



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



YORK COUNTY, SOUTH CAROLINA

YORK SCHOOL DISTRICT ONE

York, South Carolina

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017



Prepared By:

**York School District One
Office of Finance**

**Amy Hagner, Assistant Superintendent for Finance &
Operations**

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

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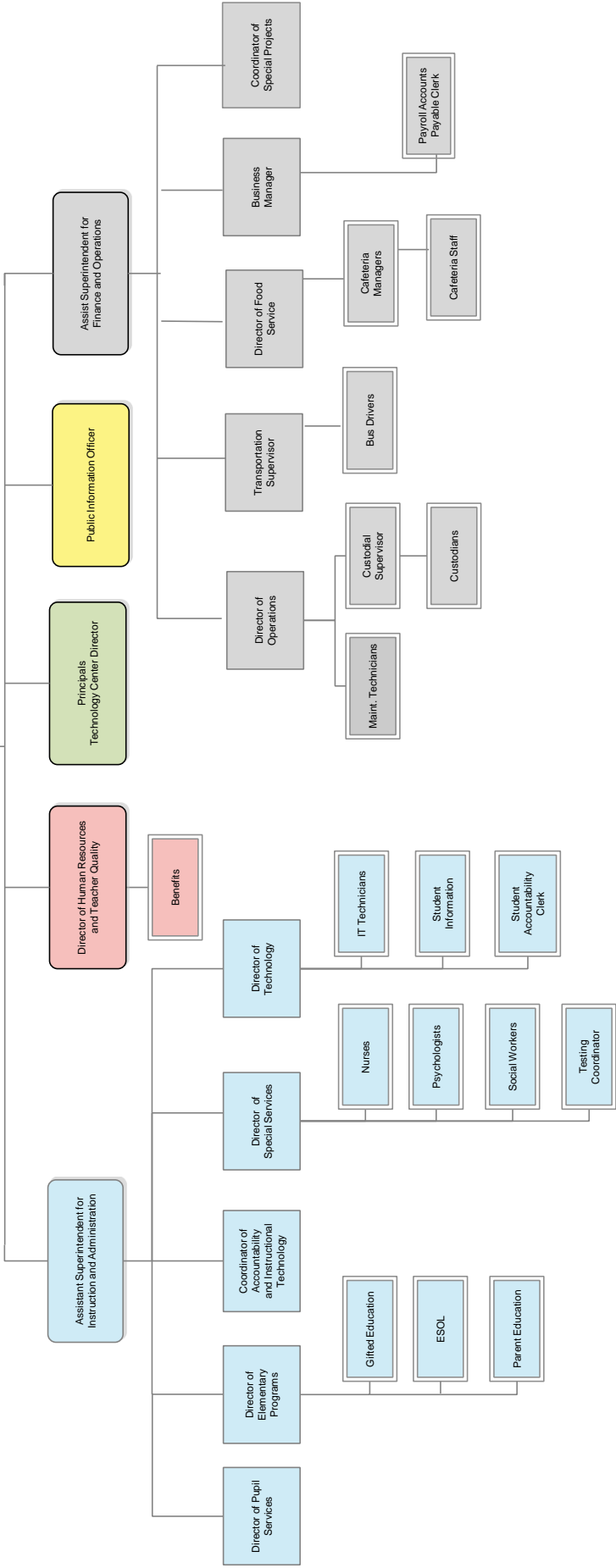
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People of York School District One

Board of Trustees

Superintendent



YORK SCHOOL DISTRICT ONE

List of Principal Officials

June 30, 2017

Board Meetings are held on the second Tuesday of each month at 7:00 PM. Five Board of Trustee members are elected for four year terms from single member districts, and two are elected at-large, for a four-year term. The Superintendent is appointed by the Board of Trustees.

Board of Trustees

Chris Revels, Chair	Betty Johnson	Austin Dawkins
	Diane Howell, Secretary	Mike Smith
	Maria Duncan	Chris Stephenson, Vice Chair

Administrative

Title

Superintendent

Assistant Superintendent for Finance & Operations

Director of Elementary Education

Director of Human Resources

Assistant Superintendent of Instruction & Administration

Director of Special Services

Director of Food Service

Director of Transportation

Director of Maintenance

Coordinator of Special Projects

Director of Technology

Parenting Coordinator

Director of Student Services

Business Manager

Coordinator of Instructional Technology / Public Information

Name

Vernon Prosser, Ed.D.

Amy Hagner

Kelly Coxe

Oliver Love

Beverley Bowman

Bryan Greeson

Latisha Holt

Kevin Queen

Stan Quinn

Lisa Spangler

Ray Stemmer

Penny Sanders

Diana Smith, Ed.D.

Sherry Hernandez

Tim Cooper

Vernon Prosser
Superintendent



Amy Hagner
Assistant Superintendent

October 16, 2017

To the Citizens of York School District One:

We are pleased to submit to you the *Comprehensive Annual Financial Report ("CAFR")* of York School District One ("District") for the fiscal year ended June 30, 2017. State law requires that all school districts publish within five months of the close of each fiscal year a complete set of financial statements. This report has been prepared in conformity with generally accepted accounting principles ("GAAP") as set forth by the Governmental Accounting Standards Board ("GASB") and other recognized authoritative sources.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. We also believe that all disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The District's financial statements have been audited by Greene, Finney & Horton, LLP. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2017 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the year ended June 30, 2017 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the District was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the compliance section of this comprehensive annual financial report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management’s Discussion & Analysis (“MD&A”). This letter of transmittal is designed to complement MD&A and should be read in conjunction with the MD&A, which can be found immediately following the report of the independent auditor.

REPORTING ENTITY

The District defines its reporting entity by applying the criteria set forth in GASB #14 and GASB #39 to potential component units. Briefly, a component unit is an organization for which the District is financially accountable or other organizations that, because of the nature or significance of their relationship with the District, would cause the District’s financial statements to be misleading or incomplete if they were omitted from the reporting entity. These criteria are discussed in more detail in Note 1 to the financial statements.

Using these criteria, management has determined that the District has no component units, nor is it a component unit of any other organization.

GENERAL INFORMATION, LOCAL ECONOMIC CONDITION AND OUTLOOK

The District is one of four K-12 school districts within York County, and is located in the southwestern region of the County. The District encompasses the entire City of York, and several smaller municipalities located on the western border of York County. Geographically, the District is the largest of the four districts and encompasses approximately 40% of the land use in the County, but only makes up approximately 10% of the County’s total assessed value, which was \$100,498,079 for tax year 2016.

The District was created in 1954 by the consolidation of seven school districts within the County. The District has approximately 4,946 students in 2016-2017. For the 2017-2018 fiscal year, the district is projecting enrollment to remain about the same. The district currently operates ten schools: Hunter Street Elementary School (4K-4), Jefferson Elementary School (4K-4), Cotton Belt Elementary (4K-4), Hickory Grove Sharon Elementary (4K-6), Harold C Johnson Elementary (4K-4), York Intermediate School (5-6), York Middle School (7-8), York Comprehensive High School (9-12), Floyd D Johnson Technology Center (9-12), and York One Academy – Alternative School (5-12). The District also hosts a Family Resource Center with parenting education resources and a free medical clinic.

The age of active school buildings in the School District range from 1974 to 2012 and can be found in Table 17 of the statistical section of this report. The School District continues to monitor the long-term capital needs and maintenance needs of facilities throughout the District.

The District has established and maintains strong collaborative relationships with higher education institutions in the area including Winthrop University, York Technical College and the University of South Carolina at Lancaster for dual credit course offerings and professional development for staff. Additionally, the District partners with local businesses through the Greater York Chamber of Commerce to provide School to Work opportunities for students. Through collaborations with local health and human service agencies to include Keystone Substance Abuse Services, The Early Learning Partnership of York County, York County First Steps, York County All on Board, and Dental Access Carolina, among others, the district is able to provide needed services and support to students.

The District received District-level accreditation through the Southern Association of Colleges and Schools and the Council on Accreditation and School Improvement (SACS CASI). District accreditation is a national protocol for school districts committed to systemic, systematic, and sustainable improvement. When a district earns accreditation, all schools in the district must meet the AdvancED Accreditation standards for quality school systems, engage in continuous improvement, and demonstrate quality assurance through internal and external review. Accreditation standards a district must demonstrate are:

- Vision and Purpose
- Governance and Leadership
- Teaching and Learning
- Documenting and Using Results
- Resources and Support Systems
- Stakeholder Communications and Relationships
- Commitment to Continuous Improvement

The School Board of Trustees is made up of seven members elected by the qualified electors of the District. Five of the members are elected from a single member district, and two members are elected at large. The Board meets the second Tuesday of each month except for July. The Superintendent is appointed by the Board of Trustees and is responsible to the Board for the operation of all phases of the District's activities.

York County is located in the Piedmont section of South Carolina and is bordered on the north by North Carolina. The county has a land area of 685 square miles and had an estimated population of 258,526 in 2016. This figure represents an approximate 14% increase in population over the 2010 census of 226,073. The District encompasses approximately 316 square miles of the County. The County's per capita income was \$39,778 in 2015. The County's unemployment rate was 4.0% at June 30, 2017, which is slightly lower than the rate at June 30, 2016, which was 4.9%. The County is served by two major interstates: Interstate 85 and Interstate 77, which provide access to the larger metropolitan area of Charlotte, North Carolina. The City of York is the County seat of York County, and had a population of approximately 8,038 in 2014.

While industrial and manufacturing plants are still a major source of employment for York County residents, a broader, more diversified base of employment also exists in the County, with Duke Energy Corporation, Wells Fargo Home Mortgage, the County of York, Winthrop University, Paramount Parks-Carowinds, and all 4 of the County's school districts being in the list of top 25 employers in the County.

MAJOR INITIATIVES

The following are initiatives the District focused on during the 2016-2017 fiscal year:

Academic Resources:

- The elementary schools operated Girls on the Run programs, providing curriculum that combines character education focused on building self esteem with a physical education component, leading ultimately to participants running 5k events.
- The District purchased APEX licensing, enabling students to participate in online courses currently not offered in the traditional high school setting.
- Through a grant to Keystone Substance Abuse Services, the District participated on an advisory board which planned and implemented parent information sessions in each district in the county. The RAP (Raising Awareness for Parents) sessions were held throughout the year and ranged by topics from resiliency to the Opioid Epidemic.
- The District has an Academic Reinforcement Center (ARC) which is a comprehensive approach for students to earn credits that otherwise would have been lost due to poor grades, absenteeism or other factors.
- Through continued collaborative efforts with Affinity Health Care and York County First Steps, the free medical clinic offered within the Parenting Partnerships Family Resource Center offers services of a family nurse practitioner in addition to a pediatrician and nurse. Services were expanded through Affinity's management to also include prevention and treatment for uninsured and underinsured adults in addition to children in the district.
- Summer Reading Camp, implemented through funding through the SDE, served third grade students reading significantly below grade level through an intensive six week summer program. Through a community partnership grant, the reading camp extended full day offering students camp like experiences at partner sites including Kings Mountain National Military Park, the Museum of York County and Bricks for Kids.
- The District continues to partner with York Technical College to expand our ability to bring dual credit opportunities to our students. York Tech has made it possible for the district to administer the COMPASS college placement test to targeted juniors/seniors. These test scores will be used as the main qualifying criteria for admittance into dual credit courses offered at York Comprehensive High School through York Technical College.
- The District continued with the Middle College program with a joint partnership with York Technical College. The program is a non-traditional high school program designed for juniors and seniors with a high aptitude and potential for college success. The long term goal of the Middle College is to promote a college going culture by engaging students in relevant learning while providing them an opportunity to graduate. Students participate in the course on the campus of York Technical College.

- The District continued our partnership with York Technical College for an Early College program targeting high achieving 8th grade students. These students have the opportunity to earn a University Studies Certificate over the course of their high school career, the equivalent of 31 hours of college transferrable courses. This program is the first of its kind in York County.
- The District is a partner with Winthrop University's NetScope (Network of Sustained, Collaborative, Ongoing Preparation for Educators) grant. Through this partnership, schools in the district who are identified as partner schools or professional development schools participate in extensive based professional development to improve preservice and inservice training.
- The district received a 4K Community Development Block grant which provided a number of activities to improve school readiness included a Kindergarten Registration Carnival, a three-week summer "Kindergarten Kamp", expanded the number of children served through Count Down to Kindergarten, hosted a Barefoot Puppets performance and a Night at the Museum.
- Through a partnership with York County First Steps, at risk 4 year olds participate in a Count Down to Kindergarten summer program prior to entering kindergarten during which they receive educational home visits to prepare them with skills which promote school readiness.

Literacy:

- The District continues to partner with the Early Learning Partnership of York County and York County First Steps and through local fundraising efforts in the Imagination Library with over 400 children ages birth to five years. This program encourages reading by mailing a developmentally appropriate book to each participant's home monthly.
- Schools in the District continued to implement reading programs in order to promote literacy and prevent regressions of reading and comprehension skills.

Technology:

- The District has a Technology Coach that provides professional development and training to all employees in the district.
- The District moved to a new website provider which will provide a more user-friendly website with up to date information.
- The District moved to a new Mass Communications provider which will allow our schools to continue to communicate with parents and the community via phone calls, emails, webpage, social media and text messaging.
- The District did a complete computer replacement at the York Intermediate School and York Middle School and purchased devices for individual schools.

Construction:

- Most of the construction work during the year related to enhancing safety and security features at all of the district facilities.

District-Wide Accomplishments for FY 2016-2017 were as follows:

- The District had nine teachers that were awarded Family Trust Grants. The grants fund projects that encourage unique and creative learning opportunities or enrich regular classroom activities.
- York Comprehensive High School continued with the Alive at 25 course. This 4 ½ course focuses on the behaviors, decision-making and risks facing young drivers every time they get behind the wheel.
- Jerry Honeycutt was named the South Carolina Association for Physical Education and Sport Teacher of the Year Award for Middle School Physical Education. Mr. Honeycutt was selected for his outstanding contributions to the field of Physical Education.
- Dr. Audrey Allan was named the South Carolina State Physical Education Association Advocate award winner. Her efforts have provided York School District Physical Education teachers with grant money, IPADS, new PE equipment and conference/professional development opportunities.
- Through Chartwells, the District implemented a Food Waste Reduction and Recovery Program that focuses on raising awareness of food and waste and providing strategies to reduce waste and/or divert it to a community hunger relief agency. Food recovery buns were set up in each cafeteria to collect safe but unwanted food which was then donated to our local community.
- The District continued the Olweus Bullying Prevention Program throughout the district and planned and implemented activities in conjunction with National Unity Day to prevent bullying.
- The district received a \$50,000 NFL LISC grant which will provide much needed renovations to the stadium at York Middle School. The matching grant will update painting, remove damaged bleachers, repair concrete, remove and extend fencing, replace press box windows, replace bathroom and lighting fixtures, repair draining issues on the field, paint extensively, and replace the scoreboard.
- The District received an additional Math Science Partnership Grant to support Science, Technology, Engineering, and/or Mathematics (STEM) professional development at the middle school level. The district will provide professional development focused on technology and partner with Winthrop University and Discovery Place Education. The one year grant total is \$148,756.
- Through an EEDA At Risk Student Innovation grant in the amount of \$144,412, an At Risk Coordinator is in place to provide support to at risk students at York Middle School and York One Academy through an after school program, a three-week summer intercession program and establishing Cougar Cares. The grant also funds implementation of PBS and initiated the use of Ripple Effects in in school suspension.
- The District participated in the York County Summer Feeding Program. Our students received nutritionally balanced meals at Harold C Johnson Elementary, York Middle School, and York Comprehensive High School, through a partnership with the York County Summer Feeding Program. In addition, other students not participating in summer programs will also be able to receive meals through community feeding sites.

- Through a 21st Century Community Learning Center grant, the Boys & Girls Clubs of York County partnered with York School District One to bring after school and summer programming to the district. Each of the Title I Schools in the district serve 75 students (225 total between the three schools) in after school programs operating Monday-Friday from 2:20 until 5:30at the school sites. The district provides transportation, and students participate in the DSS dinner program offered by the district. In summer, each school serves 30 students (90 students total for the district) in a four-week summer intercession program, provided 4 days weekly for 4 weeks from 7:45-4:45. The district provides bus transportation, and students receive breakfast and lunch through a partnership with the York County Summer Feeding program.
- Using Title III funds, the district initiated a two day per week after school program at Harold C. Johnson Elementary School for students with limited English Proficiency.
- Through its partnership with York County First Steps, the district houses the tri county Nurse Family Partnership Program. Through this program, at risk, first time expectant mothers are provided home visitation through nurses for up to 2 years.
- The District continues to work in collaboration with the Second Harvest Food Bank of Metrolina in the “backpack” program for students in our district who are in need of food in their homes over the weekends.
- The after school dinner program continued to offer meals to student athletes at York Middle School and York Comprehensive High School in conjunction with tutoring and homework assistance as well as elementary sites offering after school programs. This program is coordinated by the district’s food service department and funded by the DSS Dinner program.

FINANCIAL INFORMATION

Budgetary Control

The District’s budget process is developed using, as a foundation, the District’s Vision Statement, Mission Statement, and Beliefs.

District’s Vision Statement

Building the foundation for tomorrow by sparking potential and inspiring success.

District’s Mission Statement

Working with the community, we will provide a diverse, innovative education in a safe environment enabling students to become responsible citizens in a global society.

District's Beliefs

- Learning is a life-long, ever-changing process.
- Each child is unique and should have the opportunity to reach his/her full potential.
- A safe, orderly and nurturing environment is essential for learning.
- Education is a cooperative effort between schools and the community.
- Technology enhances teaching and learning and should be current.

The District exercises budgetary controls. The objective of these budgetary controls is to ensure compliance with the provisions set forth in the annual appropriations adopted by the Board of Trustees. Beginning in February, the Superintendent, Assistant Superintendent, Director of Technology, Director of Human Resources, and the Maintenance Director visit each location to discuss capital and personnel needs with the building level administrator. With direction from these meetings, and the Superintendent, the Assistant Superintendent prepares a proposed budget to be presented to the Board of Trustees. The Board of Trustees annually adopts and approves the General Fund budget by June 30th. The District maintains the modified accrual system for all governmental funds, and uses encumbrance accounting to accomplish budgetary controls at the function level. District policies allow funds to be transferred between function and object amounts as long as the total spending does not exceed the approved budget. Board approval is needed for supplemental appropriations that are additions to the budget. Encumbrances are utilized to assist in budgetary control and encumbrances lapse at fiscal year-end. The Board of Trustees is given a budget status report on a monthly basis, and is reviewed by the members of the Board.

Special revenue fund budgets are controlled in conformance with the specific requirements of that fund, and budgets are not legally adopted. Budgets are not adopted for the Capital Projects Fund or the Debt Service Fund. Debt Service expenditures are set in accordance to the bond issue requirements, with revenues needed to pay the debt service requirements levied by the County Auditor.

Subsequent to the adoption of the budget by the Board, the Assistant Superintendent certifies to the County Auditor the amount of millage required to raise sufficient funds to defray the cost of operating the District and to pay the bonded indebtedness incurred by the District. Pursuant to Act No. 449 enacted during the 1975 Session of the General Assembly of the State of South Carolina, the General Assembly provided for the levying of school taxes for the District. Part III, Section 6 of Act No. 449 empowers the Board of the District to levy taxes to provide funds for school operating expenses provided such levy may not be increased more than four mills in any year over that levied for a preceding year without the approval of the qualified electors of the District voting in a referendum. Act No. 744 enacted at the 1990 Session of the General Assembly of South Carolina increased this limitation from four to six mills.

Since 1969, a county-wide millage has been levied for the operation of the four school districts of York County pursuant to Act No. 1663 of the Acts and Joint Resolutions of the General Assembly for the year 1968. Beginning with the 1981-82 school year and continuing through the 1986-87 school year, the proceeds of the county levy were distributed on a per pupil (average daily membership) basis to the four districts within the County. However, pursuant to the provisions of Act No. 292 passed by the General Assembly in 1987, authorization was provided to distribute the receipts from one mill levied under the countywide school levy to the school district with the lowest assessed

value. Pursuant to the provisions of Act No. 744 enacted during the 1990 Session of the General Assembly of the State of South Carolina, the countywide levy was raised to thirty-three mills and the authorization to distribute the receipts from one mill to the district with the lower assessed value was continued. After reappraisal of all property in calendar year in 2005, the total of countywide mills was reduced to thirty. The District has the lowest assessed value in the County.

Long Term Financial Planning

The two major focus areas for the District are technology and facilities. During the 2016-2017 year, the District continued to spend money for technology needs throughout the district and the bond proceeds on capital needs.

In addition, capital projects are another main area of focus of the district's long-term financial planning component. The issuance of over \$85 million in bonds demonstrates the district's commitment to safe, secure, quality educational facilities. The District evaluates facilities on an ongoing basis in order to provide additional instructional space prior to the existing space becoming overcrowded.

The unassigned fund balance in the general fund at year end was \$9,374,529. The District feels a positive fund balance is sound financial management. A positive fund balance serves several purposes. The first is to ensure that the instructional process is not interrupted by unforeseen budgetary constraints such as state budget cuts which we have seen over the last couple of years. Secondly, the District is able to reduce short term borrowing by having cash available in the later months of the year. The third purpose is to maintain a positive bond rating.

The fund balance will allow the District not only to maintain its ability to handle any major shortfalls due to the economic decline but also to handle the increase in operating costs.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The accounting firm of Greene, Finney, & Horton, LLP, was selected by the District's Board of Trustees to perform the Districts' annual audit for the fiscal year ending June 30, 2017. In addition, the audit was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the provisions of the Uniform Guidance. The auditor's report on the financial statements is included in the Financial Section of this report, and the auditor's report related specifically to the single audit are included in the Compliance Section of this report.

Awards

Our Comprehensive Annual Financial Report for fiscal year ended June 30, 2016 was a recipient of the prestigious awards of excellence, from both the Government Finance Officers Association ("GFOA") with their Certificate of Achievement for Excellence in Financial Reporting, and from the Association of School Business Officials ("ASBO") with their Certificate of Excellence in Financial This is the fifteenth consecutive year that the government has achieved these prestigious awards. These two awards are made only to governmental units that publish a comprehensive annual financial report that is easily readable, efficiently organized, and conform to program standards, as well as satisfy generally accepted accounting principles and applicable legal requirements.

These awards are valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet each program's requirements and we are submitting it to the GFOA and to ASBO to determine its eligibility for another certificate.

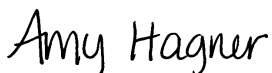
Acknowledgements

The completion of this comprehensive annual financial report is attributed to the hard work and professional dedication of the entire Finance Department. Their dedication and efficient services have made the timely preparation of this report possible. I would like to acknowledge the cooperation and assistance of the District's school and departmental administration throughout the year in the efficient management of the District's financial operations. I would also like to thank our audit firm Greene, Finney, & Horton LLP for their professional services in auditing the information contained within this document and their invaluable assistance with the compiling and printing of this financial report.

The administration would also like to thank the entire School Board of Trustees for their continued support of excellence in financial reporting and fiscal integrity. Without their help, we would not be able to maintain the exceptional staff needed to assure such a high level of competency.

This report reflects the District's commitment to the citizens of York School District One and the financial community to provide information in conformance with the highest standards of financial accountability.

Respectfully Submitted,

A handwritten signature in black ink that reads "Amy Hagner". The script is cursive and fluid.

Amy Hagner
Assistant Superintendent
Finance and Operations



Government Finance Officers Association

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

Presented to

**York School District One
South Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

A handwritten signature in black ink, reading "Jeffrey R. Enos". The signature is written in a cursive, flowing style.

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

York School District One

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2016.**

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



A handwritten signature in black ink, reading 'Anthony N. Dragona'.

Anthony N. Dragona, Ed.D., RSBA
President

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

John D. Musso, CAE, RSBA
Executive Director

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
York School District One
York, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of York School District One, South Carolina (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of York School District One, South Carolina, as of June 30, 2017, 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.

