Comprehensive Annual Financial Report

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

For the Fiscal Year Ended June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

THE YORK COUNTY SCHOOL DIVISION
(Component Unit of the County of York, Virginia)

For the Fiscal Year Ended June 30, 2018

Prepared by the Department of Finance

William Bowen
Chief Financial Officer

Margaret Kirk, CPA
Financial Supervisor

THE YORK COUNTY SCHOOL DIVISION
(A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA)
COMPREHENSIVE ANNUAL FINANCIAL REPORT
June 30, 2018

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York County School Division
Superintendent Victor D. Shandor, Ed.D. | yorkcountyschools.org
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November 30, 2018

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the York County School Division (hereafter School Division), a component unit of the County of York, Virginia, for the fiscal year ended June 30, 2018 (FY 2018). State law requires that every general-purpose local government publish a complete set of audited financial statements within six months of the close of the fiscal year. This report has been prepared in accordance with the standards of the financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia. Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with management. All disclosures necessary to enable the reader to gain an understanding of the School Division's financial activities have been included.

U.S. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The School Division's MD&A can be found immediately following the report of the independent auditor.

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

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

Profile of the Reporting Entity and Organization.

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

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

The School Division is the 23rd largest of 132 school divisions in the Commonwealth of Virginia. Total enrollment in FY 2018 was 12,610 and projected budgeted enrollment for fiscal year 2019 (FY 2019) is 12,730. Students are offered a broad range of services including regular education, special education, career and technical education, and gifted education. The oldest school building was built in the early 1950's and the newest school building was built in the mid 1990's. All school facilities undergo a complete renovation approximately every 20 years.

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

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government (County of York) and its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable (e.g., a component unit that is fiscally dependent on the primary government). The School Division is considered a component unit of the County of York. This report includes all funds of the School Division. The School Division has no component units for financial reporting purposes.

Economic Condition and Outlook

The Virginia economy continued to show signs of recovery in FY 2018. It was also the second year of the state fiscal biennium which meant that the local composite index (the "LCI" is a measure of the local government's ability to pay) for each school division was not recalculated. In FY 2017, the first year of the biennium, the York County School Division's LCI decreased from .4026 to .3905. The decrease resulted in over $300,000 more in state revenue than would have otherwise been received if the LCI had not changed.

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

The significant tourism base continues to contribute to the County's improving financial position. The combined effects of the Board's fiscal stewardship, the reprieve in the decommissioning of two generating units at the Yorktown Power Station, the restoration of one-time revenue, and the prudent use of prior-year surpluses, puts York County in a better financial position than it has experienced since before the Great Recession. With the additional revenue from Senate Bill 942, the Amended Budget for FY 2019 reflects the priorities of investment in schools, public safety, employee compensation, and progress in cash funding (pay-go funding) of capital projects. The FY 2019 Adopted Budget amended on July 17, 2018, continues

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to represent a carefully considered fiscal plan that invests in all of the Board's strategic priorities (see *Strategic Priorities*) without a tax rate increase or fee increase. In addition, careful monitoring of revenues and expenditures ensured that the County ended the fiscal year in sound financial condition.

During Fiscal Year 2017, the Board of Supervisors re-affirmed its commitment to economic development by adopting the following as one of its six Strategic Priorities – *Facilitate QUALITY ECONOMIC DEVELOPMENT that is sensitive to community character and the environment.* In support of this objective, the Economic Development Authority (EDA), the Office of Economic Development (OED), and the entire County organization pursued and made significant strides on several initiatives, including:

- **Rt. 17 Revitalization Program**. This program officially endorsed and authorized by the Board features a property acquisition element aimed at stimulating private investment in unique restaurant or retail offerings in the corridor. Targeted properties, once acquired, will be utilized to leverage parcel assemblage and development. The EDA acquired two parcels located at 7120 and 7124 George Washington Memorial Highway in April 2017. One year later, the EDA began negotiating a Letter of Intent (LOI) for a unique restaurant development on the combined properties. At the conclusion of the fiscal year, the LOI was being finalized with the property closing targeted for early 2019.

- **Home-Based Business Support.** The Office of Economic Development, in partnership with the Economic Development Authority and York County Chamber of Commerce, co-hosted the third Home-Based Business Resource Fair & Conference in November (coming to York County in March 2019). This successful event boasted over 100 attendees, 15 speakers, and 20 exhibitors. The conference highlighted the County's continuing focus on nurturing and growing its extensive home-based business sector. Another successful effort in the entrepreneurial arena was the 6th annual Peninsula-wide business plan competition, START Peninsula, which was held in FY 2018 (November 2017) at the Stryker Center in Williamsburg. A total of 28 people pitched their business ideas and three startups were awarded a combined total of $22,500 and free space in local business incubators.

- **Regional Economic Development.** The Greater Williamsburg Partnership (GWP), the regional economic development marketing organization for York, James City County and Williamsburg, responded to 18 prospect opportunities during FY 2018, and at the end of the fiscal year were still pursuing 11 of these leads. Currently, the three member localities are working to consolidate the GWP within the umbrella of the Greater Williamsburg Chamber and Tourism Alliance Business Council to enhance the effectiveness of this important regional initiative.

Development activity, which had slowed substantially in the post-recession years, rebounded strongly in FY 2018. Investment in new residential projects like Whittaker's Mill and Arbordale led to an increase in residential building permit values, from $38.5 million in FY 2017 to $88.7 million in FY 2018. A total of 213 single-family detached homes and townhouses were permitted. This is reflective of the continued pent-up demand for new housing in York County.

Commercial building permit values also more than doubled in FY2018; totaling $63.3 million compared to $26.3 million in FY 2017. New commercial construction totaled $21.5 million significantly contributing to the growth of the County's tax base. A great deal of this investment was related to healthcare, as Virginia Health Systems continued work on its new three-story assisted living addition to the York Convalescent Center complex, and Riverside Hospital broke ground on a new Rehabilitation and Convalescent Hospital

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off Rt. 17 in lower York County. The Snow Companies major renovation of its 38,000 square foot Waller Mill Office Building also buoyed the commercial building permit values.

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

In addition to local economic growth, the current period's financial statements were positively impacted by federal grants. In accordance with School Board policy, the School Division accepts all federal funds that are available, provided there is a specific need for such funds. In continuing to implement that policy, the School Division applied for and received funds from the federal government for programs such as Impact Aid, No Child Left Behind, Special Education Title VIB, and one-time funds from the Department of Defense due to the high percentage of students with parents or legal guardians connected to the military. Funds were also received from the federal government related to the Department of Defense Educational Activity grant program. The total DoDEA literacy grant is $1.5 million to be spent over a five-year period, ending in FY 2020. The grant funds efforts to improve student achievement in literacy in the School Division. In total, federal grant revenue comprised 10.4% of total General Fund Revenue. This percentage decreased in FY 2018 as compared to FY 2017 because of one-time prior year Impact Aid payments from the federal government.

Accounting System

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

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

Budgetary Controls.

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

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Major Initiatives

In 2017-18, the York County School Division continued to focus on programs and services that help to serve the tradition of excellence in York County.

The School Division continues to meet the academic requirements of the state and to provide a well-rounded approach to education. The Division has fine-tuned existing academic programs, added new courses to the Program of Studies, consistently correlated its curriculum with the state Standards of Learning (SOL), and provided professional development opportunities that expand the experience and expertise of the Division's instructional staff. Highlights of 2017-18 curriculum and professional development efforts include:

- School Board Strategic Plan

  In the fall of 2016, division staff conducted more than two dozen stakeholder sessions to establish key priorities of focus for the new strategic plan. Stakeholders identified the skills, knowledge, and experiences that a YCSD graduate should have to be prepared for college and career success as well as specific objectives believed to be critical to student success. More than 496 suggestions were reviewed by teachers, staff and administrators to identify themes and categories. Department staff then developed the 37 objectives intended to meet the five strategic goals. The School Board adopted the FY18-22 Strategic Plan in May 2017 for implementation beginning in FY18.

- Community Surveys

  Goal four of the current strategic plan states, "The York County School Division will foster effective partnerships with families and our community and promote positive relationships between and among staff, students and families." As such, the division conducts a variety of surveys with stakeholders each year.

  In the spring of 2015, the school division initiated a new series of surveys to gain parent and staff input in identifying the competencies and qualifications sought in building principals. This survey tool is used as part of the principal selection process for each building principal vacancy as they occur.

  In addition to conducting community forums during the annual budget development process, the division added an online survey for all constituents to share budget priorities and suggestions during the FY budget development process. Staff provide feedback through surveys regarding working conditions and the support provided by division-level departments.

- Curriculum Development

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

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

- Elementary and Secondary Education Act

The Every Student Succeeds Act (ESSA) replaced No Child Left Behind in 2015. Under ESSA, Virginia developed a new federal accountability system during the 2016-17 school year that was implemented in 2017-18. ESSA requires that states establish targets for raising reading and mathematics performance for specific subgroups. Additionally, rather than fixed targets established in the new state accreditation system, federal targets increase annually. As part of the new federal accountability and state accreditation systems, chronic absenteeism (students missing more that 10% of the school year) targets have also been identified for all students and specific subgroups.

- Virginia Standardized Tests (Standards of Learning)

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

Based on 2018 SOL test results, all York County School Division elementary, middle, and high schools were Fully Accredited.

- Scholastic Aptitude Test (SAT)

The SAT went through significant changes in 2016. Previously the test had three required sections: critical reading, writing/essay, and mathematics. The new test has two required components: evidence based reading and writing (EBRW) and mathematics; the essay component is now optional. With these changes, York County School Division students continue to exceed state and national averages in EBRW and math.

- York River Academy (Charter School)

York River Academy (YRA) is a charter school operated by the York County School Division on the campus of Yorktown Middle School. YRA is designed to provide at-risk students in grades 9 through 12 with an innovative academic and career-preparatory education in core subject areas with an emphasis on computer repair/cabling and web design. The York County School Board authorized the creation of YRA. YRA has a Governing Board comprised of the principal and student, community, teacher, and school division representatives. Students must apply and be accepted to attend YRA.

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There are approximately 70 students attending YRA. Students who successfully complete YRA's innovative curriculum have the opportunity to earn professional technical certifications such as the Internet Computer Core Certification (IC3) and the Microsoft Office Specialist (MOS). YRA is funded by a combination of local, state and federal revenue sources.

- Career/Technical Offerings

  Within the York County School Division, four career and technical education programs (CTE) are offered for high school credit with concentrations that lead to career and technical education completer status. Meeting the needs of students as they prepare to work in the 21st century are offerings in Business and Information Technology, Health & Medical Science (offered at Bruton High School only) Marketing Education, and Technology Education. A CTE Program Completer is a student who has met the requirements for a career and technical concentration or specialization and all requirements for high school graduation. The percentage of completers that attained 80% of the essential competencies on the state-provided, industry-validated competency lists was 98.84%. The performance measure set forth by the state is 90.00%.

- The School Division continues to grow with the community. Several construction projects were started or completed during the 2017-18 school year:

  - Completed the A&E services related to the Grafton Complex renovation and HVAC replacement

  - Completed Phase I of the Tabb Elementary renovation and roof replacement project

  - Continued A&E work on a new elementary school proposed for the northern section of the county

- Future Initiatives

  In the future, the School Division will continue to focus available resources on maintaining student to teacher ratios. Available revenues will also be directed toward programs and initiatives that will enhance the School Division's ability to continue to meet or exceed the State Standards of Learning and the requirements of the new federal *Every Student Succeeds Act* legislation.

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

Major facility improvements planned for FY 2019 include completing the renovation and roof replacement at Tabb Elementary, begin Phase I of the roof and HVAC replacement at the Grafton Complex, replace the roof, HVAC, and add a security vestibule at Coventry Elementary, and expand the parking lot and bus loop at Yorktown Elementary School.

Policies and Significant Changes

The Governmental Accounting and Standards Board (GASB) Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, is effective for FY 2017 financial reporting. Accordingly, disclosures have been made about the School Division's financial reporting for postemployment benefit plans other than pensions.

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In March of 2017, the County and School Division kicked off the financial management system project. The County and School Division began the process of transitioning from the current Bright system to Munis. The financial phase (Phase I) of the project went live on July 1, 2018. This phase includes the chart of accounts, general ledger, projects and grants, budget, procurement, bid management, contract management, accounts payable and receivable, cash management, fixed assets, and general billing. Planning for the HR/payroll module (Phase II) began in October 2018 with a projected "go-live" date of January 1, 2020.

Independent Audit

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

Instructional Leadership Awards

In FY18, Governor Ralph Northam and the Virginia Board of Education announced that 10 schools and the division earned a VIP award. Three elementary schools – Mt. Vernon, Tabb and Waller Mill – earned the Board of Education's Excellence Award. This award recognizes schools that have met all state and federal accountability benchmarks and made significant progress toward goals for increased student achievement and expanded educational opportunities set by the board. Seven – Bethel Manor Elementary, Coventry Elementary, Seaford Elementary, Tabb Middle, Grafton High, Tabb High, and York High – earned the Board of Education Distinguished Achievement Award for meeting all state and federal benchmarks and made progress toward the goals of the governor and the board. YCSD was also one of only 15 school systems in the state to earn the award as a division.

Financial Reporting Certificate Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for the fiscal year ended June 30, 2017 (FY 2017). In addition, the Association of School Business Officials of the United States and Canada (ASBO) awarded a Certificate of Excellence in Financial Reporting to the York County School Division for its comprehensive annual financial report for FY 2017. In order to be awarded a Certificate of Achievement from the GFOA or a Certificate of Excellence from ASBO, a governmental entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate is the highest form of recognition awarded in the field of governmental financial reporting.

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

Budget Presentation Awards

The Association of School Business Officials of the United States and Canada (ASBO) presented a Meritorious Budget Award to the York County School Division for its annual budget for the fiscal year

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beginning July 1, 2018. This program is designed to recognize school systems for achieving excellence in their school system budget presentation. The foundation of this program is a set of criteria developed by ASBO.

Acknowledgments

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

Respectfully submitted,

Victor D. Shandor

Victor D. Shandor, Ed. D.
Division Superintendent

William B. Bowen, Sr.
Chief Financial Officer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

The York County School Division

Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

York County School Division

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Charles E. Peterson, Jr.

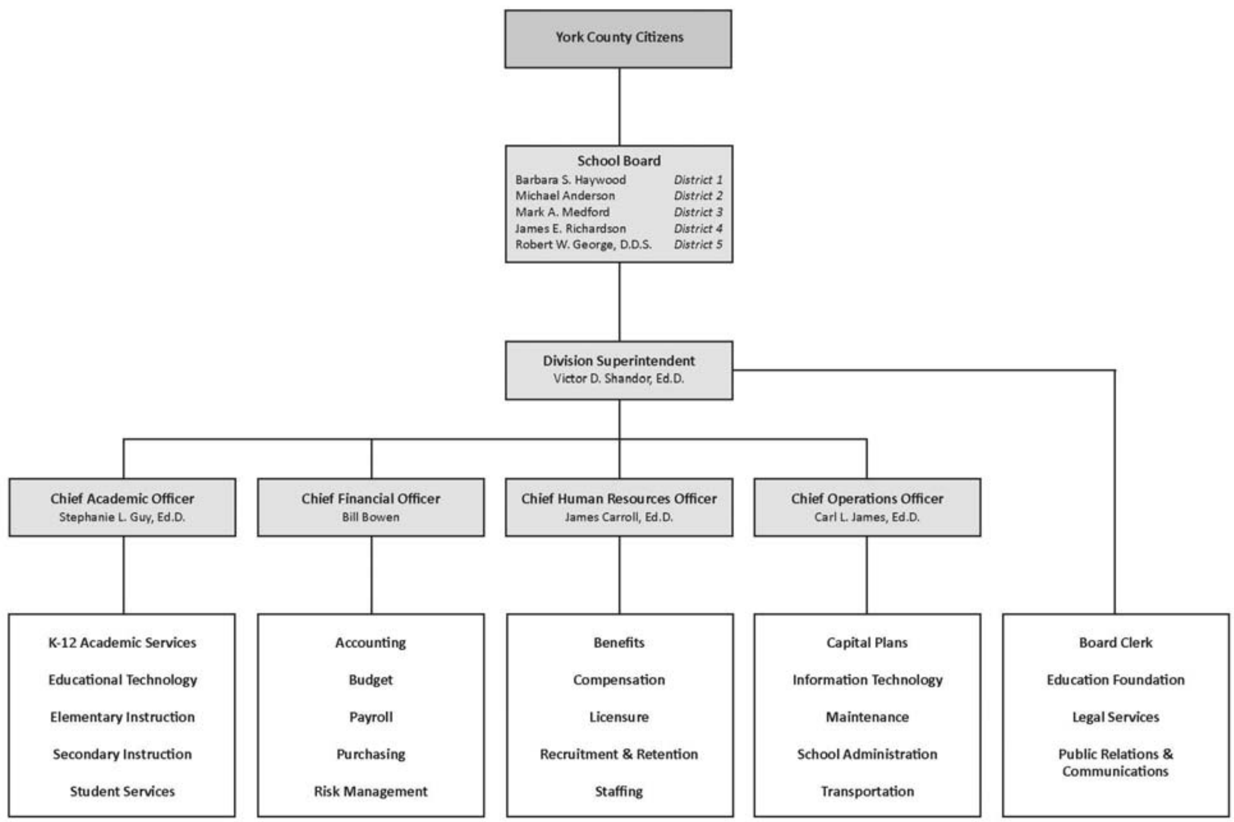
Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director

YORK COUNTY SCHOOL DIVISION ORGANIZATIONAL CHART FY2019

Effective July 1, 2018



THE YORK COUNTY SCHOOL DIVISION
(A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA)
June 30, 2018

School Division Board Members

James E. Richardson, Chair

Robert W. George, D.D.S., Vice Chair

Barbara S. Haywood

Michael Anderson

Mark A. Medford

School Officials

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

FINANCIAL SECTION

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

Members of the School Board
York County School Division

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Division'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 School Division's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Change in Accounting Principle

As described in Note 13 to the financial statements, the School Division adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits other than Pensions*, effective July 1, 2017. Our opinion is not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Division's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

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

Cherry Bekaert LLP

Virginia Beach, Virginia
November 30, 2018

THE YORK COUNTY SCHOOL DIVISION
(A COMPONENT UNIT OF THE COUNTY OF YORK, VIRGINIA)

Management's Discussion and Analysis
For the Year Ended June 30, 2018
(Unaudited)

The discussion and analysis of the York County School Division's (hereafter School Division) financial performance provides an overall review of the School Division's financial activities for FY 2018. The intent of this discussion and analysis is to look at the School Division's financial performance as a whole; readers should also review the transmittal letter at the front of this report and the School Division's financial statements and notes to the basic financial statements which immediately follow this section, to enhance their understanding of the School Division's financial performance.

