

COUNTY OF HANOVER, VIRGINIA

Governmental Funds

Balance Sheet

June 30, 2007

	General	Capital Funds		Other Governmental Funds	Total Governmental Funds
		County Improvements	School Improvements		
ASSETS					
Cash, cash equivalents and investments	\$ 33,468,732	14,119,197	2,014,506	96,739	49,699,174
Receivables (net of allowances for uncollectibles)	55,565,800	120,720	-	1,378,552	57,065,072
Due from other funds	27,000	-	-	-	27,000
Inventories	10,389	-	-	-	10,389
Cash, cash equivalents and investments - restricted	-	5,566,123	2,100,576	-	7,666,699
Total assets	\$ 89,071,921	19,806,040	4,115,082	1,475,291	114,468,334
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,644,907	351,045	1,305,861	462,741	3,764,554
Accrued liabilities	2,029,921	-	-	316,775	2,346,696
Due to other funds	-	-	-	27,000	27,000
Deferred revenue	49,200,154	-	-	-	49,200,154
Total liabilities	52,874,982	351,045	1,305,861	806,516	55,338,404
Fund Balances:					
Reserved for:					
Encumbrances	542,452	7,012,998	1,428,961	45,000	9,029,411
Inventory	10,389	-	-	-	10,389
Grant programs	516,921	-	-	40,411	557,332
Debt service	-	770,022	-	-	770,022
Total reserved	1,069,762	7,783,020	1,428,961	85,411	10,367,154
Unreserved, reported in:					
Designated for specific purposes (Note V-B)					
General Fund	12,668,077	-	-	-	12,668,077
Capital Improvement Funds	-	11,279,384	1,373,200	-	12,652,584
Undesignated, reported in					
General Fund	22,459,100	-	-	-	22,459,100
Capital Improvement Funds	-	392,591	7,060	-	399,651
Other Governmental Funds	-	-	-	583,364	583,364
Total unreserved	35,127,177	11,671,975	1,380,260	583,364	48,762,776
Total fund balances	36,196,939	19,454,995	2,809,221	668,775	59,129,930
Total liabilities and fund balances	\$ 89,071,921	19,806,040	4,115,082	1,475,291	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	\$ 200,680,014
Receivables on the statement of net assets that do not provide current financial resources are not reported in the funds	3,156,278
Internal Service Funds are used by management to charge the costs of fleet management and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	2,865,416
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(152,663,721)
Net assets of governmental activities	<u>\$ 113,167,917</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA
 Governmental Funds
 Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2007

	General	County Improvements	School Improvements	Other Governmental Funds	Total Governmental Funds
REVENUES					
Revenue from local sources:					
General property taxes	\$ 116,138,314	-	-	-	116,138,314
Other local taxes	27,952,788	-	-	-	27,952,788
Permits, privilege fees and regulatory licenses	2,840,734	-	-	-	2,840,734
Fines and forfeitures	979,511	-	-	-	979,511
Revenues from use of money and property	1,893,030	267,416	537,699	249,998	2,948,143
Charges for services	3,709,681	1,514,361	982,964	2,956,725	9,163,731
Miscellaneous	367,257	104,930	-	62,715	534,902
Recovered costs	2,914,622	1,747,740	-	239,436	4,901,798
Revenue from the Commonwealth	22,485,955	460,121	294,429	4,117,256	27,357,761
Revenue from the Federal government	3,482,868	42,539	-	718,227	4,243,634
Total revenues	<u>182,764,760</u>	<u>4,137,107</u>	<u>1,815,092</u>	<u>8,344,357</u>	<u>197,061,316</u>
EXPENDITURES					
Current:					
General governmental administration	12,238,580	760,268	-	-	12,998,848
Judicial administration	3,808,056	56,857	-	-	3,864,913
Public safety	37,555,907	2,801,530	-	-	40,357,437
Public works	6,851,615	1,510,379	-	-	8,361,994
Human services	6,801,591	8,300	-	14,643,451	21,453,342
Parks, recreation and cultural	5,379,769	1,184,769	-	-	6,564,538
Community development	5,313,263	-	-	-	5,313,263
Education	83,024,461	-	21,975,615	-	105,000,076
Debt service:					
Principal retirement	1,220,185	-	-	-	1,220,185
Interest and fiscal charges	292,753	121,454	39,348	-	453,555
Total expenditures	<u>162,486,180</u>	<u>6,443,557</u>	<u>22,014,963</u>	<u>14,643,451</u>	<u>205,588,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,278,580</u>	<u>(2,306,450)</u>	<u>(20,199,871)</u>	<u>(6,299,094)</u>	<u>(8,526,835)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	3,911,342	2,507,000	6,552,117	12,970,459
Transfers out	(13,589,531)	-	-	-	(13,589,531)
Issuance of general obligation bonds	-	7,440,000	13,710,000	-	21,150,000
Premium on general obligation bonds issued	-	138,186	199,573	-	337,759
Issuance of general obligation refunding bonds	-	3,965,000	10,395,000	-	14,360,000
Premium on general obligation refunding bonds issued	-	132,521	161,380	-	293,901
Payments to refunded bonds escrow agent	-	(3,978,102)	(10,560,601)	-	(14,538,703)
Total other financing sources (uses)	<u>(13,589,531)</u>	<u>11,608,947</u>	<u>16,412,352</u>	<u>6,552,117</u>	<u>20,983,885</u>
Net change in fund balance	6,689,049	9,302,497	(3,787,519)	253,023	12,457,050
Fund balances - beginning	29,507,890	10,152,498	6,596,740	415,752	46,672,880
Fund balances - ending	<u>\$ 36,196,939</u>	<u>19,454,995</u>	<u>2,809,221</u>	<u>668,775</u>	<u>59,129,930</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2007