Adoption of Accounting Principle

As discussed in Note 1.C. to the financial statements, for the year ended June 30, 2017 the District adopted the provisions of Governmental Accounting Standards Board Statement (“GASB”) No 77, “*Tax Abatement Disclosures*”. Our opinion is not modified with respect to this matter.

Pending Implementation of GASB Statement on Postemployment Benefits Other Than Pensions

As discussed in Note 13, the GASB issued Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*” (“GASB #75”) in 2015. GASB #75, which will be adopted by the District for the year ended June 30, 2018, will require the District to report a net other postemployment benefit (“OPEB”) liability on its applicable financial statements for its participation in the South Carolina State Health Plan (“Plan”). Based on recent information provided by the South Carolina Public Employee Benefit Authority, it is anticipated that the District’s share of the net OPEB liability associated with this Plan will decrease its governmental activities beginning net position for the year ended June 30, 2018 by approximately \$50,000,000, although the exact amount has yet to be determined. 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, the budgetary comparison schedule for the General Fund and the pension plan schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The supplementary information, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the introductory section and the 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 supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and the statistical section 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 October 16, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 16, 2017

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

INTRODUCTION

This discussion and analysis of York County School District One's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, financial statements, and the notes to the financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2017 are as follows:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year yielding a net deficit of approximately \$29.0 million. Of this amount, approximately \$41.1 million was the District's unrestricted net deficit, which was caused primarily by the District's net pension liability of approximately \$63.1 million. Without this net pension liability, the District would have an unrestricted net position of approximately \$22.0 million.
- The District's total net position decreased by approximately \$4.8 million compared to a \$3.2 million decrease in the prior year. The change compared to the prior year is primarily attributable to an increase in the net pension liability and a reduction in tax revenues due to a tax refund of approximately \$2.4 million relating to prior years that was issued to a company in the District's tax base in 2017.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of approximately \$16.3 million. The District had a decrease of approximately \$2.2 million in the current year compared to an increase of approximately \$1.9 million in the prior year. The change compared to the prior year is primarily attributable to the reduced tax revenues noted in the prior bullet point.
- At the end of the current fiscal year, total fund balance for the General Fund was approximately \$9.4 million, which is approximately 22% percent of total General Fund expenditures. The entire amount is unassigned.
- The District's total capital assets decreased approximately \$5.2 million (5%) during the current fiscal year. The key factor was depreciation expense of approximately \$5.7 million, offset by various additions.
- The District's total gross debt decreased by approximately \$2.6 million (3%) during the current fiscal year which was due to regularly scheduled principal payments of approximately \$2.6 million.
- During the fiscal year 2017, the District's governmental fund type revenues were approximately \$56.6 million compared to approximately \$57.6 million in the prior year. This decrease was primarily due to the reduction in tax revenues because of the tax refund discussed earlier.
- The District had approximately \$61.4 million in expenses related to governmental activities; approximately \$29.1 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) and transfers in combined were approximately \$28.0 million and provided the remaining funding.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. The financial statements include two kinds of statements, (*the government-wide financial statements and the fund financial statements*) that present different views of the District. The government-wide statements are intended to give the reader both an aggregate view of the District's finances and a longer-term view of those finances. The fund financial statements are intended to provide a more detailed look at specific financial activities.

Reporting the District as a Whole - Government-Wide Financial Statements

The first two statements are *government-wide financial statements* that provide a broad overview of the District's overall financial status, in a manner similar to a private-sector enterprise. These statements report information about the District as a whole.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the District as a Whole - Government-Wide Financial Statements (Continued)

Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows and liabilities and deferred inflows of resources, with the difference between these items reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. To assess the District's overall health, other non-financial factors, such as the District's property tax base, the condition and age of school buildings, as well as other physical assets, should be considered.

Statement of Activities

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, for some items, revenues and expenses are reported in this statement that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The District's activities are divided into two categories in the government-wide statements:

- Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Local, state, and federal funds finance most of these activities.
- Business-type activities: The District charges fees to help cover the cost of certain services that it provides. Included within this activity is the food service program.

The government-wide financial statements can be found as listed in the table of contents of this report.

Reporting the District's Major Funds - Fund Financial Statements

The remaining financial statements are *fund financial statements* that focus on *individual parts* of the District, and not the District as a whole. The fund financial statements report the District's operations in *more detail* than the government-wide statements, and focus on the District's most significant or "major" funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the District's basic services are included within the governmental funds. The governmental funds generally focus on two things-how cash and other assets can readily be converted to cash flow in and out, and the balances left at year-end that are available for spending.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Reporting the District's Major Funds - Fund Financial Statements (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The governmental fund statements provide a more detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. However the governmental fund statements do not encompass the additional long-term focus as that of the government-wide financial statements, and as a result additional information at the end of the governmental fund statements, in the form of reconciliation, explains the relationship (or differences) between the governmental fund statements and the government-wide statements.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Special Revenue - EIA Fund, Debt Service Fund and Capital Projects Fund, all of which are considered to be major funds. The governmental fund financial statements can be found as listed in the table of contents of this report.

Proprietary Fund

The District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service operation. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail; therefore, the proprietary fund financial statements provide more detailed information for the food service operation, which is considered a major fund of the District. The proprietary fund financial statements can be found as listed in the table of contents of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for the pupil activity of the schools and accounts for this activity in an agency fund. The fiduciary fund financial statement can be found as listed in the table of contents of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents of this report.

Other Information

The combining and individual fund financial schedules referred to earlier in connection with governmental funds can be found as listed in the table of contents of this report.

The District adopts an annual appropriated budget only for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for this fund to demonstrate compliance with the budgets. This schedule can be found as listed in the table of contents of this report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by approximately \$29.0 million at the close of the most recent fiscal year.

Table 1 provides a summary of the District's net position for the current fiscal year 2017, as well as the preceding fiscal year 2016:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Assets						
Current and Other Assets	\$ 26,872,940	26,783,466	1,745,219	1,556,637	28,618,159	\$ 28,340,103
Capital Assets, Net	103,262,545	108,373,874	421,988	525,177	103,684,533	108,899,051
Total Assets	<u>130,135,485</u>	<u>135,157,340</u>	<u>2,167,207</u>	<u>2,081,814</u>	<u>132,302,692</u>	<u>137,239,154</u>
Deferred Outflows of Resources						
Deferred Pension Charges	<u>9,266,829</u>	<u>4,507,070</u>	<u>190,272</u>	<u>52,588</u>	<u>9,457,101</u>	<u>4,559,658</u>
Liabilities						
Other Liabilities	7,502,494	5,701,234	10,696	2,531	7,513,190	5,703,765
Net Pension Liability	61,858,503	56,345,790	1,270,114	657,432	63,128,617	57,003,222
Long-Term Liabilities	98,789,081	102,430,968	-	-	98,789,081	102,430,968
Total Liabilities	<u>168,150,078</u>	<u>164,477,992</u>	<u>1,280,810</u>	<u>659,963</u>	<u>169,430,888</u>	<u>165,137,955</u>
Deferred Inflows of Resources						
Deferred Pension Credits	<u>1,266,646</u>	<u>847,467</u>	<u>26,008</u>	<u>9,888</u>	<u>1,292,654</u>	<u>857,355</u>
Net Position						
Net Investment						
in Capital Assets	8,360,535	6,943,438	421,988	525,177	8,782,523	7,468,615
Restricted	3,372,828	5,687,962	-	-	3,372,828	5,687,962
Unrestricted	(41,747,773)	(38,292,449)	628,673	939,374	(41,119,100)	(37,353,075)
Total Net Position	<u>\$ (30,014,410)</u>	<u>(25,661,049)</u>	<u>1,050,661</u>	<u>1,464,551</u>	<u>(28,963,749)</u>	<u>\$ (24,196,498)</u>

The District's current and other assets at June 30, 2017 increased by approximately \$0.3 million from the prior year primarily due to an increase property taxes receivable, partially offset by a decrease in cash. The District's capital assets at June 30, 2017 decreased by approximately \$5.2 million from the prior year due to depreciation expense of approximately \$5.7 million, partially offset by various additions. The District's total liabilities at June 30, 2017 increased by approximately \$4.3 million from the prior year primarily due to an increase in the net pension liability and short term general obligation bonds issued during the current year that were still outstanding at June 30, 2017.

The District's net position decreased by approximately \$4.8 million during the current fiscal year due to current year expenses exceeding current year revenues. Please see discussion following the next table regarding this decrease.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The largest portion of the District's net position (approximately \$8.8 million) reflects its net investment in capital assets (i.e., land, buildings, furniture and equipment, infrastructure, etc.) less any related outstanding debt/lease purchase obligations used to acquire those assets. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt generally must be provided from other sources, since generally the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position of approximately \$3.4 million represents resources that are subject to external restrictions on how they may be used. The restriction is for debt service. The remaining portion of the District's net position is unrestricted net position (deficit) of approximately (\$41.1) million that may be used to meet the government's ongoing obligations to citizens and creditors.

Table 2 shows the changes in net position for the current fiscal year 2017 as well as for the preceding fiscal year 2016:

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Revenues						
Program Revenues:						
Charges for Services	\$ -	-	556,194	615,767	556,194	\$ 615,767
Operating Grants	29,095,326	27,489,089	2,514,429	2,482,238	31,609,755	29,971,327
Capital Grants	-	107,795	-	-	-	107,795
General Revenues:						
Taxes	27,568,754	30,335,197	-	-	27,568,754	30,335,197
Other	292,096	205,774	2,210	1,664	294,306	207,438
Total Revenues	56,956,176	58,137,855	3,072,833	3,099,669	60,029,009	61,237,524
Program Expenses						
Instruction	34,352,771	32,481,326	-	-	34,352,771	32,481,326
Supporting Services	24,328,809	22,930,865	-	-	24,328,809	22,930,865
Interest and Other Charges	2,763,817	6,209,181	-	-	2,763,817	6,209,181
Food Service	-	-	3,350,863	2,846,331	3,350,863	2,846,331
Total Program Expenses	61,445,397	61,621,372	3,350,863	2,846,331	64,796,260	64,467,703
Excess (Deficiency)						
Before Transfers	(4,489,221)	(3,483,517)	(278,030)	253,338	(4,767,251)	(3,230,179)
Transfers In (Out)	135,860	8,201	(135,860)	(8,201)	-	-
Change in Net Position	(4,353,361)	(3,475,316)	(413,890)	245,137	(4,767,251)	(3,230,179)
Net Position, Beginning of Year	(25,661,049)	(22,185,733)	1,464,551	1,219,414	(24,196,498)	(20,966,319)
Net Position, End of Year	\$ (30,014,410)	(25,661,049)	1,050,661	1,464,551	(28,963,749)	\$ (24,196,498)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

Governmental Activities

The District's governmental activities net position decreased approximately \$4.4 million in 2017 compared to a decrease of approximately \$3.5 million in the prior year. This decrease was more than in the prior year primarily due to an increase in the net pension liability in the current fiscal year, as well as a tax refund that was issued to a company in the District's tax base, partially offset by an increase in operating grants and contributions. Depreciation expense of approximately \$5.6 million was a significant factor in the decrease in the District's governmental activities net position.

Business-Type Activities

The District's business-type activities had a decrease in net position of approximately \$0.4 million in 2017, compared to an increase of approximately \$0.2 million in the prior year, primarily due to an increase in pension expense as the enterprise fund net pension liability increased approximately \$0.6 million from the prior year.

FUND ANALYSIS

Governmental Funds

The analysis of governmental funds serves the purpose of looking at what resources came into the funds, how they were spent and what is available for future expenditures. Did the government generate enough revenue to pay for current obligations? What is available for spending at the end of the year?

For the year ended June 30, 2017, the District's governmental funds reported a combined fund balance of approximately \$16.3 million as compared to approximately \$18.5 million for the prior year. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2017, the District's unassigned fund balance for all governmental funds was approximately \$9.4 million which solely represents the General Fund. Of the remainder, approximately \$3.6 million and \$3.3 million are restricted for capital projects and debt service, respectively.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was approximately \$9.4 million which was all unassigned.

The District's General Fund balance increased approximately 12% from the prior year. The fund balance in the General Fund is approximately 22% of General Fund expenditures.

The District's Major Funds include General Fund, as described above, Special Revenue Fund, Special Revenue-EIA Fund, Debt Service Fund, and Capital Projects Fund.

The District's Special Revenue Fund and Special Revenue – EIA Fund, are used to account for revenues derived from the State of South Carolina and the Federal Government. Special Revenue funds generally do not have fund balances as revenues should be expended, unearned, or returned to the grantor.

The Debt Service Fund is shown in the accompanying financial statements of the District. This fund is used to account for the accumulation of funds for debt retirement. The District's debt millage rate remained at 78 mills. The fund balance in the Debt Service Fund decreased approximately \$2.6 million in 2017 due to the transfer of debt proceeds to the capital projects fund. The fund balance for the Debt Service Fund at June 30, 2017 was approximately \$3.3 million which is restricted for debt service payments. Revenues decreased over the prior year by approximately \$0.7 million, or 9%, primarily due to a decrease in state sources combined with a decrease in tax revenues due to a tax refund issued to a company in the District's tax base in 2017. Regularly scheduled debt service payments increased over the prior year by approximately \$0.2 million due to increased principal and interest payments.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

FUND ANALYSIS (CONTINUED)

The Capital Projects Fund is utilized to account for the District's major capital project expenditures. The District's Capital Projects Fund balance decreased by approximately \$0.6 million in 2017 to approximately \$3.6 million at June 30, 2017. The primary reason for the decrease is due to capital expenditures exceeding revenues and net transfers in during 2017.

Proprietary Funds

The District's only Proprietary Fund is the Food Service Fund. This program had a net deficit of approximately \$0.4 million for the fiscal year ended June 30, 2017, compared to net income of approximately \$0.2 million for the prior year. The decrease from the prior year is due to higher pension expense due to an increase in the proprietary fund's net pension liability of approximately \$0.6 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to South Carolina law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2017, budget amendments between functions within the General Fund were made, but none that caused the total budget to exceed the original approved General Fund budget. During fiscal year 2017, local revenue sources (taxes) were less than budgeted due to a tax refund issued to a company in the District's tax base in 2017 (discussed earlier). Actual expenses came in close to what was budgeted. The District's goal in 2017 was to restore the unassigned fund balance and the district continues to budget conservatively.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had approximately \$103.7 million in net capital assets. The total decrease in the District's net capital assets was approximately \$5.2 million or approximately 18%. While there were capital asset additions of approximately \$0.5 million, depreciation expense was approximately \$5.7 million. Major capital asset events during the current fiscal year included:

- Depreciation expense of approximately \$5.7 million.
- Furniture and equipment capital asset additions of approximately \$0.5 million.

Table 3 shows fiscal 2017 balances compared to 2016:

**Table 3
Capital Assets at June 30, 2017 and June 30, 2016
(Net of Depreciation)**

	Government Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Land and Land Improvements	\$ 3,180,954	3,129,672	-	-	3,180,954	\$ 3,129,672
Buildings, Improvements and Equipment	100,081,591	105,244,202	421,988	525,177	100,503,579	105,769,379
Totals	<u>\$ 103,262,545</u>	<u>108,373,874</u>	<u>421,988</u>	<u>525,177</u>	<u>103,684,533</u>	<u>\$ 108,899,051</u>

The District does not have significant outstanding construction commitments at June 30, 2017. For more information regarding the District's capital assets see Note 4 to the financial statements.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt Administration

At fiscal year-end, the District had approximately \$87.3 million in gross bonds and capital leases outstanding versus approximately \$90.0 million in the prior year, a decrease of approximately 3% as shown in Table 4. All of the District's debt is backed by the full faith and credit of the District as is typical with general obligation bond ("GOB") indebtedness.

**Table 4
Outstanding Gross Debt, at Year End**

	Governmental Activities 2017	Governmental Activities 2016
General Obligation Bond, 2009	\$ 215,000	\$ 315,000
Qualified Zone Academy GOB, Series 2012	3,000,000	3,000,000
Capital Lease, 2013	6,306,000	8,852,000
General Obligation Refunding Bonds, 2015	32,405,000	32,405,000
General Obligation Refunding Bonds, 2016	45,380,000	45,380,000
Total Gross Debt	<u>\$ 87,306,000</u>	<u>\$ 89,952,000</u>

Key highlights related to the District's gross debt for fiscal year 2017 are as follows:

- Principal payments of approximately \$2.6 million were made on the various bonds.

Section 15 of Article X of the South Carolina State Constitution allows Districts to incur a legal debt limit not to exceed 8% of the assessed value of all taxable property in the District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2017, the District's assessed property valuation was approximately \$100.5 million. The District had approximately \$1.7 million (\$3.0 million of the Qualified Zone Academy GOB less the funded debt service for the Qualified Zone Academy GOB of approximately \$1.3 million) of bonded debt subject to the 8% limit of approximately \$8.0 million resulting in unused legal debt margin of approximately \$6.3 million.

As noted earlier, other long-term obligations consist of premiums, and accrued compensated absences. More detailed information about the District's debt and other long-term obligations is presented in Note 9 to the financial statements.

ECONOMIC FACTORS

York School District One is located in the southwestern region of York County. The District encompasses the entire City of York and several smaller municipalities located on the western border of York County. The District has a tax base of \$100,498,000 million in 2017 which is a 1% decrease from 2016. Recently, the District has seen growth in assessed valuation slow. Total property tax collections have historically been strong, averaging more than 90% collection rate.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

MANAGEMENT'S DISCUSSION & ANALYSIS

YEAR ENDED JUNE 30, 2017

FY 2018 BUDGETS

The FY 18 General Fund Budget of approximately \$44.5 million represents a 3% increase over FY 17. The main priorities for the FY 18 General Fund Budget were: (1) being able to maintain the same quality of education for our students due to the continuous shortfall in state funding, (2) maintaining manageable class sizes, and (3) have a balanced budget without using the districts unassigned fund balance. The District's goal is to continue to provide the same level of educational programs and to continue to improve academic performance. However, this goal continues to become more challenging with the effects of the passage of Act 388, which eliminated school operating millage on owner-occupied homes and replaced it with a less stable one percent sales tax increase.

Because this is a labor-intensive operation, the largest, budgeted expenditure increase pertains to personnel, which makes up approximately 87% of the General Fund budget. The base student cost, which is the determining factor for the majority of the state's formula funding provided to public districts, is projected to be funded at the rate determined by the State Budget and Control Board to keep pace with inflation. The state base student cost increased approximately 3% over 2017 (from \$2,350 to \$ 2,425). The Base Student Cost amount is still well below the projected amount determined by the State Budget and Control Board needed for inflation.

The Board of Trustees approved a 5.0 mill increase (increased to 189.6 mills from 184.6 mills in the prior year) for the 2017 property tax year for general operations of the District. The Board of Trustees also approved to maintain 78 mills for the 2017 property tax year for the District's scheduled debt service requirements.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide those interested with a general overview of the District's finances and to show the District'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 District One, PO Box 770, York, South Carolina, 29745. In addition, the Comprehensive Annual Financial Report may be found on the District's website at: www.york.k12.sc.us.



BASIC FINANCIAL STATEMENTS

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATEMENT OF NET POSITION

JUNE 30, 2017

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and Cash Equivalents	\$ 11,023,817	922,865	\$ 11,946,682
Cash and Cash Equivalents, Restricted	63,542	-	63,542
Investments, Restricted	1,294,343	-	1,294,343
Cash and Investments Held by County Treasurer	8,694,069	-	8,694,069
Property Taxes Receivable, Net	5,191,466	-	5,191,466
Accounts Receivable, Net	-	2,531	2,531
Other Receivables, Net	76,725	-	76,725
Due from State	232,755	-	232,755
Due from Federal	1,030,533	-	1,030,533
Due from Other Governments	74,817	-	74,817
Internal Balances	(809,127)	809,127	-
Inventories and Prepaid Items	-	10,696	10,696
Capital Assets:			
Non-Depreciable	3,180,954	-	3,180,954
Depreciable, Net	100,081,591	421,988	100,503,579
TOTAL ASSETS	130,135,485	2,167,207	132,302,692
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	9,266,829	190,272	9,457,101
LIABILITIES			
Accounts Payable and Accrued Expenses	3,502,683	-	3,502,683
Accrued Interest Payable	1,226,965	-	1,226,965
Unearned Revenue	856,846	10,696	867,542
Short-Term Debt - Bond Payable	1,916,000	-	1,916,000
Non-Current Liabilities:			
Net Pension Liability	61,858,503	1,270,114	63,128,617
Long-Term Obligations - Due Within One Year	3,318,000	-	3,318,000
Long-Term Obligations - Due in More than One Year	95,471,081	-	95,471,081
TOTAL LIABILITIES	168,150,078	1,280,810	169,430,888
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Credits	1,266,646	26,008	1,292,654
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	8,360,535	421,988	8,782,523
Restricted For:			
Debt Service	3,372,828	-	3,372,828
Unrestricted	(41,747,773)	628,673	(41,119,100)
TOTAL NET POSITION	\$ (30,014,410)	1,050,661	\$ (28,963,749)

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
Instruction	\$34,352,771	-	19,143,969	-	(15,208,802)	-	\$(15,208,802)
Support Services	24,328,809	-	9,951,357	-	(14,377,452)	-	(14,377,452)
Interest on Long-Term Obligations	2,763,817	-	-	-	(2,763,817)	-	(2,763,817)
Total Governmental Activities	61,445,397	-	29,095,326	-	(32,350,071)	-	(32,350,071)
Business-Type Activities:							
Food Services	3,350,863	556,194	2,514,429	-	-	(280,240)	(280,240)
Total Business-Type Activities	3,350,863	556,194	2,514,429	-	-	(280,240)	(280,240)
TOTAL PRIMARY GOVERNMENT	\$ 64,796,260	556,194	31,609,755	-	(32,350,071)	(280,240)	(32,630,311)
GENERAL REVENUES:							
General Revenues:							
Property Taxes Levied for General Purposes					13,042,887	-	13,042,887
Property Taxes Levied for Debt Service					6,706,877	-	6,706,877
State Revenue in Lieu of Taxes					7,401,702	-	7,401,702
Other Taxes					417,288	-	417,288
Investment Earnings					222,520	2,210	224,730
Intergovernmental Revenue - Not Restricted to Specific Programs					42,005	-	42,005
Miscellaneous - Not Restricted to Specific Programs					27,571	-	27,571
Transfers In (Out)					135,860	(135,860)	-
Total General Revenues and Transfers					27,996,710	(133,650)	27,863,060
CHANGE IN NET POSITION					(4,353,361)	(413,890)	(4,767,251)
NET POSITION - Beginning of Year					(25,661,049)	1,464,551	(24,196,498)
NET POSITION - Ending of Year					\$(30,014,410)	1,050,661	\$(28,963,749)

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2017

	GENERAL	SPECIAL REVENUE
ASSETS		
Cash and Cash Equivalents	\$ 11,023,817	-
Cash and Cash Equivalents, Restricted	63,542	-
Investments, Restricted	-	-
Cash and Investments Held by County Treasurer	837,035	-
Receivables, Net:		
Taxes	3,767,524	-
Other	-	76,725
Due From:		
State	-	132,558
Federal	-	1,030,533
Other Governments	74,817	-
Other Funds	3,287,747	208,385
TOTAL ASSETS	19,054,482	1,448,201
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Accounts Payable	571,064	-
Accrued Salaries, Fringe & Benefits	2,820,022	-
Accrued Expenditures	111,597	-
Due To:		
Other Funds	3,174,661	1,121,899
Unearned Revenue	-	326,302
Short-Term Debt - Bond Payable	-	-
TOTAL LIABILITIES	6,677,344	1,448,201
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Property Taxes	3,002,609	-
TOTAL DEFERRED INFLOWS OF RESOURCES	3,002,609	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,679,953	1,448,201
FUND BALANCES:		
Fund Balances		
Restricted For:		
Debt Service	-	-
Capital Projects	-	-
Unassigned	9,374,529	-
TOTAL FUND BALANCES	9,374,529	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 19,054,482	1,448,201