Financial Highlights

- The School Division maintained a healthy net position of $46.2 million. The value of net position reflects the financial health of the School Division and includes certain assets procured with debt issued by the County of York. The School Division is a component unit of, and fiscally dependent on, the County of York. As such, all debt related to School Division assets are shown on the County's statement of net position.
- For the governmental funds, General Fund revenues accounted for $133.1 million or 90.3% of all revenues, and expenditures were $134.4 million or 91% of all expenditures, compared to $129.3 million (90.6%) in revenues and $128.4 million (89.9%) in expenditures in FY 2017.
- Food Services ended the fiscal year with a fund balance of $1,071,325, a decrease of $119,794 over the beginning of year fund balance. School Division operations staff and a food service management company closely monitored revenues and expenditures during the fiscal year. The decrease in fund balance can be attributed to the need to replace kitchen equipment in several of the school cafeterias. It should also be noted that a new food service management company was contracted by the School Division for FY 2014. Since that time, the School Division has steadily increased the fund balance. It is the goal of the School Division and the contractor to end the fiscal year with an increase in fund balance to put the fund in a stronger financial position.

Using This Comprehensive Annual Financial Report

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

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

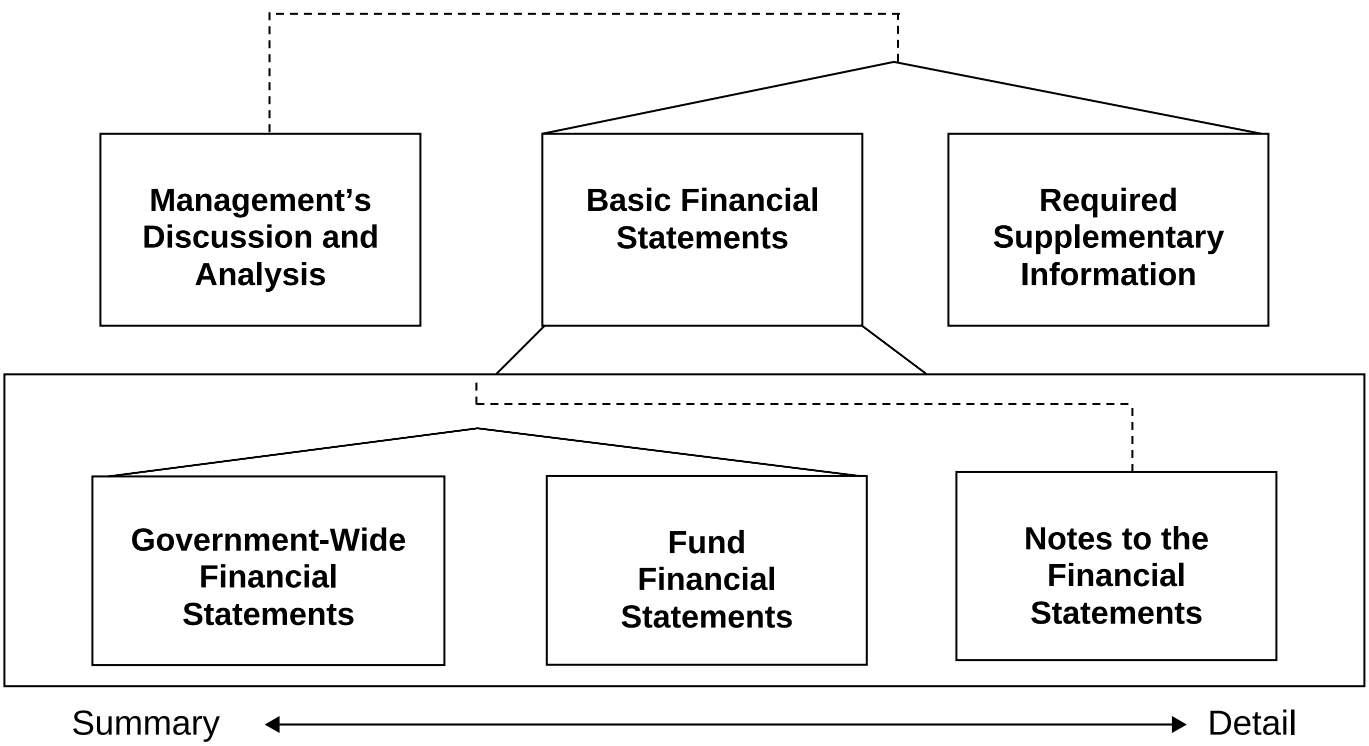
The basic financial statements include three kinds of statements that present different views of the School Division.

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

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

FIGURE A-1

Organization of York County School Division Annual Financial Report



Using This Comprehensive Annual Financial Report *(Concluded)*

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

FIGURE A-2

Major Features of the Government-Wide and Fund Financial Statements

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

Government-Wide Statements

The Government-wide statements report information about the York County School Division as a whole using accounting methods similar to those used in private-sector companies. While this document contains a number of funds used by the School Division to provide programs and activities, the view of the School Division, as a whole, looks at all financial transactions and asks the question, "How did we do financially during FY 2018?" The statement of net position and the statement of activities answer this question. These statements report all of the assets and liabilities using the accrual basis of accounting. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Fund Financial Statements

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

The School Division has three types of funds:

- *Governmental Funds*: Most of the School Division's activities are reported in governmental funds, which focus on how much money flows into and out of those funds and the balances remaining at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School Division's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer resources that can be spent in the near future to finance educational programs. Because the governmental funds information does not encompass the additional long-term focus of the School Division-wide statements, additional information has been added in the form of a reconciliation between the total fund balances of the governmental funds and the total net position of the School Division-wide activities.

- *Proprietary Funds*: Proprietary funds are reported on a full accrual basis and economic resources focus. The School Division uses one internal service fund (a type of proprietary fund) to report activities that provide health and dental services for the School Division.

- *Fiduciary Funds*: The School Division is trustee or fiduciary for the York County School Board Benefit and Pension Trust Fund. All of the fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the School Division-wide statements because the School Division cannot use these assets to finance its operation. The student activity monies are also accounted for in this fund type, as an agency fund.

Financial Analysis of the School Division as a Whole

Net Position

The condensed statement of net position below describes the financial position of the School Division on June 30, 2018. The School Division's financial position remained stable during FY 2018. The largest portion of the School Division net position reflects its investment in capital assets (buildings, land, equipment, and construction-in-progress). Capital assets account for 329% of the total net position and have increased by $5.1 million since June 30, 2017. The only debt the School Division nets against capital assets is for capital leases; however, there are no capital leases outstanding at June 30, 2018. As a component unit (School Division) in Virginia, the School Division does not have the authority to issue debt. All debt is issued by the County of York and, therefore, is shown as a liability on its statement of net position. In years where there are substantial additions to capital assets that are funded through the issuance of County debt, the School Division will have substantial increases in net position invested in capital assets, net of related debt. A more detailed discussion on debt is contained in a later section entitled "Outstanding Long-Term Debt."

The other components of net position are restricted net position and unrestricted net position. Restricted net position represents those resources that have externally imposed constraints on their use. At the end of the fiscal year, restricted net position amounted to $1.0 million, which represents cash restricted for School capital projects. Unrestricted net position is those resources that may be used to meet the obligations placed on the School Division by its creditors and to pay for ongoing operations of the School Division. At the end of the fiscal year, unrestricted net position (deficit) amounted to $(106.9 million), an decrease of $4.1 million from June 30, 2017. The deficit is a result of the continued impact of pension liability reporting.

Condensed Statement of Net Position
(in millions)

	Governmental Activities 2018	Governmental Activities 2017*	Total Percentage Change
Assets			
Current and other assets	$ 40.0	$ 37.7	6.1%
Capital assets	152.1	147.0	3.5%
Total assets	192.1	184.7	4.0%
Deferred outflows of resources			
Pension and OPEB costs	17.1	22.9	-25.3%
Total liabilities			
Current liabilities	22.1	22.7	-2.6%
Long-term liabilities	125.7	143.7	-12.5%
Total liabilities	147.8	166.4	-11.2%
Deferred inflows of resources			
Pension and OPEB costs	15.1	4.0	277.5%
Net position			
Net investment in capital assets	152.1	147.0	3.5%
Restricted	1.0	1.2	-16.7%
Unrestricted (deficit)	(106.9)	(111.0)	-3.7%
Total net position	$ 46.2	$ 37.2	24.2%

* Restated
Note: Totals may not add due to rounding.

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

Net Position *(Continued)*

The following table summarizes the changes in the School Division's net position for the FY 2018, as compared with FY 2017.

Changes in Net Position
(in millions)

	Governmental Activities 2018	Governmental Activities 2017*	Total Percentage Change
Revenues			
Program revenues			
Charges for services	$ 2.8	$ 2.8	0.0%
Operating grants and contributions	66.8	65.4	2.1%
Capital grants and contributions	0.5	0.5	100.0%
General revenues			
County	63.4	60.6	4.6%
Shared intergovernmental revenues	13.6	12.9	5.4%
Miscellaneous revenues	0.3	0.6	-50.0%
Total revenues	147.4	142.8	3.2%
Expenses			
Instruction	97.5	103.3	-5.6%
Administration/attendance and health	6.6	6.8	-2.9%
Transportation	7.1	7.2	-1.4%
Operations and maintenance	12.0	13.0	-7.7%
Technology	11.2	9.0	24.4%
Food service	4.0	3.5	14.3%
Total expenses	138.4	142.8	-3.1%
Change in net position	9.0	-	0.0%
Net position - beginning of year	37.2	37.2	0.0%
Net position - end of year	$ 46.2	$ 37.2	24.2%

* Restated

Note: Totals may not add due to rounding.

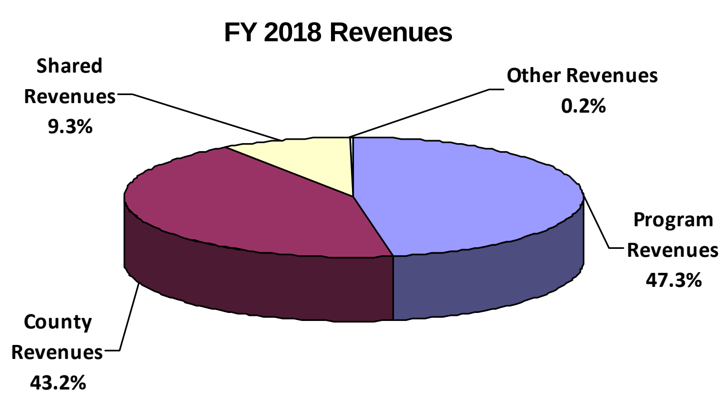
Financial Analysis of the School Division as a Whole *(Continued)*

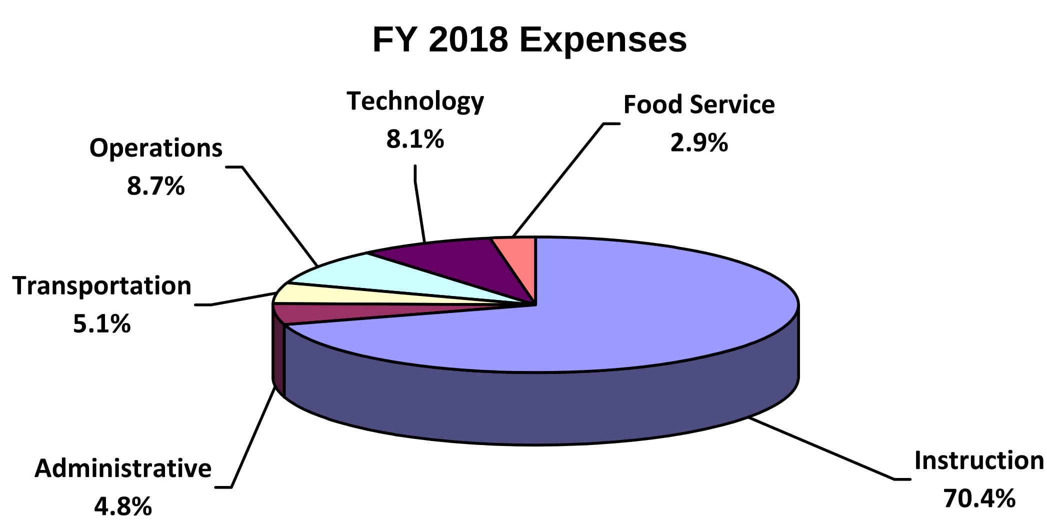
Changes in Net Position

For FY 2018, revenues from governmental activities totaled $147.4 million. State and federal revenue for operating grants and contributions account for 45.3% of the School Division's resources as compared to 45.8% for FY 2017. This includes state funding for meeting the Standards of Quality and federal impact aid. Revenues from the County totaled $63.4 million or 43.2% of the total revenues as compared to $60.6 million or 42.4% for FY 2016. The increase in County funding relates primarily to a $1.5 million increase in the County contribution to the School Division for operations and an additional $0.5 million for cash capital projects.

The total cost of all programs was $138.4 million in FY 2018. Instruction made up 70.4% of the total costs of the School Division in FY 2018 and 72.3% in FY 2017. The School Division's operations and maintenance activities accounted for 8.7% of total costs for FY 2018 and 9.1% for FY 2017 while administration/attendance and health amounted to 4.8% of total costs for FY 2018 and FY 2017.

For FY 2018, revenues exceeded expenses by a total of $9.0 million. A substantial portion of the increase in net position results from (1) funding of capital projects through County contributions and (2) an increase in revenue from the County of York and Commonwealth of Virginia and a less than anticipated growth in expenditures.





Governmental Activities

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

State funding is provided through a formula that calculates the State share of the cost of education, as determined in the Standards of Quality, including basic aid and categorical funds. Sales tax (Shared Intergovernmental Revenue) revenue totaled $13.6 million in FY 2018.

Federal funding comes to the School Division from federal grants and impact aid. Impact aid is designed to reimburse school districts for the loss of revenue due to the presence of the federal government. This is an important reimbursement source of revenue to the School Division since the federal government does not pay property taxes. In FY 2018, the School Division received $8.3 million in impact aid funding, a decrease of $1.2 million over FY 2017.

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

Net Cost of Governmental Activities
(in millions)

	Total Cost of Services 2018	Total Cost of Services 2017*	Net Cost of Services 2018	Net Cost of Services 2017*
Instruction	$ 97.5	$ 103.3	$ 32.2	$ 39.3
Administration/attendance and health	6.6	6.8	6.6	6.8
Transportation	7.1	7.2	7.0	7.1
Operations and maintenance	12.0	13.0	11.5	12.5
Technology	11.2	9.0	10.7	8.5
Food service	4.0	3.5	0.2	(0.2)
	$ 138.4	$ 142.8	$ 68.2	$ 74.0

* Restated
Note: Totals may not add due to rounding.

Significant Changes in Governmental Activities Include:

- The cost of all governmental activities was $138.4 million.
- The net cost of governmental activities was $68.2 million.
- The federal and state governments subsidized certain programs with operating and capital grants and contributions of $66.8 million.
- Most of the School Division’s net cost of services of $68.2 million was funded by the County and state taxpayers.

Financial Analysis of the School Division's Funds

The strong financial performance of the School Division is also reflected in its major governmental funds, the General Fund and the Capital Projects Fund. As the School Division completed the year, the General Fund reported a fund balance of $5.0 million or a $1.3 million decrease from the fund balance reported for FY 2017. The decrease in fund balance for the General Fund stems from the growth in expenditures exceeding the growth in revenues. The Capital Projects Fund reported a fund balance at the end of FY 2018 of $4.3 million or a $1.0 million increase from the fund balance reported for FY 2017 due to the delay in the completion of several multi-year projects. The Food Service Fund, the non-major governmental fund, reported a fund balance of $1.1 million at the end of FY 2018, representing a $0.1 million decrease from the FY 2017 reported fund balance. This decrease was primarily the result of the need to replace equipment in several of our school cafeterias.

General Fund Budgetary Highlights

The School Division's budget is prepared in accordance with Virginia School Laws. The most significant budgeted fund is the General Fund. During the course of FY 2018, the School Division amended its general fund budget as follows:

- Amended appropriations upwards by $326,533 to account for changes in state funds due to higher than expected student enrollment and special education reimbursements.

- Amended appropriations throughout the major budget expenditure categories to accommodate changes in programs and services. This budget amendment did not change the total amount of the budget.

The actual results for the year show a net change in fund balance of $(1.3) million. The decrease, for the most part, was driven by an increase in the year-end reversion and an increase in actual expenditures. General Fund revenues were $133.1 million or 2.94% higher in FY 2018 as compared to FY 2017. Federal revenue decreased $1.3 million or 9.3% in FY 2018 as compared to the previous fiscal year. This was due primarily to a decrease in miscellaneous federal grants, a reduction in Title VIB reimbursements and reduction in federal impact aid funding due to the timing of one-time prior year payments.

General Fund actual expenditures were $4.3 million less than the final budgeted amount. Significant factors contributing to the variance include:

- Outstanding encumbrances at June 30, 2018 are not reflected in the budget comparison schedule.

- Personnel savings due to vacant positions, staff on leave without pay, and personnel attrition.

- Portions of state and federal grants were carried forward to FY 2018.

- Managed savings in numerous budget accounts.

Proprietary Funds

The School Division's internal service fund, a proprietary fund type, is presented on the same basis as the government-wide financial statements but is presented in more detail in the fund financial statements. FY15 was the first year of operation for the fund. As of June 30, 2018, the ending net position of the fund was $6.8 million. The actual results for the year show a net change in fund balance of $0.8 million. The decrease was driven by charges for services of $16.9 million and payments for contractual services of $16.1 million.