Net change in fund balance - total governmental funds	\$ 12,457,050
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	1,836,667
The net effect of various transactions involving capital assets is to increase net assets.	354,941
Tenancy in Common (see page 58) - Under Virginia law, the County has a tenancy in common for School Component Unit capital assets for which the County is obligated to repay outstanding "on-behalf" bonds. Under the tenancy in common, the County reports the net book value of School Component Unit capital assets in the amount of the outstanding principal balance of "on-behalf" bonds at year end, net of unspent bond proceeds. This amount is the increase in the net book value of School Component Unit capital assets reported by the County for the fiscal year, which resulted from school construction activity funded by County bonds, and results in an increase in net assets reported by the County (primary government) on the statement of activities.	12,858,809
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds (e.g., tax receivable accrual).	368,200
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt (including payments to the School Component Unit for that purpose) consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which debt proceeds, including premiums, (\$36,141,660) exceeded the sum of principal payments (\$1,220,185), payments to escrow agent to refund bonds (\$10,510,601) and payments of \$10,064,060 to the School Component Unit for debt principal reduction.	(10,346,814)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(519,249)
Internal service funds are used by management to charge the costs of fleet management and self-insurance to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	1,697,103
Change in net assets of governmental activities	<u>\$ 18,706,707</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Revenue from local sources:				
General property taxes	\$ 114,633,000	114,633,000	116,138,314	1,505,314
Other local taxes	26,305,000	26,305,000	27,952,788	1,647,788
Permits, privilege fees and regulatory licenses	3,023,000	3,023,000	2,840,734	(182,266)
Fines and forfeitures	898,000	898,000	979,511	81,511
Revenues from use of money and property	642,000	642,000	1,893,030	1,251,030
Charges for services	4,165,000	4,320,000	3,709,681	(610,319)
Miscellaneous	440,000	453,594	367,257	(86,337)
Recovered costs	2,498,000	2,560,080	2,914,622	354,542
Revenue from the Commonwealth	22,359,000	22,567,483	22,485,955	(81,528)
Revenue from the Federal government	3,822,000	4,353,054	3,482,868	(870,186)
Total revenues	<u>178,785,000</u>	<u>179,755,211</u>	<u>182,764,760</u>	<u>3,009,549</u>
EXPENDITURES				
General governmental administration	12,432,753	12,732,450	12,238,580	493,870
Judicial administration	4,176,568	4,400,596	3,808,056	592,540
Public safety	38,459,068	39,610,632	37,555,907	2,054,725
Public works	7,194,857	7,448,861	6,851,615	597,246
Human services	7,609,643	7,822,706	6,801,591	1,021,115
Parks, recreation and cultural	5,326,533	5,512,891	5,379,769	133,122
Community development	5,328,695	5,706,947	5,313,263	393,684
Education	85,794,431	85,794,431	83,024,461	2,769,970
Debt service:				
Principal retirement	1,220,185	1,220,185	1,220,185	-
Interest and fiscal charges	1,398,405	952,702	292,753	659,949
Total debt service	<u>2,618,590</u>	<u>2,172,887</u>	<u>1,512,938</u>	<u>659,949</u>
Total expenditures	<u>168,941,138</u>	<u>171,202,401</u>	<u>162,486,180</u>	<u>8,716,221</u>
Excess of revenues over expenditures	<u>9,843,862</u>	<u>8,552,810</u>	<u>20,278,580</u>	<u>11,725,770</u>
OTHER FINANCING USES				
Transfers out	13,392,862	13,693,276	13,589,531	103,745
Net change in fund balance	(3,549,000)	(5,140,466)	6,689,049	11,829,515
Fund balances - beginning	3,549,000	29,507,890	29,507,890	-
Fund balances - ending	<u>\$ -</u>	<u>24,367,424</u>	<u>36,196,939</u>	<u>11,829,515</u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA