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	-	-	\$ 11,023,817
-	-	-	63,542
-	1,294,343	-	1,294,343
-	3,972,044	3,884,990	8,694,069
-	1,423,942	-	5,191,466
-	-	-	76,725
100,197	-	-	232,755
-	-	-	1,030,533
-	-	-	74,817
519,987	-	1,919,716	5,935,835
620,184	6,690,329	5,804,706	33,617,902
-	-	-	571,064
-	-	-	2,820,022
-	-	-	111,597
89,640	174,536	2,184,226	6,744,962
530,544	-	-	856,846
-	1,916,000	-	1,916,000
620,184	2,090,536	2,184,226	13,020,491
-	1,283,323	-	4,285,932
-	1,283,323	-	4,285,932
620,184	3,373,859	2,184,226	17,306,423
-	3,316,470	-	3,316,470
-	-	3,620,480	3,620,480
-	-	-	9,374,529
-	3,316,470	3,620,480	16,311,479
620,184	6,690,329	5,804,706	\$ 33,617,902

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 16,311,479
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Amounts reported for the governmental activities in the Statement of Net Position are different because:

Outstanding property taxes and other revenues which will be collected in the future, but are not available soon enough to pay for the current period's expenditures are therefore unavailable in the funds.	4,285,932
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Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$175,805,708, and the accumulated depreciation is \$72,543,163.	103,262,545
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The District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State pension plans are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(53,858,320)
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Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is due. This amount represents the amount of interest due but unpaid at year-end.	(1,226,965)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities consisted of the following:	
Long-Term Debt	(87,306,000)
Net Premium	(11,216,490)
Compensated Absences	(266,591)
	(98,789,081)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (30,014,410)</u>
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2017

	GENERAL	SPECIAL REVENUE
REVENUES		
Local Sources:		
Taxes	\$ 12,779,549	-
Investment Earnings	105,066	-
Other Local Sources	27,568	335,847
State Sources	28,289,363	871,483
Federal Sources	-	3,192,639
Intergovernmental Revenue	-	42,005
TOTAL REVENUE ALL SOURCES	41,201,546	4,441,974
EXPENDITURES		
Current:		
Instruction	24,773,361	2,768,422
Support Services	18,367,100	1,462,377
Intergovernmental	-	76,968
Capital Outlay	70,539	33,261
Debt Service:		
Principal Retirement	-	-
Interest and Fiscal Charges	-	-
Other Charges	-	-
TOTAL EXPENDITURES	43,211,000	4,341,028
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,009,454)	100,946
OTHER FINANCING SOURCES (USES)		
Transfers In	2,998,164	-
Transfers Out	-	(100,946)
TOTAL OTHER FINANCING SOURCES (USES)	2,998,164	(100,946)
NET CHANGES IN FUND BALANCES	988,710	-
FUND BALANCE, Beginning of Year	8,385,819	-
FUND BALANCE, End of Year	\$ 9,374,529	-

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

SPECIAL REVENUE - EIA	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
-	6,603,645	-	\$ 19,383,194
-	88,232	29,222	222,520
9,100	-	-	372,515
3,798,600	417,287	-	33,376,733
-	-	-	3,192,639
-	-	-	42,005
3,807,700	7,109,164	29,222	56,589,606
1,934,395	-	-	29,476,178
547,969	-	848,812	21,226,258
-	-	-	76,968
138,978	-	1,384,794	1,627,572
-	2,646,000	-	2,646,000
-	3,875,040	-	3,875,040
-	35,163	-	35,163
2,621,342	6,556,203	2,233,606	58,963,179
1,186,358	552,961	(2,204,384)	(2,373,573)
-	-	3,130,685	6,128,849
(1,186,358)	(3,130,685)	(1,575,000)	(5,992,989)
(1,186,358)	(3,130,685)	1,555,685	135,860
-	(2,577,724)	(648,699)	(2,237,713)
-	5,894,194	4,269,179	18,549,192
-	3,316,470	3,620,480	\$ 16,311,479

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2017

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ (2,237,713)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. They are considered revenues in the Statement of Activities.	366,570
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,646,000
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	159,357
Bond premiums are recorded in the year they are received in governmental funds, but are amortized over the lives of the bonds in the Statement of Activities.	987,029
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 the governmental funds.	8,858
Changes in the District's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	(1,172,133)
Governmental funds report capital asset additions as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions of \$517,919 were exceeded by depreciation expense of \$5,629,248 during the year.	(5,111,329)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (4,353,361)</u>
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The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2017

	<u>ENTERPRISE</u>
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 922,865
Receivables, Net:	
Accounts	2,531
Due From:	
Other Funds	809,127
Inventories	10,696
Total Current Assets	<u>1,745,219</u>
Non-Current Assets:	
Capital Assets	2,546,539
Less: Accumulated Depreciation	(2,124,551)
Total Non-Current Assets	<u>421,988</u>
TOTAL ASSETS	<u>2,167,207</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Pension Charges	<u>190,272</u>
LIABILITIES	
Current Liabilities:	
Unearned Revenue	10,696
Total Current Liabilities	<u>10,696</u>
Noncurrent Liabilities:	
Net Pension Liability	1,270,114
Total Noncurrent Liabilities	<u>1,270,114</u>
TOTAL LIABILITIES	<u>1,280,810</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Pension Credits	<u>26,008</u>
NET POSITION	
Invested in Capital Assets	421,988
Unrestricted	628,673
TOTAL NET POSITION	<u>\$ 1,050,661</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2017

	<u>ENTERPRISE</u>
OPERATING REVENUES	
Proceeds from Sale of Meals	\$ 556,194
OPERATING EXPENSES	
Salaries and Benefits	1,322,464
Purchased Services	1,664,025
Food Costs and Supplies	257,644
Depreciation	103,189
Other	3,541
TOTAL OPERATING EXPENSES	<u>3,350,863</u>
OPERATING LOSS	<u>(2,794,669)</u>
NON-OPERATING REVENUES (EXPENSES)	
Commodities Received from USDA	225,734
USDA Reimbursements	2,152,561
Interest	2,210
Other Revenue	136,134
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,516,639</u>
INCOME (LOSS) BEFORE TRANSFERS	(278,030)
Transfer Out - Food Service Fund Indirect Costs	<u>(135,860)</u>
CHANGE IN NET POSITION	(413,890)
TOTAL NET POSITION, Beginning of Year	<u>1,464,551</u>
TOTAL NET POSITION, End of Year	<u><u>\$ 1,050,661</u></u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2017

	ENTERPRISE
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Meal Sales	\$ 555,814
Receipts from Other Revenues	136,134
Payments to Employees for Services	(831,346)
Payments to Suppliers for Goods and Services	(1,699,476)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,838,874)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
USDA Reimbursement	2,152,561
Transfers to Other Funds	(286,965)
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	<u>1,865,596</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings	2,210
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,210</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	28,932
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>893,933</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 922,865</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	\$ (2,794,669)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	103,189
Non-Cash USDA Commodities Used	225,734
Other Non-Operating Revenues	136,134
Change In:	
Receivables	(380)
Inventories	(8,165)
Unearned Revenue	8,165
Net Pension Liability	612,682
Deferred Pension Charges	(137,684)
Deferred Pension Credits	16,120
Net Cash Used in Operating Activities	<u>\$ (1,838,874)</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUND

JUNE 30, 2017

	<u>AGENCY</u>
ASSETS	
Cash and Cash Equivalents	\$ 548,223
Investments	24,452
Receivables	204
TOTAL ASSETS	<u>\$ 572,879</u>
LIABILITIES	
Due to Student Organizations	\$ 572,879
TOTAL LIABILITIES	<u>\$ 572,879</u>

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies

A) Reporting Entity

York School District One, South Carolina (the "District"), established in 1954, is controlled by a Board of Trustees (the "Board"), which has oversight responsibility over the public school education activities in the District. The District receives funding from local, state and federal government sources and must comply with the related requirements of these funding source entities. The District is governed by a seven member Board.

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

As required by GAAP, the financial statements must present the District's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the District both appoints a voting majority of the entity's governing body, and either 1) the District is able to impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the District. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the District and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on the District.

In order to be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the District having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the District; and (c) issue bonded debt without approval by the District. An entity has a financial benefit or burden relationship with the District if, for example, any one of the following conditions exists: (a) the District is legally entitled to or can otherwise access the entity's resources, (b) the District is legally obligated or has otherwise assumed the obligation to finance the deficits or, or provide financial support to, the entity, or (c) the District is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above if excluding it would cause the District's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance, part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the District. Based on the criteria above, the District does not have any component units.

B) Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District (the "Primary Government"). For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

B) Government-Wide and Fund Financial Statements (Continued)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

C) Measurement Focus, Basis of Accounting, and Basis of Presentation

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the Proprietary Fund financial statements. The Fiduciary Fund financial statements are presented using the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental **fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, federal and state grant programs, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash has been received by the government.

Fund financial statements report detailed information about the District. The focus of Governmental and Enterprise Fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary Funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

C) Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. There are a minimum number of funds maintained to keep the accounts consistent with legal and managerial requirements. The following major funds and fund types are used by the District.

Governmental Fund Types are those through which most governmental functions of the District are financed. The District's expendable financial resources and related assets and liabilities (except for those accounted for in the Proprietary Funds) are accounted for through governmental funds. Governmental funds are accounted for using a current financial resources measurement focus and the modified accrual basis of accounting. The following are the District's major and non-major governmental fund types:

The **General Fund, a major fund** and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following major Special Revenue Funds:

- i) The **Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report financial resources provided by federal, state, and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) The **Education Improvement Act ("EIA") Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.

The **Debt Service Fund, a major fund** and an unbudgeted fund, is used to account for the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the District.

The **Capital Projects Fund, a major fund** and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the Enterprise Fund.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

C) Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Enterprise Fund include the cost of sales, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary Fund types include the following fund:

The **Enterprise Fund, a major fund** and an unbudgeted fund, is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the District's only Enterprise Fund and is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.

Fiduciary Fund Types are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary Fund Types include the following:

The **Agency Fund**, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for general operation of the District. This accounting reflects the agency relationship of the District with the student activity organization.

Adoption of Accounting Principle

The District implemented GASB Statement No. 77 "Tax Abatement Disclosures" ("GASB #77") for the year ended June 30, 2017. The primary objective of GASB #77 was to provide tax abatement information to financial statement users so that they could more readily evaluate a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individual and entities that is beneficial to the government or its citizens. Although many governments offer tax abatements, the information necessary to assess how tax abatements affect their financial position and results of operations, including their ability to raise resources in the future, is lacking. GASB #77 requires disclosures of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

The adoption of GASB #77 had no impact on the District's financial statements but did result in new and expanded note disclosures. See Note 12 for more information regarding the District's tax abatements.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

D) Budgetary Data

Formal budgetary accounting is employed as a management tool for the District. Each budget is presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United State of America. Prior to July 1 of each fiscal year, the York District Board of Trustees legally adopts an operating budget for the General Fund only. The budget is a legal document that establishes total expenditure limits with the same basis of accounting being used to reflect actual revenues and expenditures under accounting principles generally accepted in the United States of America. Budgetary control is established at the departmental level or by projects. The Director of Finance is authorized to transfer budgeted amounts within and among departments; however, the Board of Trustees must approve any revisions that alter total expenditures. The legal level of control is at the fund level. All appropriations lapse at fiscal year-end. While budgets were transferred between function and object, there were no supplemental appropriations for the fiscal year that changed the total amount of the budget.

E) Encumbrances

Encumbrance accounting is utilized to assist in budgetary control through the use of purchase orders, which are recorded in order to reserve the portion of the applicable appropriation during the year. Encumbrances open at year-end lapse, and are subject to reappropriation in the budget of the subsequent year and are not carried forward.

F) Prepaid Items and Inventories

Prepaid items in the governmental funds are accounted for using the purchase method (expensed when paid).

Inventories in the Food Service Fund consist of purchased goods, supplies and United States Department of Agriculture (USDA) commodities, which are stated at values assigned by the USDA. Under the system for accounting for inventories, materials and supplies are carried in an inventory account at cost, using the first-in, first-out method of accounting, and are subsequently charged to expenditures/expenses when consumed.

G) Cash, Cash Equivalents, and Investments

Cash and Cash Equivalents

The District considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

Investments

The District's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina) that authorize the District to invest in the following:

- (a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

G) Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- (b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.
- (d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.
- (e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and b) above held by a third party as escrow agent or custodian, of a market value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.
- (f) Repurchase agreements when collateralized by securities as set forth in this section.
- (g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The District's cash investment objectives are preservation of capital, liquidity, and yield. The District reports its cash and investments at fair value which is normally determined by quoted market prices.

The District currently or in the past year has used the following investments:

- Cash and Investments held by the County Treasurer which are property taxes collected by the District's fiscal agent that have not been remitted to the District. The County Treasurer invests these funds in investments authorized by state statute as outlined above. All interest and other earnings gained are added back to the fund and are paid out by the County Treasurer to the respective governments on a periodic basis.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

G) Cash, Cash Equivalents, and Investments (Continued)

Investments (Continued)

- Local Government Investment Pool ("Pool") investments are invested with the South Carolina State Treasurer's Office, which established the South Carolina Pool pursuant to Section 6-6-10 of the South Carolina Code. The Pool is an investment trust fund, in which public monies in excess of current needs, which are under the custody of any city treasurer or any governing body of a political subdivision of the State, may be deposited. The Pool is a 2a 7-like pool which is not registered with the Securities and Exchange Commission ("SEC") as an investment company, but has a policy that it will operate in a manner consistent with the SEC's Rule 2a 7 of the Investment Company Act of 1940. In accordance with GASB Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.
- Treasury bills are negotiable debt obligations issued by the U.S. government and backed by its full faith and credit, having a maturity of one year or less and are exempt from state and local taxes.

H) Interfund Receivables and Payables

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the Statement of Net Position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances." All trade and property taxes receivable are shown net of an allowance for uncollectibles.

I) Compensated Absences

District employees are granted vacation and sick leave in varying amounts. Upon termination of employment, an employee is reimbursed for accumulated vacation days not to exceed 20 days. Unused sick leave is not reimbursed and therefore is not reported in the financial statements.

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *"Accounting for Compensated Absences."* The entire compensated absence liability and expense is reported on the government-wide financial statements. Governmental funds will only recognize compensated absences liability if they have matured, for example, as a result of employee resignations or retirements.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

J) Fund Balance

GASB #54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The District classifies governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because it is not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision making authority (The Board) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the District consist of amounts approved by a majority vote, through an ordinance, of the Board Members in subsequent requests made throughout the year.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted or committed and that such assignments are made before the report issuance date. The Board adopted a policy that grants the Superintendent and the Finance Director the right to make assignments of fund balance for the District.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The District generally uses restricted amounts to be spent first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the District generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formally approved minimum fund balance policy, but generally attempts to keep its unassigned fund balance in the General Fund to be approximately two months of General Fund operating expenditures.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

K) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

L) Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue, expenditures or expenses during the reporting period. Actual results could differ from those estimates.

M) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the Proprietary Fund financial statements.

N) Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District can access at the measurement date.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1 that are observable for an asset or liability either directly or indirectly and include:

Quoted prices for similar assets and liabilities in active markets.

Quoted prices for identical or similar assets or liabilities in inactive markets.

Inputs other than quoted market prices that are observable for the asset or liability.

Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

N) Fair Value (Continued)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The District believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

O) Accrued Liabilities and Long-Term Obligations

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, non-current portion of capital leases, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts (if any) are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

P) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently has one type of deferred outflows of resources. The District reports deferred pension charges in its government-wide statement of net position in connection with its net pension liability for its participation in the South Carolina Retirement System and the South Carolina Police Officers Retirement System. These deferred pension charges are either (a) recognized in the subsequent period as a reduction of the net pension liability (which includes pension contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension expense in future periods in accordance with GAAP.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

P) Deferred Outflows/Inflows of Resources (Continued)

The District currently has two types of deferred inflows of resources: (1) The District reports unavailable revenue – property taxes only in the governmental funds Balance Sheet; it is deferred and recognized as an inflow of resources (property tax revenues) in the period the amounts become available. (2) The District also reports deferred pension credits in its Statements of Net Position in connection with its participation in the South Carolina Retirement System and South Carolina Police Officers' Retirement System. These deferred pension credits are amortized in a systematic and rational method and recognized as a reduction of pension expense in future periods in accordance with GAAP.

Q) Capital Assets

General capital assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position, but are not reported in the fund financial statements.

Capital assets utilized by the Proprietary Funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at estimated acquisition value (as estimated by the District) at the date of donation.

The District maintains a capitalization threshold as follows:

Asset Category	Capitalization Limits
Land/non-depreciable land improvements (produce permanent benefits, i.e. filling and excavation costs)	All land will be capitalized
Depreciable land improvements (deteriorate with the use or passage of time, i.e. fencing, landscaping, lighting, paving)	\$100,000
Buildings, Building Improvements (must add square footage to asset and extend the useful life)	\$100,000
Intangible Assets	\$100,000
Equipment	\$5,000

The District's infrastructure assets have been reported with the buildings and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of capital assets is not capitalized for governmental activities as allowed by GAAP. The District does not maintain ownership of any public domain ("infrastructure") general capital assets.

All reported capital assets except land and construction in progress are depreciated. Construction projects begin being depreciated once they are completed and placed in service, at which time the complete costs of the project are transferred to the appropriate capital asset category.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 1-Summary of Significant Accounting Policies (Continued)

Q) Capital Assets (Continued)

Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Asset Category	Useful Life Range
Land (not depreciated)	not applicable
Land improvements	20–50 years
Buildings and improvements	10–50 years
Furniture and equipment	3–12 years
Vehicles	3–10 years
Construction in progress (not depreciated)	not applicable

R) Pensions

In government-wide financial statements, pensions are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. See Note 10.A and the required supplementary information immediately following the notes to the financial statements for more information. The District recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, or the District's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the District's fiscal year-end. Changes in the net pension liability during the period are recorded as pension expense, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they are incurred. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

S) Other Postemployment Benefits

Other Postemployment Benefits ("OPEB") cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting (see Note 10.B), regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is equal to the annual required contributions to the OPEB Plan, calculated in accordance with GAAP.

Note 2-Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's bank balances (including fiduciary funds) of approximately \$3,837,000 (book balance of approximately \$1,688,000) was exposed to custodial credit risk.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 2-Deposits and Investments (Continued)

Investments

As of June 30, 2017, the District had the following investments:

Investment Type	Credit Rating ^	Fair Value Level (1)	Fair Value	Weighted Average Maturity
State Local Government Investment Pool	NR	N/A	\$ 10,895,360	< 1 Year
Cash and Investments Held by County Treasurer	NR	N/A	8,694,069	< 1 Year
Government Money Market Mutual Fund	AAAm/Aaa-mf/NR	Level 1	1,294,343	< 1 Year
Total			<u>\$ 20,883,772</u>	

^ If available, credit ratings are for Standard & Poor's, Moody's Investors Services, and Fitch Ratings.

(1) See Note 1(N) for definition of fair value hierarchy.

NR - Not rated.

N/A - Not applicable.

Interest Rate Risk: The District does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2017, none of the District's investments was exposed to custodial credit risk.

Concentration of Credit Risk for Investments: The District places no limit on the amount the District may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not have an investment policy for credit risk but follows the investment policy statutes of the State of South Carolina.

Note 3-Property Taxes

Real Property taxes are levied on October 1 on the assessed valuations of property located in York County as of the preceding January 1, and are due and payable at that time. All unpaid taxes levied October 1 become delinquent January 15 of the following year, and property taxes attach as an enforceable lien if not paid by March 16 of the following year. Penalties are added to taxes depending on the date paid as follows:

January 16-February 1	3% of tax
February 2-March 16	10% of tax
March 17 and thereafter	15 % of tax plus collection costs

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 3-Property Taxes (Continued)

Motor vehicle taxes are levied on the first day of the month in which the motor vehicle license expires and is due by the end of the month. Property taxes are billed and collected by York County. Property tax revenue is recognized when collected and deposited to the District's account by the County Treasurer's Office. Real property taxes collected within 60 days after fiscal year end are also recognized as revenue for the year. Assessed values for real estate are established annually by the York County Tax Assessor at 4% of market value for legal residence and 6% of market value for rental and other real property.

For the year ended June 30, 2017, millage was set at 184.6 mills (182.1 mills in the prior year) to cover the District's general operating services and uses. The millage remained at 78.0 mills to cover the District's scheduled debt service requirements.

In addition, the District receives a prorated share, based on pupil attendance, of the County-wide 32 mill levy for school operations that is divided between the four Districts within the County, and an additional County-wide special 1 mill levy for school operations for the District having the lowest assessed valuation in the County, which is York School District One.

The records of the York County Treasurer's Office reported uncollected delinquent property taxes at June 30, 2017 of approximately \$3,276,000 for the General Fund (net of allowance for uncollectible portion of approximately \$137,000) and \$1,424,000 for the Debt Service Fund (net of allowance for uncollectible portion of \$59,000). In addition, there is approximately \$491,000 included in the General Fund's property tax receivable amount at June 30, 2017 that is revenue in lieu of taxes related to Property Tax Relief (Act 388).

Of these amounts, approximately \$3,003,000 and \$1,283,000, respectively, have been recorded as unavailable property taxes because they were not collected within sixty days after the year end and are not considered susceptible to accrual. Allowances for uncollectibles were not necessary for the other receivable accounts.

Included in property taxes receivable is approximately \$274,000 in the General Fund, and approximately \$141,000 in the Debt Service Fund, that has been recognized as revenue at June 30, 2017 because it was collected within sixty days after year end and is considered measurable and available. Also included in the General Fund's property tax receivable is approximately \$491,000 of revenue in lieu of taxes related to Property Tax Relief (Act 388) that has been recognized as revenue at June 30, 2017 because it was measurable and available.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 4-Capital Assets

Capital asset activity for the District for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,129,672	51,282	-	\$ 3,180,954
Total Capital Assets, Not Being Depreciated	3,129,672	51,282	-	3,180,954
Capital Assets, Being Depreciated:				
Buildings and Improvements	167,429,618	226,939	-	167,656,557
Furniture and Equipment	2,901,774	239,698	85,756	3,055,716
Improvements Other than Buildings	1,912,481	-	-	1,912,481
Total Capital Assets Being Depreciated	172,243,873	466,637	85,756	172,624,754
Less: Accumulated Depreciation for:				
Buildings and Improvements	62,593,117	5,480,852	-	68,073,969
Furniture and Equipment	2,549,344	140,696	85,756	2,604,284
Improvements Other than Buildings	1,857,210	7,700	-	1,864,910
Total Accumulated Depreciation	66,999,671	5,629,248	85,756	72,543,163
Total Capital Assets, Being Depreciated, Net	105,244,202	(5,162,611)	-	100,081,591
Total Governmental Activities Capital Assets, Net	<u>\$ 108,373,874</u>	<u>(5,111,329)</u>	<u>-</u>	<u>\$ 103,262,545</u>
Business-Type Activities:				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 2,564,239	-	17,700	\$ 2,546,539
Less: Accumulated Depreciation	2,039,062	103,189	17,700	2,124,551
Total Business-Type Activities Capital Assets, Net	<u>\$ 525,177</u>	<u>(103,189)</u>	<u>-</u>	<u>\$ 421,988</u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 4-Capital Assets (Continued)

Capital asset additions and depreciation expense were charged to functions/programs of the primary government as follows:

	<u>Capital Asset Additions</u>	<u>Depreciation Expense</u>
Governmental Activities:		
Instruction	\$ 214,112	\$ 4,060,132
Support Services	303,807	1,569,116
Total - Governmental Activities	<u>\$ 517,919</u>	<u>\$ 5,629,248</u>
Business-Type Activities:		
Food Services	\$ -	\$ 103,189
Total - Business-Type Activities	<u>\$ -</u>	<u>\$ 103,189</u>

The cost and accumulated depreciation of equipment held under capital lease was approximately \$11,141,000 and approximately \$1,950,000, respectively, at June 30, 2017. Amortization of assets under capital lease obligations has been included with depreciation expense.

