

COUNTY OF HANOVER, VIRGINIA

Governmental Funds

Balance Sheet

June 30, 2008

	General	Capital Funds		Other Governmental Funds	Total Governmental Funds
		County Improvements	School Improvements		
ASSETS					
Cash, cash equivalents and investments	\$ 34,163,812	18,126,844	-	616,521	52,907,177
Receivables (net of allowances for uncollectibles)	60,652,733	772,546	416,280	724,966	62,566,525
Due from other funds	361,328	-	-	-	361,328
Inventories	29,114	-	-	-	29,114
Cash, cash equivalents and investments - restricted	-	770,022	1,266,404	-	2,036,426
Total assets	<u>\$ 95,206,987</u>	<u>19,669,412</u>	<u>1,682,684</u>	<u>1,341,487</u>	<u>117,900,570</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,126,529	1,396,677	2,636,527	494,701	5,654,434
Accrued liabilities	2,238,697	-	-	318,441	2,557,138
Due to other funds	-	-	361,328	-	361,328
Deferred revenue	54,389,849	-	-	-	54,389,849
Total liabilities	<u>57,755,075</u>	<u>1,396,677</u>	<u>2,997,855</u>	<u>813,142</u>	<u>62,962,749</u>
Fund Balances:					
Reserved for:					
Encumbrances	460,129	9,384,810	739,071	21,345	10,605,355
Inventory	29,114	-	-	-	29,114
Grant programs	410,417	-	-	7,000	417,417
Debt service	-	770,022	-	-	770,022
Total reserved	<u>899,660</u>	<u>10,154,832</u>	<u>739,071</u>	<u>28,345</u>	<u>11,821,908</u>
Unreserved, reported in:					
Designated for specific purposes (Note V-B)					
General Fund	12,425,409	-	-	-	12,425,409
Capital Improvement Funds	-	8,013,824	-	-	8,013,824
Undesignated, reported in					
General Fund	24,126,843	-	-	-	24,126,843
Capital Improvement Funds	-	104,079	(2,054,242)	-	(1,950,163)
Other Governmental Funds	-	-	-	500,000	500,000
Total unreserved	<u>36,552,252</u>	<u>8,117,903</u>	<u>(2,054,242)</u>	<u>500,000</u>	<u>43,115,913</u>
Total fund balances	<u>37,451,912</u>	<u>18,272,735</u>	<u>(1,315,171)</u>	<u>528,345</u>	<u>54,937,821</u>
Total liabilities and fund balances	<u>\$ 95,206,987</u>	<u>19,669,412</u>	<u>1,682,684</u>	<u>1,341,487</u>	

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.	\$ 210,981,390
Receivables on the statement of net assets that do not provide current financial resources are not reported in the funds.	3,895,528
Prepaid postemployment healthcare benefits represent irrevocable payments made to the Retiree Medical Benefits Trust for retiree healthcare benefits in advance of total actuarial requirements to date. The advance payments are reported in the statement of net assets as a noncurrent asset, but as expenditures in the funds when made.	29,378
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.	2,456,424
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(155,000,621)
Net assets of governmental activities	<u>\$ 117,299,920</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, 2008