Capital Assets

At the end of FY 2018, the School Division had $152.1 million (a 3.5% increase from FY 2017) invested in furniture and equipment, land, buildings, and construction-in-progress in governmental-type activities. The following table displays FY 2018 balances, net of accumulated depreciation. More detailed information about capital assets can be found in Note 5 to the financial statements.

Capital Assets, net of depreciation (in millions)

	Governmental Activities 2018	Governmental Activities 2017	Total Percentage Change
Land	$ 4.8	$ 4.8	0.0%
Construction in progress	5.3	4.9	8.2%
Depreciable capital assets	142.0	137.3	3.4%
Total	$ 152.1	$ 147.0	3.5%

Major Capital Asset Additions for FY 2018 Included:

- Complete the renovation and roof replacement at Tabb Elementary School $685,000.
- Phase I of the roof replacement and HVAC replacement at Grafton High School and Grafton Middle School at a cost of $2 million.
- Replace the roof, add security vestibule and replace HVAC at Coventry Elementary at a cost of $2.9 million.
- Expand the parking lot and bus loop at Yorktown Elementary School at a cost of $475,000.

The Following Major Capital Projects are Included in the School Division's FY 2019 Capital Budget:

- Phase II of the roof replacement at Grafton High School and Grafton Middle School
- Enclose the breezeway and create security vestibule at Mt. Vernon Elementary School
- Renovate the York High library commons

Funding for the FY 2019 capital projects includes $9.0 million in appropriated funds from the County of York.

Outstanding Long-Term Debt

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

Factors Influencing Future Budgets

The FY 2019 budget provides the following significant costs and budget reductions:

- One current step and restored step increase to all eligible staff. Additionally, a 0.6% across the board increase was provided to licensed staff (teachers). In total, in FY 2019 a 3.0% average increase was provided to all staff covered by the Virginia Retirement System.

- A 2.5% increase in the employer health insurance contribution for employees participating in the health insurance plans. Participating employees were required to pay their share of the increase.

- The addition of 9.5 teacher positions, 3 English language teachers, a speech language pathologist, a math coach, a social worker and 1.5 para-educator positions to meet enrollment growth and special education needs.

- Funding to support the capital projects included in the FY 2019 Capital Improvements Program.

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

- The Commonwealth of Virginia will be considering updates to the current FY 2019 budget and the budget for FY 2020 during the 2019 General Assembly session. The impact on the School Division of the FY 2020 budget is unknown at this time. To date, state revenues have exceeded projections by 3%. It is anticipated that elementary and secondary public education funding for FY 2019 and FY 2002 may be increased to support school construction and maintenance projects to ageing facilities. The Governor is expected to release his proposed budget in late December 2018.

- Several capital projects are planned for FY 2019 and FY 2020 including the architectural and engineering services for a new elementary school. The A&E services for a new elementary school will most likely be funded from County reserve funds when needed. Whether that project and other projects will be postponed due to funding considerations is being monitored.

- The impact on the School Division related to the new federal budget is unknown at this time. The federal government will be considering the budget for Impact Aid for FY 2019 during the next Congressional session. There is concern that further reductions to the Impact Aid program will be made, which will make it difficult for the School Division to continue to deliver superior services to our military connected students and families.

- The County government will not be conducting the reassessment of real estate in 2018.

Contacting the York County School Division’s Financial Management

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

BASIC FINANCIAL STATEMENTS

THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position
Governmental Activities
June 30, 2018

	Governmental Activities
Assets	
Cash and investments	$ 23,888,777
Receivables:	
Other receivables	17,474
Due from the County of York, Virginia	8,001,329
Due from other governments	3,678,644
Prepaid expenses	2,057,600
Net OPEB asset	2,302,804
Capital assets:	
Land	4,824,818
Construction in progress	5,367,783
Buildings, improvements, and equipment - net	141,918,214
Total assets	192,057,443
Deferred outflows of resources	
Deferred outflows of resources - pension	15,805,182
Deferred outflows of resources - OPEB	1,261,046
Total deferred outflows of resources	17,066,228
Liabilities	
Vouchers and accounts payable	5,756,281
Retainage payable	119,281
Salaries, taxes, and benefits payable	13,554,888
Unearned revenues	122,263
Due within one year	2,579,450
Due in more than one year	125,666,811
Total liabilities	147,798,974
Deferred inflows of resources	
Deferred inflows of resources - pension	13,814,994
Deferred inflows of resources - OPEB	1,269,598
Total deferred inflows of resources	15,084,592
Net position	
Net investment in capital assets	152,110,815
Restricted:	
Food service	1,071,325
Unrestricted (deficit)	(106,942,035)
Total net position	$ 46,240,105

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Activities
Governmental Activities
Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Total
Primary Government					
Governmental activities:					
Instructional	$ 97,463,764	$ 760,626	$ 64,478,132	$ -	$ (32,225,006)
Administrative, attendance, and health services	6,646,762	-	-	-	(6,646,762)
Transportation	7,064,721	-	76,879	-	(6,987,842)
Operations and maintenance	12,017,480	-	479,532	-	(11,537,948)
Technology	11,211,833	-	-	523,118	(10,688,715)
Food services	3,992,948	2,039,125	1,789,958	-	(163,865)
Total governmental activities	138,397,508	2,799,751	66,824,501	523,118	(68,250,138)
Total Primary Government	$ 138,397,508	$ 2,799,751	$ 66,824,501	$ 523,118	(68,250,138)

General revenues:	
Payments from the County of York (unrestricted)	63,398,906
Shared intergovernmental revenues (unrestricted)	13,605,183
Investment income (unrestricted)	5,284
Miscellaneous	259,921
Total general revenues	77,269,294
Change in net position	9,019,156
Net position - beginning, as restated	37,220,949
Net position - ending	$ 46,240,105

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

THE YORK COUNTY SCHOOL DIVISION

Balance Sheet
Governmental Funds
June 30, 2018

	General	Capital Projects	Non-major Governmental Fund	Total Governmental Funds
Assets				
Cash and temporary investments	$ 9,762,513	$ 6,095,854	$ 1,240,471	$ 17,098,838
Other receivables	17,474	-	-	17,474
Due from the County of York, Virginia	8,001,329	-	-	8,001,329
Due from other governments	3,603,834	-	74,810	3,678,644
Total assets	$ 21,385,150	$ 6,095,854	$ 1,315,281	$ 28,796,285
Liabilities and fund balances				
Liabilities:				
Vouchers and accounts payable	$ 2,837,799	$ 1,643,803	$ 140,133	$ 4,621,735
Retainage payable	-	119,281	-	119,281
Salaries, taxes, and benefits payable	13,520,458	3,099	31,331	13,554,888
Unearned revenues	3,259	-	72,492	75,751
Total liabilities	16,361,516	1,766,183	243,956	18,371,655
Fund balances:				
Restricted	-	-	1,071,325	1,071,325
Committed	2,969,079	-	-	2,969,079
Assigned	2,054,555	4,329,671	-	6,384,226
Total fund balances	5,023,634	4,329,671	1,071,325	10,424,630
Total liabilities and fund balances	$ 21,385,150	$ 6,095,854	$ 1,315,281	$ 28,796,285

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

THE YORK COUNTY SCHOOL DIVISION

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

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

Total fund balances - governmental funds	$ 10,424,630
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	152,110,815
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(5,657,839)
The net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(104,902,972)
The OPEB asset is not a current financial resource and, therefore, is not reported as an asset in the governmental funds.	2,302,804
The net OPEB liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(16,791,000)
Deferred outflows and inflows of resources related to the net pension obligation are not recognized in the funds.	1,990,188
Deferred outflows and inflows of resources related to the net OPEB obligation are not recognized in the funds.	(8,552)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.	6,772,031
Net position of governmental activities	$ 46,240,105

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2018

	General	Capital Projects	Non-major Governmental Fund	Total Governmental Funds
Revenues				
Intergovernmental:				
From the County of York, Virginia	$ 52,964,009	$ 10,434,897	$ -	$ 63,398,906
From the Commonwealth of Virginia	65,602,215	-	66,343	65,668,558
From the federal government	13,004,218	-	1,723,615	14,727,833
Revenues from use of money and property	666,128	45,323	2,812	714,263
Charges for services	760,626	-	2,039,125	2,799,751
Miscellaneous	103,586	-	3,767	107,353
Total revenues	133,100,782	10,480,220	3,835,662	147,416,664
Expenditures				
Current - education:				
Instruction	97,518,132	-	-	97,518,132
Administration, attendance, and health services	6,425,158	-	-	6,425,158
Public transportation	7,925,403	-	-	7,925,403
Operations and maintenance	11,703,598	-	-	11,703,598
Technology	10,871,427	-	-	10,871,427
Total education	134,443,718	-	-	134,443,718
Food services	-	-	3,940,456	3,940,456
Capital outlay	-	9,440,851	-	9,440,851
Total expenditures	134,443,718	9,440,851	3,940,456	147,825,025
Excess (deficiency) of revenues over (under) expenditures	(1,342,936)	1,039,369	(104,794)	(408,361)
Other financing sources (uses)				
Transfers in	15,000	-	-	15,000
Transfers out	-	-	(15,000)	(15,000)
Total other financing sources (uses), net	15,000	-	(15,000)	-
Net change in fund balance	(1,327,936)	1,039,369	(119,794)	(408,361)
Fund balance - beginning	6,351,570	3,290,302	1,191,119	10,832,991
Fund balance - ending	$ 5,023,634	$ 4,329,671	$ 1,071,325	$ 10,424,630

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

THE YORK COUNTY SCHOOL DIVISION

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

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

Net change in fund balances - total governmental funds			$ (408,361)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense.			
	Capital outlay	$ 10,684,976	
	Depreciation expense	(5,532,522)	5,152,454
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.			
	Gross value of capital asset disposals	(1,884,690)	
	Depreciation of capital asset disposals	1,855,232	(29,458)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
	Compensated absences	(116,557)	
	Pension costs	2,694,201	
	OPEB	777,100	
	Workers' compensation claims	116,084	3,470,828
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities.			833,693
Change in net position of governmental activities			$ 9,019,156

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position
Proprietary Fund
June 30, 2018

	Internal Service Fund
Assets	
Current assets:	
Cash and investments	$ 6,789,939
Prepaid expenses	2,057,600
Total current assets	8,847,539
Total assets	8,847,539
Liabilities	
Current liabilities:	
Vouchers and accounts payable	1,134,546
Unearned revenues	46,512
Claims payable	894,450
Total current liabilities	2,075,508
Total liabilities	2,075,508
Net position	
Unrestricted	$ 6,772,031

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
Year Ended June 30, 2018

	Internal Service Fund
Operating revenues	
Use of money & property	$ 248
Charges for services	16,923,385
Total operating revenues	16,923,633
Operating expenses	
Contractual services	16,089,940
Operating income	833,693
Change in net postion	833,693
Net position - beginning	5,938,338
Net position - ending	$ 6,772,031

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2018

		Internal Service Fund
Cash Flows from Operating Activities		
Received from users	$	16,988,581
Payments for services		(17,542,453)
Net cash used in operating activities		(553,872)
Net decrease in cash		(553,872)
Cash - beginning		7,343,811
Cash - ending	$	6,789,939
Reconciliation of operating income to net cash used in operating activities		
Operating income	$	833,693
Change in:		
Prepaid expenses		(697,900)
Due from other funds		6,529
Other receivables		403
Accounts and vouchers payable		(194,115)
Unearned revenues		3,068
Claims payable		(505,550)
Net cash used in operating activities	$	(553,872)

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Net Position
Fiduciary Funds
June 30, 2018

	Pension Trust Fund Optional Plan	Agency Fund School Activity Funds
Assets		
Cash and investments	$ -	$ 1,634,840
Restricted cash	80,232	-
Restricted investments:		
Corporate obligations	414,133	-
Commercial paper	1,248,140	-
Total restricted investments	1,662,273	-
Accrued income	48,821	-
Total assets	$ 1,791,326	$ 1,634,840
Liabilities		
Assets held for others	$ -	$ 1,634,840
Total liabilities	-	$ 1,634,840
Net position		
Net position restricted for pensions	$ 1,791,326	

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

THE YORK COUNTY SCHOOL DIVISION

Statement of Changes in Net Position
Fiduciary Fund
Year Ended June 30, 2018

	Pension Trust Fund Optional Plan
Additions	
Contributions:	
Employer	$ -
Total contributions	-
Investment income:	
Earning from investments	45,950
Net appreciation in the fair value of investments	188,504
Other receipts	2,654
Net investment income	237,108
Total additions	237,108
Deductions	
Benefit payments	189,804
Administrative expenses	19,483
Total deductions	209,287
Net change in net position	27,821
Net position restricted for pensions	
Net position - beginning	1,763,505
Net position - ending	$ 1,791,326

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

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The School Division is responsible for elementary and secondary education for the County. The accounting policies of the School Division conform with GAAP as applicable to governmental units. The following is a summary of the more significant accounting policies of the School Division:

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

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

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

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

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

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

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

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

Governmental Funds

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

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

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

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

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

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

Proprietary Fund - Internal Service Fund

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

Fiduciary Funds

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

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

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

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

Basis of Accounting

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

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

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

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

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

Cash, Cash Equivalents, and Temporary Investments
Cash and temporary investments are pooled with the cash and investments of the County. The School Division utilizes the pooled cash investment method wherein income from the investment of pooled cash is allocated to the various funds based on the percentage of cash and cash equivalents of each fund to the total pooled cash and cash equivalents. Investments in State Treasurer's Local Government Investment Pool (LGIP) are recorded at amortized cost. All others are reported at fair value. The cash in the agency fund represents the student activity funds cash balances in the separate bank accounts maintained by the individual schools. Investments with original maturities of 90 days or less are considered cash equivalents.

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

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

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

Prepaids
Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the basic financial statements. Prepaid items are expensed using the consumption method.

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

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

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

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

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

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

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

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

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

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

Assigned - Includes amounts that are intended to be used by the School Division for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, the School Board has authorized the Superintendent of Schools to assign fund balance via School Board Policy legislation.

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

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

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

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

Interfund Activity

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

Retirement Plan

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period, and so it will not be recognized as an expense or expenditure until then. The School Division's deferred outflows of resources consist of the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual earnings on pension plan investments, changes in proportion and differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date related to pensions and other postemployment benefits (OPEB).

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so it will not be recognized as revenue until then. The School Division's deferred inflows of resources consist of the difference between expected and actual experience, changes of assumptions, the net difference between projected and actual earnings on pension plan investments, the net difference between projected and actual earnings on OPEB plan investments, and changes in proportion and differences between employer contributions and proportionate share of contributions related to pensions and OPEB.

Use of Estimates

Management of the School Division has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities, to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Management believes any differences between these estimates and actual results should not materially affect the School Division's reporting of its financial position.

Unearned Revenues

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

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

Other Postemployment Benefits (OPEB)
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the School Division Plan and additions to/deductions from the School Division Plan's fiduciary net position have been determined on the same basis as they are reported by the School Division Plan. For this purposes, the School Division Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

2. DEPOSITS AND INVESTMENTS

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

Deposits
All cash is maintained in accounts collateralized in accordance with the *Virginia Security for Public Deposits Act*, Section 2.2-4400 et seq. or covered by Federal depository insurance. At June 30, 2018, cash and investments of the School Division consisted of:

Bank deposits	$ 23,718,930
Investments	169,247
Cash and cash equivalents with York County Treasurer	23,888,177
Petty cash	600
Total cash and cash equivalents	$ 23,888,777

Cash and investments of the School Division's Pension Trust Fund and School Activity Funds at June 30, 2018 consisted of:

Bank deposits	$ 1,634,840
Restricted cash	80,232
Investments	1,662,273
	$ 3,377,345

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

2. DEPOSITS AND INVESTMENTS *(Continued)*

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

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

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

Custodial Credit Risk - Deposits
Custodial credit risk is the risk, that in the event of the failure of a depository financial institution, the School Board will not be able to recover its deposits or collateral securities that are in the possession of an outside party. All deposits of the School Division are maintained in accounts collateralized in accordance with the *Virginia Security for Public Deposits Act*, Section 2.2-400 et seq. of the Code of Virginia. The School Division has no such policies related to this risk.

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

Credit Risk
As required by State Statute, the Policy requires that commercial paper be rated "prime quality" by at least two nationally recognized, statistical rating organizations and corporate notes and bonds must be rated in the AAA or AA categories by both Standard & Poor's and Moody's Investor Service. The County's Policy further limits credit risk by limiting investments in securities that have higher credit risks.

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

As of June 30, 2018, the School Division's investments held by the County Treasurer consisted of $169,247 invested in LGIP, with a Standard & Poor's rating of AAA.

The School Division's Pension Trust Fund investments as rated by Standard & Poor's were as follows:

Investment Type	AAA	AA	A	B	Not Rated
Commercial paper	$ -	$ -	$ 462,512	$ 621,472	$ 164,156
Corporate obligations	24,608	24,224	241,236	124,065	-
Total Investments	$ 24,608	$ 24,224	$ 703,748	$ 745,537	$ 164,156

2. DEPOSITS AND INVESTMENTS *(Concluded)*

Concentration of Credit Risk

State Statute limits the percentage of the portfolio that can be invested in commercial paper of a single issuer to no more than 5%. The County's policy does not set additional credit concentration limits. As of June 30, 2018, the School Division's portfolio held with the County Treasurer complied with the State Statute.

As of June 30, 2018, there were no investments in the School Division's Pension Trust portfolio that exceeded 5% of the total portfolio.

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the County's Policy limits the investment portfolio holdings to no more than 18 months, unless approved by the Treasurer.