Note 5-Interfund Receivables and Payables

Interfund receivables and payables at June 30, 2017 (all of which are expected to be repaid within one year), are summarized in accordance to generally accepted accounting principles as disclosure requirements, as follows:

	<u>Receivables</u>	<u>Payables</u>
Governmental Funds:		
General Fund	\$ 3,287,747	\$ 3,174,661
Special Revenue Fund	208,385	1,121,899
Special Revenue - EIA Fund	519,987	89,640
Debt Service Fund	-	174,536
Capital Projects Fund	1,919,716	2,184,226
Proprietary Fund:		
Enterprise - Food Service	809,127	-
Totals	<u>\$ 6,744,962</u>	<u>\$ 6,744,962</u>

All cash activities are recorded in the General Fund, and as a result, receivable and payables exist at year end that are either due to or due from the General Fund in the other funds. Various differences include Special Revenue payments not received from the State Department of Education until after the fiscal year ended, fringe amounts paid by the General Fund for the Food Service Fund, taxes receivable for Debt Service Fund, and building project costs.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 6-Transfers In and (Out)

Transfers from (to) other funds for the year ended June 30, 2017 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
General Fund	\$2,998,164	\$ -
Special Revenue Fund	-	100,946
Special Revenue - EIA Fund	-	1,186,358
Debt Service Fund	-	3,130,685
Capital Projects Fund	3,130,685	1,575,000
<u>Proprietary Fund</u>		
Enterprise - Food Service	-	135,860
Totals	<u>\$6,128,849</u>	<u>\$6,128,849</u>

Transfers typically include funding allowed for indirect costs, required matches, supplemental funding, state cuts, and accounting practice. In addition, the Debt Service Fund transferred approximately \$3,131,000 to the Capital Projects Fund to fund construction cost associated with school construction and technology needs. The Capital Projects Fund also transferred approximately \$1,575,000 to the General Fund to reimburse the General Fund for a refund tax payment made during the year ended June 30, 2017.

Note 7-Accounts Payable and Accrued Expenses

The significant components of accounts payable and accrued expenses on the government-wide statement of net position at June 30, 2017, consisted of the following:

Governmental Activities:	
Accounts Payable	\$ 571,064
Accrued Salaries, Fringe, and Benefits	2,820,022
Accrued Expenses	111,597
Total Accounts Payable and Accrued Expenses - Governmental Activities	<u>\$ 3,502,683</u>

Note 8-Short-Term Obligations

The following is a summary of the changes in the District's short-term obligations for 2017:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General Obligation Bonds, 2016B	\$ -	3,903,000	3,903,000	\$ -
General Obligation Bond, 2017A	-	1,916,000	-	1,916,000
Total Governmental Activities	<u>\$ -</u>	<u>5,819,000</u>	<u>3,903,000</u>	<u>\$ 1,916,000</u>

The District issued a short-term General Obligation Bond ("Bond") in September 2016 for \$3,903,000. This Bond was issued to make a payment on the equipment capital lease and for various capital improvements throughout the District. The District repaid the Bond in March 2017 with interest of approximately \$35,000.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 8-Short-Term Obligations (Continued)

The District issued a short-term General Obligation Bond ("Bond") in May 2017 for \$1,916,000. This bond was issued to fund various capital improvements throughout the District. The District will repay the Bond in March 2018 with interest of approximately \$45,000.

Note 9-Long-Term Obligations

Long-term obligations consist of general obligation bonds (including bond premiums), capital leases, and the liability for compensated absences. Principal and interest payments on the District's bonded debt are secured solely by ad valorem property taxes. Payments for the general obligation bonds are funded and recorded in the Debt Service Fund. Resources from the General Fund have been used to fund the capital lease and compensated absence liabilities.

On May 15, 2007, voters of the District approved a referendum authorizing the issuance of general obligation bonds in an amount not to exceed \$85,000,000, the proceeds of which will be used for the purpose of paying the capital costs for the following projects (collectively known as the "Referendum Projects"): (i) the construction of a new high school and technology center, and (ii) the construction of additions, renovations, and safety and security upgrades and improvements needed to enhance the general conditions and adequacy of existing facilities, including the conversion of an existing middle school to an additional elementary school, the conversion of the existing high school to a junior high school, and additional renovations to the alternative school and three elementary schools.

The uses of the proceeds of the general obligation bonds ("GOB") and capital lease issued by the District and outstanding at year end are as follows:

- In March 2009, the District entered into a Capital Lease in the amount of \$11,206,000 for the purchase of HVAC equipment for the new York Comprehensive High School and Technology Center. During fiscal year 2013, the District paid an immaterial fee and was able to reduce the interest rate from 4.68% to 1.85%.
- In September 2009, the District issued \$50,000,000 in General Obligation Bonds, maturing in March 2028. This issue was used to repay the \$50,000,000 General Obligation Bond Anticipation Notes that were issued in September 2008. A portion of this debt was advanced refunded in January 2016.
- In April 2012, the District issued \$3,000,000 in General Obligation Qualified Zone Academy Bonds for technology and capital improvements.
- In March 2015, the District issued \$32,405,000 in General Obligation Refunding Bonds to refund all of the remaining principal amount of the Build America Bonds, 2009.
- In January 2016, the District issued its Series 2016A General Obligation Advanced Refunding Bonds ("Series 2016A GORB") in the amount of \$45,380,000 (par value), receiving a premium of approximately \$9,890,000, to provide funds to advance refund a portion of the outstanding Series 2009A GOB in the amount of \$49,385,000. The portion of the 2009A GOB not defeased was \$415,000, for which the District will make annual payments through March 2019. As a result of the refunding, the Series 2009A GOB (excluding the portion not defeased) are considered to be defeased. Accordingly, the liability for the Series 2009A GOB has been removed from the governmental activities column in the Statement of Net Position, with the exception of the non-defeased portion. The District incurred approximately \$437,000 in issuance costs associated with the new debt. The reacquisition price exceeded the net carrying amount of the old debt by approximately \$2,470,000. This amount was recognized as an expense on the government wide financial statements in 2016 due to immateriality. This refunding was undertaken to take advantage of lower interest rates, with a reduction in the effective interest rate from 4.15% to 1.93%. The refunding also reduced total debt service payments over the next 12 years by approximately \$6,534,000 and resulted in an economic gain of approximately \$5,736,000.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 9-Long-Term Obligations (Continued)

The District does not anticipate positive arbitrage on any of its indebtedness as of June 30, 2017.

Details of the District's outstanding debt (which includes capital leases) at June 30, 2017 are comprised of the following issues:

Description of Issue	Original Issue Amount	Date of Issue	Date of Maturity	Interest Rate	Outstanding Balance
Gross Debt:					
Capital Lease, 2013	\$ 11,206,000	3/5/2009	12/1/2018	1.85%	\$ 6,306,000
General Obligation Bond, 2009	50,000,000	9/4/2009	3/1/2028	3.0-5.25%	215,000
Qualified Zone Academy GOB, 2012	3,000,000	4/12/2012	3/1/2022	0.00%	3,000,000
General Obligation Refunding Bonds, 2015	32,405,000	3/18/2015	9/1/2032	3.25-4.00%	32,405,000
General Obligation Refunding Bonds, 2016	45,380,000	1/27/2016	3/1/2028	3.0-5.0%	45,380,000
Total Gross Debt	<u>\$ 148,301,000</u>				<u>\$ 87,306,000</u>

The following table represents debt service requirements on all outstanding bond obligations through maturity for the governmental activities of the District as of June 30, 2017:

Year Ended June 30,	Bonds Payable		Total
	Principal	Interest	
2018	\$ 105,000	3,460,113	\$ 3,565,113
2019	110,000	3,455,913	3,565,913
2020	3,620,000	3,451,513	7,071,513
2021	3,965,000	3,270,513	7,235,513
2022	7,335,000	3,072,263	10,407,263
2023-2027	28,280,000	11,606,313	39,886,313
2028-2032	37,585,000	4,609,513	42,194,513
Totals	<u>\$ 81,000,000</u>	<u>32,926,141</u>	<u>\$ 113,926,141</u>

The following table represents debt service requirements on all outstanding capital leases through maturity for the governmental activities of the District as of June 30, 2017:

Year Ended June 30,	Capital Leases Payable		Total
	Principal	Interest	
2018	\$ 3,009,000	116,661	\$ 3,125,661
2019	3,297,000	60,995	3,357,995
Totals	<u>\$ 6,306,000</u>	<u>177,656</u>	<u>\$ 6,483,656</u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 9-Long-Term Obligations (Continued)

Section 15 of Article X of the South Carolina State Constitution allows Districts to incur a legal debt limit not to exceed 8% of the assessed value of all taxable property in the District, unless approved by a majority vote in a referendum authorized by law. At June 30, 2017, the District's assessed property valuation was approximately \$100,498,000. The District had approximately \$1,706,000 (\$3,000,000 of the 2012 QZAB GOB less the funded debt service fund for the QZAB of approximately \$1,294,000) of bonded debt subject to the 8% limit of approximately \$8,040,000, resulting in unused legal debt margin of approximately \$6,334,000.

A summary of changes in long-term obligations for the year ended June 30, 2017 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Gross Debt:					
GOB, 2009	\$ 315,000	-	100,000	215,000	\$ 105,000
Capital Lease, 2013	8,852,000	-	2,546,000	6,306,000	3,009,000
QZAB, 2012	3,000,000	-	-	3,000,000	-
GORB, 2015	32,405,000	-	-	32,405,000	-
GORB, 2016	45,380,000	-	-	45,380,000	-
Total Gross Debt	89,952,000	-	2,646,000	87,306,000	3,114,000
Plus (Less) Deferred Amounts:					
Premium on GORB Series 2016	9,549,087	-	818,493	8,730,594	-
Premium on GORB Series 2015	2,654,432	-	168,536	2,485,896	-
Total Net Debt	102,155,519	-	3,633,029	98,522,490	3,114,000
Compensated Absences	275,449	194,674	203,532	266,591	204,000
Total Governmental Activities	\$ 102,430,968	194,674	3,836,562	98,789,081	\$ 3,318,000

Note 10-Retirement Plan

A) Retirement Plan

The District participates in the State of South Carolina's retirement plans, which are administered by the South Carolina Public Employee Benefit Authority ("PEBA"), which was created on July 1, 2012 and administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors ("PEBA Board"), appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the State Fiscal Accountability Authority ("SFAA"), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the South Carolina Retirement Systems ("Systems") and serves as a co-trustee of the Systems in conducting that review.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

The PEBA issues a Comprehensive Annual Financial Report (“CAFR”) containing financial statements and required supplementary information for the System’ Pension Trust Funds. The CAFR is publicly available through the Retirement Benefits’ link on the PEBA’s website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. The PEBA is considered a division of the primary government of the State of South Carolina and therefore, retirement trust fund financial information is also included in the comprehensive annual financial report of the state.

Plan Description

The South Carolina Retirement System (“SCRS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for employees of the state, its public school districts, and political subdivisions.

The State Optional Retirement Program (“ORP”) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

The South Carolina Police Officers Retirement System (“PORS”), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement allowances and other benefits for police officers and firemen of the state and its political subdivisions.

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- State ORP - As an alternative to membership in SCRS, newly hired state, public school, and higher education employees and individuals newly elected to the S.C. General Assembly beginning with the November 2012 general election have the option to participate in the State Optional Retirement Program (State ORP), which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not considered part of the retirement systems for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member’s account with investment providers for the employee contribution (8.66%) and a portion of the employer contribution (5%). A direct remittance is also required to SCRS for the remaining portion of the employer contribution (6.41%) and an incidental death benefit contribution, if applicable, which is retained by SCRS.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Plan Membership (Continued)

- **PORS** - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least \$2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation. A brief summary of benefit terms for each system is presented below.

- **SCRS** - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five- or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Plan Benefits (Continued)

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. Upon recommendation by the actuary in the annual actuarial valuation, the PEBA Board may adopt and present to the SFAA for approval an increase in the SCRS and PORS ("Plans") employer and employee contribution rates, but any such increase may not result in a differential between the employee and total employer contribution rate that exceeds 2.9 percent of earnable compensation for the SCRS and 5 percent for the PORS. An increase in the contribution rates adopted by the PEBA Board may not provide for an increase of more than one-half of one percent in any one year. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period; and, this increase is not limited to one-half of one percent per year.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Plan Contributions (Continued)

As noted earlier, both employees and the District are required to contribute to the Plans at rates established and as amended by the PEBA. The District's contributions are actuarially determined but are communicated to and paid by the District as a percentage of the employees' annual eligible compensation.

Required employer and employee contribution rates for the past three years were as follows:

	SCRS and State ORP Rates			PORS Rates		
	2015	2016	2017	2015	2016	2017
Employer Rate: [^]						
Retirement *	10.75%	10.91%	11.41%	13.01%	13.34%	13.84%
Incidental Death Benefit	0.15%	0.15%	0.15%	0.20%	0.20%	0.20%
Accidental Death Contributions	0.00%	0.00%	0.00%	0.20%	0.20%	0.20%
	<u>10.90%</u>	<u>11.06%</u>	<u>11.56%</u>	<u>13.41%</u>	<u>13.74%</u>	<u>14.24%</u>
Employee Rate	<u>8.00%</u>	<u>8.16%</u>	<u>8.66%</u>	<u>8.41%</u>	<u>8.74%</u>	<u>9.24%</u>

[^] Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

* Of the rate for the State ORP Plan, 5% of earnable compensation must be remitted by the employer directly to the ORP vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The required contributions and percentages of amounts contributed by the District to the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Contributions		State ORP Contributions		PORS Contributions	
	Required	% Contributed	Required	% Contributed	Required	% Contributed
2017	\$ 3,319,551	100%	172,003	100%	\$ -	100%
2016	3,007,647	100%	157,707	100%	-	100%
2015	\$ 2,946,503	100%	125,036	100%	\$ -	100%

Eligible payrolls of the District covered under the Plans for the past three years were as follows:

Year Ended June 30,	SCRS Payroll	State ORP Payroll	PORS Payroll	Total Payroll
2017	\$ 28,715,841	2,621,995	-	\$ 31,337,836
2016	27,193,914	2,602,430	-	29,796,344
2015	\$ 27,032,135	2,119,252	-	\$ 29,151,387

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Actuarial Assumptions and Methods

Actuarial valuations involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Actuarial assumptions and methods used during the annual valuation process are subject to periodic revision, typically with an experience study, as actual results over an extended period of time are compared with past expectations and new estimates are made about the future.

South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015. As a result of the experience study, the actuary recommended adjustments to the actuarial assumptions, which included salary increase, payroll growth, mortality, retirement, terminations, refunds, disability, inflation, and asset valuation method. The experience study also recommended reducing the long-term investment rate of return assumption, which is a prescribed assumption that is set in state statute by the General Assembly, from 7.50 to 7.25 percent. With the exception of the rate of return, all recommended assumption and method changes were adopted by both the PEBA Board and SFAA, as co-fiduciaries. The General Assembly did not change the assumed annual rate of return during the 2016 legislative session so that assumption currently remains at 7.50 percent. The newly adopted assumptions and methods will be first used to perform the July 1, 2016 actuarial valuation, the results of which will be used in determining the total pension liability as of the June 30, 2017 measurement date.

The June 30, 2016 total pension liability, net pension liability, and sensitivity information were determined by the PEBA's consulting actuary, Gabriel, Roeder, Smith and Company ("GRS") and are based on the July 1, 2015 actuarial valuations as adopted by the PEBA Board and the SFAA which utilized membership data as of July 1, 2015. The total pension liability was rolled-forward from the valuation date to the Plan's fiscal year ended June 30, 2016 using generally accepted actuarial principles. Information included in these notes are based on the certification provided by GRS.

The following table provides a summary of the actuarial assumptions and methods used in the July 1, 2015, valuations for the SCRS and PORS.

	SCRS	PORS
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:		
Investment Rate of Return*	7.50%	7.50%
Projected Salary Increases*	3.5% to 12.5% (varies by service)	4.0% to 10.0% (varies by service)
Benefit Adjustments	Lesser of 1% or \$500 annually	Lesser of 1% or \$500 annually

* Includes inflation at 2.75%.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Actuarial Assumptions and Methods (Continued)

The post-retiree mortality assumption is dependent upon the member's job category and gender. This assumption includes base rates which are automatically adjusted for future improvement in mortality using published Scale AA projected from the year 2000. Assumptions used in the July 1, 2015 valuations for the SCRS and PORS are as follows:

Former Job Class	Males	Females
Educators	RP-2000 Males (with White Collar adjustment) multiplied by 110%	RP-2000 Females (with White Collar adjustment) multiplied by 95%
General Employees and Members of the General Assembly	RP-2000 Males multiplied by 100%	RP-2000 Females multiplied by 90%
Public Safety and Firefighters	RP-2000 Males (with Blue Collar adjustment) multiplied by 115%	RP-2000 Females (with Blue Collar adjustment) multiplied by 115%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments, as used in the July 1, 2015 actuarial valuations, was based upon the 30 year capital market outlook at the end of the third quarter 2015. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the revised target asset allocation adopted beginning January 1, 2016. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7.50 percent assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75 percent real rate of return and a 2.75 percent inflation component.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Long-Term Expected Rate of Return (Continued)

Asset Class	Target Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Global Equity	43.0%		
Global Public Equity	34.0%	6.52%	2.22%
Private Equity	9.0%	9.30%	0.84%
Real Assets	8.0%		
Real Estate	5.0%	4.32%	0.22%
Commodities	3.0%	4.53%	0.13%
Opportunistic	20.0%		
GTAA/Risk Parity	10.0%	3.90%	0.39%
HF (Low Beta)	10.0%	3.87%	0.39%
Diversified Credit	17.0%		
Mixed Credit	5.0%	3.52%	0.17%
Emerging Markets Debt	5.0%	4.91%	0.25%
Private Debt	7.0%	4.47%	0.31%
Conservative Fixed Income	12.0%		
Core Fixed Income	10.0%	1.72%	0.17%
Cash and Short Duration (Net)	2.0%	0.71%	0.01%
Total Expected Real Return	100.0%		5.10%
Inflation for Actuarial Purposes			2.75%
Total Expected Nominal Return			7.85%

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

The net pension liability ("NPL") is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2016 measurement date, for the SCRS and PORS are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	\$ 45,356,214,752	23,996,362,354	\$ 21,359,852,398	52.9%
PORS	\$ 6,412,510,458	3,876,035,732	\$ 2,536,474,726	60.4%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

At June 30, 2017, the District reported liabilities of approximately \$63,128,000 and \$0 for its proportionate share of the net pension liabilities for the SCRS and PORS, respectively. The net pension liabilities were measured as of June 30, 2016, and the total pension liabilities for the Plans used to calculate the net pension liabilities were determined based on the most recent actuarial valuation report of July 1, 2015 that was projected forward to the measurement date. The District's proportion of the net pension liabilities were based on a projection of the District's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2016 measurement date, the District's SCRS proportion was 0.295548 percent, which was a decrease of 0.00005 from its proportion measured as of June 30, 2015. At the June 30, 2016 measurement date, the District's PORS proportion was 0.00000 percent. There was no change from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the District recognized pension expense of approximately \$5,155,000 and \$(165) for the SCRS and PORS, respectively. At June 30, 2017, the District reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
SCRS		
Differences Between Expected and Actual Experience	\$ 654,402	\$ 68,558
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,311,145	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	-	1,223,634
District's Contributions Subsequent to the Measurement Date	3,491,554	-
Total SCRS	<u>9,457,101</u>	<u>1,292,192</u>
PORS		
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	-	462
Total PORS	<u>-</u>	<u>462</u>
Total SCRS and PORS	<u>\$ 9,457,101</u>	<u>\$ 1,292,654</u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Approximately \$3,492,000 that was reported as deferred outflows of resources related to the District's contributions subsequent to the measurement date to the SCRS, will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. The District made no subsequent contributions to the PORS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the SCRS and PORS will be recognized in pension expense as follows:

Year Ended June 30,	SCRS	PORS	Total
2018	\$ 998,347	(165)	\$ 998,182
2019	656,286	(165)	656,121
2020	1,850,756	(132)	1,850,624
2021	1,167,966	-	1,167,966
Total	<u>\$ 4,673,355</u>	<u>(462)</u>	<u>\$ 4,672,893</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that the funding policy specified in the South Carolina State Code of Laws will remain unchanged in future years. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the sensitivity of the District's proportionate share of the net pension liability of the Plans as of June 30, 2016 to changes in the discount rate, calculated using the discount rate of 7.5 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.5 percent) or 1% point higher (8.5 percent) than the current rate:

System	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability of the SCRS	\$78,751,221	63,128,617	\$50,123,387
District's proportionate share of the net pension liability of the PORS	\$ -	-	\$ -

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued CAFR containing financial statements and required supplementary information. The CAFR is publicly available through the Retirement Benefits' link on the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 10-Retirement Plan (Continued)

A) Retirement Plan (Continued)

Plan Developments

House Bill 3726 was signed by the Governor of the State on April 25, 2017 and is effective immediately. This new law increases the employer SCRS and PORS contribution rates to 13.56% and 16.24%, respectively, beginning July 1, 2017. Employer rates will continue to increase annually by 1% through July 1, 2022, which would result in the SCRS and PORS employer rate totaling 18.56% and 21.24%, respectively, for fiscal year 2023 and thereafter. The legislation (a) would also increase and cap the employee SCRS and PORS contribution rates to 9.00% and 9.75%, respectively, and – after June 30, 2027 – provide for a decrease in employer and employee contribution rates in equal amounts if the ratio between the actuarial value of assets and the actuarial value of liabilities is equal to or greater than 85%, (b) lower the assumed annual rate of return on pension investments from 7.50% to 7.25%, and (c) for some years reduce the funding period of unfunded liabilities from 30 years to 20 years.

B) Post-Employment Health Care Benefits

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired State and school district employees and their covered dependents. The OPEB plans have been determined to be cost-sharing multiple-employer defined benefit plans and are administered by the Employee Insurance Program ("EIP"), a part of the State of South Carolina.

Generally, retirees are eligible for the health and dental benefits if they have established 10 years of retirement service credit. For new hires on or after May 2, 2008, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15 – 24 years of service for 50% employer funding. Benefits become effective when the former employee retirees under a state retirement system (i.e. SCRS, PORS, etc.). Basic long-term disability ("BLTD") benefits are provided to active state, school district and participating local government employees approved for disability. Complete financial statements for the OPEB plans may be obtained by writing to the PEBA Retirement Benefits and Insurance Benefits, 202 Arbor Lake Drive, Suite 360, Columbia, SC 29223.

The Code of Laws of the State, as amended, requires these post-employment healthcare and long-term disability benefits be funded through annual appropriation by the General Assembly for active employees to the EIP and participating retirees to the State of South Carolina except for the portion funded through the pension surcharge (retiree surcharge) who are not funded by State General Fund appropriations. Employers participating in the healthcare plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The District has no liability beyond the payment of monthly contributions.

The required employer contribution surcharge percentages were 5.33%, 5.33%, and 5.00% for the years ended June 30, 2017, 2016, and 2015, respectively. The actual required employer contribution surcharge amounts were approximately \$1,670,000, \$1,588,000, and \$1,457,000 for the years ended June 30, 2017, 2016, and 2015, respectively. The actual contribution rates and amounts were 100% of the required employer contribution surcharge percentages and amounts for the OPEB Plan for all years presented.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 11-Risk Management

The District is exposed to various risks of loss related to torts, theft of damage to, and destruction of assets, errors or omissions, injuries to employees, and natural disasters. The District has property and casualty insurance with Surry Insurance and workers compensation insurance with Arthur J. Gallagher & Co. Risk Management Services, Inc. Through Surry Insurance, the District maintains general liability protection of \$1 million per occurrence, property coverage up to \$220 million per occurrence, \$5 million earthquake, \$5 million flood zone and \$1 million newly acquired buildings, automobile coverage to \$1 million per occurrence, school board legal liability of \$1 million per occurrence and activity bus accidents coverage to \$60,000 per occurrence.

