 | 315,016 | 369,096 |
| Amounts held for others - restated | 2,932,171 | 14,989,803 | 15,344,338 | 3,286,706 |
| Total liabilities | <u>\$ 4,103,191</u> | <u>\$ 16,106,743</u> | <u>\$ 16,509,270</u> | <u>\$ 4,505,718</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>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 55,437,501 | \$ 57,401,484 | \$ 57,208,246 | \$ 58,572,877 | \$ 58,434,789 | \$ 60,961,846 | \$ 68,935,110 | \$ 58,761,927 | \$ 58,063,581 | \$ 53,886,089 |
| Restricted | 1,476,281 | 1,520,094 | 1,235,126 | 10,669 | 10,723 | 1,713,484 | 17,605 | 26,547 | 306,867 | 1,416,039 |
| Unrestricted | <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> | <u>(6,044,992)</u> | <u>(9,510,796)</u> | <u>(9,492,312)</u> | <u>(2,007,832)</u> |
| Total governmental activities net position | <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> | <u>\$ 62,907,723</u> | <u>\$ 49,277,678</u> | <u>\$ 48,878,136</u> | <u>\$ 53,294,296</u> |
| Business-type Activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 102,477,564 | \$ 97,496,807 | \$ 91,705,008 | \$ 92,794,535 | \$ 95,113,023 | \$ 93,173,971 | \$ 99,168,724 | \$ 91,442,202 | \$ 83,735,002 | \$ 77,280,029 |
| Restricted | 177,139 | 174,935 | 182,087 | 403,421 | 314,833 | 314,693 | 313,785 | 312,456 | 457,985 | 419,025 |
| Unrestricted | <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> | <u>5,203,690</u> | <u>7,367,773</u> | <u>9,535,371</u> | <u>9,402,285</u> |
| Total business-type activities net position | <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> | <u>\$ 104,686,199</u> | <u>\$ 99,122,431</u> | <u>\$ 93,728,358</u> | <u>\$ 87,101,339</u> |
| Primary Government: | | | | | | | | | | |
| Net investment in capital assets | \$ 157,915,065 | \$ 154,898,291 | \$ 148,913,254 | \$ 151,367,412 | \$ 153,547,812 | \$ 154,135,817 | \$ 168,103,834 | \$ 150,204,129 | \$ 141,798,583 | \$ 131,166,118 |
| Restricted | 1,653,420 | 1,695,029 | 1,417,213 | 414,090 | 325,556 | 2,028,177 | 331,390 | 339,003 | 764,852 | 1,835,064 |
| Unrestricted | <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> | <u>(841,302)</u> | <u>(2,143,023)</u> | <u>43,059</u> | <u>7,394,453</u> |
| Total primary government net position | <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> | <u>\$ 167,593,922</u> | <u>\$ 148,400,109</u> | <u>\$ 142,606,494</u> | <u>\$ 140,395,635</u> |