As of June 30, 2018, the carrying values and weighted average maturity of the School Division's investments held with the County Treasurer were as follows:

Investment Type	Value
LGIP	$ 169,247

As of June 30, 2018, the carrying values and weighted average maturity of the School Division's Pension Trust Fund investments were as follows:

Investment Type	Fair Value	Average Maturity in Years
Commercial paper	$ 1,248,140	
Corporate obligations	414,133	2.45
Total Investments	$ 1,662,273	
Weighted Average of Portfolio		0.61

Fair Value

The School Division categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School Division has the following recurring fair value measurements as of June 30, 2018:

- Commercial paper of $1,248,140 are valued using quoted market prices (Level 1 inputs)
- Corporate obligations of $414,133 are valued using quoted market prices (Level 1 inputs).

3. TRANSACTIONS BETWEEN THE COUNTY AND THE SCHOOL DIVISION

The following activities took place between the County and the School Division during the year ended June 30, 2018:

	Due From
School Operating Fund:	
Due from County	$ 8,001,329
Purpose:	
School Operations	$ 8,001,329

	Intergovernmental Revenues
School Operating Fund	$ 52,964,009
Capital Projects Fund	10,434,897
Intergovernmental Revenues from the County of York	$ 63,398,906
Purpose:	
School Operations	$ 64,021,991
Year-End Reversion Entry	(623,085)
	$ 63,398,906

4. TRANSFERS BETWEEN FUNDS

During the year ended June 30, 2018, $15,000 was transferred from the non-major Governmental Fund to the General Fund for the School Food Service Fund's portion of worker's compensation.

5. CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

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

Depreciation expense was charged to functions as follows:

Governmental activities	
Instruction	$ 4,250,153
Administration, attendance, and health services	221,604
Pupil transportation	855,436
Operations and maintenance	152,837
Food services	52,492
Total governmental activities depreciation expense	$ 5,532,522

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

5. CAPITAL ASSETS *(Concluded)*

Construction in progress is composed of the following at June 30, 2018:

	Project Authorization	Expended through June 30, 2018	Balance of Authorization	Future Requirements
School projects	$ 24,572,621	$ 8,548,698	$ 16,023,923	$ -

6. LONG-TERM LIABILITIES

A summary of changes in long-term obligations for governmental activities for the year ended June 30, 2018 follows:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Compensated absences	$ 2,572,203	$ 1,276,973	$ 1,160,416	$ 2,688,760	$ 1,210,000
Net OPEB liability *	18,163,000	913,000	2,285,000	16,791,000	-
Net pension liability	123,390,803	17,143,549	35,631,380	104,902,972	-
Claims liability	4,485,163	281,714	903,348	3,863,529	1,369,450
Total minimum payments	$ 148,611,169	$ 19,615,236	$ 39,980,144	$ 128,246,261	$ 2,579,450

* Restated for GASB 75

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

7. FUND BALANCES

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

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

	General	Capital Projects	Non-Major Governmental	Governmental Funds
Restricted				
Food Service	$ -	$ -	$ 1,071,325	$ 1,071,325
Total Restricted	-	-	1,071,325	1,071,325
Committed				
Self-insurance	2,969,079	-	-	2,969,079
Total Committed	2,969,079	-	-	2,969,079
Assigned				
Instruction	828,163	-	-	828,163
Administration, attendance, health	39,820	-	-	39,820
Transportation	7,547	-	-	7,547
Operations and maintenance	824,225	-	-	824,225
Technology	354,800	-	-	354,800
Capital projects	-	4,329,671	-	4,329,671
Total Assigned	2,054,555	4,329,671	-	6,384,226
Unassigned	-	-	-	-
Total Fund Balances	$ 5,023,634	$ 4,329,671	$ 1,071,325	$ 10,424,630

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

8. LEASES

Lessee

The School Division leases certain equipment and office space under non-cancelable operating lease agreements. A summary of future minimum rental payments under non-cancelable operating leases as of June 30, 2018 is as follows:

Fiscal Year		
2019	$	271,587
2020		271,587
2021		271,587
2022		51,625
Total Minimum Payments	$	866,386

Rental expenditures for the year ended June 30, 2018 for all operating leases were $271,587.

Lessor

The School Division leases certain land where radio towers are located. The School Division does not own the radio towers but does own the land. The radio towers are located at York Middle School, York High School, and Waller Mill Elementary School. The School Division also leases a portion of Yorktown Middle School to the New Horizons Regional Education Center. The total cost and accumulated depreciation of the Yorktown Middle School building at June 30, 2018 is $1,066,600 and $854,978, respectively.

A summary of future minimum rental receipts under non-cancelable operating leases as of June 30, 2018 is as follows:

Fiscal Year		
2019	$	353,121
2020		353,121
2021		353,121
2022		353,151
2023		353,151
Total Minimum Payments	$	1,765,665

Rental revenue for all operating leases was $443,571 for the year ended June 30, 2018.

9. DEFINED BENEFIT PENSION PLANS

Virginia Retirement System

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

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. All full-time, salaried permanent (nonprofessional) employees of the Political Subdivision are automatically covered by the VRS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

The System administers three different benefit structures for covered employees - Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each Plan and eligibility for covered groups within each plan are set out in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 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.	**About Plan 2** 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.	**About the Hybrid Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • 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.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. **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 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 Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Eligible 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 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 Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • School division employees • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 through April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. 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.	**Retirement Contributions** Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction.	**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 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.	**Creditable Service** Same as Plan 1.	**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 Contribution Component: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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 5 years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** Defined Benefit Components: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach 5 years (60 months) of creditable service. Plan 1 or Plan 2 members with at least 5 years (60 months) of creditable service who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. Defined Contribution Component: Defined contribution vesting refers to minimum length of service a member needs to be eligible to withdraw employer contributions from the defined contribution component of the plan. Members are always 100% vested in contributions 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 2 years, a member is 50% vested and may withdraw 50% of employer contributions. • After 3 years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distribution is not required by law until age 70½.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** Defined Benefit Component: See definition under 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
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%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For any non-hazardous duty members, the retirement multiplier is 1.65% for creditable service earned, purchased, or granted on or after January 1, 2013.	**Service Retirement Multiplier** Defined Benefit Component: The retirement multiplier for the defined benefit component is 1.0%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. Defined Contribution Component: Not applicable.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of creditable service or at age 50 with at least 30 years of creditable service.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of creditable service or when their age and service equal 90.	**Earliest Unreduced Retirement Eligibility** Defined Benefit Component: 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 Reduced Retirement Eligibility Age 55 with at least five years (60 months) of creditable service or age 50 with at least 10 years of creditable service.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of creditable service.	**Earliest Unreduced Retirement Eligibility** Defined Benefit Component: Members may retire with a reduced benefit as early as age 60 with at least 5 years (60 months) of creditable service. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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%.	**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%.	**Cost-of-Living Adjustment (COLA) in Retirement** Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable.
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.	**Eligibility:** Same as Plan 1.	**Eligibility:** Same as Plan 1 and Plan 2.
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 5 years of qualifying for an unreduced retirement benefit as of Jan. 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP). • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.	**Exceptions to COLA Effective Dates:** Same as Plan 1.	**Exceptions to COLA Effective Dates:** Same as Plan 1 and Plan 2.

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
Exceptions to COLA Effective Dates (continued): • 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. Virginia Sickness and Disability Program (VSDP) members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**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. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	**Disability Coverage** Eligible school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** Defined Benefit Component: Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. • The cost for purchasing refunded service is the higher of 4% of creditable compensation or average final compensation. • Plan members have one year from their date of hire or return from leave to purchase all but refunded prior service at approximate normal cost. After that one-year period, the rate for most categories of service will change to actuarial cost. Defined Contribution Component: Not applicable.

1. Employees Covered by Benefit Terms

As of the June 30, 2017, actuarial valuation, the following Nonprofessional employees (non-teacher) were covered by the benefit terms of the pension plan:

Nonprofessional Employees (non-teacher)	
Inactive Members or Their Beneficiaries Currently Receiving Benefits	185
Inactive Members:	
Vested Inactive Members	29
Non-Vested Inactive Members	139
Inactive Members Active Elsewhere in VRS	53
Total Inactive Members	221
Active Members	293
Total Covered Employees	699

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

2. Contributions

The contribution requirement for active employees is governed by Section 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5% of their compensation toward their retirement. Prior to July 1, 2012, all or part of the 5% member contribution may have been assumed by the employer. Beginning July 1, 2012, new employees were required to pay the 5% member contribution. In addition, for existing employees, employers were required to begin making the employee pay the 5% member contribution. This could be phased in over a period of up to five years and the employer is required to provide a salary increase equal to the amount of the increase in the employee-paid member contribution. Each school division's contractually required contribution rate for the year ended June 30, 2018 was 16.32% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015 and reflects the transfer in June 2015 of $192,884,000 as an accelerated payback of the deferred contribution in the 2010-12 biennium. The actuarial rate for the Teacher Retirement Plan was 16.32%. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Division were $10,867,762 and $9,684,516 for the years ended June 30, 2018 and June 30, 2017, respectively.

In addition, for the Nonprofessional (non-teacher) employees, the School Division is contractually required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The School Division contribution rate for the fiscal year ended 2018 was 5.91% of annual covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the political subdivision were $355,364 and $363,194 for the years ended June 30, 2018 and June 30, 2017, respectively.

3. Net Pension Liability

At June 30, 2018, the School Division reported a net pension liability of $104,715,000 for its proportionate share of the Net Pension Liability of the Teacher Retirement Plan (Professional). The Net Pension Liability was measured as of June 30, 2017 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The School Division's proportion of the Net Pension Liability was based on the School Division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Division's proportion was 0.85148% as compared to 0. 87024% at June 30, 2016.

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

4. Pension Expense

For the year ended June 30, 2018, the School Division recognized pension expense of $8,392,000 of the Teacher Retirement Plan (Professional). Since there was a change in proportionate share between June 30, 2016 and June 30, 2017, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

In addition, for the year ended June 30, 2018, the School Division recognized pension expense of $155,053 for the Nonprofessional (non-teacher) Retirement Plan.

5. Deferred Outflows/Inflows of Resources

At June 30, 2018, for the Teacher Retirement Plan (Professional), the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

	Deferred Amounts
2019	$ (3,447,000)
2020	301,000
2021	(1,144,000)
2022	(3,837,000)
2023	(650,000)
Total	$ (8,777,000)

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

In addition, at June 30, 2018, for the Nonprofessional (non-teacher) Retirement Plan, the School Division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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

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

	Deferred Amounts
2019	$ (304,062)
2020	46,867
2021	(3,806)
2022	(216,695)
Total	$ (477,696)

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

6. Actuarial Assumptions

Professional / Teacher Retirement Plan

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

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

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

Mortality rates:

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

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

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

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

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

Nonprofessional (non-teacher) Retirement Plan

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

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

* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.00%. However, since the difference was minimal, and a more conservative 7.00% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.00% to simplify preparation of pension liabilities.

Mortality rates: 15% of deaths are assumed to be service related.

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

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

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

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

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

7. Long-Term Expected Rate of Return

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

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

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

8. Discount Rate

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

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

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

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

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

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

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

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

11. Pension Plan Fiduciary Net Position – Teacher Retirement Plan

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

York County Public Schools - Optional Plan

Plan Description

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

Plan Membership – At June 30, 2018, Optional Plan membership consisted of the following:

Active Plan Members	10
Retirees and Beneficiaries	4
Number of Vested Terminations	68
	82

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

Contributions – 2.50% of pay contribution was required as a condition of participation; however, no employee contributions were required after June 30, 1992. Employee contributions are accumulated with interest at 5.00%. For the year ended June 30, 2018, the average active member contribution rate was 0% of annual payroll and the School Division's average contribution rate was 0% percent of annual payroll.

Summary of Significant Accounting Policies

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

Investments

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Cash equivalents	7.20%	7.00%	0.50%
Corporate debt instruments	23.10%	7.00%	1.62%
Equity investments	69.70%	7.00%	4.87%
Total	100.00%		7.00%
		Inflation	2.50%

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

Net Pension Liability of the School Division – Optional Plan

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

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

9. DEFINED BENEFIT PENSION PLANS *(Continued)*

Actuarial Assumptions – The total pension liability was determined by an actuarial valuation as of July 1, 2017, using the following actuarial assumptions applied to all periods included in the measurement:

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

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

Discount Rate – From July 1, 2017 forward, it is assumed the School Division will contribute 100% of the actuarially determined contribution rates. Based on those assumptions the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used to measure the total pension liability was 7.00%.

Pension Expense and Deferred Outflows/Inflows of Resources
At June 30, 2018, for the Optional Plan, the School Division reported deferred outflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 21,758	$ -
Total	$ 21,758	$ -

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

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

9. DEFINED BENEFIT PENSION PLANS *(Concluded)*

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

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

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
Net Pension (Asset) for the Optional Plan	$ 190,344	$ 55,372	$ (63,268)

Combining Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The VRS Professional plan, VRS Nonprofessional plan, and the York County Public Schools – Optional plan are reported separately herein since each plan has distinctive characteristics, reporting requirements and valuations. The impact of total pension requirements on the net position of the York County School Division is combined and summarized in the schedule below:

	VRS Professional Plan	VRS Nonprofessional Plan	Optional Plan	Combined Totals
Net pension liability	$ 104,715,000	$ 132,600	$ 55,372	$ 104,902,972
Pension expense	$ 8,392,000	$ 155,053	$ (52,715)	$ 8,494,338
Deferred outflows of resources:				
Differences between expected and actual experience	$ -	$ 13,298	$ -	$ 13,298
Changes of assumptions	1,528,000	-	-	1,528,000
Net difference between projected and actual earnings on pension plan investments	-	-	21,758	21,758
Changes in proportion and differences between Employer contributions and proportionate share of contributions	3,019,000	-	-	3,019,000
Employer contributions subsequent to the measurement date	10,867,762	355,364	-	11,223,126
Total deferred outflows of resources	$ 15,414,762	$ 368,662	$ 21,758	$ 15,805,182
Deferred inflows of resources:				
Differences between expected and actual experience	$ 7,415,000	$ 37,536	$ -	$ 7,452,536
Changes of assumptions	-	117,668	-	117,668
Net difference between projected and actual earnings on pension plan investments	3,804,000	335,790	-	4,139,790
Changes in proportion and differences between Employer contributions and proportionate share of contributions	2,105,000	-	-	2,105,000
Total deferred inflows of resources	$ 13,324,000	$ 490,994	$ -	$ 13,814,994

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

School Division VRS OPEB Plans

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

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

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

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

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

Investment rate of return	7.0%, net of investment expenses, including inflation*

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Mortality Rates – Teachers

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

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

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

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

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

Mortality Rates – Non-Largest Ten Locality Employers - General Employees

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

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

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

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Changes to the actuarial assumptions as a result of the experience study are as follows:

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

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

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

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Virginia Retirement System – Group Life Insurance Program

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

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

The specific information for GLIP, including eligibility, coverage and benefits is set out in the table below:

GLIP PLAN PROVISIONS

Eligible Employees

GLIP was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program.

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable under GLIP have several components.

- **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit.
- **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
    - Accidental dismemberment benefit
    - Safety belt benefit
    - Repatriation benefit
    - Felonious assault benefit
    - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under GLIP are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under GLIP. The minimum benefit was set at $8,000 by Statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently $8,111.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to GLIP
At June 30, 2018, the School Division reported a liability of $527,000 for its proportionate share of the Net GLIP OPEB Liability for nonprofessional employees. At June 30, 2018, the School Division reported a liability of $5,479,000 for its proportionate share of the Net GLIP OPEB Liability for professional employees. The Net GLIP OPEB Liability was measured as of June 30, 2017 and the total GLIP OPEB liability used to calculate the Net GLIP OPEB Liability was determined by an actuarial valuation as of that date. The covered employer's proportion of the Net GLIP OPEB Liability was based on the covered employer's actuarially determined employer contributions to GLIP for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the participating employer's proportion was 0.03505% as compared to 0.03606% at June 30, 2016 for nonprofessional employees. At June 30, 2017, the participating employer's proportion was 0.36412% as compared to 0.37029% at June 30, 2016 for professional employees.

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

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

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

	Deferred Amounts
2019	$ (15,000)
2020	(15,000)
2021	(15,000)
2022	(15,000)
2023	(10,000)
Thereafter	(4,000)
Total	$ (74,000)

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

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

	Deferred Amounts
2019	$ (143,000)
2020	(143,000)
2021	(143,000)
2022	(143,000)
2023	(91,000)
Thereafter	(38,000)
Total	$ (701,000)

Net GLIP OPEB Liability

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

	Group Life Insurance OPEB Program
Total GLIP OPEB Liability	$ 2,942,426
Plan Fiduciary Net Position	1,437,586
Employer's Net GLIP OPEB Liability	$ 1,504,840
Plan Fiduciary Net Position as a Percentage of the Total GLPI OPEB Liability	48.86%

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

Sensitivity of the School Division's Proportionate Share of the Net GLIP OPEB Liability to Changes in the Discount Rate
The following presents the employer's proportionate share of the net GLIP OPEB liability for nonprofessional and professional employees using the discount rate of 7.00%, as well as what the employer's proportionate share of the net GLIP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of the GLIP Net OPEB Liability - nonprofessional employees	$ 682,000	$ 527,000	$ 402,000

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of the GLIP Net OPEB Liability - professional employees	$ 7,087,000	$ 5,479,000	$ 4,176,000

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Virginia Retirement System – Teacher Employee Health Insurance Credit Program

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee Health Insurance Credit Program (HICP). This plan is administered by VRS. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the HICP, including eligibility, coverage, and benefits is set out in the table below:

HICP PLAN PROVISIONS
Eligible Employees HICP was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
Benefit Amounts HICP provides the following benefits for eligible employees: • **At Retirement** – For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount. • **Disability Retirement** – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: o $4.00 per month, multiplied by twice the amount of service credit, or o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
HICP Notes: • The monthly Health Insurance Credit (HIC) benefit cannot exceed the individual premium amoun • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the HIC as a retiree.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Contributions
The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 1.23% of covered employee compensation for employees HICP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to HICP were $832,471 and $743,350 for the years ended June 30, 2018 and June 30, 2017, respectively.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HICP
At June 30, 2018, the School Division reported a liability of $10,765,000 for its proportionate share of the net HICP OPEB Liability. The net HICP OPEB Liability was measured as of June 30, 2017 and the total HICP OPEB liability used to calculate the net HICP OPEB Liability was determined by an actuarial valuation as of that date. The School Division's proportion of the net HICP OPEB Liability was based on the school division's actuarially determined employer contributions to HICP for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the school division's proportion of HICP was 0.84856% as compared to 0.87019% at June 30, 2016.