	County	School	Other	Total
	General	Improvements	Governmental	Governmental
	General	Improvements	Funds	Funds
REVENUES				
Revenue from local sources:				
General property taxes	\$ 127,752,615	-	-	127,752,615
Other local taxes	29,953,700	-	-	29,953,700
Permits, privilege fees and regulatory licenses	2,570,668	-	-	2,570,668
Fines and forfeitures	967,867	-	-	967,867
Revenues from use of money and property	2,035,581	147,995	272,125	2,507,279
Charges for services	2,980,399	1,447,324	785,516	2,952,604
Miscellaneous	635,875	9,200	-	8,990
Recovered costs	2,950,713	3,666,763	-	206,781
Revenue from the Commonwealth	23,373,349	1,639,330	735,622	4,477,898
Revenue from the Federal government	3,430,421	10,357	-	731,146
Total revenues	<u>196,651,188</u>	<u>6,920,969</u>	<u>1,793,263</u>	<u>8,428,997</u>
				<u>213,794,417</u>
EXPENDITURES				
Current:				
General governmental administration	12,949,443	654,614	-	13,604,057
Judicial administration	4,229,291	113,534	-	4,342,825
Public safety	41,710,136	5,681,852	-	47,391,988
Public works	7,233,334	4,978,812	-	12,212,146
Human services	7,677,227	131	-	15,283,451
Parks, recreation and cultural	6,017,557	3,203,745	-	9,221,302
Community development	5,547,312	-	-	5,547,312
Education	91,200,075	-	23,585,468	114,785,543
Debt service:				
Principal retirement	1,578,504	-	-	1,578,504
Interest and fiscal charges	696,081	-	31,161	727,242
Total expenditures	<u>178,838,960</u>	<u>14,632,688</u>	<u>23,616,629</u>	<u>15,283,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,812,228</u>	<u>(7,711,719)</u>	<u>(21,823,366)</u>	<u>(6,854,454)</u>
				<u>(18,577,311)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,529,459	3,084,094	6,714,024
Transfers out	(16,557,255)	-	-	(16,557,255)
Issuance of general obligation bonds	-	-	13,838,206	-
Premium on general obligation bonds issued	-	-	776,674	776,674
Total other financing sources (uses)	<u>(16,557,255)</u>	<u>6,529,459</u>	<u>17,698,974</u>	<u>6,714,024</u>
Net change in fund balance	1,254,973	(1,182,260)	(4,124,392)	(140,430)
Fund balances - beginning	36,196,939	19,454,995	2,809,221	668,775
Fund balances - ending	<u>\$ 37,451,912</u>	<u>18,272,735</u>	<u>(1,315,171)</u>	<u>528,345</u>
				<u>54,937,821</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, 2008