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

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------|-------------------------|------------------------|------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 8,717,434 | \$ 3,469,315 | \$ 3,852,265 | \$ 4,756,990 | \$ 3,281,995 | \$ 3,729,163 | \$ 3,450,703 | \$ 3,661,480 | \$ 4,012,732 | \$ 2,935,520 |
| Judicial services | 3,190,077 | 2,974,509 | 2,983,284 | 3,114,416 | 3,050,588 | 3,217,220 | 3,079,480 | 2,717,696 | 2,485,418 | 2,364,958 |
| Public safety | 31,994,037 | 31,809,187 | 30,651,085 | 29,749,782 | 29,913,451 | 29,469,455 | 27,466,315 | 25,729,808 | 24,020,296 | 20,785,091 |
| Environmental and development services | 4,459,304 | 4,392,549 | 5,110,799 | 7,360,263 | 4,588,243 | 4,293,152 | 4,181,043 | 5,102,854 | 3,734,376 | 3,371,442 |
| Finance and planning | 11,071,656 | 9,605,982 | 9,246,805 | 9,957,090 | 10,347,260 | 11,074,824 | 9,630,189 | 10,342,827 | 8,335,453 | 8,123,994 |
| Education | 49,589,562 | 51,052,753 | 55,589,523 | 48,896,509 | 52,749,950 | 53,460,125 | 45,742,991 | 55,247,261 | 56,619,850 | 36,804,422 |
| Human services | 8,217,138 | 7,895,079 | 8,250,918 | 8,375,011 | 8,888,070 | 8,751,468 | 8,594,261 | 8,031,668 | 7,713,122 | 7,616,519 |
| General services | 6,707,865 | 6,400,928 | 7,185,728 | 7,159,338 | 7,219,383 | 6,944,857 | 6,733,491 | 6,287,891 | 5,759,901 | 5,249,587 |
| Community services | 6,263,573 | 6,333,119 | 6,667,688 | 5,934,513 | 5,828,214 | 6,021,699 | 4,926,133 | 5,280,722 | 4,076,306 | 3,742,477 |
| Interest and fiscal charges on noncurrent debt | <u>3,898,226</u> | <u>3,974,566</u> | <u>4,048,324</u> | <u>4,263,014</u> | <u>4,393,098</u> | <u>4,144,723</u> | <u>3,708,287</u> | <u>3,883,116</u> | <u>3,624,871</u> | <u>3,139,152</u> |
| Total governmental activities | <u>134,108,872</u> | <u>127,907,987</u> | <u>133,586,419</u> | <u>129,566,926</u> | <u>130,260,252</u> | <u>131,106,686</u> | <u>117,512,893</u> | <u>126,285,323</u> | <u>120,382,325</u> | <u>94,133,162</u> |
| Business-type activities: | | | | | | | | | | |
| Sewer Utility | 10,505,293 | 10,086,788 | 10,467,392 | 9,983,893 | 8,949,964 | 9,011,555 | 7,766,854 | 6,960,108 | 6,311,720 | 6,061,527 |
| Water Utility | 349,496 | 1,002,427 | 346,275 | 362,073 | 596,782 | 7,100,039 | 637,020 | 768,276 | 526,428 | 461,341 |
| Solid Waste | 4,818,406 | 4,651,045 | 5,599,987 | 4,407,178 | 4,305,967 | 4,228,895 | 4,203,909 | 4,366,338 | 3,803,501 | 4,298,743 |
| Yorktown Operations | 74,718 | 98,893 | 112,258 | 117,368 | 122,537 | 137,837 | 214,489 | 197,646 | 373,209 | 232,920 |
| Sanitary Districts | 418,133 | 424,857 | 431,544 | 439,058 | 455,094 | 534,583 | 469,312 | 483,459 | 611,426 | 578,398 |
| Regional Radio System | <u>2,494,441</u> | <u>2,402,484</u> | <u>2,024,644</u> | <u>1,773,267</u> | <u>1,524,079</u> | <u>58,246</u> | <u>32,826</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total business-type activities | <u>18,660,487</u> | <u>18,666,494</u> | <u>18,982,100</u> | <u>17,082,837</u> | <u>15,954,423</u> | <u>21,071,155</u> | <u>13,324,410</u> | <u>12,775,827</u> | <u>11,626,284</u> | <u>11,632,929</u> |
| Total primary government | <u>\$ 152,769,359</u> | <u>\$ 146,574,481</u> | <u>\$ 152,568,519</u> | <u>\$ 146,649,763</u> | <u>\$ 146,214,675</u> | <u>\$ 152,177,841</u> | <u>\$ 130,837,303</u> | <u>\$ 139,061,150</u> | <u>\$ 132,008,609</u> | <u>\$ 105,766,091</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 121,888 | \$ 86,198 | \$ 77,019 | \$ 78,310 | \$ 112,626 | \$ 93,000 | \$ 91,605 | \$ 94,418 | \$ 67,823 | \$ 57,907 |
| Judicial services | 528,711 | 606,118 | 854,103 | 783,767 | 939,549 | 1,001,882 | 1,001,023 | 996,492 | 1,027,313 | 848,452 |
| Public safety | 3,212,578 | 2,252,219 | 3,408,661 | 3,238,055 | 1,773,303 | 1,081,644 | 980,923 | 566,118 | 550,938 | 301,781 |
| Environmental and development services | 741,235 | 654,373 | 403,657 | 412,451 | 529,167 | 657,892 | 822,526 | 1,015,870 | 874,000 | 904,135 |
| Finance and planning | 449,041 | 447,077 | 411,139 | 400,466 | 244,008 | 79,754 | 213,526 | 84,449 | 64,964 | 82,787 |
| Education | 213,633 | 161,115 | 59,587 | 521,282 | 944,383 | 671,289 | 375,062 | 664,019 | 775,129 | 491,438 |
| Human services | 270,403 | 295,254 | 289,378 | 362,963 | 371,921 | 423,252 | 373,751 | 252,905 | 239,712 | 120,518 |
| General services | 1,257,665 | 1,404,091 | 1,181,949 | 1,200,451 | 1,238,374 | 1,254,539 | 1,291,090 | 1,319,800 | 1,162,455 | 1,005,432 |
| Community services | 514,474 | 503,702 | 443,227 | 516,414 | 497,008 | 458,100 | 428,373 | 380,418 | 343,696 | 344,049 |
| Operating grants and contributions | 10,521,429 | 10,205,585 | 10,146,333 | 10,738,996 | 10,900,393 | 10,796,179 | 10,948,851 | 11,264,285 | 10,556,849 | 10,554,462 |
| Capital grants and contributions | <u>317,128</u> | <u>1,688,035</u> | <u>2,727,071</u> | <u>2,562,616</u> | <u>1,683,547</u> | <u>1,092,566</u> | <u>1,426,194</u> | <u>2,258,265</u> | <u>2,334,900</u> | <u>3,003,814</u> |
| Total governmental activities | <u>18,148,185</u> | <u>18,283,767</u> | <u>20,002,070</u> | <u>20,815,771</u> | <u>19,234,279</u> | <u>17,610,097</u> | <u>17,953,924</u> | <u>18,897,039</u> | <u>17,997,779</u> | <u>17,723,775</u> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer Utility | 9,924,081 | 8,928,385 | 7,938,010 | 7,209,582 | 6,878,901 | 7,353,075 | 7,010,571 | 7,394,850 | 7,058,534 | 6,365,257 |
| Water Utility | 383,138 | 357,728 | 333,534 | 351,955 | 360,297 | 718,736 | 790,208 | 723,962 | 919,793 | 591,514 |
| Solid Waste | 4,856,961 | 3,739,588 | 3,505,246 | 3,520,553 | 3,452,153 | 3,384,681 | 3,441,896 | 3,191,246 | 2,745,894 | 3,151,283 |
| Yorktown Operations | 166,197 | 88,725 | 87,353 | 97,919 | 141,836 | 335,753 | 324,592 | 76,636 | 53,718 | 10,554 |
| Regional Radio System | 1,602,377 | 1,501,755 | 1,259,130 | 1,035,880 | 903,155 | 200,053 | 125,620 | - | - | - |
| Operating grants and contributions | 295,108 | 300,180 | 1,342,550 | 149,502 | 10,070 | - | 455 | 573,544 | - | - |
| Capital grants and contributions | <u>1,371,580</u> | <u>1,139,604</u> | <u>1,063,452</u> | <u>2,595,686</u> | <u>1,027,138</u> | <u>1,742,277</u> | <u>3,500,028</u> | <u>2,126,944</u> | <u>3,319,300</u> | <u>2,914,078</u> |
| Total business-type activities | <u>18,599,442</u> | <u>16,055,965</u> | <u>15,529,275</u> | <u>14,961,077</u> | <u>12,773,556</u> | <u>13,734,575</u> | <u>15,193,072</u> | <u>14,087,182</u> | <u>14,097,239</u> | <u>13,032,686</u> |
| Total primary government | <u>\$ 36,747,627</u> | <u>\$ 34,339,732</u> | <u>\$ 35,531,345</u> | <u>\$ 35,776,848</u> | <u>\$ 32,007,829</u> | <u>\$ 31,344,672</u> | <u>\$ 33,147,294</u> | <u>\$ 32,984,221</u> | <u>\$ 32,095,018</u> | <u>\$ 30,756,461</u> |
| Net (expense)/revenue | | | | | | | | | | |
| Governmental activities | \$ (115,960,687) | \$ (109,624,220) | \$ (113,584,349) | \$ (108,751,155) | \$ (111,025,973) | \$ (113,496,589) | \$ (99,558,969) | \$ (107,388,284) | \$ (102,384,546) | \$ (76,409,387) |
| Business-type activities | (61,045) | (2,610,529) | (3,452,825) | (2,121,760) | (3,180,873) | (7,336,580) | 1,868,960 | 1,311,355 | 2,470,955 | 1,399,757 |
| Total primary government net expense | <u>\$ (116,021,732)</u> | <u>\$ (112,234,749)</u> | <u>\$ (117,037,174)</u> | <u>\$ (110,872,915)</u> | <u>\$ (114,206,846)</u> | <u>\$ (120,833,169)</u> | <u>\$ (97,690,009)</u> | <u>\$ (106,076,929)</u> | <u>\$ (99,913,591)</u> | <u>\$ (75,009,630)</u> |
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 80,907,792 | 79,711,885 | 76,373,509 | 77,433,934 | 75,669,094 | 79,616,260 | 73,269,069 | 69,702,015 | 62,707,281 | 57,318,146 |
| Local sales and use taxes | 9,475,836 | 9,380,393 | 9,425,492 | 9,043,325 | 9,322,221 | 9,661,699 | 9,363,787 | 8,928,076 | 8,319,803 | 7,564,266 |
| Hotel and motel room taxes | 4,323,868 | 4,268,312 | 4,221,304 | 4,336,193 | 4,072,547 | 4,292,559 | 4,563,470 | 4,196,637 | 3,698,491 | 2,857,007 |
| Restaurant food taxes | 5,607,884 | 5,550,391 | 5,321,843 | 5,322,721 | 5,034,793 | 5,178,743 | 5,143,049 | 4,910,446 | 4,495,630 | 3,962,278 |
| Business license taxes | 6,410,146 | 5,720,592 | 5,855,061 | 5,770,095 | 5,470,052 | 5,487,494 | 6,601,944 | 5,455,784 | 4,957,395 | 4,226,847 |
| Motor vehicle licenses | 1,582,332 | 1,596,403 | 1,523,082 | 1,516,710 | 1,419,591 | 1,495,939 | 1,404,639 | 1,426,483 | 1,357,565 | 1,291,961 |
| Franchise taxes | - | - | - | - | - | - | - | 364,516 | 703,762 | 652,046 |
| Taxes on recordation and wills | 1,545,219 | 1,587,812 | 1,604,286 | 1,238,123 | 1,643,995 | 1,617,076 | 2,054,522 | 1,973,736 | 2,024,164 | 1,619,933 |
| Emergency telephone service taxes | - | - | - | - | - | - | - | 352,343 | 717,810 | 728,098 |
| Other local taxes | 1,956,544 | 1,966,816 | 1,969,937 | 2,045,667 | 2,011,290 | 1,997,715 | 2,371,898 | 1,248,928 | 619,655 | 586,268 |
| Personal property tax relief - Commonwealth of Virginia | 8,741,680 | 8,525,325 | 8,485,927 | 8,496,159 | 8,550,746 | 8,547,502 | 8,737,103 | 8,760,459 | 9,138,457 | 8,582,184 |
| Unrestricted investment earnings | 216,877 | 85,087 | 174,000 | 234,060 | 256,284 | 1,070,698 | 2,331,247 | 2,659,404 | 1,767,067 | 829,682 |
| Miscellaneous | 1,256,436 | 232,168 | 414,057 | 813,341 | 683,799 | 1,037,292 | 550,278 | 1,016,178 | 875,600 | 750,914 |
| Gain on sale of capital assets | 22,306 | 25,631 | 28,907 | 33,007 | - | - | - | - | - | - |
| Transfers | <u>(3,262,639)</u> | <u>(3,826,920)</u> | <u>(3,739,725)</u> | <u>(3,562,226)</u> | <u>(3,913,865)</u> | <u>(3,330,542)</u> | <u>(3,201,992)</u> | <u>(3,207,179)</u> | <u>(3,414,294)</u> | <u>(3,304,595)</u> |
| Total governmental activities | <u>118,784,281</u> | <u>114,823,895</u> | <u>111,657,680</u> | <u>112,721,109</u> | <u>110,220,547</u> | <u>116,672,435</u> | <u>113,189,014</u> | <u>107,787,826</u> | <u>97,968,386</u> | <u>87,665,035</u> |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 37,303 | 54,762 | 66,982 | 68,299 | 125,061 | 289,168 | 463,923 | 559,177 | 441,818 | 270,832 |
| Miscellaneous | 43,003 | 82,881 | 30,039 | 21,822 | 62,956 | 142,591 | 28,893 | 316,362 | 299,952 | 10,684 |
| Gain on sale of capital assets | - | 103,632 | - | - | 917 | - | - | - | - | - |
| Transfers | <u>3,262,639</u> | <u>3,826,920</u> | <u>3,739,725</u> | <u>3,562,226</u> | <u>3,913,865</u> | <u>3,330,542</u> | <u>3,201,992</u> | <u>3,207,179</u> | <u>3,414,294</u> | <u>3,304,595</u> |
| Total business-type activities | <u>3,342,945</u> | <u>4,068,195</u> | <u>3,836,746</u> | <u>3,652,347</u> | <u>4,102,799</u> | <u>3,762,301</u> | <u>3,694,808</u> | <u>4,082,718</u> | <u>4,156,064</u> | <u>3,586,111</u> |
| Total primary government | <u>\$ 122,127,226</u> | <u>\$ 118,892,090</u> | <u>\$ 115,494,426</u> | <u>\$ 116,373,456</u> | <u>\$ 114,323,346</u> | <u>\$ 120,434,736</u> | <u>\$ 116,883,822</u> | <u>\$ 111,870,544</u> | <u>\$ 102,124,450</u> | <u>\$ 91,251,146</u> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 2,823,594 | \$ 5,199,675 | \$ (1,926,669) | \$ 3,969,954 | \$ (805,426) | \$ 3,175,846 | \$ 13,630,045 | \$ 399,542 | \$ (4,416,160) | \$ 11,255,648 |
| Business-type activities | 3,281,900 | 1,457,666 | 383,921 | 1,530,587 | 921,926 | (3,574,279) | 5,563,768 | 5,394,073 | 6,627,019 | 4,985,868 |
| Total primary government | <u>\$ 6,105,494</u> | <u>\$ 6,657,341</u> | <u>\$ (1,542,748)</u> | <u>\$ 5,500,541</u> | <u>\$ 116,500</u> | <u>\$ (398,433)</u> | <u>\$ 19,193,813</u> | <u>\$ 5,793,615</u> | <u>\$ 2,210,859</u> | <u>\$ 16,241,516</u> |