For the year ended June 30, 2018, the school division recognized HICP OPEB expense of $840,000. Since there was a change in proportionate share between June 30, 2016 and June 30, 2017 a portion of the HICP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to HICP from the following sources:

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

	Deferred Amounts
2019	$ (58,000)
2020	(58,000)
2021	(58,000)
2022	(58,000)
2023	(53,000)
Thereafter	(83,000)
Total	$ (368,000)

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

	HICP
Total HICP Liability	$ 1,364,702
Plan Fiduciary Net Position	96,091
Net HICP OPEB Liability	$ 1,268,611
Plan Fiduciary Net Position as a Percentage of the Total HICP Liability	7.04%

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

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Sensitivity of the School Division's Proportionate Share of the Net HICP OPEB Liability to Changes in the Discount Rate
The following presents the School Division's proportionate share of the net HICP OPEB liability using the discount rate of 7.00%, as well as what the School Division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of HICP Net OPEB Liability	$ 12,015,000	$ 10,765,000	$ 9,703,000

Virginia Retirement System – Virginia Local Disability Program

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

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

VLDP PLAN PROVISIONS
Eligible Employees VLDP was implemented January 1, 2014 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities for employees with Hybrid retirement benefits Eligible employees are enrolled automatically upon employment, unless their employer has elected to provide comparable coverage. They include: • Political subdivision (non-professional) – Full-time general employees; including local law enforcement officers, firefighters, or emergency medical technicians who do not have enhanced hazardous duty benefits; of public political subdivisions covered under VRS. • Teachers (professional) – Teachers and other full-time permanent salaried employees of public school division covered under VRS.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Benefit Amounts

VLDP provides the following benefits for eligible employees:

Short-Term Disability –

- The program provides a short-term disability benefit beginning after a 7-calendar-day waiting period from the first day of disability. Employees become eligible for non-work-related short-term disability coverage after one year of continuous participation in VLDP with their current employer.
- During the first five years of continuous participation in VLDP with their current employer, employees are eligible for 60% of their pre-disability income if they go out on non-work-related of work-related disability.
- Once the eligibility period is satisfied, employees are eligible for higher income replacement levels

Long-Term Disability –

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

VLDP Notes:

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

Contributions

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

Professional – The contribution requirement for active Hybrid employees is governed by Section 51.1-1178(C) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2018 was 0.31% of covered employee compensation for employees in VLDP. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions were $31,234 and $25,458 for the years ended June 30, 2018 and June 30, 2017, respectively.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VLDP

Nonprofessional – At June 30, 2018, the school division reported a liability of $3,000 for its proportionate share of the net VLDP OPEB Liability. The net VLDP OPEB Liability was measured as of June 30, 2017 and the total VLDP OPEB liability used to calculate the net VLDP OPEB Liability was determined by an actuarial valuation as of that date. The school division's proportion of the net VLDP OPEB Liability was based on the school division's actuarially determined employer contributions to the VLDP OPEB plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2017, the School Division's proportion of VLDP was 0.58111% as compared to 0.60790%.

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

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related to VLDP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ -	$ 1,000
Employer costs subsequent to the measurement date	8,070	-
Total	$ 8,070	$ 1,000

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

	Deferred Amounts
2019	$ (1,000)
Total	$ (1,000)

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

At June 30, 2018, the school division reported deferred outflows of resources and deferred inflows of resources related VLDP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 2,000	$ -
Employer costs subsequent to the measurement date	31,234	-
Total	$ 33,234	$ -

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

	Deferred Amounts
2019	$ 2,000
Total	$ 2,000

Net VLDP OPEB Liability

The net VLDP OPEB liabilities represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, net VLDP OPEB liabilities are as follows (amounts expressed in thousands):

	Polictical Subdivision Employee VLDP OPEB Plan	Teacher Employee VLDP OPEB Plan
Total VLDP OPEB Liability	$ 914,000	$ 873,000
Plan Fiduciary Net Position	351,000	279,000
Net VLDP OPEB Liability	$ 563,000	$ 594,000
Plan Fiduciary Net Position as a Percentage of the Total VLDP OPEB Liability	0.31%	0.21%

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

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

Sensitivity of the School Division's Proportionate Share of the VLDP OPEB Liability to Changes in the Discount Rate
The following presents the proportionate share of the net VLDP OPEB liability using the discount rate of 7.00%, as well as the net VLDP OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of net VLDP OPEB liability - nonprofessional employees	$ 4,000	$ 3,000	$ 3,000

	1.00% Decrease (6.00%)	Current Discount Rate (7.00%)	1.00% Increase (8.00%)
School Division's Proportionate Share of net VLDP OPEB liability - professional employees	$ 2,000	$ 17,000	$ 15,000

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

School Division OPEB Plan

General Information about the OPEB Plan

Plan Description
The County and School Division's OPEB plans are each single-employer defined benefit plans administered by the County and School Division.

In accordance with Article 8, Chapter 15, Title 15.2 of the Code of Virginia, the County and School Division have elected to establish a pooled trust for the purpose of accumulating and investing assets to fund Other Post-Employment Benefits. GASB 74 disclosures are reported in the County's Comprehensive Annual Financial Report. The School Division in accordance with this election has joined the Virginia Pooled OPEB Trust Fund (Trust Fund), an irrevocable trust, with the purpose to fund other post-employment benefits. The Trust Fund issues separate financial statements, which can be obtained by requesting a copy from the plan administrator, VML/VACo Finance, 919 E. Main Street, Suite 1100, Richmond, Virginia 23219.

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

Employees Covered by Benefit Terms
Employees retiring after July 1, 2002 and having twenty or more years of service with the School Division and receiving a VRS annuity qualify for a health insurance premium contribution from the School Division. The twenty years need not be consecutive. The retiree's VRS annuity may be either a full or reduced benefit. Upon becoming eligible for Medicare, the retiree no longer receives this benefit. The amount of the School Division's contribution shall be equal to 50% of the retiree's total monthly health insurance premium subject to the following provisions. The School Division's 50% contribution is reduced by the amount of any health insurance credit that the retiree may qualify for under the VRS program. Retiring employees who have 15 years of service with the VRS will qualify for the VRS Retiree Health Insurance Credit Program. At June 30, 2016, there were 1,737 active employees and 63 retirees participating in this program.

Contributions
Contribution requirements are established and may be amended by the School Board. The required contributions were actuarially determined and are based upon projected pay-as-you-go financing requirements.

Net OPEB Liability

The School Division's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Actuarial Methods and Assumptions

The School Division pre-funds benefits through contributions to the trust. The current funding policy is to contribute the Actuarially Determined Contribution as calculated by the actuary. The Actuarially Determined Contribution is the sum of the current year's normal cost plus and amount necessary to amortize the unfunded liability over a closed period. The following methods and assumptions were used to calculate the Actuarially Determined Contribution for the fiscal year ending June 30, 2018.

Valuation Timing	Actuarial valuations for OPEB funding purposes are performed biennially as of June 30. The most recent valuation was performed as of June 30, 2016.
Actuarial Cost Method	Projected Unit Credit
Amortization Method	
Level Percent or Level Dollar	Level Percentage of Payroll
Closed, Open, or Layered Periods	Layered
Amortization Period as of June 30, 2018	Each New Base 30 years
Amortization Growth Rate	3.00%
Asset Valuation Method	Market Value
Inflation	2.50%
Payroll Growth	3.00%
Discount Rate	7.00
Age-Related Claims Costs	Based on a blended premium rate for active employees and retirees under age 65.
Healthcare Cost Trend Rates	Based on long term healthcare cost trend rates generated by the Getzen Model.
Mortality Rates	
Pre-Retirement	RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with males set forward 2 years and females set back 3 years.
Post-Retirement	RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale AA with females set back 1 year.
Disability Rates	Male: Age 30 - 0.013%; Age 35 - 0.020%; Age 40 - 0.026%; Age 45 - 0.088%; Age 50 - 0.149%; Age 55 - 0.286%; Age 60 - 0.422%. Female: Age 30 - 0.008%; Age 35 - 0.027%; Age 40 - 0.046%; Age 45 - 0.105%; Age 50 - 0.163%; Age 55 - 0.293%; Age 60 - 0.422%.

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Core Fixed Income	19.60%	1.17%
High Yield Bonds	1.40%	3.38%
Large Cap US Equities	26.00%	4.14%
Small Cap US Equities	10.00%	4.57%
Developed Foreign Equities	13.00%	6.43%
Emerging Market Equities	5.00%	8.76%
Private Equity	5.00%	9.10%
Hedge Funds/Absolute Return	10.00%	3.03%
Real Estate (REITS)	7.00%	5.05%
Commodities	3.00%	3.37%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that School Division contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability (Asset)

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

10. OTHER POSTEMPLOYMENT BENEFITS *(Continued)*

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
The following presents the net OPEB liability of the School Division, as well as what the School Division's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentagepoint higher (8.0%) than the current discount rate:

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

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

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	$ -	$ 125,598
Total	$ -	$ 125,598

10. OTHER POSTEMPLOYMENT BENEFITS *(Concluded)*

Amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Amounts
2019	$ (31,400)
2020	(31,400)
2021	(31,400)
2022	(31,398)
Total	$ (125,598)

Combining Net OPEB Liabilities/Assets, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The VRS GLIP Professional plan, VRS GLIP Nonprofessional plan, VRS HICP Professional Plan, VRS VLDP Professional Plan, VRS VLDP Nonprofessional Plan and the School Division OPEB plan are reported separately herein since each plan has distinctive characteristics, reporting requirements and valuations. The impact of total OPEB requirements on the net position of the School Division is combined and summarized in the schedule below:

	VRS GLIP Professional Plan	VRS GLIP Nonprofessional Plan	VRS HICP Professional Plan	VRS VLDP Professional Plan	VRS VLDP Nonprofessional Plan	School Division Plan	Combined Totals
Net OPEB liability	$ 5,479,000	$ 527,000	$ 10,765,000	$ 17,000	$ 3,000	$ -	$ 16,791,000
Net OPEB asset	$ -	$ -	$ -	$ -	$ -	$ 2,302,804	$ 2,302,804
OPEB expense	$ 44,000	$ 3,000	$ 840,000	$ 18,000	$ 6,000	$ 134,451	$ 1,045,451
Deferred outflows of resources:							
Changes of assumptions	-	-	-	2,000	-	-	2,000
Employer contributions subsequent to the measurement date	353,658	33,613	832,471	31,234	8,070	-	1,259,046
Total deferred outflows of resources	$ 353,658	$ 33,613	$ 832,471	$ 33,234	$ 8,070	$ -	$ 1,261,046
Deferred inflows of resources:							
Differences between expected and actual experience	$ 122,000	$ 12,000	$ -	$ -	$ -	$ -	$ 134,000
Net difference between projected and actual earnings on OPEB plan investments	206,000	20,000	19,000	-	-	125,598	370,598
Changes of assumptions	282,000	27,000	111,000	-	1,000	-	421,000
Changes in proportionate share	91,000	15,000	238,000	-	-	-	344,000
Total deferred inflows of resources	$ 701,000	$ 74,000	$ 368,000	$ -	$ 1,000	$ 125,598	$ 1,269,598

11. DEFERRED COMPENSATION PLAN

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

12. CONTINGENT LIABILITIES

Risk Management

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

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

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

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The School Division's health care liability of $894,450 at June 30, 2018 is reasonably estimated and has been included in claims payable in the School Internal Service Fund. School Division's workers' compensation claims liability of $2,969,079 at June 30, 2018 is included in long-term debt, and is considered sufficient to cover pending claims and incurred but not reported claims that may arise.

Changes in the reported amounts of health care and workers' compensation liabilities since June 30, 2016 resulted from the following:

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

Grants

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

12. CONTINGENT LIABILITIES *(Concluded)*

Litigation

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

13. RESTATEMENT

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues - Budget and Actual
General Fund
Year Ended June 30, 2018

(Unaudited)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Intergovernmental:				
County of York	$ 53,587,094	$ 53,587,094	$ 52,964,009	$ (623,085)
Commonwealth of Virginia:				
State sales tax	13,554,228	13,570,537	13,605,183	34,646
Basic aid	34,604,315	34,627,112	34,705,092	77,980
Salary supplement	324,723	325,138	325,912	774
Supplemental support	2,100,147	2,103,054	2,108,705	5,651
Foster home children	49,408	32,306	32,697	391
Gifted and talented	367,748	368,029	368,910	881
Remedial programs	406,055	406,365	407,338	973
Remedial summer school	143,214	156,344	156,344	-
Reading intervention	107,468	99,507	99,507	-
Special education - SOQ	3,685,141	3,687,955	3,696,785	8,830
Homebound	21,351	31,346	18,167	(13,179)
Comprehensive services act	300,000	300,000	345,647	45,647
Free textbooks	841,070	741,712	843,728	102,016
VOC ED - SOQ	237,504	237,685	238,254	569
Special education support	429,001	738,461	583,449	(155,012)
Employer share benefits	6,630,430	6,670,522	6,686,493	15,971
Project Graduation	-	-	16,773	16,773
Other CAT/VOC ED	17,271	41,472	44,139	2,667
Career switchers program	-	-	3,000	3,000
At-risk	127,715	127,861	130,666	2,805
National board certification	35,000	35,000	45,000	10,000
K-3 initiative	167,617	160,546	160,546	-
SOL algebra readiness	56,355	56,355	56,355	-
Tech initiative - Previous	-	-	523,118	523,118
Tech initiative - Current	544,000	544,000	-	(544,000)
Pre-school initiative	126,928	121,309	121,309	-
Miscellaneous grants	457,696	457,696	59,412	(398,284)
LEP	195,721	219,686	219,686	-
Total from the Commonwealth of Virginia	65,530,106	65,859,998	65,602,215	(257,783)

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues - Budget and Actual (Continued)
General Fund
Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Federal government:				
Title I	699,506	684,449	696,014	11,565
Title II A	198,000	175,671	153,328	(22,343)
Title III A	32,314	31,973	27,488	(4,485)
Title IV A	-	18,501	18,501	-
Impact aid	8,500,000	8,500,000	8,307,349	(192,651)
DOD - heavily impacted	657,400	657,400	645,165	(12,235)
Forest Reserve	-	-	23,607	23,607
Medicaid reimbursement	135,000	135,000	103,364	(31,636)
NOAA grant	75,000	75,000	87,085	12,085
DODEA grant	-	-	-	-
DODEA - Literature Grant	376,060	388,803	348,470	(40,333)
Title VI B	2,639,465	2,639,465	2,331,832	(307,633)
DODEA SPED Grant	26,400	26,400	30,778	4,378
E-Rate	-	-	-	-
NJROTC	80,000	80,000	85,553	5,553
Miscellaneous grants	765,141	768,265	145,684	(622,581)
Total from the federal government	14,184,286	14,180,927	13,004,218	(1,176,709)
Miscellaneous revenues:				
Use of money and property	645,927	645,927	666,128	20,201
Charges for services	885,600	885,600	760,626	(124,974)
Miscellaneous	278,100	278,100	103,586	(174,514)
Total miscellaneous revenues	1,809,627	1,809,627	1,530,340	(279,287)
Total revenues and other financing sources	$ 135,111,113	$ 135,437,646	$ 133,100,782	$ (2,336,864)

THE YORK COUNTY SCHOOL DIVISION

Schedule of Expenditures - Budget and Actual
General Fund
Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education				
Instruction:				
Classroom instruction services:				
Regular education	$ 60,594,391	$ 60,624,827	$ 61,082,585	$ (457,758)
Special education	12,277,177	12,352,544	11,895,531	457,013
Vocational education	2,326,629	2,326,629	2,348,217	(21,588)
Gifted and talented	461,402	461,662	462,297	(635)
Other programs	7,185,974	7,179,491	4,340,528	2,838,963
Instructional support - student:				
Guidance	3,140,380	3,140,380	3,143,765	(3,385)
Social work	67,002	67,002	68,086	(1,084)
Homebound	76,894	76,894	41,109	35,785
Instructional support - staff:				
Management and staff development	3,385,855	3,432,659	3,351,137	81,522
Media services	1,915,475	1,915,475	1,875,673	39,802
Instructional support - school administration:				
Principals' offices	8,019,770	7,969,770	8,104,140	(134,370)
School carryover	791,229	793,728	805,064	(11,336)
Total instruction	100,242,178	100,341,061	97,518,132	2,822,929
Administration, attendance, and health services:				
Board services	134,630	134,630	118,282	16,348
Executive services	620,540	643,516	646,888	(3,372)
Communication services	444,030	430,408	441,061	(10,653)
Human resources	942,583	907,583	863,876	43,707
Fiscal services	1,278,942	1,319,957	1,197,773	122,184
Health services	1,740,076	1,612,767	1,639,783	(27,016)
Psychological services	757,492	677,492	713,913	(36,421)
Speech and audiology services	918,419	753,050	817,986	(64,936)
School carryover	1,203	1,203	(14,404)	15,607
Total administration, attendance, and health services	6,837,915	6,480,606	6,425,158	55,448

THE YORK COUNTY SCHOOL DIVISION

Schedule of Expenditures - Budget and Actual (Continued)
General Fund
Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Operating costs:				
Pupil transportation:				
Vehicle operation services	6,442,176	6,236,748	6,048,256	188,492
Vehicle maintenance services	1,368,584	1,525,469	1,499,267	26,202
School carryover	419,733	419,733	377,880	41,853
Total pupil transportation	8,230,493	8,181,950	7,925,403	256,547
Operations and maintenance:				
Management and direction	210,162	210,162	215,632	(5,470)
Building services	9,298,945	9,377,713	9,083,691	294,022
Grounds services	1,134,650	1,134,650	1,134,650	-
Vehicle services	297,991	543,287	237,132	306,155
Warehouse and distribution services	348,436	359,723	332,130	27,593
School carryover	799,168	799,168	700,363	98,805
Total operations and maintenance	12,089,352	12,424,703	11,703,598	721,105
Total operating costs	20,319,845	20,606,653	19,629,001	977,652
Technology:				
Classroom instruction	4,514,474	4,168,822	4,173,825	(5,003)
Instructional support	2,015,422	2,024,802	2,073,665	(48,863)
Administration	1,115,273	1,115,273	1,109,113	6,160
Operations and maintenance	1,846,496	2,479,960	2,039,062	440,898
Other programs - grants	95,843	99,301	101,483	(2,182)
School carryover	1,390,074	1,390,075	1,374,279	15,796
Total technology	10,977,582	11,278,233	10,871,427	406,806
Total expenditures	$ 138,377,520	$ 138,706,553	$ 134,443,718	$ 4,262,835