The District pays annual premiums for its workers' compensation and property liability insurance coverage based upon the total payroll of the school district for each plan year. The annual premiums paid for the fiscal year ended June 30, 2017, totaled approximately \$269,000 for workers' compensation and \$162,000 for property coverage. The District maintains workers' compensation benefits coverage up to statutory limits through the Arthur J. Gallagher. There have been no significant reductions in insurance coverage as compared to the previous year. Insurance settlements did not exceed insurance coverage for the years ended June 30, 2017, 2016, and 2015.

The District also participates in the State Health Plan through the South Carolina State Budget and Control Board Office of Insurance Services, a self-insured medical plan trust administered by the State Board. Through the Plan, permanent full time employees are eligible to receive health benefits up to a \$1 million lifetime limit. In addition, employees have the option of receiving health care benefits through health maintenance organizations and insurance carriers.

Note 12-Tax Abatements

District's Tax Abatements

The District does not have any of its own tax abatement agreements.

York County Tax Abatements

The following table details which entities in the District have received tax abatements in the year ended June 30, 2017, as well as the District's portion of the County-wide taxes that have been abated:

Entity	Taxes Abated
Bluestar Silicones USA Corp.	\$ 227,292
Eagle Alloys Inc.	58,075
Lap Tech Industries Inc.	17,429
Meritor Heavy Vehicle Sys LLC	121,307
Silcotech Carolina Inc.	95,664
District's Portion of County-wide Abatements	161,066
Total Tax Abatements	<u>\$ 680,833</u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

Note 13-Pending Implementation of GASB Statement on OPEB

GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("Statement"), which was issued by the GASB in June 2015, is required to be implemented by the District for the year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. It also improves information provided by state and local government employers about financial support for OPEB that are provided by other entities. In addition, state and local governments who participate in a cost-sharing multiple employer plan will now be required to recognize a liability for its proportionate share of the net OPEB liability of that plan. It is GASB's intention that this new Statement will provide citizens and other users of the financial statements with a clearer picture of the size and nature of the District's financial obligations to current and former employees for past services rendered.

In particular, the Statement will require the District to recognize a net OPEB liability (and related deferred outflows and inflows of resources) for its participation in the State Health Plan on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures. It is anticipated that its implementation will not have a significant impact on the District's governmental funds.

The District has been in communications with the PEBA on the effect of implementing this Statement. Based on recent information provided by the PEBA, it is anticipated that the District's proportionate share of the net OPEB liability associated with the State Health Plan will decrease its governmental activities' beginning net position for the year ended June 30, 2018 by approximately \$50,000,000, which is based on 160% of the District's payroll. This estimate is subject to change when better information becomes available.

Note 14-Subsequent Events

- A) Debt Issuance** – Subsequent to June 30, 2017, the District issued approximately \$4.1 million in General Obligation Bonds at a coupon rate of 3.00%. The bonds are scheduled to mature in March 2018. These bonds will be used for capital improvements in the District related to the capital improvement plan and to make payments on the capital lease.
- B) Millage Increase** – The Board of Trustees approved a 5.0 mill increase (increased to 189.6 mills from 184.6 mills) for the 2018 property tax year for the District's general operations of the District.
- C) Change in Accounting Principle** – Effective July 1, 2017, the District converted its food service activities from a proprietary fund to a special revenue fund. This change resulted in an adjustment to beginning fund balance to convert from full accrual to the modified accrual approach.



York School District One
York, South Carolina

Comprehensive Annual Financial Report

General Fund

The ***General Fund, a major fund*** and a budgeted fund, is the general operating fund of the District and accounts for all revenues and expenditures of the District except those required to be accounted for in another fund. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGETS AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Local Sources:				
Taxes	\$ 13,994,415	13,994,415	12,779,549	\$ (1,214,866)
Investment Earnings	25,000	25,000	105,066	80,066
Other Local Sources	20,000	20,000	27,568	7,568
State Sources	27,964,624	27,964,624	28,289,363	324,739
Intergovernmental Revenue	20,000	20,000	-	(20,000)
TOTAL REVENUE ALL SOURCES	42,024,039	42,024,039	41,201,546	(822,493)
EXPENDITURES				
Current:				
Instruction	24,770,192	24,770,192	24,773,361	(3,169)
Support Services	18,445,172	18,445,172	18,367,100	78,072
Capital Outlay	71,588	71,588	70,539	1,049
TOTAL EXPENDITURES	43,286,952	43,286,952	43,211,000	75,952
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,262,913)	(1,262,913)	(2,009,454)	(746,541)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,262,913	1,262,913	2,998,164	1,735,251
TOTAL OTHER FINANCING SOURCES (USES)	1,262,913	1,262,913	2,998,164	1,735,251
NET CHANGES IN FUND BALANCES	-	-	988,710	988,710
FUND BALANCES, Beginning of Year	8,385,819	8,385,819	8,385,819	-
FUND BALANCES, End of Year	\$ 8,385,819	8,385,819	9,374,529	\$ 988,710

Note: This schedule has been presented on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.295548%	0.300563%	0.306019%	0.306019%
District's Proportionate Share of the Net Pension Liability	\$63,128,617	57,003,222	52,686,327	\$54,888,892
District's Covered Payroll	\$29,796,343	29,151,387	28,689,289	\$29,785,288
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	211.87%	195.54%	183.64%	184.28%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	52.91%	56.99%	59.92%	56.39%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
SOUTH CAROLINA RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ 3,491,554	3,165,354	3,071,539	\$ 2,944,948
Contributions in Relation to the Contractually Required Contribution:	3,491,554	3,165,354	3,071,539	2,944,948
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
District's Covered Payroll	\$31,337,836	29,796,343	29,151,387	\$28,689,289
Contributions as a Percentage of Covered Payroll:	11.14%	10.62%	10.54%	10.26%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
POLICE OFFICERS RETIREMENT SYSTEM**

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
District's Proportion of the Net Pension Liability (Asset)	0.00000%	0.00000%	0.00004%	0.00004%
District's Proportionate Share of the Net Pension Liability	\$ -	-	727	\$ 788
District's Covered Payroll	\$ -	-	451	\$ 26,658
Percentage of its Covered Payroll	0.00%	0.00%	161.03%	2.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	60.44%	64.57%	67.55%	62.98%

Notes to Schedule:

The amounts presented for each fiscal year were determined as of June 30th of the preceding year.

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
POLICE OFFICERS RETIREMENT SYSTEM

LAST FOUR FISCAL YEARS

	Year Ended June 30,			
	2017	2016	2015	2014
Contractually Required Contribution	\$ -	-	-	\$ 58
Contributions in Relation to the Contractually Required Contribution:	-	-	-	58
Contribution Deficiency (Excess)	\$ -	-	-	\$ -
District's Covered Payroll	\$ -	-	-	\$ 451
Contributions as a Percentage of Covered Payroll:	0.00%	0.00%	0.00%	12.85%

Notes to Schedule:

The District implemented GASB #68/71 during the year ended June 30, 2015. Information before 2014 is not available.

SUPPLEMENTARY INFORMATION



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
REVENUES			
1000 Revenues from Local Sources:			
1100 Taxes:			
1110 Ad Valorem Taxes-Including Delinquent (Independent)	\$ 10,791,275	10,334,343	\$ (456,932)
1140 Penalties & Interest on Taxes (Independent)	-	(789,346)	(789,346)
1200 Revenue from Local Governmental Units Other than LEAs:			
1210 Ad Valorem Taxes-Including Delinquent (Dependent)	3,203,140	3,209,331	6,191
1240 Penalties & Interest on Taxes (Dependent)	-	25,221	25,221
1500 Earnings on Investments:			
1510 Interest on Investments	25,000	105,066	80,066
1900 Other Revenue from Local Sources:			
1910 Rentals	-	4,150	4,150
1990 Miscellaneous Local Revenue:			
1993 Receipt of Insurance Proceeds	-	5,421	5,421
1999 Revenue from Other Local Sources	20,000	17,997	(2,003)
Total Revenue from Local Sources	<u>14,039,415</u>	<u>12,912,183</u>	<u>(1,127,232)</u>
2000 Intergovernmental Revenue:			
2100 Payments from Other Governmental Units	20,000	-	(20,000)
Total Intergovernmental Revenue	<u>20,000</u>	<u>-</u>	<u>(20,000)</u>
3000 Revenue from State Sources:			
3100 Restricted State Funding:			
3130 Special Programs:			
3131 Handicapped Transportation	-	664	664
3132 Home Schooling (No Carryover Provision)	-	588	588
3160 School Bus Driver's Salary (Includes Hazardous Condition Transportation)	594,005	478,480	(115,525)
3161 EAA Bus Driver Salary	-	1,127	1,127
3162 Transportation Workers' Compensation	-	24,061	24,061
3180 Fringe Benefits Employer Contributions (No Carryover Provision)	5,598,402	5,741,551	143,149
3181 Retiree Insurance (No Carryover Provision)	1,048,473	1,111,017	62,544
3199 Other Restricted State Grants	-	385	385
3300 Education Finance Act:			
3310 Full-Time Programs:			
3311 Kindergarten	607,339	613,521	6,182
3312 Primary	1,811,941	1,771,480	(40,461)
3313 Elementary	3,289,447	2,998,348	(291,099)
3314 High School	1,387,678	1,464,225	76,547
3315 Trainable Mentally Handicapped	49,296	60,698	11,402
3316 Speech Handicapped (Part-Time Program)	790,163	845,094	54,931
3317 Homebound	\$ 7,770	1,689	\$ (6,081)

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
3320 Part-Time Programs:			
3321 Emotionally Handicapped	\$ 74,718	81,409	\$ 6,691
3322 Educable Mentally Handicapped	65,204	61,339	(3,865)
3323 Learning Disabilities	1,343,052	1,444,697	101,645
3324 Hearing Handicapped	41,324	64,347	23,023
3325 Visually Handicapped	41,235	45,402	4,167
3326 Orthopedically Handicapped	15,812	15,839	27
3327 Vocational	1,688,528	1,576,905	(111,623)
3330 Other EFA Programs:			
3331 Autism	201,387	251,585	50,198
3332 High Achieving Students	166,256	181,318	15,062
3334 Limited English Proficiency	79,446	75,101	(4,345)
3351 Academic Assistance	191,253	491,854	300,601
3352 Pupils in Poverty	1,428,098	1,430,586	2,488
3353 Dual Credit Enrollment	-	54,351	54,351
3800 State Revenue in Lieu of Taxes:			
3810 Reimbursement for Local Residential Property Tax Relief (Tier 1)	1,805,466	1,805,466	-
3820 Homestead Exemption (Tier 2)	586,051	586,051	-
3825 Reimbursement for Property Tax Relief (Tier 3)	5,001,905	4,959,810	(42,095)
3830 Merchant's Inventory Tax	50,375	50,375	-
Total Revenue from State Sources	<u>27,964,624</u>	<u>28,289,363</u>	<u>324,739</u>
TOTAL REVENUE ALL SOURCES	<u>42,024,039</u>	<u>41,201,546</u>	<u>(822,493)</u>
EXPENDITURES			
100 Instruction:			
110 General Instruction:			
111 Kindergarten Programs:			
100 Salaries	871,299	870,138	1,161
200 Employee Benefits	351,685	349,869	1,816
300 Purchased Services	26,629	26,322	307
400 Supplies and Materials	9,429	9,415	14
112 Primary Programs:			
100 Salaries	2,615,900	2,614,441	1,459
200 Employee Benefits	992,382	991,974	408
300 Purchased Services	79,759	79,452	307
400 Supplies and Materials	39,939	39,012	927
113 Elementary Programs:			
100 Salaries	5,461,324	5,459,969	1,355
200 Employee Benefits	1,967,994	1,966,975	1,019
300 Purchased Services	132,670	131,204	1,466
400 Supplies and Materials	\$ 100,906	99,984	\$ 922

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
114 High School Programs:			
100 Salaries	\$ 3,670,239	3,668,678	\$ 1,561
200 Employee Benefits	1,381,742	1,380,817	925
300 Purchased Services	114,112	148,957	(34,845)
400 Supplies and Materials	134,424	144,136	(9,712)
500 Capital Outlay	27,588	27,588	-
600 Other Objects	7,098	7,098	-
115 Career and Technology Education Program:			
100 Salaries	930,657	929,320	1,337
200 Employee Benefits	329,154	327,912	1,242
300 Purchased Services - Other Than Tuition	40,000	39,606	394
400 Supplies and Materials	46,697	46,106	591
500 Capital Outlay	2,000	1,200	800
600 Other Objects	1,771	1,665	106
120 Exceptional Programs:			
121 Educable Mentally-Handicapped:			
100 Salaries	384,182	376,134	8,048
200 Employee Benefits	139,882	137,118	2,764
300 Purchased Services	13,000	13,153	(153)
122 Trainable Mentally Handicapped:			
100 Salaries	468,821	454,148	14,673
200 Employee Benefits	200,879	196,377	4,502
300 Purchased Services	18,000	16,817	1,183
123 Orthopedically Handicapped:			
100 Salaries	118,827	117,007	1,820
200 Employee Benefits	29,235	28,319	916
300 Purchased Services	1,015	1,015	-
124 Visually Handicapped:			
100 Salaries	-	23,858	(23,858)
200 Employee Benefits	-	5,855	(5,855)
125 Hearing Handicapped:			
100 Salaries	-	33,520	(33,520)
200 Employee Benefits	-	8,226	(8,226)
400 Supplies and Materials	10	10	-
126 Speech Handicapped:			
100 Salaries	244,136	243,641	495
200 Employee Benefits	92,800	92,240	560
300 Purchased Services	123	123	-
127 Learning Disabilities:			
100 Salaries	1,397,829	1,358,201	39,628
200 Employee Benefits	514,252	503,411	10,841
300 Purchased Services	15,684	19,009	(3,325)
400 Supplies and Materials	18	18	-
128 Emotionally Handicapped:			
100 Salaries	258,964	257,793	1,171
200 Employee Benefits	104,618	103,108	1,510
300 Purchased Services	\$ 20,000	20,618	\$ (618)

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	<u>REVISED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE</u>
130 Pre-School Programs:			
133 Pre-School Handicapped-Self-Contained (5-Yr. Olds)			
100 Salaries	\$ 139,986	138,278	\$ 1,708
200 Employee Benefits	51,382	58,599	(7,217)
300 Purchased Services	2,000	1,568	432
400 Supplies and Materials	-	(20)	20
140 Special Programs:			
141 Gifted and Talented - Academic:			
100 Salaries	218,382	216,899	1,483
200 Employee Benefits	72,616	70,737	1,879
300 Purchased Services	1,748	1,201	547
400 Supplies and Materials	5,000	1,928	3,072
600 Other Objects	-	100	(100)
145 Homebound:			
100 Salaries	9,500	7,325	2,175
200 Employee Benefits	3,036	1,769	1,267
300 Purchased Services	58,900	58,698	202
147 CDEP:			
100 Salaries	88,108	87,288	820
200 Employee Benefits	37,800	37,471	329
300 Purchased Services	14,834	14,405	429
400 Supplies and Materials	1,190	1,190	-
148 Gifted and Talented - Artistic:			
300 Purchased Services	30,000	29,278	722
160 Other Exceptional Programs:			
161 Autism:			
100 Salaries	272,841	272,151	690
200 Employee Benefits	149,352	148,963	389
300 Purchased Services	10,181	10,104	77
162 Limited English Proficiency:			
100 Salaries	140,611	139,906	705
200 Employee Benefits	49,476	49,749	(273)
300 Purchased Services	2,000	2,114	(114)
400 Supplies and Materials	980	971	9
180 Adult/Continuing Educational Programs:			
182 Adult Secondary Education Programs:			
300 Purchased Services	25,000	25,000	-
188 Parenting/Family Literacy:			
100 Salaries	34,931	33,609	1,322
200 Employee Benefits	21,953	21,013	940
400 Supplies and Materials	300	297	3
Total Instruction	<u>\$ 24,799,780</u>	<u>24,802,148</u>	<u>\$ (2,368)</u>

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
200 Support Services:			
210 Pupil Services:			
211 Attendance and Social Work Services:			
100 Salaries	\$ 107,245	106,950	\$ 295
200 Employee Benefits	36,990	35,179	1,811
300 Purchased Services	3,783	3,783	-
400 Supplies and Materials	429	429	-
212 Guidance Services:			
100 Salaries	682,788	680,645	2,143
200 Employee Benefits	264,937	263,316	1,621
300 Purchased Services	2,020	2,118	(98)
400 Supplies and Materials	5,205	4,942	263
600 Other Objects	35	35	-
213 Health Services:			
100 Salaries	189,548	189,259	289
200 Employee Benefits	74,827	74,732	95
300 Purchased Services	2,194	2,194	-
400 Supplies and Materials	6,476	7,305	(829)
214 Psychological Services:			
100 Salaries	208,969	207,626	1,343
200 Employee Benefits	69,527	69,158	369
300 Purchased Services	232	232	-
215 Exceptional Program Services:			
100 Salaries	33,782	32,967	815
200 Employee Benefits	9,482	8,090	1,392
220 Instructional Staff Services:			
221 Improvement of Instruction-Curriculum Development:			
100 Salaries	497,835	495,969	1,866
200 Employee Benefits	162,917	161,296	1,621
300 Purchased Services	23,745	20,848	2,897
400 Supplies and Materials	34,960	27,148	7,812
222 Library and Media Services:			
100 Salaries	542,100	540,332	1,768
200 Employee Benefits	212,890	212,380	510
300 Purchased Services	10,898	10,005	893
400 Supplies and Materials	55,768	55,537	231
223 Supervision of Special Programs:			
100 Salaries	1,604	921	683
200 Employee Benefits	2,249	1,083	1,166
300 Purchased Services	-	70	(70)
224 Improvement of Instruction-Inservice and Staff Training:			
100 Salaries	6,000	3,875	2,125
200 Employee Benefits	\$ 11,000	10,854	\$ 146

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
230 General Administrative Services:			
231 Board of Education:			
200 Employee Benefits	\$ 310,000	334,632	\$ (24,632)
300 Purchased Services	22,200	34,605	(12,405)
318 Audit Services	48,000	39,360	8,640
600 Other Objects	19,200	18,846	354
232 Office of Superintendent:			
100 Salaries	194,852	194,552	300
200 Employee Benefits	62,164	60,881	1,283
300 Purchased Services	9,225	8,957	268
400 Supplies and Materials	31,123	30,286	837
600 Other Objects	17,900	16,472	1,428
233 School Administration:			
100 Salaries	2,591,905	2,587,063	4,842
140 Terminal Leave	-	865	(865)
200 Employee Benefits	976,128	975,305	823
300 Purchased Services	45,371	46,703	(1,332)
400 Supplies and Materials	23,128	22,530	598
600 Other Objects	150	150	-
250 Finance and Operations Services:			
252 Fiscal Services:			
100 Salaries	309,718	305,080	4,638
140 Terminal Leave	-	705	(705)
200 Employee Benefits	110,520	109,120	1,400
300 Purchased Services	10,000	11,137	(1,137)
400 Supplies and Materials	105,600	99,170	6,430
600 Other Objects	2,900	2,865	35
254 Operation and Maintenance of Plant:			
100 Salaries	2,048,724	2,039,687	9,037
140 Terminal Leave	-	3,693	(3,693)
200 Employee Benefits	831,605	825,446	6,159
300 Purchased Services	958,000	981,272	(23,272)
321 Public Utilities (Excludes Gas, Oil, Elec. & Other Heating Fuels)	200,000	180,238	19,762
400 Supplies and Materials	432,000	541,679	(109,679)
470 Energy (Includes Gas, Oil, Elec. & Other Heating Fuels)	1,708,000	1,567,070	140,930
500 Capital Outlay	6,500	6,505	(5)
255 Student Transportation (State Mandated):			
100 Salaries	1,100,917	1,131,631	(30,714)
140 Terminal Leave	-	1,894	(1,894)
200 Employee Benefits	483,328	481,139	2,189
300 Purchased Services	21,000	1,839	19,161
400 Supplies and Materials	19,500	19,178	322
256 Food Service:			
200 Employee Benefits	\$ 175,000	151,881	\$ 23,119

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
REVISED BUDGET AND ACTUAL**

YEAR ENDED JUNE 30, 2017

	REVISED BUDGET	ACTUAL	VARIANCE
258 Security:			
300 Purchased Services	\$ 230,000	241,227	\$ (11,227)
260 Central Support Services:			
262 Planning, Research, Development and Evaluation:			
300 Purchased Services	1,000	513	487
400 Supplies and Materials	13,000	18,162	(5,162)
263 Information Services:			
400 Supplies and Materials	6,034	1,144	4,890
264 Staff Services:			
100 Salaries	243,329	242,331	998
200 Employee Benefits	83,890	83,773	117
300 Purchased Services	9,690	12,438	(2,748)
400 Supplies and Materials	8,375	8,260	115
266 Technology and Data Processing Services:			
100 Salaries	320,410	318,142	2,268
140 Terminal Leave	-	8,031	(8,031)
200 Employee Benefits	111,362	110,191	1,171
300 Purchased Services	124,837	120,954	3,883
400 Supplies and Materials	401,500	368,929	32,571
500 Capital Outlay	35,500	35,246	254
270 Support Services Pupil Activity:			
271 Pupil Services Activities:			
100 Salaries (Optional)	529,232	531,282	(2,050)
140 Terminal Leave	-	6,808	(6,808)
200 Employee Benefits (Optional)	131,920	137,158	(5,238)
300 Purchased Services (Optional)	87,000	87,614	(614)
400 Supplies and Materials	15,000	14,935	65
Total Support Services	<u>18,487,172</u>	<u>18,408,852</u>	<u>78,320</u>
TOTAL EXPENDITURES	<u>43,286,952</u>	<u>43,211,000</u>	<u>75,952</u>
OTHER FINANCING SOURCES (USES)			
Interfund Transfers, From (To) Other Funds:			
5230 Transfer from Special Revenue EIA Fund	1,087,913	1,186,358	98,445
5250 Transfer from Capital Projects Fund	-	1,575,000	1,575,000
5280 Transfer from Other Funds Indirect Costs	175,000	236,806	61,806
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,262,913</u>	<u>2,998,164</u>	<u>1,735,251</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	988,710	988,710
FUND BALANCES, Beginning of Year	<u>8,385,819</u>	<u>8,385,819</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ 8,385,819</u>	<u>9,374,529</u>	<u>\$ 988,710</u>



York School District One
York, South Carolina

Comprehensive Annual Financial Report

Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District has the following major Special Revenue Funds:

- i) The **Special Revenue Fund, a major fund** and an unbudgeted fund, is used to account for and report financial resources provided by federal, state, and local projects and grants that are restricted, committed or assigned for special education programs.
- ii) The **Education Improvement Act (“EIA”) Fund, a major fund** and an unbudgeted fund, is used to account for and report the restricted revenues from the South Carolina Education Improvement Act of 1984 (which is legally required by the state to be accounted for as a specific revenue source) which are restricted for specific programs authorized or mandated by the EIA.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
REVENUES		
1000 Revenue from Local Sources:		
1900 Other Revenue from Local Sources:		
1930 Medicaid	\$ -	-
1999 Revenue from Other Local Sources	-	1,800
Total Revenue from Local Sources	<u>-</u>	<u>1,800</u>
2000 Intergovernmental Revenue:		
2300 Payments from Non-Profit Entities (for First Steps)	-	-
Total Intergovernmental Revenue	<u>-</u>	<u>-</u>
3000 Revenue from State Sources:		
3100 Restricted State Funding:		
3110 Occupational Education:		
3113 12-Months (Ag.) Program	-	-
3118 EEDA Career Specialist	-	-
3120 General Education:		
3127 Student Health and Fitness - PE Teachers	-	-
3130 Special Programs:		
3134 CDEP Expansion	-	-
3135 Reading Coaches	-	-
3177 Summer Reading Camp	-	-
3190 Miscellaneous Restricted State Grants:		
3193 Education License Plates	-	-
3600 Education Lottery Act Revenue:		
3630 K-12 Technology Initiative	-	-
3900 Other State Revenue:		
3999 Revenue from Other State Sources	-	-
Total Revenue from State Sources	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	242,404	\$ 242,404
-	-	-	91,643	93,443
-	-	-	334,047	335,847
-	-	42,005	-	42,005
-	-	42,005	-	42,005
-	10,170	-	-	10,170
-	-	235,765	-	235,765
-	-	35,963	-	35,963
-	-	20,107	-	20,107
-	-	383,470	-	383,470
-	-	46,752	-	46,752
-	-	835	-	835
-	-	87,344	-	87,344
-	-	-	51,077	51,077
-	10,170	810,236	51,077	\$ 871,483