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| Property tax | \$ 80,907,792 | \$ 79,711,885 | \$ 76,373,509 | \$ 77,433,934 | \$ 75,669,094 | \$ 79,616,260 | \$ 73,269,069 | \$ 69,702,015 | \$ 62,707,281 | \$ 57,318,146 |
| Local sales and use tax | 9,475,836 | 9,380,393 | 9,425,492 | 9,043,325 | 9,322,221 | 9,661,699 | 9,363,787 | 8,928,076 | 8,319,803 | 7,564,266 |
| Hotel and motel room taxes | 4,323,868 | 4,268,312 | 4,221,304 | 4,336,193 | 4,072,547 | 4,292,559 | 4,563,470 | 4,196,637 | 3,698,491 | 2,857,007 |
| Restaurant food taxes | 5,607,884 | 5,550,391 | 5,321,843 | 5,322,721 | 5,034,793 | 5,178,743 | 5,143,049 | 4,910,446 | 4,495,630 | 3,962,278 |
| Business license taxes | 6,410,146 | 5,720,592 | 5,855,061 | 5,770,095 | 5,470,052 | 5,487,494 | 6,601,944 | 5,455,784 | 4,957,395 | 4,226,847 |
| Motor vehicle licenses | 1,582,332 | 1,596,403 | 1,523,082 | 1,516,710 | 1,419,591 | 1,495,939 | 1,404,639 | 1,426,483 | 1,357,565 | 1,291,961 |
| Franchise taxes | - | - | - | - | - | - | - | 364,516 | 703,762 | 652,046 |
| Taxes on recordation and wills | 1,545,219 | 1,587,812 | 1,604,286 | 1,238,123 | 1,643,995 | 1,617,076 | 2,054,522 | 1,973,736 | 2,024,164 | 1,619,933 |
| Emergency telephone service | - | - | - | - | - | - | - | 352,343 | 717,810 | 728,098 |
| Other local taxes | 1,956,544 | 1,966,816 | 1,969,937 | 2,045,667 | 2,011,290 | 1,997,715 | 2,371,898 | 1,248,928 | 619,655 | 586,268 |
| Total | <u>\$ 111,809,621</u> | <u>\$ 109,782,604</u> | <u>\$ 106,294,514</u> | <u>\$ 106,706,768</u> | <u>\$ 104,643,583</u> | <u>\$ 109,347,485</u> | <u>\$ 104,772,378</u> | <u>\$ 98,558,964</u> | <u>\$ 89,601,556</u> | <u>\$ 80,806,850</u> |

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Nonspendable | \$ 9,808,279 | \$ 10,518,258 | \$ 10,578,620 | \$ 11,106,155 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 940,152 | 843,439 | 781,934 | 858,361 | - | - | - | - | - | - |
| Committed | 12,664,460 | 12,520,518 | 12,380,970 | 12,446,451 | - | - | - | - | - | - |
| Assigned | 18,505,878 | 14,064,015 | 18,997,964 | 8,319,357 | - | - | - | - | - | - |
| Unassigned | 19,747,802 | 15,612,469 | 15,547,246 | 21,491,918 | - | - | - | - | - | - |
| Reserved | - | - | - | - | 11,609,565 | 12,371,540 | 14,021,740 | 15,645,170 | 15,053,392 | 12,324,185 |
| Unreserved | - | - | - | - | 39,851,251 | 39,493,924 | 39,412,194 | 32,796,722 | 23,753,571 | 23,464,140 |
| Total general fund | <u>\$ 61,666,571</u> | <u>\$ 53,558,699</u> | <u>\$ 58,286,734</u> | <u>\$ 54,222,242</u> | <u>\$ 51,460,816</u> | <u>\$ 51,865,464</u> | <u>\$ 53,433,934</u> | <u>\$ 48,441,892</u> | <u>\$ 38,806,963</u> | <u>\$ 35,788,325</u> |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable | \$ - | \$ 138,671 | \$ 210,976 | \$ 8,194,857 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | 536,129 | 676,655 | 432,829 | 1,504,544 | - | - | - | - | - | - |
| Committed | 5,653,220 | 9,937,427 | 851,246 | 1,101,066 | - | - | - | - | - | - |
| Assigned | 11,931,032 | 12,203,643 | 15,058,975 | 14,165,574 | - | - | - | - | - | - |
| Unassigned | (6,716,787) | (7,285,908) | (7,308,883) | (15,666,704) | - | - | - | - | - | - |
| Reserved | - | - | - | - | 12,413,276 | 11,633,657 | 7,297,735 | 2,315,408 | 2,741,390 | 3,410,368 |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | - | - | - | - | (6,686,125) | (7,518,113) | 533,468 | 369,712 | (37,149) | 200,194 |
| Capital project funds | - | - | - | - | 9,075,811 | 10,990,959 | (7,771,767) | 4,577,888 | 6,532,017 | 4,566,305 |
| Total all other governmental funds | <u>\$ 11,403,594</u> | <u>\$ 15,670,488</u> | <u>\$ 9,245,143</u> | <u>\$ 9,299,337</u> | <u>\$ 14,802,962</u> | <u>\$ 15,106,503</u> | <u>\$ 59,436</u> | <u>\$ 7,263,008</u> | <u>\$ 9,236,258</u> | <u>\$ 8,176,867</u> |