THE YORK COUNTY SCHOOL DIVISION

Schedule of Changes in Net Pension Liability and Related Ratios - Nonprofessional Employees

Years Ended June 30

(Unaudited)

	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 639,053	$ 645,253	$ 657,682	$ 651,659
Interest	1,511,907	1,434,468	1,340,262	1,257,618
Benefit payments	(883,431)	(836,736)	(756,608)	(700,700)
Changes of assumptions	(186,884)	-	-	-
Difference between expected and actual	21,121	(113,364)	144,530	-
Net change in total pension liability	1,101,766	1,129,621	1,385,866	1,208,577
Total pension liability - beginning	22,040,384	20,910,763	19,524,897	18,316,320
Total pension liability - ending	$ 23,142,150	$ 22,040,384	$ 20,910,763	$ 19,524,897
Plan Fiduciary Net Position				
Contributions - employer	$ 361,828	$ 487,737	$ 474,730	$ 540,694
Contributions - employee	309,049	310,891	303,379	300,981
Net investment income	2,525,399	361,926	896,825	2,649,679
Benefit payments	(883,431)	(836,736)	(756,608)	(700,700)
Administrative expenses	(14,499)	(12,543)	(12,064)	(14,022)
Other changes	(2,249)	(151)	(188)	139
Net change in plan fiduciary net position	2,296,097	311,124	906,074	2,776,771
Plan fiduciary net position - beginning	20,713,453	20,402,329	19,496,255	16,719,484
Plan fiduciary net position - ending	$ 23,009,550	$ 20,713,453	$ 20,402,329	$ 19,496,255
Net pension liability	$ 132,600	$ 1,326,931	$ 508,434	$ 28,642
Plan fiduciary net position as a percentage of total pension liability	99.43%	93.98%	97.57%	99.85%
Covered payroll	$ 6,373,699	$ 6,361,525	$ 6,167,447	$ 6,035,633
Net pension liability as a percentage of covered payroll	2.08%	20.86%	8.24%	0.47%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Changes in Net Pension Liability and Related Ratios - Optional Plan

Years Ended June 30

(Unaudited)

	2018	2017	2016	2015
Total Pension Liability				
Service cost	$ 1,385	$ 1,834	$ 1,731	$ 2,224
Interest	127,986	132,210	120,051	124,341
Benefit payments	(197,602)	(194,429)	(164,908)	(193,616)
Change in assumptions	(36,292)	-	157,315	-
Difference between expected and actual	(2,386)	2,076	74,161	-
Net change in total pension liability	(106,909)	(58,309)	188,350	(67,051)
Total pension liability - beginning	1,925,786	1,984,095	1,795,745	1,862,796
Total pension liability - ending	$ 1,818,877	$ 1,925,786	$ 1,984,095	$ 1,795,745
Plan Fiduciary Net Position				
Contributions - employer	$ 20,000	$ 10,000	$ -	$ 290,495
Net investment income	142,975	89,571	20,333	-
Benefit payments	(197,602)	(194,429)	(164,908)	(177,455)
Administrative expenses	(19,782)	(21,276)	(21,515)	(22,106)
Net change in plan fiduciary net position	(54,409)	(116,134)	(166,090)	90,934
Plan fiduciary net position - beginning	1,817,914	1,934,048	2,100,138	2,009,204
Plan fiduciary net position - ending	$ 1,763,505	$ 1,817,914	$ 1,934,048	$ 2,100,138
Net pension liability (asset)	$ 55,372	$ 107,872	$ 50,047	$ (304,393)
Plan fiduciary net position as a percentage of total pension liability (asset)	96.96%	94.40%	97.48%	116.95%
Covered employee payroll	$ 416,038	$ 490,949	$ 540,694	$ 605,577
Net pension liability (asset) as a percentage of covered employee payroll	13.31%	21.97%	9.26%	-50.26%

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer's Share of Net Pension Liability

Year Ended June 30, 2018

(Unaudited)

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

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Professional Employees

Year Ended June 30, 2018
(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 10,867,762	$ 10,867,762	$ -	$ 67,691,857	16.05%
June 30, 2017	9,684,516	9,684,516	-	66,894,061	14.48%
June 30, 2016	9,271,511	9,271,511	-	66,367,678	13.97%
June 30, 2015	9,180,878	9,180,878	-	63,559,725	14.44%
June 30, 2014	7,081,843	7,081,843	-	60,755,750	11.66%
June 30, 2013	6,906,219	6,906,219	-	59,230,011	11.66%
June 30, 2012	6,876,567	6,876,567	-	60,693,441	11.33%
June 30, 2011	5,482,734	5,482,734	-	61,396,807	8.93%
June 30, 2010	7,043,137	7,043,137	-	62,498,365	11.27%
June 30, 2009	8,711,674	8,711,674	-	63,082,361	13.81%

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan memebers for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled	Update to a more current mortality table - RP-2015 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Nonprofessional Employees

Year Ended June 30, 2018
(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 355,364	$ 355,364	$ -	$ 6,347,608	5.60%
June 30, 2017	363,194	363,194	-	6,373,699	5.70%
June 30, 2016	489,081	489,081	-	6,361,525	7.69%
June 30, 2015	475,903	475,903	-	6,167,447	7.72%
June 30, 2014	542,604	542,604	-	6,035,633	8.99%
June 30, 2013	519,830	519,830	-	5,782,294	8.99%
June 30, 2012	699,906	699,906	-	6,016,887	11.63%
June 30, 2011	717,579	717,579	-	6,164,768	11.64%
June 30, 2010	743,242	743,242	-	6,142,499	12.10%
June 30, 2009	753,611	753,611	-	6,227,359	12.10%

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation. The 2014 valuation includes Hybrid Retirement Plan members for the first time. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits. Because this was a new benefit and the number of participants was relatively small, the impact on the liabilities as of the measurement date of June 30, 2017 are not material.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions - Optional Plan

Year Ended June 30, 2018

(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ -	$ -	$ -	$ 393,083	0.00%
June 30, 2017	20,000	20,000	-	416,038	4.81%
June 30, 2016	5,370	10,000	(4,630)	490,949	2.04%
June 30, 2015	-	-	-	540,694	0.00%

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

No changes have been made since GASB 68 has become effective.

THE YORK COUNTY SCHOOL DIVISION

Schedule of Investments

Year Ended June 30, 2018

(Unaudited)

Date	Annual Money-Weighted Rate of Return, Net of Investment Expense
June 30, 2018	14.26%
June 30, 2017	8.28%
June 30, 2016	4.88%
June 30, 2015	1.26%

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of School Division's Share of Net OPEB Liability
Group Life Insurance Program - Nonprofessional Employees
Years Ended June 30

(Unaudited)

	2018
Employer's proportion of the Net GLI OPEB Liability (Asset)	0.03505%
Employer's proportionate share of the net GLI OPEB Liability (Asset)	$ 527,000
Employer's covered payroll	$ 6,465,629
Employer's proportionate share of the net GLI OPEB Liability (Asset) as a percentage of its covered payroll	8.15%
Plan Fiduciary Net Position as a percentage of the total GLI OPEB Liability	48.86%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of School Division's Share of Net OPEB Liability
Group Life Insurance Program - Professional Employees
Years Ended June 30
(Unaudited)

	2018
Employer's proportion of the Net GLI OPEB Liability (Asset)	0.36412%
Employer's proportionate share of the net GLI OPEB Liability (Asset)	$ 5,479,000
Employer's covered payroll	$ 67,163,557
Employer's proportionate share of the net GLI OPEB Liability (Asset) as a percentage of its covered payroll	8.16%
Plan Fiduciary Net Position as a percentage of the total GLI OPEB Liability	48.86%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of School Division's Share of Net OPEB Liability
Health Insurance Credit Program - Professional Employees
Years Ended June 30

(Unaudited)

	2018
Employer's proportion of the Net HIC OPEB Liability (Asset)	0.84856%
Employer's proportionate share of the net GLI OPEB Liability (Asset)	$ 10,765,000
Employer's covered payroll	$ 66,968,466
Employer's proportionate share of the net GLI OPEB Liability (Asset) as a percentage of its covered payroll	16.07%
Plan Fiduciary Net Position as a percentage of the total GLI OPEB Liability	7.04%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of School Division's Share of Net OPEB Liability
Virginia Local Disability Program - Nonprofessional Employees
Years Ended June 30

(Unaudited)

		2018
Employer's proportion of the Net VLDPOPEB Liability (Asset)		0.58111%
Employer's proportionate share of the net VLDP OPEB Liability (Asset)	$	3,000
Employer's covered payroll	$	1,067,079
Employer's proportionate share of the net VLDP OPEB Liability (Asset) as a percentage of its covered payroll		0.28%
Plan Fiduciary Net Position as a percentage of the total VLDP OPEB Liability		0.21%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of School Division's Share of Net OPEB Liability
Virginia Local Disability Program - Professional Employees
Years Ended June 30

(Unaudited)

		2018
Employer's proportion of the Net VLDPOPEB Liability (Asset)		2.91011%
Employer's proportionate share of the net VLDP OPEB Liability (Asset)	$	17,000
Employer's covered payroll	$	8,212,334
Employer's proportionate share of the net VLDP OPEB Liability (Asset) as a percentage of its covered payroll		0.21%
Plan Fiduciary Net Position as a percentage of the total VLDP OPEB Liability		0.21%

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

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Changes in Net OPEB Liability and Related Ratios - School Division Plan

Years Ended June 30

(Unaudited)

	2018	2017
Total OPEB Liability		
Service cost	$ 280,180	$ 261,850
Interest	323,944	308,920
Benefit payments	(352,983)	(395,238)
Net change in total OPEB liability	251,141	175,532
Total OPEB liability - beginning	4,521,095	4,345,563
Total OPEB liability - ending	$ 4,772,236	$ 4,521,095
Plan Fiduciary Net Position		
Contributions - employer	$ 563,505	$ 589,228
Net investment income	602,829	700,174
Benefit payments	(352,983)	(395,238)
Administrative expenses	(7,558)	(5,293)
Net change in plan fiduciary net position	805,793	888,871
Plan fiduciary net position - beginning	6,269,247	5,380,376
Plan fiduciary net position - ending	$ 7,075,040	$ 6,269,247
Net OPEB liability	$ (2,302,804)	$ (1,748,152)
Plan fiduciary net position as a percentage of total OPEB liability	148.25%	138.67%
Covered-employee payroll	$ 73,417,704	$ 73,417,704
Net OPEB liability as a percentage of covered employee payroll	-3.14%	-2.38%

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions
Group Life Insurance Program - Nonprofessional Employees
Year Ended June 30, 2018

(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 33,613	$ 33,613	$ -	$ 6,464,042	0.52%
June 30, 2017	33,621	33,621	-	6,465,629	0.52%
June 30, 2016	31,104	31,104	-	6,479,929	0.48%
June 30, 2015	29,858	29,858	-	6,220,361	0.48%
June 30, 2014	29,091	29,091	-	6,060,588	0.48%
June 30, 2013	28,253	28,253	-	5,885,972	0.48%
June 30, 2012	16,918	16,918	-	6,042,070	0.28%
June 30, 2011	17,495	17,495	-	6,248,301	0.28%
June 30, 2010	12,120	12,120	-	6,238,902	0.19%
June 30, 2009	17,021	17,021	-	6,303,895	0.27%

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions
Group Life Insurance Program - Professional Employees
Year Ended June 30, 2018

(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 353,658	$ 353,658	$ -	$ 68,011,166	0.52%
June 30, 2017	349,251	349,251	-	67,163,557	0.52%
June 30, 2016	319,402	319,402	-	66,542,088	0.48%
June 30, 2015	306,106	306,106	-	63,772,157	0.48%
June 30, 2014	292,259	292,259	-	60,887,315	0.48%
June 30, 2013	284,574	284,574	-	59,286,277	0.48%
June 30, 2012	170,304	170,304	-	60,822,776	0.28%
June 30, 2011	172,205	172,205	-	61,501,849	0.28%
June 30, 2010	120,348	120,348	-	62,630,962	0.19%
June 30, 2009	170,503	170,503	-	63,149,329	0.27%

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions
Health Insurance Credit Program - Professional Employees
Year Ended June 30, 2018

(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 832,471	$ 832,471	$ -	$ 67,680,531	1.23%
June 30, 2017	743,350	743,350	-	66,968,466	1.11%
June 30, 2016	703,335	703,335	-	66,352,331	1.06%
June 30, 2015	673,859	673,859	-	63,571,618	1.06%
June 30, 2014	674,705	674,705	-	60,784,260	1.11%
June 30, 2013	657,477	657,477	-	59,232,163	1.11%
June 30, 2012	364,850	364,850	-	60,808,301	0.60%
June 30, 2011	368,935	368,935	-	61,489,088	0.60%
June 30, 2010	463,345	463,345	-	62,617,916	0.74%
June 30, 2009	681,926	681,926	-	63,141,254	1.08%

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions
Virginia Local Disability Program - Nonprofessional Employees
Year Ended June 30, 2018
(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 8,070	$ 8,070	$ -	$ 1,344,986	0.60%
June 30, 2017	6,402	6,402	-	1,067,079	0.60%
June 30, 2016	4,505	4,505	-	750,816	0.60%
June 30, 2015	2,825	2,825	-	470,890	0.60%
June 30, 2014	461	461	-	76,841	0.60%

Schedule is intended to show information for 10 years. Since VLDP was implemented in January 2014, only five years of data is available. However, additional years will be included as they become available.

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of Employer Contributions
Virginia Local Disability Program - Professional Employees
Year Ended June 30, 2018
(Unaudited)

Date	(a) Contractually Required Contributions	(b) Contributions in Relation to Contractually Required Contributions	(c) Contribution Deficiency (Excess) (a) - (b)	(d) Employer's Covered Employee Payroll	(e) Contributions as a Percentage of Covered Employee Payroll (b) / (d)
June 30, 2018	$ 31,234	$ 31,234	$ -	$ 10,075,546	0.31%
June 30, 2017	25,458	25,458	-	8,212,334	0.31%
June 30, 2016	18,227	18,227	-	6,285,203	0.29%
June 30, 2015	9,074	9,074	-	3,129,075	0.29%
June 30, 2014	336	336	-	115,993	0.29%

Schedule is intended to show information for 10 years. Since VLDP was implemented in January 2014, only five years of data is available. However, additional years will be included as they become available.

Changes of Benefit Terms – There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of Assumptions – The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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

THE YORK COUNTY SCHOOL DIVISION

Schedule of OPEB Contributions
- School Division Plan
Years Ended June 30
(Unaudited)

	2018	2017	2016
Actuarially determined contribution	$ 210,522	$ 193,990	$ 178,621
Contributions in relation to the actuarially determined contribution	563,505	589,228	5,777,164
Contribution deficiency (excess)	$ (352,983)	$ (395,238)	$ (5,598,543)
Covered-employee payroll	$ 73,417,704	$ 73,417,704	$ 73,417,704
Contributions as a percentage of covered-employee payroll	0.77%	0.80%	7.87%

Notes to Schedule

Valuation Timing:

Actuarial valuations for OPEB funding purposes are performed biennially as of June 30. The most recent valuation was performed as of June 30, 2016.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
Amortization method	
Level percent or level dollar	Level percentage of payroll
Closed, open, or layered periods	Layered
Amortization period as of June 30, 2018	Each new base 30 years
Amortization growth rate	3.00%
Asset valuation method	Market value
Inflation	2.50%
Payroll growth	3.00%
Discount rate	7.00%
Age-related claims costs	Based on a blended premium rate for active employees and retirees under age 65.
Healthcare cost trend rates	Based on long term healthcare cost trend rates generated by the Getzen Model.
Retirement rates	Age 55 - 15.0%; Age 56-59 - 2.0%; Age 60 -15.0%; Age 61 - 2.0%; Age 62 - 4.0%; Age 63-64 - 10.0%; Age 65 - 100.0%
Mortality rates	
Pre-retirement	RP-2000 Employee Mortality Tables projected to 2020 using Scale AA with males set forward 2 years and females set back 3 years.
Post- retirement	RP-2000 Combined Healthy Mortality tables projected to 2020 using Scale AA with females set back 1 year.
Disability rates	Male: Age 30 - 0.013%; Age 35 - 0.020%; Age 40 - 0.026%; Age 45 - 0.088%; Age 50 - 0.149%; Age 55 -0.286%; Age 60 - 0.422%. Female: Age 30 - 0.008%; Age 35 - 0.027%; Age 40 - 0.046%; Age 45 - 0.105%; Age 50 - 0.163%; Age 55 -0.293%; Age 60 - 0.422%.

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

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Notes to Required Supplementary Information
June 30, 2018
(Unaudited)

1. BUDGETARY DATA

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

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

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

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

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

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

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

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

THE YORK COUNTY SCHOOL DIVISION

Notes to Required Supplementary Information
June 30, 2018
(Unaudited)

2. LEGALLY ADOPTED BUDGETS

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

3. PENSION DATA

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

4. OTHER POSTEMPLOYMENT BENEFITS 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. Information pertaining to the OPEB plan can be found in the notes to the financial statements.