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
4000 Revenue from Federal Sources:		
4200 Occupational Education:		
4210 Perkins Aid, Title I	\$ -	-
4300 Elementary and Secondary Education Act of 1965 (ESEA):		
4310 Title I, Basic State Grant Programs (Carryover Provision)	1,442,015	-
4325 Mathematics and Science Partnerships Program, Title II (Carryover Provision)	-	-
4341 Language Instruction for Limited English Proficient and Immigrant Students, Title III (Carryover Provision)	-	-
4351 Improving Teacher Quality (Carryover Provision)	-	-
4500 Programs for Children with Disabilities:		
4510 Individuals with Disabilities Education Act (IDEA) (Carryover Provision)	-	1,267,421
4520 Preschool Grants (IDEA) (Carryover Provision)	-	-
4900 Other Federal Sources:		
4999 Revenue from Other Federal Sources	-	-
Total Revenue from Federal Sources	<u>1,442,015</u>	<u>1,267,421</u>
TOTAL REVENUE ALL SOURCES	<u>1,442,015</u>	<u>1,269,221</u>

EXPENDITURES

100 Instruction:		
110 General Instruction:		
111 Kindergarten Program:		
100 Salaries	205,978	-
200 Employee Benefits	83,635	-
300 Purchased Services	11,622	-
400 Supplies and Materials	-	-
112 Primary Programs:		
100 Salaries	423,344	-
200 Employee Benefits	158,889	-
300 Purchased Services	26,600	-
400 Supplies and Materials	60,262	-
500 Capital Outlay	17,865	-
113 Elementary Programs:		
100 Salaries	179,097	-
200 Employee Benefits	50,386	-
300 Purchased Services	7,391	168
400 Supplies and Materials	2,405	-
500 Capital Outlay	-	-
600 Other Objects	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	86,295	-	-	\$ 86,295
-	-	-	-	1,442,015
-	-	-	134,754	134,754
-	-	-	18,118	18,118
-	-	-	134,823	134,823
-	-	-	13,921	1,281,342
49,201	-	-	-	49,201
-	-	-	46,091	46,091
49,201	86,295	-	347,707	3,192,639
49,201	96,465	852,241	732,831	4,441,974
-	-	-	56,213	262,191
-	-	-	18,673	102,308
-	-	-	1,300	12,922
-	-	-	18,550	18,550
-	-	38,123	50,706	512,173
-	-	12,537	23,111	194,537
-	-	24,228	-	50,828
-	-	7,261	-	67,523
-	-	-	-	17,865
-	-	-	11,096	190,193
-	-	-	2,722	53,108
-	-	-	36,194	43,753
-	-	835	22,154	25,394
-	-	-	10,982	10,982
-	-	-	350	\$ 350

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
114 High School Programs:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
400 Supplies and Materials	-	-
115 Career and Technology Education Program:		
100 Salaries	-	-
300 Purchased Services - Other Than Tuition	-	-
400 Supplies and Materials	-	-
500 Capital Outlay	-	-
120 Exceptional Programs:		
121 Educable Mentally Handicapped:		
100 Salaries	-	39,984
200 Employee Benefits	-	20,234
300 Purchased Services	-	1,794
400 Supplies and Materials	-	25,947
122 Trainable Mentally Handicapped:		
300 Purchased Services	406	1,742
400 Supplies and Materials	-	21,964
123 Orthopedically Handicapped:		
300 Purchased Services	-	2,846
400 Supplies and Materials	-	7,938
124 Visually Handicapped:		
300 Purchased Services	-	46,500
400 Supplies and Materials	-	2,147
125 Hearing Handicapped:		
300 Purchased Services	-	50,806
400 Supplies and Materials	-	5,264
126 Speech Handicapped:		
100 Salaries	-	62,667
200 Employee Benefits	-	26,049
300 Purchased Services	-	2,605
400 Supplies and Materials	-	11,343
127 Learning Disabilities:		
100 Salaries	-	233,631
200 Employee Benefits	-	94,781
300 Purchased Services	-	9,064
400 Supplies and Materials	\$ -	26,630

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	34,143	\$ 34,143
-	-	-	6	6
-	-	-	11,538	11,538
-	15,170	-	-	15,170
-	2,000	-	-	2,000
-	6,705	-	-	6,705
-	-	-	4,414	4,414
-	-	-	-	39,984
-	-	-	-	20,234
-	-	-	-	1,794
-	-	-	-	25,947
-	-	-	-	2,148
-	-	-	-	21,964
-	-	-	-	2,846
-	-	-	-	7,938
-	-	-	-	46,500
-	-	-	-	2,147
-	-	-	-	50,806
-	-	-	-	5,264
-	-	-	10,467	73,134
-	-	-	2,343	28,392
-	-	-	-	2,605
-	-	-	-	11,343
-	-	-	900	234,531
-	-	-	211	94,992
-	-	-	-	9,064
-	-	-	1,490	\$ 28,120

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
128 Emotionally Handicapped:		
100 Salaries	\$ -	56,836
200 Employee Benefits	-	22,432
300 Purchased Services	-	3,357
400 Supplies and Materials	-	10,946
130 Pre-School Programs:		
133 Pre-School Handicapped Self-Contained (5-Yr. Olds):		
100 Salaries	-	15,506
200 Employee Benefits	-	7,905
300 Purchased Services	-	231
400 Supplies and Materials	-	4,323
139 Early Childhood Programs:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
140 Special Programs:		
147 CDEP:		
400 Supplies and Materials	-	-
160 Other Exceptional Programs:		
161 Autism:		
100 Salaries	-	41,530
200 Employee Benefits	-	21,025
300 Purchased Services	-	1,712
400 Supplies and Materials	-	15,870
162 Limited English Proficiency:		
300 Purchased Services	-	-
170 Summer School Programs:		
173 High School Summer School:		
100 Salaries	-	-
200 Employee Benefits	-	-
180 Adult/Continuing Educational Programs:		
188 Parenting/Family Literacy:		
100 Salaries	62,558	-
200 Employee Benefits	27,047	-
300 Purchased Services	5,040	-
400 Supplies and Materials	4,255	-
Total Instruction	\$ 1,326,780	895,777

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	-	\$ 56,836
-	-	-	-	22,432
-	-	-	-	3,357
-	-	-	-	10,946
37,854	-	-	-	53,360
9,660	-	-	-	17,565
-	-	-	-	231
-	-	-	-	4,323
-	-	25,275	-	25,275
-	-	6,366	-	6,366
-	-	6,575	-	6,575
-	-	3,790	-	3,790
-	-	20,107	-	20,107
-	-	-	33,719	75,249
-	-	-	-	21,025
-	-	-	623	2,335
-	-	-	546	16,416
-	-	-	3,028	3,028
-	-	-	5,750	5,750
-	-	-	1,411	1,411
-	-	-	-	62,558
-	-	-	-	27,047
-	-	-	-	5,040
-	-	-	-	4,255
47,514	23,875	145,097	362,640	\$ 2,801,683

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
200 Support Services:		
210 Pupil Services:		
212 Guidance Services:		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
213 Health Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
214 Psychological Services:		
100 Salaries	-	3,041
200 Employee Benefits	-	737
300 Purchased Services	-	27,546
400 Supplies and Materials	-	12,170
215 Exceptional Program Services:		
100 Salaries	-	12,351
200 Employee Benefits	-	3,031
216 Vocational Placement Services:		
300 Purchased Services	-	-
217 Career Specialists Services:		
100 Salaries	-	-
200 Employee Benefits	-	-
220 Instructional Staff Services:		
221 Improvement of Instruction - Curriculum Development:		
100 Salaries	-	-
200 Employee Benefits	-	-
223 Supervision of Special Programs:		
100 Salaries	45,102	160,944
200 Employee Benefits	19,048	66,385
300 Purchased Services	466	28,871
400 Supplies and Materials	1,182	14,917
224 Improvement of Instruction - Inservice and Staff Training:		
100 Salaries	-	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
400 Supplies and Materials	-	-
250 Finance and Operations Services:		
251 Student Transportation (Federal/District Mandated):		
300 Purchased Services	\$ -	-

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	34,000	91,761	-	\$ 125,761
-	7,590	32,205	-	39,795
-	-	-	89,890	89,890
-	-	-	41,204	41,204
-	-	-	-	3,041
-	-	-	-	737
-	-	-	-	27,546
-	-	-	-	12,170
-	-	-	-	12,351
-	-	-	-	3,031
-	26,000	-	-	26,000
-	-	81,859	-	81,859
-	-	29,940	-	29,940
-	-	298,519	1,500	300,019
-	-	84,951	368	85,319
-	-	-	16,503	222,549
-	-	-	5,186	90,619
-	-	-	846	30,183
-	-	-	-	16,099
-	-	-	18,076	18,076
-	-	-	3,058	3,058
-	5,000	-	85,272	90,272
-	-	-	10,831	10,831
-	-	-	895	\$ 895

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2017

	Title I (BA Projects) (201)	IDEA (CA Projects) (203)
255 Student Transportation (State Mandated):		
100 Salaries	\$ -	-
200 Employee Benefits	-	-
300 Purchased Services	-	-
260 Central Support Services:		
264 Staff Services:		
300 Purchased Services	-	-
400 Supplies and Materials	-	-
266 Technology and Data Processing Services:		
400 Supplies and Materials	-	-
Total Support Services	<u>65,798</u>	<u>329,993</u>
410 Intergovernmental Expenditures:		
411 Payments to SDE		
720 Transits	-	-
Total Intergovernmental Expenditures	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>1,392,578</u>	<u>1,225,770</u>
OTHER FINANCING SOURCES (USES)		
Interfund Transfers, From (To) Other Funds:		
431-791 Special Revenue Fund Indirect Costs		
(Use Only for Transfer of Indirect Costs to General Fund)	(49,437)	(43,451)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(49,437)</u>	<u>(43,451)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-	-
FUND BALANCES, Beginning of Year	<u>-</u>	<u>-</u>
FUND BALANCES, End of Year	<u>\$ -</u>	<u>-</u>

Preschool Handicapped (CG Projects) (205)	CATE (VA Projects) (207)	Other Designated Restricted State Grants (900s)	Other Special Revenue Programs (200s/800s)	Totals
-	-	-	3,877	\$ 3,877
-	-	-	667	667
-	-	566	3,259	3,825
-	-	-	2,170	2,170
-	-	-	3,250	3,250
-	-	87,343	-	87,343
-	72,590	707,144	286,852	1,462,377
-	-	-	76,968	76,968
-	-	-	76,968	76,968
47,514	96,465	852,241	726,460	4,341,028
(1,687)	-	-	(6,371)	(100,946)
(1,687)	-	-	(6,371)	(100,946)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	\$ -

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SPECIAL REVENUE FUND

SUPPLEMENTAL LISTING OF LEA SUBFUND CODES AND TITLES

YEAR ENDED JUNE 30, 2017

OTHER DESIGNATED RESTRICTED STATE GRANTS

919	Education License Plates
924	CDEP Expansion
926	Summer Reading Program
928	EEDA Career Specialists
935	Reading Coaches
937	Student Health and Fitness - PE Teachers
963	K-12 Technology Initiative
990	First Steps

OTHER SPECIAL REVENUE PROGRAMS

212	Extended School Year - Federal
225	Mathematics and Science Partnerships Program, Title II (84.366B)
264	Language Instruction for Limited English Proficient and Immigrant Students, Title III
267	Improving Teacher Quality (Carryover Provision)
271	JROTC
299	Medicaid Reimbursement
816	High School Summer School
836	I3 Reading Recovery
839	ABT Special Fund
858	Bigger than Bullying Proceeds
860	Graduate Coursework
862	Wal-mart Grant-Esc
866	I3DP
867	Courageous Cougars
868	EIA Equipment Sale Proceeds
869	EOC - Community Block Grant
870	LISC NFL Grant - YMS
871	Kings Mountain Grant

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

SPECIAL REVENUE FUND

SUMMARY SCHEDULE FOR OTHER DESIGNATED RESTRICTED STATE GRANTS

YEAR ENDED JUNE 30, 2017

Subfund	Revenue	Programs	Revenues	Expenditures	Special Revenue		Special Revenue Fund Unearned
					Interfund Transfers In (Out)	Other Fund Transfers In (Out)	
919	3193	Education License Plates	\$ 835	835	-	-	\$ -
924	3134	CDEP Expansion	20,107	20,107	-	-	41,653
926	3177	Summer Reading Camp	46,752	46,752	-	-	11,726
928	3118	EEDA Career Specialists	235,765	235,765	-	-	-
935	3135	Reading Coaches	383,470	383,470	-	-	-
937	3127	Student Health and Fitness - PE Teachers	35,963	35,963	-	-	-
963	3630	K-12 Technology Initiative	87,344	87,344	-	-	162,758
990	3680	First Steps FAMILY LITERACY Program	42,005	42,005	-	-	13,168
Totals			\$ 852,241	852,241	-	-	\$ 229,305

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1000 Revenue from Local Sources:	
1990 Miscellaneous Local Revenue:	
1999 Revenue from Other Local Sources	\$ 9,100
Total Revenue from Local Sources	<u>9,100</u>
3000 Revenue from State Sources:	
3500 Education Improvement Act:	
3502 ADEPT	4,187
3509 Arts in Education	11,548
3511 Professional Development	29,438
3512 Technology Professional Development	27,437
3518 Formative Assessment	23,329
3525 Career and Technology Education Equipment	151,391
3526 Refurbishment of K-8 Science Kits	27,290
3528 Industry Credentials/Certifications	2,234
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	367,524
3533 Teacher of the Year Awards	1,077
3535 Reading Coaches	8,000
3538 Student at Risk of School Failure	563,005
3541 CDEP (Child Development Education Program)	773,571
3550 Teacher Salary Increase (No Carryover Provision)	1,035,479
3555 School Employer Contributions (No Carryover Provision)	150,879
3557 Summer Reading Program	61,463
3558 Reading	15,637
3577 Teacher Supplies (No Carryover Provision)	104,500
3578 High Schools That Work/Making Middle Grades Work	23,856
3581 Student Health and Fitness-Nurses	174,202
3592 Work-Based Learning	19,986
3594 EEDA Supplemental Programs	137,799
3595 EEDA - Supplies and Materials - Career Awareness	9,212
3597 Aid to Districts	70,800
3599 Other EIA	4,756
Total Revenue from State Sources	<u>3,798,600</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 3,807,700</u>

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
EXPENDITURES	
100 Instruction:	
110 General Instruction:	
111 Kindergarten Programs:	
100 Salaries	\$ 15,975
200 Employee Benefits	3,894
112 Primary Programs:	
100 Salaries	113,109
200 Employee Benefits	29,068
300 Purchased Services	7,250
400 Supplies and Materials	61,656
113 Elementary Programs:	
100 Salaries	371,541
200 Employee Benefits	118,058
300 Purchased Services	7,844
400 Supplies and Materials	93,530
600 Other Objects	480
114 High School Programs:	
100 Salaries	79,061
200 Employee Benefits	26,291
300 Purchased Services	14,637
400 Supplies and Materials	23,099
600 Other Objects	160
115 Career and Technology Education Program:	
100 Salaries	15,000
200 Employee Benefits	3,666
300 Purchased Services - Other Than Tuition	6,190
400 Supplies and Materials	19,322
500 Capital Outlay	138,978
600 Other Objects	160
120 Exceptional Programs:	
121 Educable Mentally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	1,854
122 Trainable Mentally Handicapped:	
100 Salaries	7,605
200 Employee Benefits	1,878
127 Learning Disabilities:	
100 Salaries	7,500
200 Employee Benefits	1,842
128 Emotionally Handicapped:	
100 Salaries	7,500
200 Employee Benefits	\$ 1,837

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
130 Pre-School Programs:	
133 Preschool Handicapped Self- Contained (5Yr. Olds)	
100 Salaries	\$ 7,500
200 Employee Benefits	1,833
140 Special Programs:	
141 Gifted and Talented - Academic:	
100 Salaries	13,500
200 Employee Benefits	3,111
147 CDEP:	
100 Salaries	555,237
200 Employee Benefits	228,912
400 Supplies and Materials	8,064
170 Summer School Programs:	
175 Instructional Programs Beyond Regular School Day:	
100 Salaries	8,450
200 Employee Benefits	2,048
180 Adult/Continuing Educational Programs:	
188 Parenting/Family Literacy:	
100 Salaries	45,587
200 Employee Benefits	12,646
Total Instruction	<u>2,073,373</u>
200 Support Services:	
210 Pupil Services:	
212 Guidance Services:	
100 Salaries	68,083
200 Employee Benefits	25,612
300 Purchased Services	7,585
400 Supplies and Materials	6,302
213 Health Services:	
100 Salaries	126,211
200 Employee Benefits	47,991
220 Instructional Staff Services:	
221 Improvement of Instruction-Curriculum Development:	
100 Salaries	838
200 Employee Benefits	204
300 Purchased Services	12,887
400 Supplies and Materials	\$ 4,790

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

EDUCATION IMPROVEMENT ACT

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
ALL PROGRAMS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
222 Library and Media:	
100 Salaries	\$ 7,500
200 Employee Benefits	1,815
400 Supplies and Materials	1,650
223 Supervision of Special Programs:	
100 Salaries	37,976
200 Employee Benefits	15,820
300 Purchased Services	816
224 Improvement of Instruction-Curriculum Development:	
100 Salaries	25,523
200 Employee Benefits	327
300 Purchased Services	15,882
400 Supplies and Materials	33,430
250 Finance and Operations Services:	
252 Fiscal Services:	
300 Purchased Services	800
253 Facilities Acquisition and Construction:	
400 Supplies and Materials	3,850
255 Student Transportation (State Mandated):	
100 Salaries	10,030
200 Employee Benefits	1,883
300 Purchased Services	17,951
400 Supplies and Materials	18,575
260 Central Support Services:	
266 Technology and Data Processing Services:	
300 Purchased Services	19,387
400 Supplies and Materials	34,251
Total Support Services	<u>547,969</u>
TOTAL EXPENDITURES	<u>2,621,342</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
420-710 Transfer to General Fund (Exclude Indirect Costs)	(1,186,358)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,186,358)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	-
FUND BALANCE, Beginning of Year	<u>-</u>
FUND BALANCE, End of Year	<u>\$ -</u>

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

EDUCATION IMPROVEMENT ACT

SUMMARY SCHEDULE BY PROGRAM

YEAR ENDED JUNE 30, 2017

Program	Revenues	Expenditures	EIA Interfund Transfers In/(Out)	Other Fund Transfers In/(Out)	EIA Fund Unearned Revenue
3500 Education Improvement Act:					
3502 ADEPT	\$ 4,187	4,187	-	-	\$ -
3509 Arts in Education	11,548	11,548	-	-	-
3511 Professional Development	29,438	29,438	-	-	4,270
3512 Technology Professional Development	27,437	27,437	-	-	26,626
3518 Formative Assessment	23,329	23,329	-	-	-
3519 Grade 10 Assessments	-	-	-	-	4,404
3525 Career and Technology Education Equipment	151,391	151,391	-	-	7,812
3526 Refurbishment of K-8 Science Kits	27,290	27,290	-	-	19,618
3528 Industry Credentials/Certifications	2,234	2,234	-	-	34,727
3532 National Board Certification (NBC) Salary Supplement (No Carryover Provision)	367,524	367,524	-	-	-
3533 Teacher of the Year Awards (No Carryover Provision)	1,077	1,077	-	-	-
3535 Reading Coaches	8,000	8,000	-	-	-
3538 Student at Risk of School Failure	563,005	563,005	-	-	-
3541 Child Development Education Program (CDEP)	773,571	773,571	-	-	1,936
3550 Teacher Salary Increase (No Carryover Provision)	1,035,479	-	-	(1,035,479)	-
3555 School Employer Contributions (No Carryover Provision)	150,879	-	-	(150,879)	-
3557 Summer Reading Program	61,463	61,463	-	-	15,496
3558 Reading	24,737	24,737	-	-	28,592
3577 Teacher Supplies (No Carryover Provision)	104,500	104,500	-	-	-
3578 High Schools That Work/Making Middle Grades Work	23,856	23,856	-	-	23,707
3581 Student Health and Fitness-Nurses	174,202	174,202	-	-	-
3587 IDEA MOE Tier 1	-	-	-	-	259,333
3592 Work-Based Learning	19,986	19,986	-	-	-
3594 EEDA Supplemental Programs	137,799	137,799	-	-	-
3595 EEDA Professional Development Funds	9,212	9,212	-	-	17,448
3597 Aid to Districts	70,800	70,800	-	-	86,575
3599 Other EIA	4,756	4,756	-	-	-
Totals	\$ 3,807,700	2,621,342	-	(1,186,358)	\$ 530,544

Note: Included in Program 3558 Revenues is \$9,100 of Other Local Sources Revenue (Revenue Code #1999).

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

DETAILED SCHEDULE OF DUE TO STATE DEPARTMENT OF EDUCATION/FEDERAL GOVERNMENT

YEAR ENDED JUNE 30, 2017

Program	Project/ Grant Number	Revenue & Subfund Code	Description	Amount Due to State Dept. of Education or Federal Government	Status of Amount Due to Grantors
			None		



York School District One
York, South Carolina

Comprehensive Annual Financial Report

Debt Service Fund

The ***Debt Service Fund, a major fund*** and an unbudgeted fund, is used to account for the accumulation of financial resources that are restricted, committed, or assigned for the payment of all long-term debt principal, interest and related costs for the District.



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

DEBT SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1200 Revenue from Local Governmental Units Other than LEAs:	
1210 Ad Valorem Taxes-Including Delinquent (Fiscally Dependent LEA)	\$ 6,881,235
1240 Penalties & Interest on Taxes (Dependent)	(277,590)
1500 Earnings on Investments:	
1510 Interest on Investments	88,232
Total Revenue from Local Sources	<u>6,691,877</u>
3000 Revenue from State Sources:	
3800 State Revenue in Lieu of Taxes:	
3820 Homestead Exemption (Tier 2)	398,277
3830 Merchant's Inventory Tax	19,010
Total Revenue from State Sources	<u>417,287</u>
TOTAL REVENUE ALL SOURCES	<u>7,109,164</u>
EXPENDITURES	
500 Debt Service:	
610 Redemption of Principal	2,646,000
620 Interest	3,875,040
690 Other Objects (Includes Fees for Servicing Bonds)	35,163
Total Debt Service	<u>6,556,203</u>
TOTAL EXPENDITURES	<u>6,556,203</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
424-710 Transfer to Capital Projects Fund	(3,130,685)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,130,685)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(2,577,724)</u>
FUND BALANCE, Beginning of Year	<u>5,894,194</u>
FUND BALANCE, End of Year	<u>\$ 3,316,470</u>



**York School District One
York, South Carolina**

Comprehensive Annual Financial Report

Capital Projects Fund

The ***Capital Projects Fund, a major fund*** and an unbudgeted fund, is used to account for and report financial resources that are restricted, committed, or assigned for expenditures of capital outlay related to site acquisitions, construction, equipment, and renovation of all major capital facilities except for those financed in the Enterprise Fund.