*Fiscal years 2014-2011 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>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|---------------------|---------------------|---------------------|-----------------------|---------------------|----------------------|-----------------------|---------------------|---------------------|------------------------|
| Revenues | | | | | | | | | | |
| General property taxes | \$ 81,125,127 | \$ 80,071,914 | \$ 78,172,692 | \$ 76,516,162 | \$ 75,850,691 | \$ 77,258,854 | \$ 73,378,206 | \$ 69,684,667 | \$ 62,683,368 | \$ 66,230,441 |
| Other local taxes | 30,891,414 | 30,012,365 | 29,997,922 | 29,073,893 | 28,997,406 | 29,646,843 | 31,393,679 | 28,747,770 | 26,790,657 | 23,388,472 |
| Intergovernmental | 19,413,247 | 20,114,231 | 20,720,210 | 19,700,968 | 20,179,204 | 19,489,917 | 20,355,321 | 20,847,757 | 21,502,588 | 12,978,471 |
| Permits, fees and licenses | 818,221 | 659,658 | 468,190 | 471,535 | 598,252 | 735,562 | 831,243 | 1,046,764 | 913,332 | 930,640 |
| Fines and forfeitures | 298,754 | 335,974 | 387,560 | 359,937 | 371,169 | 358,110 | 345,100 | 327,126 | 327,745 | 304,214 |
| Use of money and property | 547,159 | 393,980 | 438,442 | 643,250 | 623,904 | 1,384,103 | 2,579,157 | 2,924,334 | 2,052,750 | 1,296,955 |
| Charges for services | 3,802,981 | 3,821,047 | 3,772,679 | 3,561,630 | 2,759,517 | 2,630,683 | 2,757,316 | 2,578,634 | 2,403,509 | 2,216,468 |
| Miscellaneous | 1,013,034 | 251,048 | 779,129 | 811,833 | 581,827 | 611,039 | 484,469 | 753,369 | 874,117 | 393,477 |
| Recovered costs | <u>2,732,928</u> | <u>2,527,853</u> | <u>2,378,769</u> | <u>2,608,989</u> | <u>3,160,903</u> | <u>2,161,212</u> | <u>2,071,392</u> | <u>2,600,887</u> | <u>1,686,726</u> | <u>1,354,117</u> |
| Total revenue | <u>140,642,865</u> | <u>138,188,070</u> | <u>137,115,593</u> | <u>133,748,197</u> | <u>133,122,873</u> | <u>134,276,323</u> | <u>134,195,883</u> | <u>129,511,308</u> | <u>119,234,792</u> | <u>109,093,255</u> |
| Expenditures | | | | | | | | | | |
| General government | 2,203,303 | 2,056,291 | 2,011,421 | 1,915,207 | 1,911,202 | 2,018,604 | 1,844,681 | 2,113,708 | 1,673,175 | 1,680,539 |
| Judicial services | 2,741,134 | 2,576,351 | 2,630,531 | 2,831,373 | 2,760,342 | 2,775,268 | 2,811,979 | 2,542,993 | 2,242,388 | 2,143,641 |
| Public safety | 29,096,722 | 28,296,119 | 27,595,816 | 30,126,085 | 27,326,021 | 26,970,154 | 25,451,641 | 23,780,172 | 23,712,329 | 19,923,126 |
| Environmental and development services | 3,668,780 | 3,512,884 | 3,441,640 | 3,492,773 | 3,580,740 | 3,572,643 | 3,440,043 | 3,364,588 | 3,090,005 | 2,739,985 |
| Finance and planning | 9,613,082 | 8,305,316 | 7,822,399 | 9,058,412 | 9,479,582 | 10,506,158 | 9,602,977 | 10,189,383 | 8,126,815 | 7,915,016 |
| Education | 49,386,779 | 50,780,591 | 55,271,680 | 48,805,929 | 52,623,555 | 53,222,468 | 45,330,434 | 55,134,646 | 56,476,027 | 36,694,856 |
| Human services | 7,839,768 | 7,663,060 | 7,875,456 | 8,221,433 | 8,833,985 | 8,747,132 | 8,615,083 | 7,991,893 | 7,660,822 | 7,615,543 |
| General services | 6,323,547 | 6,086,730 | 6,747,125 | 6,822,173 | 7,012,414 | 7,311,531 | 6,604,110 | 6,362,307 | 5,767,179 | 5,322,325 |
| Community services | 4,796,824 | 4,758,072 | 5,271,976 | 4,138,036 | 3,512,723 | 3,696,218 | 3,398,991 | 3,310,307 | 3,361,651 | 2,540,703 |
| Non-departmental | 1,615,921 | 2,267,011 | 2,278,091 | 1,429,528 | 1,913,583 | 1,881,882 | 1,667,624 | 1,939,030 | 1,400,428 | 1,013,420 |
| Capital outlay | 7,784,015 | 4,646,213 | 4,091,765 | 8,968,847 | 4,613,783 | 9,789,500 | 14,993,302 | 4,710,733 | 6,877,390 | 23,015,460 |
| Debt service: | | | | | | | | | | |
| Principal | 7,182,911 | 6,550,894 | 6,901,861 | 6,560,684 | 5,814,490 | 5,574,780 | 5,672,147 | 5,165,611 | 4,693,813 | 4,605,268 |
| Interest and fiscal charges | 3,652,774 | 3,959,671 | 4,078,062 | 4,283,166 | 4,402,171 | 3,855,923 | 3,880,565 | 3,750,570 | 3,205,542 | 3,223,039 |
| Other costs of debt issuance | <u>188,219</u> | <u>-</u> | <u>41,814</u> | <u>24,257</u> | <u>52,621</u> | <u>328,015</u> | <u>-</u> | <u>4,339</u> | <u>7,355</u> | <u>-</u> |
| Total expenditures | <u>136,093,779</u> | <u>131,459,203</u> | <u>136,059,637</u> | <u>136,677,903</u> | <u>133,837,212</u> | <u>140,250,276</u> | <u>133,313,577</u> | <u>130,360,280</u> | <u>128,294,919</u> | <u>118,432,921</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>4,549,086</u> | <u>6,728,867</u> | <u>1,055,956</u> | <u>(2,929,706)</u> | <u>(714,339)</u> | <u>(5,973,953)</u> | <u>882,306</u> | <u>(848,972)</u> | <u>(9,060,127)</u> | <u>(9,339,666)</u> |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Insurance recovery | 21,459 | 23,596 | 37,594 | 5,363 | 206,459 | 34,680 | 78,629 | 188,175 | 30,465 | 40,170 |
| Bonds issued | 9,865,000 | - | 6,925,000 | 1,120,000 | 4,180,000 | 22,630,000 | - | 11,030,000 | 14,905,000 | - |
| Premium on bonds issued | 827,791 | - | 1,047,456 | - | 66,222 | 523,691 | - | 274,451 | 797,573 | - |
| Discount on bonds issued | - | - | - | - | - | - | - | - | - | - |
| Capital leases | 300,376 | - | - | 3,035,627 | - | 151,400 | 148,428 | 286,890 | 971,921 | - |
| Sale of capital and other assets | - | - | 11,000 | 482,720 | 12,723 | 347,464 | - | - | - | - |
| Transfers In | 13,989,217 | 19,188,067 | 14,018,812 | 16,211,735 | 17,148,920 | 36,597,362 | 17,664,742 | 15,553,666 | 14,255,255 | 15,077,669 |
| Deposits for refunding | (10,500,116) | - | - | - | - | - | - | - | - | - |
| Transfers Out | <u>(18,879,173)</u> | <u>(24,243,220)</u> | <u>(19,085,520)</u> | <u>(20,667,938)</u> | <u>(21,608,174)</u> | <u>(40,832,047)</u> | <u>(20,985,635)</u> | <u>(18,822,531)</u> | <u>(17,822,058)</u> | <u>(18,665,345)</u> |
| Total other financing sources (uses) | <u>(4,375,446)</u> | <u>(5,031,557)</u> | <u>2,954,342</u> | <u>187,507</u> | <u>6,150</u> | <u>19,452,550</u> | <u>(3,093,836)</u> | <u>8,510,651</u> | <u>13,138,156</u> | <u>(3,547,506)</u> |
| Net change in fund balances | <u>\$ 173,640</u> | <u>\$ 1,697,310</u> | <u>\$ 4,010,298</u> | <u>\$ (2,742,199)</u> | <u>\$ (708,189)</u> | <u>\$ 13,478,597</u> | <u>\$ (2,211,530)</u> | <u>\$ 7,661,679</u> | <u>\$ 4,078,029</u> | <u>\$ (12,887,172)</u> |
| Debt service as a percentage of noncapital expenditures (1) | <u>5.52%</u> | <u>5.15%</u> | <u>5.20%</u> | <u>5.0%</u> | <u>4.5%</u> | <u>4.5%</u> | <u>4.8%</u> | <u>4.1%</u> | <u>3.9%</u> | <u>4.8%</u> |