OTHER SUPPLEMENTARY INFORMATION

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues and Expenditures - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2018

	Capital Projects Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
From the County of York	$ 1,432,602	$ 1,432,602	$ 10,434,897	$ 9,002,295
Revenue from the use of money	9,000,000	9,000,000	45,323	(8,954,677)
Total revenues	$ 10,432,602	$ 10,432,602	$ 10,480,220	$ 47,618
Expenditures				
Capital outlay	$ 22,960,760	$ 22,960,760	$ 9,440,851	$ 13,519,909
Total expenditures	$ 22,960,760	$ 22,960,760	$ 9,440,851	$ 13,519,909

THE YORK COUNTY SCHOOL DIVISION

Schedule of Revenues and Expenditures - Budget and Actual
Non-major Special Revenue Fund
Year Ended June 30, 2018

	School Food Service Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Intergovernmental:				
From the Commonwealth of Virginia	$ 52,000	$ 52,000	$ 66,343	$ 14,343
From the federal government	1,460,000	1,460,000	1,723,615	263,615
Revenue from the use of money	3,500	3,500	2,812	(688)
Charges for services	3,306,072	3,306,072	2,039,125	(1,266,947)
Miscellaneous	-	-	3,767	3,767
Total revenues	$ 4,821,572	$ 4,821,572	$ 3,835,662	$ (985,910)
Expenditures				
Food Services:				
Contractual services and purchases for resale	$ 3,502,173	$ 3,652,759	$ 2,529,737	$ 1,123,022
Donated commodities	270,000	270,000	439,051	(169,051)
Salaries and wages	530,600	530,600	427,340	103,260
Fringe benefits	516,559	365,973	253,370	112,603
Equipment replacement	295,433	295,433	289,778	5,655
Employee development	5,000	5,000	195	4,805
Travel	5,000	5,000	985	4,015
Total expenditures	$ 5,124,765	$ 5,124,765	$ 3,940,456	$ 1,184,309

THE YORK COUNTY SCHOOL DIVISION

Statement of Changes in Assets and Liabilities
Agency Fund - School Activity Funds
Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash and temporary investments	$ 1,600,116	$ 3,631,945	$ 3,597,221	$ 1,634,840
Liabilities				
Amounts held for others	$ 1,600,116	$ 3,631,945	$ 3,597,221	$ 1,634,840

STATISTICAL SECTION

(Unaudited)

Statistical Section

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

Contents:

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

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

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

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

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

THE YORK COUNTY SCHOOL DIVISION

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

	2018	2017**	2016	2015*	2014
Governmental activities					
Net investment in capital assets	$ 152,110,815	$ 146,987,819	$ 141,610,738	$ 137,691,072	$ 134,132,537
Restricted	1,071,325	1,191,119	918,597	686,016	458,168
Unrestricted	(106,942,035)	(110,957,989)	(89,536,482)	(101,213,135)	(73,724)
Total primary government net position	$ 46,240,105	$ 37,220,949	$ 52,992,853	$ 37,163,953	$ 134,516,981

* As restated, for GASB 68 implementation.

** As restated, for GASB 75 implementation.

THE YORK COUNTY SCHOOL DIVISION

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

	2013	2012	2011	2010	2009
Governmental activities					
Net investment in capital assets	$ 132,539,275	$ 130,339,563	$ 132,111,487	$ 132,734,112	$ 135,060,176
Restricted	3,935,417	8,279,990	2,902,899	3,682,691	-
Unrestricted	2,318,089	4,898,751	6,433,477	8,154,443	7,552,683
Total primary government net position	$ 138,792,781	$ 143,518,304	$ 141,447,863	$ 144,571,246	$ 142,612,859

THE YORK COUNTY SCHOOL DIVISION

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

	2018	2017	2016	2015	2014
Expenses					
Governmental activities:					
Instruction	$ 97,463,764	$ 98,994,229	$ 89,230,595	$ 92,702,062	$ 88,230,990
Administrative, attendance, and health services	6,646,762	6,816,306	6,778,996	6,563,077	6,379,114
Transportation	7,064,721	7,245,277	6,500,649	7,408,338	7,562,949
Operations maintenance	12,017,480	12,953,780	13,275,449	12,191,709	11,253,356
Technology*	11,211,833	9,033,406	8,933,514	11,766,850	9,048,406
Food services	3,992,948	3,487,629	3,329,231	3,223,096	3,558,256
Interest on capital leases	-	-	-	-	-
Total primary government expenses	138,397,508	138,530,627	128,048,434	133,855,132	126,033,071
Program revenues					
Governmental activities:					
Charges for services:					
Instruction	760,626	762,215	733,664	6,527,643	877,582
Food services	2,039,125	2,049,390	1,977,639	1,988,920	2,257,018
Operating grants and contributions	66,824,501	65,443,883	68,291,758	63,298,465	59,579,412
Capital grants and contributions	523,118	544,000	-	-	-
Total primary government program revenues	70,147,370	68,799,488	71,003,061	71,815,028	62,714,012
Net (expense)/revenue					
Total primary government net expense	(68,250,138)	(69,731,139)	(57,045,373)	(62,040,104)	(63,319,059)
General revenues and other changes in net position					
Governmental activities:					
Payments from York County	63,398,906	60,614,764	60,055,486	59,859,842	46,784,869
Shared intergovernmental revenues	13,605,183	12,863,884	12,594,334	12,199,662	11,905,068
Revenues from the use of money and property	5,284	74,145	22,026	2,338	4,594
Miscellaneous	259,921	480,190	202,427	124,826	348,728
Total primary government	77,269,294	74,032,983	72,874,273	72,186,668	59,043,259
Changes in net position					
Total primary government	$ 9,019,156	$ 4,301,844	$ 15,828,900	$ 10,146,564	$ (4,275,800)

* Previously included in Instruction Expenses.

THE YORK COUNTY SCHOOL DIVISION

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

	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
Instruction	$ 89,826,521	$ 88,259,923	$ 88,146,183	$ 102,105,888	$ 100,323,693
Administrative, attendance, and health services	6,158,654	5,979,687	5,621,318	5,659,615	6,092,564
Transportation	7,376,543	7,317,981	7,343,358	6,689,204	6,556,444
Operations maintenance	10,787,363	11,111,778	11,110,634	12,342,550	11,191,453
Technology*	9,316,847	9,078,782	8,702,882	-	-
Food services	3,698,382	3,959,082	4,146,776	3,860,618	4,186,429
Interest on capital leases	-	-	-	4,269	8,341
Total primary government expenses	127,164,310	125,707,233	125,071,151	130,662,144	128,358,924
Program revenues					
Governmental activities:					
Charges for services:					
Instruction	877,091	688,885	645,255	501,057	512,906
Food services	1,996,950	2,530,712	2,543,614	2,651,924	2,854,961
Operating grants and contributions	58,859,190	59,233,478	60,334,335	67,519,302	67,573,788
Capital grants and contributions	-	-	-	-	1,231,042
Total primary government program revenues	61,733,231	62,453,075	63,523,204	70,672,283	72,172,697
Net (expense)/revenue					
Total primary government net expense	(65,431,079)	(63,254,158)	(61,547,947)	(59,989,861)	(56,186,227)
General revenues and other changes in net position					
Governmental activities:					
Payments from York County	48,246,996	52,761,202	46,276,697	50,117,998	50,612,027
Shared intergovernmental revenues	12,126,120	12,272,494	11,861,997	11,291,540	10,473,202
Revenues from the use of money and property	19,688	13,633	30,789	207,705	214,513
Miscellaneous	312,752	277,270	255,081	331,005	222,179
Total primary government	60,705,556	65,324,599	58,424,564	61,948,248	61,521,921
Changes in net position					
Total primary government	$ (4,725,523)	$ 2,070,441	$ (3,123,383)	$ 1,958,387	$ 5,335,694

* Previously included in Instruction Expenses.

THE YORK COUNTY SCHOOL DIVISION

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

(Unaudited)

	2018	2017	2016	2015	2014
General fund (1)					
Non-spendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Committed	2,969,079	3,085,163	3,895,668	3,835,909	3,662,355
Assigned	2,054,555	3,266,407	2,310,064	2,054,820	4,636,248
Unassigned	-	-	-	-	-
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total general fund	$ 5,023,634	$ 6,351,570	$ 6,205,732	$ 5,890,729	$ 8,298,603
All other governmental funds (1)					
Non-spendable	$ -	$ -	$ -	$ -	$ -
Restricted	1,071,325	1,191,119	1,073,848	686,016	458,168
Committed	-	-	-	-	-
Assigned	4,329,671	3,290,302	3,487,134	-	-
Unassigned	-	-	-	(594,587)	(1,586,250)
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue fund	-	-	-	-	-
Capital project fund	-	-	-	-	-
Total all other governmental funds	$ 5,400,996	$ 4,481,421	$ 4,560,982	$ 91,429	$ (1,128,082)

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

THE YORK COUNTY SCHOOL DIVISION

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

	2013	2012	2011	2010	2009
General fund (1)					
Non-spendable	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-
Committed	3,625,296	3,485,632	3,309,690	-	-
Assigned	5,123,822	6,193,449	7,668,987	-	-
Unassigned	-	-	-	-	-
Reserved	-	-	-	7,550,946	6,946,238
Unreserved	-	-	-	3,041,258	2,811,011
Total general fund	$ 8,749,118	$ 9,679,081	$ -	$ 10,592,204	$ 9,757,249
All other governmental funds (1)					
Non-spendable	$ -	$ -	$ -	$ -	$ -
Restricted	3,935,417	8,279,990	542,233	-	-
Committed	-	-	-	-	-
Assigned	-	1,193,459	3,547,130	-	-
Unassigned	(55,445)	-	-	-	-
Reserved	-	-	-	1,739,816	434,066
Unreserved, reported in:					
Special revenue fund	-	-	-	671,801	518,531
Capital project fund	-	-	-	3,887,722	1,426,898
Total all other governmental funds	$ 3,879,972	$ 9,473,449	$ -	$ 6,299,339	$ 2,379,495

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

THE YORK COUNTY SCHOOL DIVISION

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

(Unaudited)

	2018	2017	2016	2015	2014
Revenues					
Federal sources:					
Federal grants	$ 13,004,218	$ 14,334,552	$ 18,551,861	$ 13,927,494	$ 13,270,776
Food services	1,723,615	1,578,226	1,456,241	1,375,528	1,355,737
Total federal sources	14,727,833	15,912,778	20,008,102	15,303,022	14,626,513
State sources:					
State education basic aid	34,705,092	34,869,350	34,165,873	34,368,771	31,543,761
State sales tax	13,605,183	12,863,884	12,594,334	12,199,662	11,905,068
Food services	66,343	63,018	51,963	49,860	53,498
State grants and other	17,291,940	14,603,951	13,545,506	12,958,096	12,854,878
Total state sources	65,668,558	62,400,203	60,357,676	59,576,389	56,357,205
Local sources:					
Payments from York County	63,398,906	60,614,764	60,055,486	59,859,842	46,784,869
Food service sales	2,039,125	2,055,703	2,008,323	1,988,920	2,257,018
Interest and other income	714,263	715,424	651,918	621,054	643,278
Other revenues	867,979	1,133,599	795,829	884,448	1,088,388
Total local resources	67,020,273	64,519,490	63,511,556	63,354,264	50,773,553
Total revenues	147,416,664	142,832,471	143,877,334	138,233,675	121,757,271
Expenditures					
Instruction	97,518,132	93,725,651	92,381,922	90,844,194	84,047,592
Administration, attendance, and health services	6,425,158	6,584,797	6,566,995	6,356,344	6,181,470
Pupil transportation	7,925,403	7,785,003	6,910,247	7,717,260	7,173,435
Operations and maintenance	11,703,598	11,355,711	11,535,722	11,608,122	11,906,865
Technology	10,871,427	8,955,157	8,836,453	10,880,109	8,889,363
Food services	3,940,456	3,441,040	3,283,240	3,182,554	3,517,128
Capital outlay	9,440,851	10,918,835	9,578,199	8,833,455	5,499,987
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	147,825,025	142,766,194	139,092,778	139,422,038	127,215,840
Excess (deficiency) of revenues over (under) expenditures	(408,361)	66,277	4,784,556	(1,188,363)	(5,458,569)
Other financing sources (uses)					
Transfers in	15,000	804,000	4,000	4,000	-
Transfers out	(15,000)	(804,000)	(4,000)	(4,000)	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	$ (408,361)	$ 66,277	$ 4,784,556	$ (1,188,363)	$ (5,458,569)
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%

THE YORK COUNTY SCHOOL DIVISION

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

	2013	2012	2011	2010	2009
Revenues					
Federal sources:					
Federal grants	$ 13,779,273	$ 14,113,544	$ 15,871,798	$ 21,240,077	$ 11,443,188
Food services	1,246,480	1,323,875	1,372,392	1,255,880	1,246,253
Total federal sources	15,025,753	15,437,419	17,244,190	22,495,957	12,689,441
State sources:					
State education basic aid	31,035,613	32,894,123	31,862,952	34,085,563	42,428,319
State sales tax	12,126,120	12,272,494	11,861,997	11,291,540	10,473,202
Food services	59,869	59,770	61,857	64,925	66,944
State grants and other	11,896,765	10,365,060	10,684,346	10,495,914	13,067,600
Total state sources	55,118,367	55,591,447	54,471,152	55,937,942	66,036,065
Local sources:					
Payments from York County	48,246,996	52,761,202	46,276,697	50,117,998	50,612,027
Food service sales	2,125,836	2,530,712	2,543,614	2,651,924	2,854,961
Interest and other income	653,798	606,530	628,793	696,700	878,873
Other revenues	1,268,037	850,364	783,322	720,010	623,251
Total local resources	52,294,667	56,748,808	50,232,426	54,186,632	54,969,112
Total revenues	122,438,787	127,777,674	121,947,768	132,620,531	133,694,618
Expenditures					
Instruction	85,789,332	83,857,197	83,820,381	97,868,494	96,297,060
Administration, attendance, and health services	5,974,176	5,817,828	5,462,641	5,495,520	5,937,858
Pupil transportation	6,994,450	6,997,948	7,091,905	7,044,930	7,591,803
Operations and maintenance	11,423,130	11,119,949	10,961,577	11,520,301	11,115,340
Technology	8,932,377	9,156,293	8,601,876	-	-
Food services	3,664,307	3,922,593	4,109,497	3,822,554	4,138,012
Capital outlay	6,184,455	2,821,376	3,723,394	2,019,822	5,889,016
Debt service:					
Principal retirement	-	-	-	89,842	85,769
Interest and fiscal charges	-	-	-	4,269	8,341
Total expenditures	128,962,227	123,693,184	123,771,271	127,865,732	131,063,199
Excess (deficiency) of revenues over (under) expenditures	(6,523,440)	4,084,490	(1,823,503)	4,754,799	2,631,419
Other financing sources (uses)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Net change in fund balances	$ (6,523,440)	$ 4,084,490	$ (1,823,503)	$ 4,754,799	$ 2,631,419
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.07%	0.08%

THE YORK COUNTY SCHOOL DIVISION

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

Fiscal Year	Breakfast Program Meal Prices: Elementary	Breakfast: Middle/High	Breakfast: Adult	Breakfast: Reduced	Lunch Program Rates Meal Prices: Elementary	Lunch: Middle/High	Lunch: Adult	Lunch: Reduced	Average Percentage of Students Participating in School Lunch Program	Percentage of Students Receiving Free or Reduced Meals
2018	$ 1.50	$ 1.60	$ 2.00	$ 0.30	$ 2.60	$ 2.70	$ 3.35	$ 0.40	33.33%	22.11%
2017	1.50	1.60	2.00	0.30	2.60	2.70	3.35	0.40	28.44%	21.28%
2016	1.40	1.50	1.90	0.30	2.50	2.60	3.25	0.40	28.19%	19.94%
2015	1.35	1.45	1.85	0.30	2.45	2.55	3.20	0.40	35.59%	20.30%
2014	1.25	1.35	1.75	0.30	2.35	2.45	3.10	0.40	29.39%	19.53%
2013	1.25	1.35	1.75	0.30	2.25	2.35	3.00	0.40	28.00%	19.02%
2012	1.15	1.25	1.60	0.30	2.15	2.25	2.75	0.40	33.15%	17.18%
2011	1.15	1.25	1.60	0.30	2.15	2.25	2.75	0.40	38.67%	17.18%
2010	1.10	1.20	1.55	0.30	2.05	2.15	2.80	0.40	40.97%	15.10%
2009	0.95	1.05	1.30	0.30	2.00	2.10	2.75	0.40	40.56%	15.70%

Source: York County School Division

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

(Unaudited)

				Public Utility			Total Taxable	Total Direct
Year	Real Estate	Personal Property	Mobile Home	Real Estate	Personal Property	CPC Equipment	Assessed Value	Tax Rate
2018	$9,103,775,170	$ 595,105,775	$ 3,294,500	$ 459,070,808	$ 55,504	$ -	$10,161,301,757	$ 0.9827
2017	9,104,219,600	582,157,745	3,568,200	459,191,601	82,826	-	10,149,219,972	0.9789
2016	9,000,762,700	593,894,890	3,512,600	442,369,715	104,756	-	10,040,644,661	0.9437
2015	8,798,868,900	561,880,260	3,939,500	430,748,916	127,592	-	9,795,565,168	0.9379
2014	8,734,569,500	552,552,935	3,780,000	425,978,786	148,514	-	9,717,029,735	0.9363
2013	8,690,891,300	531,217,905	3,912,100	420,994,403	186,019	-	9,647,201,727	0.9304
2012	8,638,730,000	514,828,080	3,812,600	393,773,490	69,127	-	9,551,213,297	0.9172
2011	8,949,135,600	493,248,385	4,187,400	382,175,535	96,956	68,960,274	9,897,804,150	0.8232
2010	8,961,227,100	486,463,825	4,021,600	366,503,738	129,147	69,774,070	9,888,119,480	0.8211
2009	8,993,599,500	460,168,335	4,725,400	346,268,796	147,871	72,185,117	9,877,095,019	0.8123

Note: Values are net of tax exempt property. Property in the County is reassessed every two years. Property is assessed on a calendar year basis and at actual value; therefore, the assessed values are equal to actual value. Tax rates are per $100 of assessed value. Calendar year 2012 reflects an amendment to the Virginia State Code, which exempted CPC (Certified Pollution Control) Equipment. Calendar year 2017 included a change to the boat tax in that all boats are taxed at $.000000001/$100; previously boats less than 5 tons were taxed in the same class as personal property.