Proprietary Funds
Statement of Net Assets
June 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Public Utilities	Airport	Total	
ASSETS				
Current Assets:				
Cash, cash equivalents and investments	\$ 22,693,298	416,088	23,109,386	4,521,595
Receivables (net of allowances for uncollectibles)	3,813,948	374,862	4,188,810	8,569
Inventories	-	-	-	177,814
Total current assets	26,507,246	790,950	27,298,196	4,707,978
Noncurrent Assets:				
Cash, cash equivalents and investments - restricted	3,417,775	1,471,862	4,889,637	-
Capital assets:				
Land	5,981,674	3,932,827	9,914,501	-
Buildings and system	78,128,118	506,565	78,634,683	-
Improvements other than buildings	154,397,315	7,590,834	161,988,149	-
Machinery and equipment	5,884,389	27,041	5,911,430	485,295
Construction in progress	4,420,317	1,381,313	5,801,630	-
Less accumulated depreciation	(75,052,961)	(2,555,197)	(77,608,158)	(280,270)
Total capital assets (net of accumulated depreciation)	173,758,852	10,883,383	184,642,235	205,025
Total noncurrent assets	177,176,627	12,355,245	189,531,872	205,025
Total assets	203,683,873	13,146,195	216,830,068	4,913,003
LIABILITIES				
Current Liabilities:				
Accounts payable	1,055,105	498,253	1,553,358	117,445
Incurred but not reported self-insurance claims	-	-	-	1,737,000
Accrued liabilities	203,798	3,776	207,574	67,738
Accrued bond interest	405,364	25,329	430,693	-
Current portion of bonds payable	2,082,707	26,396	2,109,103	-
Current portion of compensated absences	365,528	1,207	366,735	-
Current portion of contractual obligations	144,915	-	144,915	-
Total current liabilities	4,257,417	554,961	4,812,378	1,922,183
Noncurrent Liabilities:				
Bonds payable	36,631,730	1,768,604	38,400,334	-
Compensated absences	99,078	2,497	101,575	125,404
Deposits	145,298	-	145,298	-
Capacity fee credits	144,508	-	144,508	-
Long-term contractual obligations	793,007	-	793,007	-
Total noncurrent liabilities	37,813,621	1,771,101	39,584,722	125,404
Total liabilities	42,071,038	2,326,062	44,397,100	2,047,587
NET ASSETS				
Invested in capital assets, net of related debt	133,961,985	10,532,577	144,494,562	205,025
Restricted for other purposes	3,417,775	27,668	3,445,443	-
Unrestricted	24,233,075	259,888	24,492,963	2,660,391
Total net assets	\$ 161,612,835	10,820,133	172,432,968	2,865,416

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Asset
For the Year Ended June 30, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal
	Public Utilities	Airport	Total	Service Funds
OPERATING REVENUES				
Revenue from use of money and property	\$ -	33,861	33,861	-
Charges for services	19,246,041	-	19,246,041	21,061,798
Capacity fees	178,627	-	178,627	-
Recovered cost	-	-	-	74,937
Miscellaneous	159,591	-	159,591	17,208
Total operating revenues	19,584,259	33,861	19,618,120	21,153,943
OPERATING EXPENSES				
Personal services	4,144,405	74,052	4,218,457	1,130,127
Fringe benefits	1,240,090	18,689	1,258,779	352,779
Health care claims	-	-	-	18,434,370
Contractual services	2,341,749	15,651	2,357,400	89,101
Internal services	1,315,460	-	1,315,460	-
Other charges	5,334,322	53,717	5,388,039	35,735
Depreciation	6,743,302	278,365	7,021,667	39,820
Total operating expenses	21,119,328	440,474	21,559,802	20,081,932
Operating income (loss)	(1,535,069)	(406,613)	(1,941,682)	1,072,011
NONOPERATING REVENUES (EXPENSES)				
Nonoperating revenues:				
Revenue from the Commonwealth	-	713,588	713,588	-
Revenue from the Federal government	-	256,855	256,855	-
Capacity fees - nonoperating	3,928,731	-	3,928,731	-
Interest income	1,280,877	27,668	1,308,545	437,227
Gain on sale of capital assets	-	-	-	187,865
Total nonoperating revenues	5,209,608	998,111	6,207,719	625,092
Nonoperating expenses:				
Interest expense and fiscal charges:				
Senior debt	1,542,159	24,729	1,566,888	-
Subordinate debt and fiscal charges	27,160	-	27,160	-
Interest expense and fiscal charges	1,569,319	24,729	1,594,048	-
Net nonoperating revenues	3,640,289	973,382	4,613,671	625,092
Income before capital contributions and transfers	2,105,220	566,769	2,671,989	1,697,103
Donated capital assets	5,584,318	-	5,584,318	-
Transfers in	-	619,072	619,072	-
Change in net assets	7,689,538	1,185,841	8,875,379	1,697,103
Total net assets - beginning	153,923,297	9,634,292	163,557,589	1,168,313
Total net assets - ending	\$ 161,612,835	10,820,133	172,432,968	2,865,416