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

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| Property tax | \$ 81,125,127 | \$ 80,071,914 | \$ 78,172,692 | \$ 76,516,162 | \$ 75,850,691 | \$ 77,258,854 | \$ 73,378,206 | \$ 69,684,667 | \$ 62,683,368 | \$ 66,230,441 |
| Local sales and use tax | 9,475,836 | 9,380,393 | 9,425,492 | 9,043,325 | 9,322,221 | 9,661,699 | 9,522,530 | 8,928,076 | 8,319,803 | 7,564,266 |
| Hotel and motel room taxes | 4,323,868 | 4,302,250 | 4,278,426 | 4,264,686 | 4,057,057 | 4,290,511 | 4,563,470 | 4,196,637 | 3,698,491 | 2,857,007 |
| Restaurant food taxes | 5,631,472 | 5,563,010 | 5,381,266 | 5,260,568 | 5,054,179 | 5,132,516 | 5,143,049 | 4,910,446 | 4,495,630 | 3,962,278 |
| Business license taxes | 6,410,146 | 5,720,592 | 5,855,061 | 5,770,095 | 5,470,052 | 5,487,494 | 6,712,236 | 5,455,784 | 4,957,395 | 4,226,847 |
| Communications sales tax | 1,322,868 | 1,345,767 | 1,342,206 | 1,370,049 | 1,376,864 | 1,371,148 | 1,509,095 | 647,120 | - | - |
| Motor vehicle licenses | 1,586,865 | 1,525,026 | 1,514,549 | 1,485,763 | 1,474,552 | 1,503,306 | 1,404,639 | 1,426,483 | 1,357,565 | 1,291,961 |
| Franchise taxes | 1,247 | 1,028 | 735 | 502 | 259 | 41 | - | 364,516 | 703,762 | 652,046 |
| Taxes on recordation and wills | 1,545,219 | 1,587,812 | 1,604,286 | 1,238,123 | 1,643,995 | 1,617,076 | 2,054,522 | 1,973,736 | 2,024,164 | 1,619,933 |
| Emergency telephone service taxes | - | - | - | - | - | - | - | 352,343 | 717,810 | 728,098 |
| Other local taxes | 593,893 | 586,487 | 595,901 | 640,782 | 598,227 | 583,052 | 484,138 | 492,629 | 516,037 | 486,036 |
| Total | <u>\$ 112,016,541</u> | <u>\$ 110,084,279</u> | <u>\$ 108,170,614</u> | <u>\$ 105,590,055</u> | <u>\$ 104,848,097</u> | <u>\$ 106,905,697</u> | <u>\$ 104,771,885</u> | <u>\$ 98,432,437</u> | <u>\$ 89,474,025</u> | <u>\$ 89,618,913</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> | | |
| 2014 | \$7,243,259,500 | \$1,491,310,000 | \$ 552,552,935 | \$ 3,780,000 | \$ 425,978,786 | \$ 148,514 | \$ - | \$9,717,029,735 | \$ 0.9363 |
| 2013 | 7,321,920,900 | 1,368,970,400 | 531,217,905 | 3,912,100 | 420,994,403 | 186,019 | - | 9,647,201,727 | 0.9304 |
| 2012 | 7,276,743,200 | 1,361,986,800 | 514,828,080 | 3,812,600 | 393,773,490 | 69,127 | - | 9,551,213,297 | 0.9172 |
| 2011 | 7,551,450,600 | 1,397,685,000 | 493,248,385 | 4,187,400 | 382,175,535 | 96,956 | 68,960,274 | 9,897,804,150 | 0.8232 |
| 2010 | 7,549,953,800 | 1,411,273,300 | 486,463,825 | 4,021,600 | 366,503,738 | 129,147 | 69,774,070 | 9,888,119,480 | 0.8211 |
| 2009 | 7,802,656,100 | 1,190,943,400 | 460,168,335 | 4,725,400 | 346,268,796 | 147,871 | 72,185,117 | 9,877,095,019 | 0.8123 |
| 2008 | 7,668,516,700 | 1,101,172,500 | 515,107,210 | 4,276,100 | 308,145,734 | 148,765 | 67,877,755 | 9,665,244,764 | 0.8348 |
| 2007 | 6,665,019,900 | 980,775,300 | 487,921,335 | 4,224,900 | 326,639,988 | 174,188 | 75,653,448 | 8,540,409,059 | 0.8850 |
| 2006 | 6,530,030,700 | 924,418,600 | 476,044,805 | 4,234,365 | 281,865,579 | 147,630 | 56,217,994 | 8,272,959,673 | 0.8866 |
| 2005 | 4,583,006,800 | 759,384,400 | 438,975,665 | 4,533,300 | 308,441,261 | 195,614 | 108,900,347 | 6,203,437,387 | 1.0399 |

Source: County Commissioner of Revenue.

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

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

| Fiscal Year | Real Estate (1) (2) (3) | Personal Property (1) | Mobile Home (1) (3) | Total Direct Tax Rate |
|------------------------|------------------------------------|----------------------------------|--------------------------------|--------------------------------------|
| 2014 | \$ 0.7515 | \$ 4.00 | \$ 0.7515 | \$ 0.9363 |
| 2013 | 0.7415/0.7515 | 4.00 | 0.7415/0.7515 | 0.9304 |
| 2012 | 0.6575/0.7415 | 4.00 | 0.6575/0.7415 | 0.9172 |
| 2011 | 0.6575 | 4.00 | 0.6575 | 0.8232 |
| 2010 | 0.6575 | 4.00 | 0.6575 | 0.8211 |
| 2009 | 0.6575 | 4.00 | 0.6575 | 0.8123 |
| 2008 | 0.6975/0.6575 | 4.00 | 0.6975/0.6575 | 0.8348 |
| 2007 | 0.6975 | 4.00 | 0.6975 | 0.8850 |
| 2006 | 0.8175/0.6975 | 4.00 | 0.8175/0.6975 | 0.8866 |
| 2005 | 0.8175 | 4.00 | 0.8175 | 1.0399 |

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

(2) The amount designated for school operating is \$0.574 per \$100 of valuation for fiscal year 2014.

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

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

COUNTY OF YORK, VIRGINIA
Principal Property Taxpayers
Calendar Year 2013 and Nine Years Prior*

| <u>Taxpayer</u> | <u>Description</u> | <u>2013 Taxable Assessed Value</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> | <u>2004 Taxable Assessed Valuation</u> | <u>Rank</u> | <u>Percentage of Total Taxable Assessed Value</u> |
|---------------------------------------|------------------------|--|-------------|---|--|-------------|---|
| Virginia Power Company | Generating plant | \$ 343,971,507 | 1 | 3.55% | \$ 344,878,615 | 1 | 5.78% |
| Lawyers Title/Fairfield Resorts | Timeshare condominiums | 179,429,000 | 2 | 1.85% | 119,054,750 | 3 | 2.00% |
| BP/Western Refining/Plains Marketing | Fuel terminal | 157,925,005 | 3 | 1.63% | 84,544,880 | 2 | 1.42% |
| Great Wolf Lodge of Williamsburg, LLC | Hotel and water park | 80,326,935 | 4 | 0.83% | | | |
| Kings Creek Plantation | Timeshare condominiums | 74,454,155 | 5 | 0.77% | 29,906,950 | 8 | 0.50% |
| City of Newport News | Water system | 76,053,500 | 6 | 0.79% | 74,480,000 | 4 | 1.25% |
| Sea World Parks & Entertainment LLC | Water Country | 45,508,275 | 7 | 0.47% | 45,456,605 | 5 | 0.76% |
| Wal Mart | Retail sales | 36,096,916 | 8 | 0.37% | 32,243,390 | 6 | 0.54% |
| 1991 Ashe Partnership | Apartment complex | 39,660,815 | 9 | 0.41% | | | |
| 852 LLC | Apartment complex | <u>34,433,475</u> | 10 | 0.36% | | | |
| Verizon Virginia Inc, | Telecommunications | | | | 24,012,735 | 9 | 0.40% |
| Kiln Creek Shopping Center | Retail sales | | | | 20,051,400 | 10 | 0.34% |
| Philip Morris, Inc. | Manufacturer | | | | <u>14,586,445</u> | 7 | <u>0.24%</u> |
| Total | | <u>\$ 1,067,859,583</u> | | <u>11.02%</u> | <u>\$ 789,215,770</u> | | <u>13.23%</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 (1)</u> | <u>Current Tax Collections (1)</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> |
| 2014 | \$ 79,831,923 | \$ 77,513,973 | 97.10% | \$ - | \$ 77,513,973 | 97.10% |
| 2013 | 78,390,079 | 75,580,443 | 96.42% | 1,932,964 | 77,513,407 | 98.88% |
| 2012 | 77,167,308 | 75,120,925 | 97.35% | 1,387,544 | 76,508,469 | 99.15% |
| 2011 | 78,309,524 | 74,202,547 | 94.76% | 1,572,739 | 75,775,286 | 96.76% |
| 2010 | 79,967,238 | 74,592,412 | 93.28% | 1,681,669 | 76,274,081 | 95.38% |
| 2009 | 77,519,190 | 74,221,594 | 95.75% | 1,747,052 | 75,968,646 | 98.00% |
| 2008 | 72,552,762 | 70,122,593 | 96.65% | 2,033,731 | 72,156,324 | 99.45% |
| 2007 | 69,290,160 | 67,367,845 | 97.23% | 1,366,310 | 68,734,155 | 99.20% |
| 2006 | 67,054,087 | 64,874,238 | 96.75% | 1,566,018 | 66,440,256 | 99.08% |
| 2005 | 65,863,726 | 63,315,662 | 96.13% | 1,650,915 | 64,966,577 | 98.64% |