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
REVENUES	
1000 Revenue from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 29,222
Total Revenue from Local Sources	<u>29,222</u>
TOTAL REVENUE ALL SOURCES	<u>29,222</u>
EXPENDITURES	
250 Finance and Operations:	
253 Facilities Acquisition & Construction:	
300 Purchased Services	125,571
400 Supplies and Materials	723,241
500 Capital Outlay:	
510 Land	51,282
520 Construction Services	54,896
525 Buildings	162,693
530 Improvements Other Than Buildings	1,040,482
540 Equipment	9,931
550 Vehicles	65,510
Total Support Services	<u>2,233,606</u>
TOTAL EXPENDITURES	<u>2,233,606</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
5240 Transfer from Debt Service Fund	3,130,685
420-710 Transfer to General Fund (Exclude Indirect Cost)	(1,575,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,555,685</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(648,699)
FUND BALANCE, Beginning of Year	<u>4,269,179</u>
FUND BALANCE, End of Year	<u>\$ 3,620,480</u>



York School District One
York, South Carolina

Comprehensive Annual Financial Report
Proprietary Fund-Enterprise-Food Service

Proprietary Fund Types are accounted for based on the flow of economic resources measurement focus and use of the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Fund are charges to students and teachers for breakfast, lunch and special sales. Operating expenses for the Enterprise Fund include the cost of sales, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

Proprietary Fund types include the following fund:

The **Enterprise Fund, a major fund** and an unbudgeted fund, is used to account for those operations that are financed and operated in a manner similar to private business enterprises or where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is necessary for management accountability. The Food Service Fund is the District's only Enterprise Fund and is used to account for the United States Department of Agriculture's ("USDA") approved school breakfast and lunch programs.



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2017

	ACTUAL
REVENUES	
1000 Revenues from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 2,210
1600 Food Service:	
1610 Lunch Sales to Pupils	416,132
1620 Breakfast Sales to Pupils	9,130
1630 Special Sales to Pupils	107,209
1640 Lunch Sales to Adults	16,993
1650 Breakfast Sales to Adults	438
1660 Special Sales to Adults	6,292
1900 Other Revenue from Local Sources:	
1999 Revenue from Other Local Sources	135,931
Total Revenue from Local Sources	<u>694,335</u>
3000 Revenue from State Sources:	
3100 Restricted State Funding:	
3140 School Lunch:	
3142 Program Aid	203
Total Revenue from State Sources	<u>203</u>
4000 Revenue from Federal Sources:	
4800 USDA Reimbursement:	
4810 School Lunch and After School Snacks Program	1,485,304
4830 School Breakfast Program	543,516
4850 Cash in Lieu Commodities (Food Distribution Program) (Carryover Provision)	4,844
4900 Other Federal Sources:	
4991 USDA Commodities (Food Distribution Program) (Carryover Provision)	225,734
4999 Revenue from Other Federal Sources	118,897
Total Revenue from Federal Sources	<u>2,378,295</u>
TOTAL REVENUE ALL SOURCES	<u>\$ 3,072,833</u>

(Continued)

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

YEAR ENDED JUNE 30, 2017

	<u>ACTUAL</u>
EXPENSES	
256 Food Service:	
100 Salaries	\$ 677,782
200 Employee Benefits	644,682
300 Purchased Services (Exclude Energy Costs)	54,759
393 Direct Purchased Services	1,609,266
400 Supplies and Materials (Include Energy Costs)	257,644
500 Capital Outlay	103,189
600 Other Objects	3,541
Total Food Services Expenses	<u>3,350,863</u>
TOTAL EXPENSES	<u>3,350,863</u>
OTHER FINANCING SOURCES (USES)	
Interfund Transfers, From (To) Other Funds:	
432-791 Food Service Fund Indirect Costs	(135,860)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(135,860)</u>
EXCESS/DEFICIENCY OF REVENUES OVER EXPENDITURES	(413,890)
FUND NET POSITION, Beginning of Year	<u>1,464,551</u>
FUND NET POSITION, End of Year	<u>\$ 1,050,661</u>

York School District One
York, South Carolina

Comprehensive Annual Financial Report

Fiduciary Fund-Agency-Pupil Activity

Fiduciary Fund Types are used to account for expendable assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds and include Agency Funds. Fiduciary Fund Types include the following:

The ***Agency Fund***, an unbudgeted fund, accounts for the receipt and disbursement of monies to and from student activity organizations. These funds have no equity (assets are equal to liabilities) and do not include revenues and expenditures for the general operation of the District. This accounting reflects the agency relationship of the District with the student activity organizations.



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

PUPIL ACTIVITY FUND

**SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
DUE TO STUDENT ORGANIZATIONS**

YEAR ENDED JUNE 30, 2017

	ACTUAL
RECEIPTS	
1000 Receipts from Local Sources:	
1500 Earnings on Investments:	
1510 Interest on Investments	\$ 357
1700 Pupil Activities:	
1710 Admissions	64,845
1720 Bookstore Sales	29,271
1730 Pupil Organization Membership Dues and Fees	98,092
1740 Student Fees	122,035
1790 Other	1,067,231
1900 Other Revenue from Local Sources:	
1920 Contributions & Donations Private Sources	15,220
1999 Revenue from Other Local Sources	14,935
Total Receipts from Local Sources	<u>1,411,986</u>
TOTAL RECEIPTS ALL SOURCES	<u>1,411,986</u>
DISBURSEMENTS	
190 Instructional Pupil Activity:	
660 Pupil Activity	216,174
Total Instruction	<u>216,174</u>
270 Support Services Pupil Activity:	
271 Pupil Service Activities:	
660 Pupil Activity	786,206
272 Enterprise Activities:	
660 Pupil Activity	310,183
273 Trust and Agency Activities:	
660 Enterprise Activity	125,819
Total Pupil Activity Expenditures	<u>1,222,208</u>
TOTAL DISBURSEMENTS	<u>1,438,382</u>
EXCESS/DEFICIENCY OF RECEIPTS OVER DISBURSEMENTS	(26,396)
DUE TO STUDENT ORGANIZATIONS, Beginning of Year	<u>599,275</u>
DUE TO STUDENT ORGANIZATIONS, End of Year	<u>\$ 572,879</u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

PUPIL ACTIVITY FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES IN DUE TO STUDENT ORGANIZATIONS

YEAR ENDED JUNE 30, 2017

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2017</u>
ASSETS				
Cash and Cash Equivalents	\$ 576,153	1,410,452	1,438,382	\$ 548,223
Investments	22,919	1,534	-	24,453
Receivables	203	-	-	203
TOTAL ASSETS	<u><u>\$ 599,275</u></u>	<u><u>1,411,986</u></u>	<u><u>1,438,382</u></u>	<u><u>\$ 572,879</u></u>
LIABILITIES				
Due to Student Organizations	\$ 599,275	1,411,986	1,438,382	\$ 572,879
TOTAL LIABILITIES	<u><u>\$ 599,275</u></u>	<u><u>1,411,986</u></u>	<u><u>1,438,382</u></u>	<u><u>\$ 572,879</u></u>

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

LOCATION RECONCILIATION SCHEDULE

YEAR ENDED JUNE 30, 2017

LOCATION ID	LOCATION DESCRIPTION	EDUCATION LEVEL	COST TYPE	TOTAL EXPENDITURES
00	District-Wide	Non-School	Central	\$ 13,002,641
01	Education Service Center	Non-School	Central	437,070
02	Floyd D. Johnson Technology Center	Other Schools	School	2,191,563
03	York Comprehensive High School	High School	School	11,873,426
04	Transportation	Non-School	Central	8,731
06	District Office	Non-School	Central	4,537,340
08	Jefferson Elementary	Elementary	School	3,708,683
09	York Intermediate School	Middle School	School	5,215,000
15	York One Academy	Alternative	School	1,798,459
44	York Middle School	Middle School	School	6,311,744
45	Hickory Grove-Sharon Elementary	Elementary	School	3,480,745
46	Hunter Street Elementary	Elementary	School	3,762,525
47	Cotton Belt Elementary	Elementary	School	3,394,458
49	Harold C. Johnson Elementary	Elementary	School	4,030,039
Total Expenditures/Disbursements for all funds				\$ 63,752,424

The above expenditures are reconciled to the District's financial statements as follows:

General Fund	\$ 43,211,000
Special Revenue Fund (Subfunds 200's, 800's, 900's)	4,341,028
Special Revenue Fund (Subfunds 300's)	2,621,342
Debt Service Fund	6,556,203
Capital Projects Funds (Subfund 500's)	2,233,606
Enterprise-Food Service Fund (Subfund 600)	3,350,863
Trust and Agency Fund (Subfund 700's)	1,438,382
Total Expenditures/Disbursements for all funds	\$ 63,752,424



**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

STATISTICAL SECTION

YEAR ENDED JUNE 30, 2017

This section of the York School District One's (the "District") comprehensive annual financial report presents detailed trend and other information as a context for understanding what the information in the financial statements, notes to the financial statements, required supplementary information and other supplementary information says about the District's overall financial health.

Page Number

Financial Trends

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

135

Revenue Capacity

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

141

Debt Capacity

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

145

Demographic and Economic Information

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

149

Operating Information

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

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 1

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2008	2009	2010	2011	2012 ¹	2013 ²	2014 ³	2015 ⁴	2016	2017
Governmental Activities										
Net Investment in Capital Assets	\$ 24,550,988	31,649,088	29,906,714	29,003,866	24,764,029	18,966,916	14,613,621	14,143,451	6,943,438	\$ 8,360,535
Restricted	3,197,519	420,091	3,653,551	3,595,291	3,461,012	3,678,473	2,919,412	2,184,969	5,687,962	3,372,828
Unrestricted	12,257,561	10,965,117	11,490,749	11,472,572	9,382,086	10,443,078	12,612,000	(38,514,153)	(38,292,449)	(41,747,773)
Total Governmental Activities Net Position	\$ 40,006,068	43,034,296	45,051,014	44,071,729	37,607,127	33,088,467	30,145,033	(22,185,733)	(25,661,049)	\$ (30,014,410)
Business-Type Activities										
Net Investment in Capital Assets	\$ 651,386	556,727	489,544	920,634	810,596	714,919	608,962	506,164	525,177	\$ 421,988
Unrestricted	160,098	148,962	387,547	474,891	684,929	880,606	1,086,563	713,250	939,374	628,673
Total Business-Type Activities Net Position	\$ 811,484	705,689	877,091	1,395,525	1,495,525	1,595,525	1,695,525	1,219,414	1,464,551	\$ 1,050,661
Primary Government										
Net Investment in Capital Assets	\$ 25,202,374	32,205,815	30,396,258	29,924,500	25,574,625	19,681,835	15,222,583	14,649,615	7,468,615	\$ 8,782,523
Restricted	3,197,519	420,091	3,653,551	3,595,291	3,461,012	3,678,473	2,919,412	2,184,969	5,687,962	3,372,828
Unrestricted	12,417,659	11,114,079	11,878,296	11,947,463	10,067,015	11,323,684	13,698,563	(37,800,903)	(37,353,075)	(41,119,100)
Total Primary Government Net Position	\$ 40,817,552	43,739,985	45,928,105	45,467,254	39,102,652	34,683,992	31,840,558	(20,966,319)	(24,196,498)	\$ (28,963,749)

Note 1: The net position of governmental activities decreased from 2011 to 2012 due to an increase in instructional expenses.

Note 2: The net position of governmental activities decreased from 2012 to 2013 due to an increase in property tax revenue.

Note 3: The net position of governmental activities decreased from 2013 to 2014 due to expenses exceeding revenues in the current fiscal year.

Note 4: The District implemented GASB #68/71 in 2015

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	2008 ¹	2009 ²	2010	2011 ³	2012 ⁴	2013 ⁵	2014 ⁶	2015 ⁷	2016 ⁸	2017 ⁹
Expenses										
Governmental Activities:										
Instruction	\$ 26,799,632	27,385,121	27,821,416	15,655,936	29,530,775	31,405,400	30,377,162	31,353,768	32,481,326	\$ 34,352,771
Support Services	17,699,361	18,348,659	18,109,229	31,000,076	22,852,514	21,161,233	20,253,881	21,728,654	22,930,865	24,328,809
Intergovernmental	79,628	87,181	-	-	-	-	-	-	-	-
Interest and Other Charges	691,178	1,600,223	4,009,483	4,558,142	5,243,748	5,053,739	6,224,137	4,170,449	6,209,181	2,763,817
Total Governmental Activities Expenses	45,269,799	47,421,184	49,940,128	51,214,154	57,627,037	57,620,372	56,855,180	57,252,871	61,621,372	61,445,397
Business-Type Activities:										
Food Services	2,382,546	2,613,166	2,328,847	2,088,496	2,345,603	2,353,674	2,421,927	2,816,279	2,846,331	3,350,863
Total Business-Type Activities Expenses	2,382,546	2,613,166	2,328,847	2,088,496	2,345,603	2,353,674	2,421,927	2,816,279	2,846,331	3,350,863
Total Primary Government Expenses	\$ 47,652,345	50,034,350	52,268,975	53,302,650	59,972,640	59,974,046	59,277,107	60,069,150	64,467,703	\$ 64,796,260
Program Revenues										
Governmental Activities:										
Charges for Services:										
Operating Grants and Contributions	\$ 26,742,351	25,520,016	25,645,279	24,093,028	24,587,788	25,326,132	24,985,478	26,777,487	27,489,089	\$ 29,095,326
Capital Grants and Contributions	108,240	129,927	-	10,061	-	-	-	-	107,795	-
Total Governmental Activities Program Revenues	26,850,591	25,649,943	25,645,279	24,103,089	24,587,788	25,326,132	24,985,478	26,777,487	27,596,884	29,095,326
Business-Type Activities:										
Charges for Services:										
Food Service	804,509	811,686	704,158	610,206	653,165	616,173	615,816	596,771	615,767	556,194
Operating Grants and Contributions	1,519,454	1,694,507	1,795,273	1,727,844	1,927,686	1,972,962	2,041,698	2,448,014	2,482,238	2,514,429
Total Business-Type Activities Program Revenues	2,323,963	2,506,193	2,499,431	2,338,050	2,580,851	2,589,135	2,657,514	3,044,785	3,098,005	3,070,623
Total Primary Government Program Revenues	\$ 29,174,554	28,156,136	28,144,710	26,441,139	27,168,639	27,915,267	27,642,992	29,822,272	30,694,889	\$ 32,165,949
Net (Expense)/Revenue										
Governmental Activities	\$ (18,419,208)	(21,771,241)	(24,294,849)	(27,111,065)	(33,039,249)	(32,294,240)	(31,869,702)	(30,475,384)	\$ (34,024,488)	\$ (32,350,071)
Business-Type Activities	(58,583)	(106,973)	170,584	249,554	235,248	235,461	235,587	228,506	251,674	(280,240)
Total Primary Government Net (Expense)/Revenue	\$ (18,477,791)	(21,878,214)	(24,124,265)	(26,861,511)	(32,804,001)	(32,058,779)	(31,634,115)	(30,246,878)	(33,772,814)	\$ (32,630,311)

(Continued)

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2008 ¹	2009 ²	2010	2011 ³	2012 ⁴	2013 ⁵	2014 ⁶	2015 ⁷	2016 ⁸	2017 ⁹
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes by Source:										
Property Tax - General Operations	\$ 10,616,344	10,860,700	12,000,042	11,962,753	11,455,061	12,403,242	13,371,086	13,675,538	14,973,251	\$ 13,042,887
Property Tax - Debt Service	6,089,120	6,510,217	6,986,312	6,319,740	6,759,604	6,887,351	7,127,507	7,242,780	7,572,988	6,706,877
State Revenue in Lieu of Taxes	6,282,271	6,453,060	6,618,806	6,651,863	6,786,798	6,983,336	7,119,379	7,261,593	7,382,306	7,401,702
Other Taxes	295,889	313,147	325,576	345,228	363,665	379,302	394,628	408,895	406,652	417,288
Unrestricted Investment Earnings	631,112	561,563	222,252	107,019	51,370	53,880	36,241	55,878	135,668	222,520
Transfers	98,948	-	-	(268,194)	135,861	135,861	135,861	135,861	8,201	135,860
Miscellaneous	38,981	10,116	28,192	220,597	258,078	186,138	34,497	39,352	33,112	27,571
Other Revenues	84,252	90,666	130,387	792,774	764,210	746,470	707,069	700,078	36,994	42,005
Total Governmental Activities	24,136,917	24,799,469	26,311,567	26,131,780	26,574,647	27,775,580	28,926,268	29,519,975	30,549,172	27,996,710
Business-Type Activities:										
Unrestricted Investment Earnings	3,072	1,178	818	686	613	400	274	561	1,664	2,210
Transfers	(98,948)	-	-	268,194	(135,861)	(135,861)	(135,861)	(135,861)	(8,201)	(135,860)
Total Business-Type Activities	(95,876)	1,178	818	268,880	(135,248)	(135,461)	(135,587)	(135,300)	(6,537)	(133,650)
Total Primary Government	\$ 24,041,041	24,800,647	26,312,385	26,400,660	26,439,399	27,640,119	28,790,681	29,384,675	30,542,635	\$ 27,863,060
Change in Net Position:										
Governmental Activities	\$ 5,717,709	3,028,228	2,016,718	(979,285)	(6,464,602)	(4,518,660)	(2,943,434)	(955,409)	(3,475,316)	\$ (4,353,361)
Business-Type Activities	(154,459)	(105,795)	171,402	518,434	100,000	100,000	100,000	93,206	245,137	(413,890)
Total Primary Government	\$ 5,563,250	2,922,433	2,188,120	(460,851)	(6,364,602)	(4,418,660)	(2,843,434)	(862,203)	(3,230,179)	\$ (4,767,251)

- Note 1: Debt Service Property Tax increased because debt service millage increased from 32 mills to 78 mills in fiscal year 2008. This was due to a bond referendum that was passed in May 2007. There is a new line item for State Revenue in Lieu of Taxes due to Act 388. The amount was significant enough to be separated out on the report.
- 2: The District did not charge indirect cost to Food Service in 2009.
- 3: Net Position in governmental activities decreased primarily due to a decrease in property tax and state revenue, partially offset by increase in expenses. Net Position in business-type activities increased because of a decrease in expenses and contributed capital, partially offset by a transfer to the General Fund for indirect costs.
- 4: Net Position decreased in 2012 due to an increase in instructional expenses.
- 5: Net Position decreased in 2013 due to an increase in property tax revenue.
- 6: Net Position decreased in 2014 due to expenses exceeding revenues.
- 7: Net Position decreased in 2015 due to expenses exceeding revenues.
- 8: Net Position decreased in 2016 due to expenses exceeding revenues.
- 9: Net Position decreased in 2017 due to expenses exceeding revenues.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 3

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	Fiscal Year									
	2008 ¹	2009 ¹	2010 ¹	2011 ²	2012	2013	2014	2015	2016	2017
General Fund										
Pre-GASB #54 ³										
Unreserved	\$ 9,252,424	8,831,055	8,831,055	-	-	-	-	-	-	\$ -
Post GASB #54 ³										
Unassigned	-	-	-	8,655,615	7,719,414	6,631,829	6,958,944	7,526,415	8,385,819	9,374,529
Total General Fund	<u>\$ 9,252,424</u>	<u>8,831,055</u>	<u>8,831,055</u>	<u>8,655,615</u>	<u>7,719,414</u>	<u>6,631,829</u>	<u>6,958,944</u>	<u>7,526,415</u>	<u>8,385,819</u>	<u>\$ 9,374,529</u>
All Other Governmental Funds										
Pre-GASB #54 ³										
Reserved	\$ 1,751,334	25,792,756	18,665,991	-	-	-	-	-	-	\$ -
Unreserved, Reported In:										
Special Revenue Funds	14,893	44	-	-	-	-	-	-	-	-
Capital Projects Funds	1,894,403	665,809	849,512	-	-	-	-	-	-	-
Debt Service Funds	1,139,514	1,307,474	-	-	-	-	-	-	-	-
Post GASB #54 ³										
Restricted	-	-	-	6,244,027	7,192,650	5,139,274	4,705,102	5,224,736	6,619,277	6,936,950
Assigned	-	-	-	728,415	214,549	2,253,098	3,779,993	3,880,260	3,544,096	-
Total All Other Governmental Funds	<u>\$ 4,800,144</u>	<u>27,766,083</u>	<u>19,515,503</u>	<u>6,972,442</u>	<u>7,407,199</u>	<u>7,392,372</u>	<u>8,485,095</u>	<u>9,104,996</u>	<u>10,163,373</u>	<u>\$ 6,936,950</u>

Note 1: The reserved amount in other Governmental Funds represents unspent bond proceeds from a GO Bond issued specifically for capital improvements at three schools and construction of the new high school and technology center.

Note 2: The restricted amount in other Governmental Funds decreased in 2011 due to spent bond proceeds.

Note 3: The District implemented GASB #54 "Fund Balance Reporting and Governmental Fund Type Definitions" ("GASB #54") in 2011. GASB #54 established new fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The District has elected to apply GASB #54 prospectively - and thus has provided fund balance information before ("Pre") and after ("Post") its implementation.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2008	2009 ¹	2010 ²	2011 ³	2012	2013	2014 ⁴	2015 ⁵	2016	2017 ⁶
Revenues										
Local Sources:										
Taxes by Source:										
Property Tax - General Operations	\$ 10,459,282	10,523,477	11,639,110	11,292,158	12,072,613	12,284,522	13,070,676	13,491,332	14,585,862	\$ 12,779,549
Property Tax - Debt Service	5,916,832	6,317,140	6,854,792	6,488,272	6,893,791	6,839,683	7,031,199	7,206,959	7,417,749	6,603,645
Investment Earnings	631,112	561,563	222,252	107,019	51,370	53,880	36,241	55,878	135,668	222,520
Other Local Sources	345,839	438,718	576,250	627,871	797,223	1,293,053	565,728	326,968	682,174	372,515
State Sources	29,624,480	28,402,867	25,537,127	24,943,976	27,191,788	27,722,640	28,189,450	30,627,623	31,461,985	33,376,733
Federal Sources	3,488,699	3,565,244	6,487,631	6,417,286	4,714,540	4,566,435	4,429,800	4,188,683	3,274,795	3,192,639
Intergovernmental Revenue	92,966	110,103	147,232	124,419	56,987	39,246	56,070	44,129	36,994	42,005
Total Revenues	50,559,210	49,919,112	51,464,394	50,001,001	51,778,312	52,799,459	53,379,164	55,941,572	57,595,227	56,589,606
Expenditures										
Current:										
Instruction	\$ 26,543,604	27,585,814	27,440,170	25,932,428	27,084,309	27,188,035	26,208,604	26,805,387	27,861,812	\$ 29,476,178
Support Services	19,581,622	16,549,787	17,644,625	18,716,637	20,164,598	19,302,700	18,611,877	19,844,189	20,595,677	21,226,258
Intergovernmental	79,628	87,181	67,981	66,758	102,561	104,690	82,624	82,061	121,230	76,968
Capital Outlay	302,965	42,986,555	48,231,550	11,255,304	1,036,352	237,795	156,203	380,922	805,670	1,627,572
Debt Service:										
Principal	1,960,000	1,215,000	1,280,000	1,535,000	7,940,000	1,739,000	2,003,000	37,959,000	2,467,000	2,646,000
Interest and Fiscal Charges	732,755	576,043	4,169,007	5,448,658	5,531,424	5,182,558	5,021,648	4,913,319	3,963,931	3,875,040
Other Charges	-	232,162	843,465	16,717	142,538	282,954	11,231	175,284	435,029	35,163
Total Expenditures	49,200,574	89,232,542	99,676,798	62,971,502	62,001,782	54,037,732	52,095,187	90,160,162	56,250,349	58,963,179
Excess of Revenues Over (Under) Expenditures	\$ 1,358,636	(39,313,430)	(48,212,404)	(12,970,501)	(10,223,470)	(1,238,273)	1,283,977	(34,218,590)	1,344,878	\$ (2,373,573)

(Continued)

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 4

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

UNAUDITED

	2008	2009 ¹	2010 ²	2011 ³	2012	2013	2014 ⁴	2015 ⁵	2016	2017 ⁶
Other Financing Sources (Uses)										
Transfers In	\$ 7,383,651	5,909,165	3,820,132	2,576,760	2,021,579	2,859,865	3,301,732	4,074,050	8,210,608	\$ 6,128,849
Transfers Out	(7,284,703)	(5,909,165)	(3,820,132)	(2,324,760)	(1,885,719)	(2,724,004)	(3,165,871)	(3,938,189)	(8,074,747)	(5,992,989)
Proceeds of Bonds Sold	-	-	-	-	6,310,000	-	-	32,405,000	-	-
Premium on Bonds Sold	-	652,000	4,961,824	-	275,166	-	-	2,865,101	9,890,126	-
Issuance of General Obligation Bonds	-	-	85,000,000	-	3,000,000	-	-	-	45,380,000	-
Issuance of General Obligation Bond Anticipation Note	-	50,000,000	-	-	-	-	-	-	-	-
Issuance of Capital Leases	-	11,206,000	-	-	-	-	-	-	-	-
Issuance of Refunding Bonds	-	-	-	-	-	-	-	-	-	-
Payment to Refunded Debt Escrow Agent	-	-	(50,000,000)	-	-	-	-	-	(54,833,084)	-
Total Other Financing Sources (Uses)	98,948	61,858,000	39,961,824	252,000	9,721,026	135,861	135,861	35,405,962	572,903	135,860
Net Change in Fund Balances	\$ 1,457,584	22,544,570	(8,250,580)	(12,718,501)	(502,444)	(1,102,412)	1,419,838	1,187,372	1,917,781	\$ (2,237,713)
Capital Asset Expenditures	\$ 4,108,971	43,486,645	49,475,954	14,954,086	1,859,880	38,913	51,367	283,029	297,558	\$ 517,919
Debt Service as a Percentage of Noncapital Expenditures	6.0%	3.9%	10.9%	14.5%	22.4%	12.8%	13.5%	47.7%	11.5%	11.2%

Note 1: Expenditures increased due to the construction of a new high school and technology center that is scheduled to open August 2010. Total Other Financing Sources increased due to issuance of new debt to cover the cost of building the new high school.