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA

Proprietary Funds

Statement of Cash Flows

For the Year Ended June 30, 2007

	Business-type Activities -			Governmental
	Enterprise Funds			Activities -
	Public Utilities	Airport	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 19,935,205	-	19,935,205	-
Receipts from interfund services provided	-	-	-	21,145,374
Payments to suppliers and service providers	(10,952,333)	(88,057)	(11,040,390)	(100,569)
Payments to employees	(4,131,143)	(67,528)	(4,198,671)	(1,480,909)
Claims paid	-	-	-	(18,076,288)
Net cash provided (used) by operating activities	4,851,729	(155,585)	4,696,144	1,487,608
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds - operating	-	181,262	181,262	-
Net cash provided by noncapital financing activities	-	181,262	181,262	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Revenue bonds issued	-	1,795,000	1,795,000	-
Transfers from other funds - capital	-	437,810	437,810	-
Intergovernmental revenue received - capital grants	-	635,503	635,503	-
Capacity fees received	3,928,727	-	3,928,727	-
Developer oversize credits	(14,442)	-	(14,442)	-
Acquisition and construction of capital assets	(5,999,149)	(1,027,647)	(7,026,796)	(149,281)
Payments on long-term contractual obligations	(140,889)	-	(140,889)	-
Principal payments on revenue bonds	(1,892,782)	-	(1,892,782)	-
Interest payments on revenue bonds	(1,620,564)	-	(1,620,564)	-
Proceeds from sale of capital assets	-	-	-	187,865
Net cash provided (used) by capital and related financing activities	(5,739,099)	1,840,666	(3,898,433)	38,584
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,299,453	21,607	1,321,060	437,227
Net cash provided by investing activities	1,299,453	21,607	1,321,060	437,227
Net increase in cash and cash equivalents	412,083	1,887,950	2,300,033	1,963,419
Cash and cash equivalents at beginning of year	25,698,990	-	25,698,990	2,558,176
Cash and cash equivalents at end of year	\$ 26,111,073	1,887,950	27,999,023	4,521,595
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (1,535,069)	(406,613)	(1,941,682)	1,072,011
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Nondepartmental expenses	51,884	-	51,884	-
Depreciation expense	6,743,302	278,365	7,021,667	39,820
(Increase) decrease in receivables	352,246	(33,861)	318,385	166,513
Decrease in inventory	-	-	-	2,549
(Decrease) in customer deposits	(1,300)	-	(1,300)	-
Increase (decrease) in accounts payable	(772,595)	-	(772,595)	20,685
Increase in incurred but not reported self-insurance claims	-	-	-	183,000
Increase (decrease) in accrued liabilities	(2,908)	3,776	868	3,010
Increase in compensated absences	16,169	2,748	18,917	20
Total adjustments	6,386,798	251,028	6,637,826	415,597
Net cash provided (used) by operating activities	\$ 4,851,729	(155,585)	4,696,144	1,487,608
Noncash investing, capital, and financing activities:				
Donated capital assets	\$ 5,584,318	-	5,584,318	-
Capitalized interest	111,165	600	111,765	-

The notes to the financial statements are an integral part of this statement.

COUNTY OF HANOVER, VIRGINIA

Fiduciary Funds

Statement of Fiduciary Net Assets

June 30, 2007

	Agency Funds
ASSETS	
Cash, cash equivalents and investments	\$ 2,703,503
Accounts receivable	7,239
Total assets	<u>\$ 2,710,742</u>
 LIABILITIES	
Accounts payable	\$ 660,475
Accrued liabilities	59,565
Deposits	1,990,702
Total liabilities	<u>\$ 2,710,742</u>

The notes to the financial statements are an integral part of this statement.