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

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

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

| <u>Fiscal Year</u> | <u>Governmental Activities</u> | | | | | <u>Business-type Activities</u> | | | <u>Total Primary Government</u> | <u>Percentage of Personal Income (2)</u> | <u>Per Capita (2)</u> |
|--------------------|---------------------------------|-----------------------|-----------------------|----------------------------|---------------------|---------------------------------|----------------------|-----------------------|---------------------------------|--|-----------------------|
| | <u>General Obligation Bonds</u> | <u>Literary Loans</u> | <u>Capital Leases</u> | <u>Lease Revenue Bonds</u> | <u>Note Payable</u> | <u>General Obligation Bonds</u> | <u>Revenue Bonds</u> | <u>Capital Leases</u> | | | |
| 2014 | \$ 49,619,991 | \$ - | \$ 3,113,086 | \$ 24,847,309 | \$ - | \$ - | \$ 22,207,989 | \$ 638,542 | \$ 100,426,917 | N/A | \$ 1,488 |
| 2013 | 54,961,398 | - | 2,862,880 | 26,059,652 | 372,740 | - | 22,141,530 | 940,170 | 107,338,370 | N/A | 1,603 |
| 2012 | 59,822,805 | - | 2,917,121 | 27,499,214 | 719,393 | - | 22,570,884 | 1,230,616 | 114,760,033 | 2.92% | 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 | 3.02% | 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 | 2.84% | 1,573 |
| 2009 | 59,764,486 | 300,000 | 914,834 | 31,951,909 | 1,620,440 | - | 8,194,645 | 2,598,931 | 105,345,245 | 2.97% | 1,622 |
| 2008 | 58,234,825 | 400,000 | 953,896 | 15,437,028 | 1,879,758 | - | 8,449,490 | 705,897 | 86,060,894 | 2.43% | 1,342 |
| 2007 | 62,329,170 | 550,000 | 986,448 | 16,511,783 | 2,120,925 | - | 8,693,806 | 865,335 | 92,057,467 | 2.68% | 1,456 |
| 2006 | 54,659,184 | 710,000 | 860,883 | 17,561,538 | 2,345,211 | - | 8,927,619 | 1,019,773 | 86,084,208 | 2.64% | 1,387 |
| 2005 | 42,112,832 | 870,000 | 69,189 | 18,591,293 | 2,553,797 | - | 9,170,953 | 1,164,211 | 74,532,275 | 2.48% | 1,201 |

N/A - This information is not available.

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

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

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

| <u>Fiscal Year</u> | <u>General Obligation Bonds</u> | <u>Less Amounts Available in Debt Service Fund</u> | <u>Total</u> | <u>Percentage of Actual Taxable Value of Property (1)</u> | <u>Per Capita (2)</u> |
|---------------------------|--|---|---------------------|--|------------------------------|
| 2014 | \$ 49,619,991 | \$ - | \$ 49,619,991 | 0.51% | \$ 735 |
| 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% | 914 |
| 2009 | 59,764,486 | - | 59,764,486 | 0.61% | 920 |
| 2008 | 58,234,825 | - | 58,234,825 | 0.60% | 908 |
| 2007 | 62,329,170 | - | 62,329,170 | 0.73% | 986 |
| 2006 | 54,659,184 | - | 54,659,184 | 0.66% | 881 |
| 2005 | 42,112,832 | - | 42,112,832 | 0.68% | 679 |

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

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

COUNTY OF YORK, VIRGINIA

Pledged Revenue Coverage (1)

Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Net Revenues (2)</u> | <u>Capacity Fees</u> | <u>Meals Tax</u> | <u>Unrestricted Reserves</u> | <u>Total Debt Service</u> | <u>Coverage</u> | | |
|------------------------|-----------------------------|--------------------------|----------------------|----------------------------------|-------------------------------|-------------------|--------------------|--------------------|
| | | | | | | <u>Test 1 (3)</u> | <u>Test 2a (4)</u> | <u>Test 2b (4)</u> |
| 2014 | \$ 4,356,577 | \$ 1,136,879 | \$ 2,248,708 | N/A | \$ 1,674,130 | 2.60 | 2.26 | 3.27 |
| 2013 | 3,687,966 | 815,581 | 2,220,994 | N/A | 1,682,502 | 2.19 | 1.95 | 3.03 |
| 2012 | 2,344,292 | 668,525 | 1,734,227 | N/A | 1,679,914 | 1.40 | 1.20 | 2.03 |
| 2011 | 1,239,891 | 515,932 | 1,050,248 | N/A | 1,059,085 | 1.17 | 0.93 | 1.68 |
| 2010 | 1,275,578 | 274,900 | N/A | 5,731,287 | 664,878 | 1.92 | 1.71 | 5.82 |
| 2009 | 2,104,996 | 876,754 | N/A | 7,531,006 | 662,328 | 3.18 | 2.52 | 7.54 |
| 2008 | 2,270,177 | 973,743 | N/A | 5,993,299 | 664,278 | 3.42 | 2.68 | 6.46 |
| 2007 | 3,480,661 | 1,492,611 | N/A | 8,262,475 | 665,828 | 5.23 | 4.11 | 9.19 |
| 2006 | 3,373,471 | 1,408,337 | N/A | 8,905,523 | 668,169 | 5.05 | 3.99 | 9.61 |
| 2005 | 2,721,522 | 1,011,881 | N/A | 11,859,790 | 706,695 | 3.85 | 3.14 | 10.81 |

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

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

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

(4) Either (a) the ratio of net revenues less 50% of capacity fees divided by 100% of total debt service must exceed 1.0; or for fiscal years 2014- 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 - 2004, (b) the ratio of net revenues less 100% of capacity fees plus 50% of unrestricted reserves divided by 100% of annual debt service must exceed 1.50.

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

| Fiscal Year | Population (1) | Personal Income (Thousands) (2) | Per Capita Income (2) | Median Age (3) | Education Level In Years of Formal Schooling (4) | Student Average Daily Membership (5) | Unemployment Rate (6) |
|------------------------|-----------------------|--|----------------------------------|---------------------------|---|---|----------------------------------|
| 2014 | 67,500 | N/A | N/A | 41.00 | 13.20 | 12,333 | 5.20% |
| 2013 | 66,955 | N/A | N/A | 39.30 | 13.20 | 12,226 | 5.10% |
| 2012 | 66,428 | \$ 3,930,626 | \$ 50,236 | 44.90 | 13.20 | 12,410 | 5.40% |
| 2011 | 65,973 | 3,800,928 | 48,664 | 44.80 | 13.20 | 12,477 | 6.00% |
| 2010 | 65,464 | 3,626,936 | 46,908 | 44.70 | 13.20 | 12,533 | 5.90% |
| 2009 | 64,933 | 3,548,010 | 45,870 | 39.40 | 13.10 | 12,732 | 5.50% |
| 2008 | 64,132 | 3,535,246 | 45,884 | 39.20 | 13.10 | 12,745 | 3.30% |
| 2007 | 63,226 | 3,441,333 | 44,810 | 39.10 | 13.10 | 12,649 | 2.50% |
| 2006 | 62,068 | 3,267,229 | 43,035 | 38.90 | 13.00 | 12,797 | 2.70% |
| 2005 | 62,048 | 3,002,491 | 40,057 | 38.70 | 13.00 | 12,442 | 3.00% |

N/A - This information is not available.

Source:

- (1) Weldon Cooper Center for Public Service.
- (2) Bureau of Economic Analysis combined amount for York County/Poquoson.
- (3) County Planning Division.
- (4) Educational Attainment data published by the U.S. Census Bureau.
- (5) County School Division.
- (6) Local Area Unemployment Statistics Program and the Bureau of Labor Statistics.

COUNTY OF YORK, VIRGINIA

Principal Employers
Current and Nine Years Prior

| <u>Employer</u> | <u>2014</u> | | | <u>2005</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 | 3,420 | 1 | 15.75% | 2,443 | 1 | 11.10% |
| York County School Division | 1,730 | 2 | 7.97% | 1,769 | 2 | 8.04% |
| U.S. Coast Guard Station | 1,391 | 3 | 6.41% | 1,637 | 3 | 7.44% |
| Wal-Mart | 831 | 4 | 3.83% | 1,020 | 4 | 4.63% |
| Water Country | 820 | 5 | 3.78% | 809 | 5 | 3.68% |
| Sentara Williamsburg Regional Medical Center | 812 | 6 | 3.74% | | | |
| York County Government | 721 | 7 | 3.32% | 651 | 6 | 2.96% |
| Great Wolf Lodge | 463 | 8 | 2.13% | 400 | 7 | 1.82% |
| YMCA | 443 | 9 | 2.04% | | | |
| Windham Vacation Ownership | 276 | 10 | 1.27% | | | |
| Fairfield Resorts | | | | 326 | 8 | 1.48% |
| Kings Creek Plantation | | | | 242 | 9 | 1.10% |
| K-Mart | | | | 235 | 10 | 1.07% |
| Total | <u>10,907</u> | | <u>50.24%</u> | <u>9,532</u> | | <u>43.32%</u> |

Source: County Office of Economic Development.