Note 2: Federal revenues increased due to funding from the American Reinvestment and Recovery Act (ARRA) from the federal government and state revenues decreased due to several budget cuts made throughout the year. Expenditures increased due to the construction of a new high school and technology center that opened August 2010.

Note 3: Expenses decreased due to the completion of the new high school and technology center.

Note 4: Expenses decreased due to significant budget cuts the District made from the previous year.

Note 5: Total expenses and revenues increase due to the refunding of \$32.0 million in bonds.

Note 6: Expenses exceeded revenue due to a tax refund related to prior years to a company in the District's tax base.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 5

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Assessed Real Property		Assessed Personal Property		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Tax Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Motor Vehicles	Other				
2008	\$ 41,968,432	9,212,583	11,745,855	22,627,396	\$ 85,554,266	220.60	\$ 1,499,423,067	5.7%
2009	43,938,947	10,306,667	10,996,153	22,882,672	88,124,439	226.60	1,564,332,138	5.6%
2010	46,065,336	9,435,069	9,819,226	25,317,432	90,637,063	232.60	1,609,116,187	5.6%
2011	47,047,440	9,636,223	9,416,207	23,972,973	90,072,843	237.60	1,616,240,947	5.6%
2012	49,550,485	10,148,894	10,071,795	23,313,608	93,084,782	242.60	1,644,357,375	5.7%
2013	49,283,332	10,818,292	10,717,983	23,339,873	94,159,480	248.60	1,777,877,552	5.3%
2014	50,074,064	10,256,115	11,713,607	24,867,478	96,911,264	253.60	1,727,340,196	5.6%
2015	50,622,858	10,368,462	12,489,726	24,682,992	98,164,038	257.60	1,750,810,848	5.6%
2016	49,140,103	10,786,778	12,568,993	29,501,610	101,997,484	260.10	1,769,603,493	5.8%
2017	\$ 49,881,824	10,949,659	13,902,785	26,599,637	\$ 101,333,905	262.60	\$ 1,779,223,872	5.7%

Source: York County Government

Note: Property in the county was last reassessed for fiscal year 2012. Tax rates are per \$1,000 of assessed value. Beginning in fiscal year 2003, the state legislature decreased the vehicle tax assessment rate by .75% per year until the rate is lowered to 6% in fiscal year 2008.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 6

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	York School District One			Overlapping Rates ¹			Total Direct and Overlapping Rates
	Operating Millage	Debt Service Millage	Total Millage	City of York Millage	York County Incorporated Millage	York County Unincorporated ² Millage	
2008	142.60	78.00	220.60	115.00	66.00	9.40	411.00
2009	148.60	78.00	226.60	115.00	66.00	9.60	417.20
2010	154.60	78.00	232.60	115.00	66.00	9.60	423.20
2011	159.60	78.00	237.60	115.00	66.00	9.60	428.20
2012	164.60	78.00	242.60	115.00	62.50	9.40	429.50
2013	170.60	78.00	248.60	115.00	64.50	9.40	437.50
2014	175.60	78.00	253.60	115.00	64.50	9.40	442.50
2015	179.60	78.00	257.60	117.20	68.70	9.40	452.90
2016	182.10	78.00	260.10	117.20	69.70	9.60	456.60
2017	184.60	78.00	262.60	117.20	72.80	9.60	462.20

Source: York School District One and York County Government

Note 1: Overlapping rates are those of local and county governments that apply to property owners within the York School District. Not all overlapping rates apply to all of the York School District property owners (i.e., the rates for special districts apply only to the proportion of the York School District's property owners whose property is located within the geographic boundaries of the special district).

2: The Unincorporated tax rates for York County are levied on all property for taxpayers who do not reside within a municipality.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 7

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Taxpayer	2017			2008		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Duke Energy Corporation	\$ 5,578,810	1	5.5%	\$ 3,709,780	1	4.3%
York Electric Coop Inc.	2,912,470	2	2.9%	3,167,939	2	3.7%
Plains LPG Services	1,699,052	3	1.7%			
FOMAS Inc.	1,427,450	4	1.4%			
Maclean Power York LLC	1,416,008	5	1.4%	937,730	7	1.1%
Bluestar Silicones USA Corp	1,326,339	6	1.3%			
Meritor Heavy Vehicle Systems LLC	1,254,456	7	1.2%	1,634,177	3	1.9%
BellSouth Telecommunications	1,111,730	8	1.1%	1,429,000	5	1.7%
D & S Express	666,250	9	0.7%			
FC Real Estate-York LLC	554,964	10	0.5%			
Hella Lighting Corporation	-			1,567,404	4	1.8%
Eagle Alloys Inc	-			1,114,037	6	1.3%
Champion Laboratories Inc.	-			757,733	8	0.9%
Canton Textile Mills Inc.	-			527,400	9	0.6%
Beckenbach USA Inc	-			467,160	10	0.5%
Totals	<u>\$ 17,947,529</u>		<u>17.7%</u>	<u>\$ 15,312,360</u>		<u>17.9%</u>

Source: York County Government

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 8

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Tax Year	Local Tax Levy	Collected within the Fiscal		Collections in Subsequent Years	Total Collections to Date	
			Year of the Levy	Percentage of Levy		Amount	Percentage of Levy
2008	2007	\$ 23,235,452	\$ 22,567,694	97.1%	\$ 324,994	\$ 22,892,688	98.5%
2009	2008	23,671,957	23,197,288	98.0%	979,483	24,176,771	102.1%
2010	2009	24,499,484	24,084,395	98.3%	997,329	25,081,724	102.4%
2011	2010	25,686,385	24,260,746	94.4%	1,361,357	25,622,103	99.7%
2012	2011	26,539,951	25,053,108	94.4%	1,169,776	26,222,884	98.8%
2013	2012	27,330,092	25,670,016	93.9%	1,080,272	26,750,288	97.9%
2014	2013	28,489,872	27,039,331	94.9%	1,143,709	28,183,040	98.9%
2015	2014	29,002,778	27,419,374	94.5%	1,080,373	28,499,747	98.3%
2016	2015	30,685,830	29,250,819	95.3%	943,904	30,194,723	98.4%
2017	2016	\$ 30,410,753	\$ 28,666,380	94.3%	- \$	28,666,380	94.3%

Source: York County Government

Note: Due to collections of prior years delinquents some fiscal years had total property tax collections as a percentage of the annual levy that exceeds 100 percent.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 9

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Governmental Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Capital Leases			
2008	\$ 12,175,000	-	\$ 12,175,000	0.2%	\$ 56
2009 ¹	60,960,000	11,206,000	72,166,000	1.0%	318
2010	94,680,000	11,206,000	105,886,000	1.4%	468
2011	93,345,000	11,006,000	104,351,000	1.3%	453
2012	99,299,000	10,806,000	110,105,000	1.3%	469
2013	97,479,790	10,567,000	108,046,790	1.2%	451
2014	95,530,582	10,193,000	105,723,582	1.1%	431
2015	92,820,916	9,604,000	102,424,916	1.0%	\$ 408
2016	84,223,691	8,852,000	93,075,691	N/A	N/A
2017	\$ 81,000,000	6,306,000	\$ 87,306,000	N/A	N/A

Note: Details regarding the York School District One's outstanding debt can be found in the notes to the financial statements. See the Schedule of Demographic and Economic Statistics for personal income and population data.
N/A = Not Available

Note 1: The District issued \$61,206,000 million in debt in Fiscal Year 2009. \$11,206,000 was an Equipment Acquisition Lease.

Note 2: Fiscal years 2012, 2013, 2014, 2015, 2016 and 2017 are shown gross of related premiums, discounts, and adjustments.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 10

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2008	\$ 12,175,000	1,139,514	\$ 11,035,486	0.7%	\$ 51
2009	60,960,000	1,307,474	59,652,526	3.8%	263
2010	94,680,000	4,561,274	90,118,726	5.6%	399
2011	93,345,000	3,639,058	89,705,942	5.6%	389
2012	99,299,000	3,604,799	95,694,201	5.8%	408
2013	97,479,790	3,593,718	93,886,072	5.3%	392
2014	95,530,582	3,575,431	91,955,151	5.3%	375
2015	92,820,916	2,496,780	90,324,136	5.2%	\$ 360
2016	84,223,691	5,894,194	78,329,497	4.4%	N/A
2017	\$ 81,000,000	3,316,470	\$ 77,683,530	4.4%	N/A

Note: Details regarding the York School District One's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

See the Schedule of Demographic and Economic Statistics for population data.

Fiscal years 2012, 2013, 2014, 2015, 2016 and 2017 are shown net of related premiums, discounts, and adjustment

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

Table 11

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2017

UNAUDITED

Governmental Unit	Governmental Activities Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes:			
City of York	\$ 5,345,085	100.0%	\$ 5,345,085
York County Government	\$ 154,156,589	7.8%	12,050,123
Subtotal, Overlapping Debt			17,395,208
York School District One Direct Debt			87,306,000
Total Direct and Overlapping Debt			<u>\$ 104,701,208</u>

Sources: Assessed value data used to estimate applicable percentages and amount of debt outstanding provided by the applicable County and City.

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the York School District One's taxable assessed value that is within the government's boundaries and dividing it by York County's total taxable assessed value.

2: Overlapping rates are those of local and county governments that apply to property owners within York School District One. Not all overlapping rates apply to all of the York School District One's property owners (i.e., the rates for special districts apply only to the proportion of the York School District One's property owners whose property is located within the geographic boundaries of the special district).

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 12

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

UNAUDITED

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 6,844,341	7,049,955	7,225,861	7,166,700	7,409,001	7,494,572	7,726,575	7,814,198	8,119,039	\$ 8,039,846
Total Net Debt Applicable to Debt Limit	700,000	435,411	356,955	286,000	3,213,528	2,881,895	2,549,370	2,224,463	1,965,868	1,705,657
Legal Debt Margin	\$ 6,144,341	6,614,544	6,868,906	6,880,700	4,195,473	4,612,677	5,177,205	5,589,735	6,153,171	\$ 6,334,189
Total Net Debt Applicable to Debt Limit as a Percentage of Debt Limit	10.2%	6.2%	4.9%	4.0%	43.4%	38.5%	33.0%	28.5%	24.2%	21.2%

Legal Debt Margin Calculation for Fiscal Year

Total Assessed Value	\$ 100,498,079
Debt Limit (8% of Total Assessed Value)	8,039,846
Amount of Debt Applicable to Debt Limit:	
Total Bonded Debt	87,306,000
Less: Debt Service Fund Balance	(1,294,343)
Less: Debt Issued Through Referendum	(84,306,000)
Total Amount of Debt Applicable to Debt Limit	1,705,657
Legal Debt Margin	\$ 6,334,189

Not Article Eight (8), Section Seven (7) of the South Carolina Constitution of 1895, as amended, provides that no government shall incur any bonded debt which shall exceed eight percent (8%) of the assessed

Assessed value obtained from York County Auditor's Office.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 13

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	(1) Population	(2) Personal Income*	(2) Per Capita Personal Income	(3) School Enrollment	(4) Unemployment Rate
2008	217,448	\$ 7,305,787	\$ 33,203	5,018	6.1%
2009	227,003	7,559,634	33,302	5,091	15.2%
2010	226,073	7,468,372	32,906	5,035	15.8%
2011	230,528	7,850,232	34,053	4,967	13.0%
2012	234,635	8,364,450	35,649	4,933	10.8%
2013	239,363	8,781,682	36,688	4,906	8.2%
2014	245,124	9,299,290	37,903	4,931	5.9%
2015	251,195	\$ 9,992,132	\$ 39,778	4,973	6.0%
2016	258,526	N/A	N/A	4,946	4.9%
2017	N/A	N/A	N/A	4,946	4.0%

Data Sources:

- (1) South Carolina Division of Research and Statistics. This number represents the County population.
- (2) U.S. Department of Commerce, Bureau of the Census.
These numbers represent the County personal income and per capita income.
- (3) York School District One.
- (4) South Carolina Employment Security Commission.
This number represents the County unemployment rate for the month of June for the corresponding year.
- * In Thousands.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

TABLE 14

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

Employer	2017			2008		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Rock Hill School District	2,483	1	1.98%	2,439	1	2.40%
Wells Fargo Home Mortgage	1,828	2	1.46%	1,787	2	1.76%
Lash Group	1,800	3	1.44%			
Ross Stores, Inc.	1,790	4	1.43%	1,135	8	1.12%
Fort Mill School District	1,624	5	1.30%	1,241	5	1.22%
Piedmont Medical Center	1,600	6	1.28%	1,600	4	1.58%
LPL Financial	1,500	7	1.20%			
Clover School District	1,310	8	1.05%			
Schaeffler Group USA, Inc.	1,270	9	1.01%			
Duke Power Catawba Nuclear Station	1,228	10	0.98%	1,200	6	1.18%
CitiFinancial	-		-	1,707	3	1.68%
Winthrop University	-		-	1,194	7	1.18%
Comporium Communications	-		-	1,038	9	1.02%
Abitibi Bowater	-		-	1,027	10	1.01%
Totals	16,433		13.13%	14,368		14.16%

Source: York County Government and South Carolina Virtual Onestop.

Note: These figures represent Top County Employers. Figures are not available for York School District One.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 15

FULL-TIME EQUIVALENT YORK SCHOOL DISTRICT ONE EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Function	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities										
Instruction										
Teachers	365	365	358	350	344	341	338	340	342	350
Librarians	8	8	8	8	9	9	8	8	8	8
Guidance	13	13	13	13	14	15	16	17	17	17
Other	90	95	93	95	95	95	89	90	92	96
Support Services										
Principals	9	9	9	9	10	10	10	10	10	10
Assistant Principals	12	12	12	12	13	13	12	12	12	13
Administration	10	10	10	10	11	11	11	11	11	11
Other	186	188	186	192	195	195	188	188	189	189
Business-Type Activities										
Food Services	50	50	53	55	59	57	57	59	59	60
Total	743	750	742	744	750	746	729	735	740	754

Source: York School District One Personnel Department

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 16

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

Fiscal Year Ended June 30	Pupil Enrollment	Modified Accrual Basis of Accounting			Accrual Basis of Accounting			Teaching Staff	Pupil/ Teacher Ratio	Percentage of Students Receiving Free or Reduced Meals
		Operating Expenditures	Cost per Pupil	Percentage Change	Expenses	Cost per Pupil	Percentage Change			
2008	5,018	\$ 46,204,854	\$ 9,208	14.8%	\$44,578,621	\$ 8,884	4.8%	365	14	52.6%
2009	5,091	43,878,901	8,619	-6.4%	45,820,961	9,000	1.3%	365	14	52.8%
2010	5,035	45,152,776	8,968	4.0%	45,930,645	9,122	1.4%	358	14	57.0%
2011	4,967	44,732,540	9,006	0.4%	46,656,012	9,393	3.0%	350	14	59.0%
2012	4,933	47,494,006	9,628	6.9%	52,383,289	10,619	13.0%	344	14	63.0%
2013	4,906	46,878,379	9,555	-0.8%	52,566,633	10,715	0.9%	341	14	61.4%
2014	4,931	44,914,336	9,109	-4.7%	50,631,043	10,268	-4.2%	338	15	61.7%
2015	4,973	46,906,921	9,432	3.5%	53,082,422	10,674	4.0%	340	15	62.4%
2016	4,946	49,013,748	9,910	5.1%	55,412,191	11,203	5.0%	342	14	65.8%
2017	4,946	\$ 50,814,567	\$ 10,274	3.7%	\$58,681,580	\$ 11,864	5.9%	350	14	64.5%

Sources: York School District One

Note: Operating expenditures are total expenditures in the governmental funds less debt service and capital outlay.

Note: Expenses are total expenses of the District's governmental activities less interest and other charges.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2008	2009	2010	2011 ¹	2012 ²	2013	2014	2015	2016	2017
Elementary										
Cotton Belt Elementary (1998)										
Square Feet	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650
Capacity	695	695	695	695	695	695	695	695	695	695
Enrollment	737	737	711	552	394	376	383	426	378	372
Hickory Grove-Sharon Elementary (1987)										
Square Feet ¹	73,769	73,769	73,769	73,769	73,769	73,769	73,769	73,769	73,769	73,769
Capacity	580	580	580	580	580	580	580	580	580	580
Enrollment	380	386	397	405	368	383	383	375	369	392
Hunter Street Elementary (1982)										
Square Feet ²	90,093	90,093	90,093	90,093	90,093	90,093	90,093	90,093	90,093	90,093
Capacity	920	920	920	920	920	920	920	920	920	920
Enrollment	797	757	738	589	411	388	378	376	398	388
Jefferson Elementary (1998)										
Square Feet	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650	88,650
Capacity	675	675	675	675	675	675	675	675	675	675
Enrollment	578	615	609	499	432	417	425	412	420	417
Harold C Johnson Elementary (2012)										
Square Feet	-	-	-	-	124,245	124,245	124,245	124,245	124,245	124,245
Capacity	-	-	-	-	800	800	800	800	800	800
Enrollment	-	-	-	-	407	415	418	419	420	407

(Continued)

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

TABLE 17

CAPITAL ASSET STATISTICS BY FUNCTION (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

School	Fiscal Year									
	2008	2009	2010	2011 ¹	2012 ²	2013	2014	2015	2016	2017
<u>Intermediate School</u>										
York Intermediate School (1988)										
Square Feet	119,536	119,536	119,536	119,536	119,536	119,536	119,536	119,536	119,536	119,536
Capacity	765	765	765	765	765	765	765	765	765	765
Enrollment	666	682	707	672	707	683	639	604	613	646
<u>Middle School</u>										
York Middle School (1974)										
Square Feet	192,692	192,692	192,692	192,692	192,692	192,692	192,692	192,692	192,692	192,692
Capacity	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030	1,030
Enrollment	795	821	769	783	795	823	836	788	766	751
<u>High</u>										
York Comprehensive High & Technology Center (2010)										
Square Feet	-	-	-	385,326	385,326	385,326	385,326	385,326	385,326	385,326
Capacity	1,030	1,030	1,030	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	1,038	1,068	1,073	1,440	1,419	1,421	1,469	1,573	1,582	1,573

Sources: Various York School District One Departments.

Note 1 In 2011, the District opened a new high school and technology center. York Junior High School moved into the old high school building.
Harold C Johnson Middle School moved into the old York Junior High School.

2 In 2012, the District opened Harold C Johnson Elementary School.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

LEA Subfund Code	Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Federal Expenditures
US Department of Agriculture				
Pass-through State Department of Education:				
600	National School Breakfast Program	10.553	N/A	\$ 543,516
600	National School Lunch Program	10.555	N/A	1,485,304
600	National School Lunch Program - Non-Cash Assistance	10.555	N/A	225,734
600	National School Lunch Program - Cash Assistance	10.555	N/A	4,844
Total 10.553 & 10.555				2,259,398
Passed Through Department of Social Services				
600	Child and Adult Care Food Program	10.558	N/A	118,897
Total US Department of Agriculture				2,378,295
US Department of Education				
Pass-through State Department of Education:				
201	Title I - Carryover Provision	84.010	16BA	183,594
201	Title I	84.010	17BA	1,258,421
Total 84.010				1,442,015
Individuals with Disabilities Education Act:				
203	Special Education - Grants to States	84.027	15CA	2,474
203	Special Education - Grants to States	84.027	16CA	456,759
203	Special Education - Grants to States	84.027	17CA	794,737
203	Special Education - Grants to States	84.027A	Winter Supp	13,451
212	Extended School Year	84.027A	ESY	13,921
205	Special Education - Preschool Grants	84.173	16CG	146
205	Special Education - Preschool Grants	84.173	17CG	49,055
Total 84.027 & 84.173				1,330,543
207	Occupational Education	84.048A	17VA	86,295
Total 84.048A				86,295
264	Title III - English Language Acquisition	84.365A	16BP	2,505
264	Title III - English Language Acquisition	84.365A	17BP	15,613
Total 84.365A				18,118
267	Improving Teacher Quality	84.367A	16TQ	2,840
267	Improving Teacher Quality	84.367A	17TQ	131,983
Total 84.367A				134,823
225	AIMS Grant (Alliance in Math/Science Success)	84.366B	16MS	35,244
225	STEM Alliance	84.366B	16MS	31,271
225	STEM Alliance	84.366B	17MS	68,239
Total 84.366B				134,754
Total US Department of Education				3,146,548
US Department of Defense				
Direct Programs:				
271	JROTC	12.000	N/A	45,687
Total US Department of Defense				45,687
US Department of Interior National Park Service				
Direct Programs:				
871	School to Work: Explore Careers in the NPS	15.931	N/A	404
Total US Department of Interior National Park Service				404
TOTAL FEDERAL ASSISTANCE EXPENDED				\$ 5,570,934

There were no expenditures to subrecipients for the year ended June 30, 2017.

See accompanying notes to the schedule of expenditures of federal awards.

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2017

A – General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") presents the activity of all federal award programs of York School District One, York, South Carolina (the "District") for the year ended June 30, 2017. All federal awards received directly from the federal agencies, as well as those passed through other government agencies, are included on the Schedule.

B – Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting, which is described in the notes to the District's financial statements.

C – Relationship to Financial Statements

Federal award expenditures are reported in the District's financial statements as expenditures in the Special Revenue Funds and operating expenses in the Enterprise Fund.

D – Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree with the amounts reported in the related federal financial reports except for timing differences relating to expenditures made subsequent to the filing of the federal financial reports.

E – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**REPORT 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***

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
York School District One
York, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of York School District One, South Carolina (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 16, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Greene, Finney & Horton LLP".

Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 16, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

The Board of Trustees
York School District One
York, South Carolina

Report on Compliance for Each Major Federal Program

We have audited York School District One, South Carolina's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

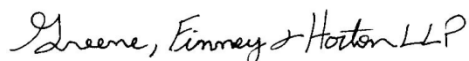
Report on Internal Control Over Compliance

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

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

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

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



Greene, Finney & Horton, LLP
Mauldin, South Carolina
October 16, 2017

**YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED JUNE 30, 2017

There were no audit findings in the prior year.

YORK SCHOOL DISTRICT ONE
YORK, SOUTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2017

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X None Reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	_____ Yes	_____ X No
Significant deficiency(s) identified that are not considered to be material weaknesses?	_____ Yes	_____ X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (Uniform Guidance)?	_____ Yes	_____ X No
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.027A, 84.173	Special Education Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$	750,000
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Auditee qualified as low-risk auditee?	_____ X Yes	_____ No
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Section II - Financial Statement Findings

NONE

Section III - Federal Awards Findings and Questioned Costs

NONE