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2018

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

Fiscal Year	Real Estate (1) (2) (3)	Personal Property (1) (4)	Mobile Home (1) (3)	Boats > 5 Tons (1) (5)	Total Direct Tax Rate
2018	$ 0.795	$ 4.00	$ 0.795	$ 0.000000001	$ 0.9827
2017	0.7515/0.795	4.00	0.7515/0.795	1.00/0.000000001	0.9789
2016	0.7515	4.00	0.7515	1.00	0.9437
2015	0.7515	4.00	0.7515	1.00	0.9379
2014	0.7515	4.00	0.7515	1.00	0.9363
2013	0.7415/0.7515	4.00	0.7415/0.7515	1.00	0.9304
2012	0.6575/0.7415	4.00	0.6575/0.7415	1.00	0.9172
2011	0.6575	4.00	0.6575	1.00	0.8232
2010	0.6575	4.00	0.6575	1.00	0.8211
2009	0.6575	4.00	0.6575	1.00	0.8123

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

(2) The amount designated for school operating is $0.587 per $100 of valuation for fiscal year 2018.

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

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

(5) Effective for calendar year 2017, all boats are taxed at $.000000001/$100. The board tax rate has been effectively eliminated on all classes of boats.

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

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2018

THE YORK COUNTY SCHOOL DIVISION

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

(Unaudited)

Taxpayer	Description	2017 Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	2008 Taxable Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Virginia Power Company	Generating plant	$ 365,801,458	1	3.59%	$ 349,158,895	1	3.57%
BP/Western Refining/Plains Marketing	Former Refinery	235,927,645	2	2.31%	117,880,840	3	1.21%
Lawyers Title/Fairfield Resorts/Wyndham	Timeshare condominiums	170,938,605	3	1.68%	195,387,665	2	2.00%
City of Newport News	Water system	135,741,600	4	1.33%	88,968,300	4	0.91%
GWR OP Lessee VA LLC (Great Wolf Lodge)	Hotel and water park	81,684,290	5	0.80%	64,764,680	5	0.66%
Kings Creek Plantation	Timeshare condominiums	80,408,480	6	0.79%	64,429,970	6	0.66%
Moyork LLC (Commonwealth Apartments	Apartment complex	44,000,700	7	0.43%			
Walmart	Retail sales	38,029,655	8	0.37%	35,616,520	9	0.36%
1991 Ashe Partnership	Apartment complex	37,819,790	9	0.37%	39,375,400	8	0.40%
Bush Entertainment/Water Country USA	Water park	37,324,670	10	0.37%	47,061,925	7	0.48%
Phillip Morris	Manufacturer				19,742,660	10	0.20%
Total		$ 1,227,676,893		12.03%	$ 1,022,386,855		10.45%

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

Source: County of York, Virginia

Comprehensive Annual Financial Report Fiscal Year 2018

THE YORK COUNTY SCHOOL DIVISION

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Collections in Subsequent Year	Total Collections to Date	
					Amount	Percentage of Levy
2018	$ 89,691,238	$ 87,216,407	97.24%	$ -	$ 87,216,407	97.24%
2017	87,536,065	84,909,975	97.00%	1,921,884	86,831,859	99.20%
2016	84,110,482	81,503,407	96.90%	2,003,305	83,506,712	99.28%
2015	80,716,523	77,929,910	96.55%	2,492,572	80,422,482	99.64%
2014	79,831,923	77,513,973	97.10%	1,943,731	79,457,704	99.53%
2013	78,390,079	75,580,443	96.42%	2,374,405	77,954,848	99.44%
2012	77,167,308	75,120,925	97.35%	1,559,100	76,680,025	99.37%
2011	78,309,524	74,202,547	94.76%	1,634,808	75,837,355	96.84%
2010	79,967,238	74,592,412	93.28%	1,709,795	76,302,207	95.42%
2009	77,519,190	74,221,594	95.75%	1,761,998	75,983,592	98.02%

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2018

THE YORK COUNTY SCHOOL DIVISION

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

	Total Primary Government - County of York, Virginia							Total School Division			
Fiscal Year	General Obligation Bonds	Revenue Bonds	Literary Loans	Capital Leases	Lease Revenue Bonds	Note Payable	Total Primary Government	Capital Leases	Total School Division	Percentage of Personal Income (2)	Per Capita (2)
2018	$ 69,812,399	$ 20,616,187	$ -	$ 3,423,720	$ 28,136,579	$ -	$121,988,885	$ -	$ -	N/A	$ 1,757
2017	66,330,054	21,254,301	-	5,722,996	21,308,937	-	114,616,288	-	-	N/A	1,664
2016	61,906,639	21,169,120	-	2,420,659	23,247,569	-	108,743,987	-	-	2.51%	1,586
2015	53,270,668	21,696,428	-	3,185,983	23,544,723	-	101,697,802	-	-	2.35%	1,464
2014	49,619,991	22,207,989	-	3,751,628	24,847,309	-	100,426,917	-	-	2.39%	1,490
2013	54,961,398	22,141,530	-	3,803,050	26,059,652	372,740	107,338,370	-	-	2.68%	1,603
2012	59,822,805	22,570,884	-	4,147,737	27,499,214	719,393	114,760,033	-	-	2.88%	1,728
2011	56,564,037	22,984,594	100,000	5,021,889	29,052,785	1,041,781	114,765,086	-	-	2.96%	1,740
2010	59,858,071	7,924,245	200,000	2,853,785	30,792,347	1,341,604	102,970,052	-	-	2.75%	1,567
2009	59,764,486	8,194,645	300,000	3,513,765	31,951,909	1,620,440	105,345,245	89,842	89,842	2.90%	1,622

N/A - This information is not available.

(1) Bonds are shown at net of related premiums and/or discounts and deferred amounts on refundings for 2009 - 2013. Beginning in FY2014, bonds are shown at net of related premiums and/or discounts.

(2) See Population and Personal Income on Demographic and Economic Statistics Table.

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2017

THE YORK COUNTY SCHOOL DIVISION

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

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2018	$ 69,812,399	$ -	$ 69,812,399	0.69%	$ 1,005
2017	66,330,054	-	66,330,054	0.65%	959
2016	61,906,639	-	61,906,639	0.62%	903
2015	53,270,668	-	53,270,668	0.54%	767
2014	49,619,991	-	49,619,991	0.51%	736
2013	54,961,398	-	54,961,398	0.57%	821
2012	59,822,805	-	59,822,805	0.63%	901
2011	56,564,037	-	56,564,037	0.57%	857
2010	59,858,071	-	59,858,071	0.61%	911
2009	59,764,486	-	59,764,486	0.61%	920

(1) See Assessed Value table.

(2) See Population on Demographic and Economic Statistics table.

Source: County of York, Virginia
Comprehensive Annual Financial Report Fiscal Year 2018

THE YORK COUNTY SCHOOL DIVISION

Demographic and Economic Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Population [1]	Personal Income[2] (Thousands)	Per Capita Income[2]	Median Age[3]	Education Level In Years of Formal Schooling[4]	Student Average Daily Membership[5]	Unemployment Rate[6]
2018	69,441	N/A	N/A	N/A	13.20	12,610	3.10%
2017	68,890	N/A	N/A	39.00	13.20	12,584	3.60%
2016	68,585	$ 4,336,956	$ 54,592	38.80	13.20	12,522	3.90%
2015	69,466	4,333,888	54,159	38.80	13.20	12,519	4.30%
2014	67,396	4,202,631	53,431	39.30	13.20	12,333	5.00%
2013	66,955	4,011,311	51,268	39.40	13.20	12,226	5.40%
2012	66,428	3,982,139	51,037	39.40	13.20	12,410	5.80%
2011	65,973	3,876,176	49,744	39.40	13.20	12,477	6.10%
2010	65,695	3,743,244	48,390	39.40	13.20	12,533	6.10%
2009	64,933	3,636,579	47,015	39.90	13.10	12,732	5.30%

N/A - This information is not available.

Source:
(1) Weldon Cooper Center for Public Service; 2017 estimate based on average growth over prior nine years.

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

(3) Median Age from U.S. Census Bureau.

(4) Educational Attainment derived from data published by the U.S. Census Bureau.

(5) County School Division.

(6) Virginia Employment Commission; 2017 estimate per County Planning Division.

THE YORK COUNTY SCHOOL DIVISION

Principal Employers
Current Year and Nine Years Prior
(Unaudited)

	2018			2009		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Naval Weapons Station / Cheatham Annex	2,424	1	10.45%	3,225	1	14.40%
York County School Division	1,786	2	7.66%	1,840	2	8.21%
U.S. Coast Guard Station	1,807	3	7.79%	871	5	3.89%
Sentara Williamsburg Regional Medical Center	906	4	3.91%	885	4	3.95%
Water County	655	5	2.82%	825	6	3.68%
Walmart	766	6	3.30%	998	3	4.46%
York County Government	750	7	3.23%	716	7	3.20%
Great Wolf Lodge of Williamsburg, LLC	534	8	2.30%	557	8	2.49%
YMCA	384	9	1.66%			
Wyndham Vacation Ownership	335	10	1.44%	445	9	1.99%
Kings Creek Plantation				266	10	1.19%
Total	10,347		44.56%	10,628		47.46%

Source: County Office of Economic Development.

THE YORK COUNTY SCHOOL DIVISION

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Athletic Directors	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Board Members	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Bus Drivers	129.00	131.00	131.00	131.00	131.00	131.00	131.00	131.00	133.00	133.00
Bus Driver Assistants	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Cafeteria Monitors	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Clerical	69.25	69.75	69.75	69.75	69.75	70.72	70.72	72.69	74.75	74.75
Clerk of the Board	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Crossing Guards	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Custodians	94.50	94.50	94.50	94.50	94.50	94.50	97.50	103.50	108.50	108.50
Directors	8.25	7.25	7.25	7.25	8.25	7.25	7.25	10.25	9.25	10.25
Division Chiefs	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	4.00	4.00
Food Service Personnel	23.00	25.00	25.00	26.66	28.66	29.66	29.66	33.66	35.66	44.66
Guidance Counselors	33.50	33.50	33.50	33.50	31.50	31.50	31.50	33.00	33.50	33.50
Instructors	9.00	9.00	9.00	11.00	10.00	10.00	10.00	10.00	10.00	10.00
Librarians	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00	18.00
Mechanics	8.00	7.00	7.00	7.00	7.00	7.00	7.00	8.00	8.00	8.00
Nurses	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00	17.00
Occupational Therapists	5.00	5.00	5.00	5.00	4.50	4.50	4.50	4.50	4.50	4.50
Para-Educators	275.50	271.50	264.50	259.50	254.50	255.50	256.50	270.00	268.00	272.00
Physical Therapists	1.60	1.60	1.60	1.60	2.00	2.00	2.00	2.00	2.00	2.00
Principals	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00	19.00
Principals (Assistants)	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Psychologists	11.00	11.00	11.00	9.00	9.00	9.00	9.00	9.00	9.00	9.00
Superintendent	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Teachers	870.55	864.05	860.05	845.05	830.55	830.55	841.79	867.80	868.16	862.16
Technical	95.42	94.42	98.57	97.09	97.92	97.67	96.47	101.79	107.17	113.96
Trades	25.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	24.00	26.00
Total Full-Time Equivalents	1,786.07	1,776.07	1,769.22	1,749.40	1,729.63	1,731.35	1,745.39	1,807.69	1,822.99	1,839.78

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

Operating Statistics
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Enrollment	Operating Expenditures	Cost per Pupil	Percentage Change	Teaching Staff	Pupil/ Teacher Ratio	Percentage Change
2018	12,610	$ 134,443,718	$ 10,662	4.5%	922.05	13.7	-0.5%
2017	12,584	128,406,319	10,204	1.2%	915.55	13.7	0.1%
2016	12,522	126,231,339	10,081	-0.9%	911.55	13.7	-1.6%
2015	12,519	127,406,029	10,177	6.2%	896.55	14.0	-0.4%
2014	12,333	118,198,725	9,584	-1.6%	880.05	14.0	1.9%
2013	12,226	119,113,465	9,743	3.4%	889.05	13.8	1.8%
2012	12,410	116,949,215	9,424	1.4%	918.80	13.5	-0.4%
2011	12,477	115,938,380	9,292	-4.6%	919.80	13.6	-0.5%
2010	12,533	122,023,356	9,736	2.4%	919.66	13.6	-2.2%
2009	12,732	121,036,171	9,506	5.7%	913.66	13.9	-3.2%

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Instruction										
Buildings:										
Elementary Schools	10	10	10	10	10	10	10	10	10	10
Middle Schools	4	4	4	4	4	4	4	4	4	4
High Schools	4	4	4	4	4	4	4	4	4	4
Charter Schools	1	1	1	1	1	1	1	1	1	1
Other:										
Athletic Fields	45	45	45	45	45	44	44	44	44	44
Playgrounds	30	30	30	30	30	30	30	30	30	30
Pupil Transportation										
Buses	166	162	162	160	160	159	160	158	154	153
Operations and Maintenance										
Vehicles	106	97	106	92	85	85	85	76	75	78

Source: York County School Division

THE YORK COUNTY SCHOOL DIVISION

School Building Information
Last Ten Fiscal Years
(Unaudited)

School	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary										
Bethel Manor Elementary:										
Square feet	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685	79,685
Capacity	698	698	698	698	698	698	698	698	698	698
Enrollment	603	603	594	554	493	410	382	388	525	549
Coventry Elementary:										
Square feet	78,033	78,033	78,033	78,033	78,033	78,033	78,033	78,033	78,033	78,073
Capacity	708	708	708	708	708	708	708	708	708	708
Enrollment	586	564	577	543	548	589	628	640	604	612
Dare Elementary:										
Square feet	63,415	63,415	63,415	63,415	63,415	63,415	63,415	63,415	63,415	64,300
Capacity	867	867	867	867	867	867	867	867	867	867
*Enrollment	421	422	379	354	372	409	428	460	438	436
Grafton Bethel Elementary:										
Square feet	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583	68,583
Capacity	703	703	703	703	703	703	703	703	703	703
Enrollment	640	644	616	575	601	622	640	624	617	628
Magruder Elementary:										
Square feet	74,867	74,867	74,867	74,867	74,867	74,867	74,867	74,867	74,867	74,867
Capacity	740	740	740	740	740	740	740	740	740	740
Enrollment	608	626	626	562	602	600	590	570	593	640
Mt. Vernon Elementary:										
Square feet	69,689	69,689	69,689	69,689	69,689	69,689	69,689	69,689	57,999	57,999
Capacity	782	782	782	782	782	782	782	782	542	542
Enrollment	591	560	533	485	509	548	553	557	554	544
Seaford Elementary:										
Square feet	61,731	61,731	61,731	61,731	61,731	55,553	55,553	55,553	55,553	55,553
Capacity	656	656	656	656	656	506	506	506	506	506
Enrollment	451	437	452	437	455	479	494	521	519	532
Tabb Elementary:										
Square feet	77,037	76,790	76,790	76,790	76,790	76,790	68,425	68,425	68,425	68,425
Capacity	777	777	777	777	777	777	627	627	627	627
Enrollment	620	606	627	620	608	625	643	634	531	540
Waller Mill Elementary:										
Square feet	60,151	60,151	60,151	36,665	36,665	36,665	36,665	36,665	36,665	36,665
Capacity	460	460	460	297	297	297	297	297	297	297
Enrollment	387	344	320	267	278	279	315	320	321	339
Yorktown Elementary:										
Square feet	70,307	70,307	66,402	66,402	66,402	66,402	66,402	66,402	66,402	66,402
Capacity	734	734	734	734	734	734	734	734	734	734
Enrollment	674	696	694	610	624	663	636	625	584	513

THE YORK COUNTY SCHOOL DIVISION

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

School	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Middle										
Grafton Middle:										
Square feet	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047	57,047
Capacity	681	681	681	681	681	681	681	681	681	681
Enrollment	460	465	459	423	425	448	468	473	490	543
Queens Lake Middle:										
Square feet	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771	91,771
Capacity	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178	1,178
Enrollment	858	850	903	853	857	828	786	774	829	897
Tabb Middle:										
Square feet	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918	98,918
Capacity	982	982	982	982	982	982	982	982	982	982
Enrollment	751	791	767	720	717	742	759	742	752	739
Yorktown Middle:										
Square feet	150,461	150,461	150,461	150,461	145,229	145,229	145,229	145,229	145,229	145,229
Capacity	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215	1,215
Enrollment	905	882	872	808	815	850	868	881	875	854
High										
Bruton High:										
Square feet	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040	155,040
Capacity	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039	1,039
Enrollment	600	564	608	547	538	585	616	636	668	727
Grafton High:										
Square feet	164,961	164,961	164,961	164,961	159,729	159,729	159,729	159,729	159,729	159,729
Capacity	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397
Enrollment	1,168	1,183	1,176	1,104	1,132	1,271	1,302	1,309	1,277	1,281
Tabb High:										
Square feet	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597	160,597
Capacity	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288	1,288
Enrollment	1,126	1,162	1,161	1,075	1,021	1,100	1,138	1,164	1,245	1,257
York High:										
Square feet	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091	184,091
Capacity	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214
Enrollment	1,106	1,059	1,060	1,015	993	1,054	1,045	1,045	1,078	1,036
York River Academy:										
Square feet	24,451	24,451	24,451	24,451	24,451	24,451	24,451	24,451	24,451	3,800
Capacity	128	128	128	128	128	128	128	128	128	40
Enrollment	64	73	72	74	66	65	56	56	58	50

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

Source: York County School Division

COMPLIANCE SECTION

Cherry Bekaert LLP
CPAs & Advisors

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

Members of the School Board
York County School Division

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the York County School Division (the "School Division"), a component unit of the County of York, Virginia, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School Division's basic financial statements, and have issued our report thereon dated November 30, 2018. That report recognizes that the School Division implemented a new accounting standard effective July 1, 2017.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cherry Bekaert LLP

Virginia Beach, Virginia
November 30, 2018