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

| Function | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General government | 19.00 | 18.00 | 20.00 | 20.00 | 20.50 | 20.50 | 20.50 | 21.50 | 21.00 | 21.00 |
| Judicial services | 32.50 | 32.50 | 32.75 | 32.75 | 32.75 | 31.50 | 31.50 | 30.50 | 29.00 | 29.00 |
| Public safety | 300.00 | 300.00 | 300.00 | 299.50 | 300.25 | 286.75 | 279.75 | 266.00 | 259.50 | 254.50 |
| Environmental and development services | 54.50 | 54.25 | 55.00 | 54.00 | 54.00 | 54.00 | 53.00 | 52.00 | 51.00 | 46.00 |
| Finance and planning | 91.25 | 91.25 | 89.25 | 89.25 | 89.25 | 89.25 | 86.50 | 85.25 | 84.75 | 82.25 |
| Education (Library) | 33.00 | 33.00 | 33.50 | 33.50 | 33.50 | 33.50 | 33.50 | 34.00 | 32.50 | 32.50 |
| General services | 72.00 | 71.00 | 80.00 | 81.00 | 81.00 | 80.00 | 67.00 | 65.00 | 68.00 | 67.00 |
| Community services | 50.20 | 50.20 | 54.20 | 54.20 | 54.20 | 54.20 | 53.20 | 53.20 | 52.20 | 51.60 |
| Sewer | 57.00 | 56.00 | 56.50 | 55.50 | 54.00 | 53.00 | 53.00 | 54.00 | 51.00 | 53.00 |
| Water | - | - | - | - | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| Solid Waste | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| | <u>721.45</u> | <u>718.20</u> | <u>733.20</u> | <u>731.70</u> | <u>732.95</u> | <u>716.20</u> | <u>691.45</u> | <u>674.95</u> | <u>662.45</u> | <u>650.35</u> |

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

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

| Function | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| General Government | | | | | | | | | | |
| Elections - Registered voters | 44,840 | 45,165 | 45,540 | 44,814 | 44,353 | 44,962 | 42,906 | 41,203 | 40,667 | 39,485 |
| Judicial Services (Clerk of Court) | | | | | | | | | | |
| Criminal and civil cases filed | 2,501 | 1,651 | 1,773 | 1,903 | 2,022 | 1,730 | 1,607 | 1,900 | 2,101 | 1,908 |
| Land records filed | 23,023 | 26,117 | 21,061 | 21,059 | 28,413 | 26,790 | 30,111 | 31,223 | 32,842 | 29,895 |
| Sheriff | | | | | | | | | | |
| Physical arrests | 1,673 | 1,655 | 1,768 | 2,197 | 2,210 | 1,684 | 1,328 | 1,231 | 1,054 | 1,082 |
| Parking violations | 103 | 71 | 92 | 130 | 109 | 467 | 399 | 143 | 121 | 40 |
| Traffic violations | 2,126 | 2,476 | 3,489 | 3,395 | 3,712 | 4,390 | 2,694 | 3,292 | 3,575 | 3,446 |
| Fire and Life Safety | | | | | | | | | | |
| Number of calls | 9,550 | 9,289 | 9,070 | 8,842 | 8,677 | 8,717 | 9,161 | 8,709 | 15,140 | 14,600 |
| Fire dispatches | 4,007 | 3,567 | 3,504 | 3,552 | 3,482 | 3,497 | 3,999 | 3,695 | 7,887 | 7,785 |
| Rescue dispatches | 5,543 | 5,722 | 5,566 | 5,290 | 5,195 | 5,220 | 5,162 | 5,014 | 7,253 | 6,815 |
| Environmental and Development Services | | | | | | | | | | |
| Building Permits Issued | 4,822 | 4,043 | 3,663 | 3,751 | 3,676 | 3,881 | 4,859 | 5,606 | 5,297 | 6,113 |
| Building Permit Value | \$ 78,778,858 | \$ 74,340,412 | \$ 55,959,121 | \$ 50,093,788 | \$ 76,376,378 | \$ 113,550,581 | \$ 153,900,889 | \$ 194,087,943 | \$ 174,039,300 | \$ 161,305,773 |
| Education | | | | | | | | | | |
| Library book circulation | 524,847 | 529,718 | 562,212 | 576,134 | 623,015 | 647,845 | 658,982 | 645,851 | 680,584 | 693,601 |
| Library registered patrons | 69,860 | 65,057 | 70,684 | 72,915 | 69,064 | 77,612 | 71,578 | 65,019 | 66,660 | 60,412 |
| School Division cost per pupil | \$ 9,584 | \$ 9,743 | \$ 9,424 | \$ 9,292 | \$ 9,736 | \$ 9,506 | \$ 8,996 | \$ 8,888 | \$ 8,117 | \$ 7,664 |
| Community services | | | | | | | | | | |
| Recreation program participation | 100,542 | 108,590 | 101,650 | 119,314 | 113,653 | 130,137 | 82,284 | 57,328 | 45,508 | 40,392 |
| Sewer | | | | | | | | | | |
| New connections | 277 | 339 | 366 | 158 | 166 | 251 | 442 | 530 | 760 | 841 |
| Water | | | | | | | | | | |
| New connections | N/A | N/A | N/A | N/A | N/A | 8 | 12 | 10 | 7 | 8 |
| Consumption | N/A | N/A | N/A | N/A | N/A | 116,927,460 | 123,386,411 | 95,512,834 | 80,965,900 | 52,087,160 |
| Solid Waste | | | | | | | | | | |
| Refuse collections (tons) | 78,352 | 82,774 | 91,699 | 95,671 | 103,842 | 110,282 | 115,738 | 132,544 | 152,493 | 141,635 |
| Recyclables collected (tons) | 28,702 | 23,970 | 18,139 | 17,302 | 29,780 | 27,200 | 30,136 | 21,527 | 17,424 | 16,591 |

Source: Various County departments, except for Sheriff's physical arrests 2005 - 2004, which is from the Virginia State Police on a calendar year basis.

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

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

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

| Function | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Sheriff | | | | | | | | | | |
| Patrol units | 61 | 57 | 59 | 54 | 55 | 54 | 51 | 49 | 48 | 46 |
| Fire and Life Safety | | | | | | | | | | |
| Stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Fire and rescue apparatus | 26 | 26 | 26 | 26 | 26 | 25 | 25 | 25 | 24 | 24 |
| Community services | | | | | | | | | | |
| Park acreage | 786 | 786 | 786 | 786 | 786 | 786 | 847 | 840 | 847 | 847 |
| Parks | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 | 11 |
| Tennis courts | 36 | 36 | 36 | 36 | 36 | 36 | 32 | 30 | 32 | 32 |
| Basketball courts | 38 | 38 | 38 | 38 | 38 | 38 | 36 | 36 | 36 | 36 |
| Volleyball courts | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Athletic fields | 73 | 73 | 73 | 73 | 73 | 73 | 60 | 60 | 60 | 60 |
| Education | | | | | | | | | | |
| School facilities | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Sewer | | | | | | | | | | |
| Sanitary sewer (miles) | 367 | 362 | 350 | 294 | 337 | 288 | 287 | 384 | 214 | 211 |
| Water | | | | | | | | | | |
| Mains (miles) | N/A | N/A | N/A | N/A | N/A | 21.00 | 20.00 | 19.50 | 16.00 | 15.00 |
| Fire hydrants | N/A | N/A | N/A | N/A | N/A | 208 | 232 | 152 | 114 | 108 |
| Maximum daily capacity | N/A | N/A | N/A | N/A | N/A | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |

Source: Various County departments.

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements and have issued our report thereon dated November 25, 2014.

Internal Control Over Financial Reporting

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

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

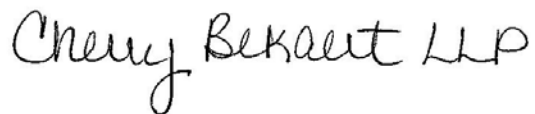
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

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 25, 2014

**Report of Independent Auditor on Compliance with Requirements That
Could Have a Direct and Material Effect on Each Major Program
and on Internal Control over Compliance in Accordance
with OMB Circular A-133**

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 Circular A-133 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, 2014. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2014.

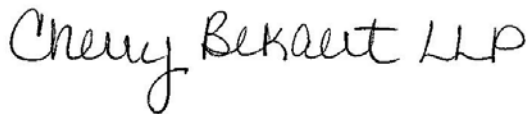
Report on Internal Control Over Compliance

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report 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 25, 2014

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements and have issued our report thereon dated November 25, 2014.

Compliance and Other Matters

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

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

| <u>Code of Virginia</u> | | <u>State Agency Requirements</u> |
|-------------------------------|--------------------|----------------------------------|
| Budget and Appropriation Laws | Procurement | Education |
| Cash and Investments | Unclaimed Property | Comprehensive Services Act Funds |
| Conflicts of Interest | | Social Services |
| Debt Provisions | | |
| Retirement Systems | | |

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

Purpose of this Report

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

Cherry Bekaert LLP

Virginia Beach, Virginia
November 25, 2014

COUNTY OF YORK, VIRGINIA
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2014

| <u>Federal Granting Agency/Recipient State Agency/Grant Program</u> | <u>Federal Catalog Number</u> | <u>Federal Expenditures</u> |
|---|-----------------------------------|---------------------------------|
| Department of Agriculture: | | |
| Direct payments: Child and Adult Care Food Program | 10.558 | \$ 87,817 |
| Pass-through payments: | | |
| Department of Social Services: | | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (765-460-03) | 10.561 | 576,410 |
| Department of Agriculture: Donated Foods | 10.555 | \$ 259,090 |
| Department of Education: | | |
| School Breakfast Program (197-179-01) | 10.553 | 168,167 |
| National School Lunch Program (197-179-01) | 10.555 | 928,480 |
| Department of Juvenile Justice: National School Lunch Program (777-360-03) | 10.555 | <u>5,307</u> |
| Total Child Nutrition Cluster | | 1,361,044 |
| Department of Defense: | | |
| Direct payments: | | |
| Naval Junior ROTC Program | 12.000 | 64,690 |
| National Defense Authorization Act | 12.000 | 581,521 |
| Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools | 12.556 | 842,614 |
| 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 | 3,620 |
| Virginia Housing Development Authority: | | |
| Section 8 Housing Choice Vouchers | 14.871 | 90,689 |
| Department of the Interior: Direct payments: Payments in Lieu of Taxes | 15.226 | 10,213 |
| Department of Justice: | | |
| Direct payments: | | |
| Edward Byrne Memorial State and Local Law Enforcement Assistance | | |
| Discretionary Grants Program | 16.580 | 44,472 |
| Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program | 16.590 | 86,340 |
| State Criminal Alien Assistance Program | 16.606 | 3,883 |
| Bulletproof Vest Partnership Program | 16.607 | 8,730 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 10,298 |
| Equitable Sharing Program | 16.922 | 53,088 |
| Pass-through payments: | | |
| Department of Criminal Justice Services: | | |
| Crime Victim Assistance (140-390-01) | 16.575 | 48,032 |
| Violence Against Women Formula Grants (140-390-01) | 16.588 | 27,431 |
| Department of Transportation: | | |
| Pass-through payments: Department of Motor Vehicles: | | |
| State and Community Highway Safety (530-605-07) | 20.600 | 31,951 |
| Federal Communications Commission: | | |
| Direct payments: Universal Service - E-rate Program | 32.000 | 14,802 |
| Environmental Protection Agency | | |
| Pass-through payments: Office of Water | | |
| Chesapeake Bay Program | 66.466 | 1,059 |
| Department of Education: | | |
| Direct payments: | | |
| Impact Aid | 84.041 | 8,743,487 |
| Pass-through payments: | | |
| Department of Education (197-179-01): | | |
| Title I Grants to Local Educational Agencies | 84.010 | 369,722 |
| Special Education and Rehabilitative Services: | | |
| Special Education - Grants to States | 84.027 | 2,125,629 |
| Special Education - Preschool Grants | 84.173 | <u>47,391</u> |
| Total Special Education Cluster (IDEA) | | 2,173,020 |

(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, 2014

| <u>Federal Granting Agency/Recipient State Agency/Grant Program</u> | <u>Federal Catalog Number</u> | <u>Federal Expenditures</u> |
|--|-----------------------------------|---------------------------------|
| Department of Education: | | |
| Pass-through payments: | | |
| Department of Education (197-179-01): | | |
| Vocational and Adult Education: | | |
| Career and Technical Education - Basic Grants to States | 84.048 | 105,126 |
| Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants) | 84.330 | 3,898 |
| English Language Acquisition State Grants | 84.365 | 61,701 |
| Improving Teacher Quality State Grants | 84.367 | 236,765 |
| Department of Health and Human Services: | | |
| Direct payments: Administration for Children, Youth and Families: Head Start | 93.600 | 825,177 |
| Pass-through payments: | | |
| Department of Social Services: | | |
| Promoting Safe and Stable Families (765-460-03; 765-469-02) | 93.556 | 31,180 |
| Temporary Assistance for Needy Families (765-452-12; 765-460-03) | 93.558 | 388,902 |
| Refugee and Entrant Assistance - State Administered Programs (765-460-03; 765-491-02) | 93.566 | 4,992 |
| Low-Income Home Energy Assistance (765-460-03) | 93.568 | 34,137 |
| Child Care and Development Block Grant (765-452-15) | 93.575 | (1,463) |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (765-452-14; 765-452-15; 765-460-03) | 93.596 | 62,316 |
| Total Child Care and Development Fund Cluster | | 60,853 |
| Stephanie Tubbs Jones Child Welfare Services Program (765-460-03) | 93.645 | 2,857 |
| Foster Care - Title IV-E (765-460-03; 765-469-01) | 93.658 | 266,476 |
| Adoption Assistance (765-460-03) | 93.659 | 120,692 |
| Social Services Block Grant (765-460-03; 765-468-02; 765-469-02; 765-469-03) | 93.667 | 295,862 |
| Chafee Foster Care Independence Program (765-460-03) | 93.674 | 2,881 |
| Children's Health Insurance Program (765-460-03) | 93.767 | 17,019 |
| Medical Assistance Program (765-460-03) | 93.778 | 505,002 |
| Department of Medical Assistance Services: Medical Assistance Program | 93.778 | 88,232 |
| Total Medicaid Cluster | | 593,234 |
| Department of Homeland Security: | | |
| Direct payments: Assistance to Firefighters Grant | 97.044 | 154,406 |
| Pass-through payments: | | |
| Department of Emergency Services: | | |
| Emergency Management Performance Grants (127-775-01) | 97.042 | 59,165 |
| State Homeland Security Program (SHSP) (127-775-01) | 97.073 | 56,755 |
| Total | | \$ 18,557,011 |

See accompanying notes to Schedule of Expenditures of Federal Awards.

COUNTY OF YORK, VIRGINIA
Notes to Schedule of Expenditures of Federal Awards
June 30, 2014

1. GENERAL

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

2. BASIS OF ACCOUNTING

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

3. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the County provided federal awards to a subrecipient as follows:

| <u>Program Title</u> | <u>Federal Catalogue Number</u> | <u>Amount Provided to Subrecipient</u> |
|--|---|--|
| Community Development Block Grants/State's Program | 14.228 | \$ <u>2,387</u> |

COUNTY OF YORK, VIRGINIA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2014

A. Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

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

| | |
|---|-----------|
| Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of OMB Circular A-133? | No |
|---|-----------|

Identification of major federal programs:

| <u>Name of Program</u> | <u>CFDA #</u> |
|---|----------------------|
| Department of Agriculture: | |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program | 10.561 |
| Department of Defense: | |
| National Defense Authorization Act | 12.000 |
| Department of Education: | |
| Special Education – Grants to States | 84.027 |
| Special Education – Preschool Grants | 84.173 |
| Impact Aid Cluster | 84.041 |
| Department of Health and Human Services: | |
| Medical Assistance Program | 93.778 |

| | |
|---|------------------|
| Dollar threshold to distinguish between Types A and B Programs: | \$556,710 |
|---|------------------|

| | |
|---|------------|
| The County of York was qualified as a low risk auditee? | Yes |
|---|------------|

| | |
|--|-------------|
| B. Findings - Financial Statement Audit | None |
| C. Findings and Questioned Costs - Major Federal Awards | None |
| D. Findings and Questioned Costs – State Compliance | None |
| E. Resolution of Prior Year's Findings | N/A |

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