Net change in fund balance - total governmental funds	\$ (4,192,109)
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.	5,800,316
The net effect of various transactions involving capital assets is to increase net assets.	1,258,259
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.	3,242,801
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).	739,249
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, (\$14,614,880) exceeded the sum of principal payments (\$1,578,504) and payments of \$10,888,261 to the School Component Unit for debt principal reduction.	(2,148,115)
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.	(159,406)
Internal service funds are used by management to charge the costs of fleet management and self-insurance to individual funds. The change in net assets is reported with governmental activities.	(408,992)
Change in net assets of governmental activities	<u>\$ 4,132,003</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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from local sources:				
General property taxes	\$ 125,950,000	126,233,000	127,752,615	1,519,615
Other local taxes	27,545,080	30,348,080	29,953,700	(394,380)
Permits, privilege fees and regulatory licenses	3,188,000	2,323,000	2,570,668	247,668
Fines and forfeitures	902,000	927,000	967,867	40,867
Revenues from use of money and property	1,027,062	1,027,062	2,035,581	1,008,519
Charges for services	4,791,000	2,920,500	2,980,399	59,899
Miscellaneous	498,000	397,081	635,875	238,794
Recovered costs	2,566,975	2,665,294	2,950,713	285,419
Revenue from the Commonwealth	22,883,000	23,528,658	23,373,349	(155,309)
Revenue from the Federal government	4,235,000	4,236,618	3,430,421	(806,197)
Total revenues	<u>193,586,117</u>	<u>194,606,293</u>	<u>196,651,188</u>	<u>2,044,895</u>
EXPENDITURES				
General governmental administration	13,313,089	13,526,412	12,949,443	576,969
Judicial administration	4,393,757	4,785,161	4,229,291	555,870
Public safety	42,493,405	43,880,257	41,710,136	2,170,121
Public works	7,350,904	7,738,129	7,233,334	504,795
Human services	7,934,648	8,168,657	7,677,227	491,430
Parks, recreation and cultural	5,962,950	6,068,224	6,017,557	50,667
Community development	5,622,557	6,315,674	5,547,312	768,362
Education	92,762,625	93,593,531	91,200,075	2,393,456
Debt service:				
Principal retirement	1,578,504	1,578,504	1,578,504	-
Interest and fiscal charges	1,995,602	930,118	696,081	234,037
Total debt service	<u>3,574,106</u>	<u>2,508,622</u>	<u>2,274,585</u>	<u>234,037</u>
Total expenditures	<u>183,408,041</u>	<u>186,584,667</u>	<u>178,838,960</u>	<u>7,745,707</u>
Excess of revenues over expenditures	<u>10,178,076</u>	<u>8,021,626</u>	<u>17,812,228</u>	<u>9,790,602</u>
OTHER FINANCING USES				
Transfers out	16,172,076	17,223,629	16,557,255	666,374
Net change in fund balance	(5,994,000)	(9,202,003)	1,254,973	10,456,976
Fund balances - beginning	5,994,000	36,196,939	36,196,939	-
Fund balances - ending	<u>\$ -</u>	<u>26,994,936</u>	<u>37,451,912</u>	<u>10,456,976</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, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Public Utilities	Airport	Total	
ASSETS				
Current Assets:				
Cash, cash equivalents and investments	\$ 32,292,216	107,766	32,399,982	4,348,668
Receivables (net of allowances for uncollectibles)	3,886,783	41,129	3,927,912	373,126
Inventories	-	-	-	186,927
Total current assets	36,178,999	148,895	36,327,894	4,908,721
Noncurrent Assets:				
Cash, cash equivalents and investments - restricted	3,328,462	156,081	3,484,543	-
Capital assets:				
Land	6,269,049	3,932,827	10,201,876	-
Buildings and system	78,128,118	3,669,137	81,797,255	-
Improvements other than buildings	168,198,875	7,534,599	175,733,474	-
Machinery and equipment	5,978,043	27,041	6,005,084	880,621
Construction in progress	5,386,967	551,961	5,938,928	-
Less accumulated depreciation	(82,204,821)	(2,841,091)	(85,045,912)	(678,747)
Total capital assets (net of accumulated depreciation)	181,756,231	12,874,474	194,630,705	201,874
Total noncurrent assets	185,084,693	13,030,555	198,115,248	201,874
Total assets	221,263,692	13,179,450	234,443,142	5,110,595
LIABILITIES				
Current Liabilities:				
Accounts payable	1,236,819	9,162	1,245,981	145,817
Incurred but not reported self-insurance claims	-	-	-	2,295,000
Accrued liabilities	215,818	3,827	219,645	73,550
Accrued bond interest	384,108	44,923	429,031	-
Current portion of bonds payable	2,124,961	54,820	2,179,781	-
Current portion of compensated absences	409,685	3,539	413,224	-
Current portion of contractual obligations	152,966	-	152,966	-
Total current liabilities	4,524,357	116,271	4,640,628	2,514,367
Noncurrent Liabilities:				
Bonds payable	35,012,923	1,713,784	36,726,707	-
Compensated absences	84,523	301	84,824	139,804
Deposits	178,907	-	178,907	-
Capacity fee credits	415,756	-	415,756	-
Long-term contractual obligations	640,041	-	640,041	-
Total noncurrent liabilities	36,332,150	1,714,085	38,046,235	139,804
Total liabilities	40,856,507	1,830,356	42,686,863	2,654,171
NET ASSETS				
Invested in capital assets, net of related debt	143,409,584	11,215,810	154,625,394	201,874
Restricted for debt covenants	3,328,462	46,141	3,374,603	-
Unrestricted	33,669,139	87,143	33,756,282	2,254,550
Total net assets	\$ 180,407,185	11,349,094	191,756,279	2,456,424

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 Assets
For the Year Ended June 30, 2008

	Business-type Activities - Enterprise Funds			Governmental
	Public Utilities	Airport	Total	Activities - Internal Service Funds
OPERATING REVENUES				
Revenue from use of money and property	\$ -	45,178	45,178	-
Charges for services	21,003,298	-	21,003,298	23,643,723
Capacity fees	162,055	-	162,055	-
Recovered cost	-	-	-	257,121
Miscellaneous	162,780	1,480	164,260	13,992
Total operating revenues	21,328,133	46,658	21,374,791	23,914,836
OPERATING EXPENSES				
Personal services	4,381,674	77,136	4,458,810	1,190,443
Fringe benefits	1,320,693	19,478	1,340,171	378,683
Health care claims and benefits	-	-	-	22,895,485
Contractual services	2,685,411	27,760	2,713,171	112,797
Internal services	1,288,181	-	1,288,181	-
Other charges	5,451,516	73,461	5,524,977	231,327
Depreciation	7,187,890	337,906	7,525,796	192,756
Total operating expenses	22,315,365	535,741	22,851,106	25,001,491
Operating income (loss)	(987,232)	(489,083)	(1,476,315)	(1,086,655)
NONOPERATING REVENUES (EXPENSES)				
Nonoperating revenues:				
Revenue from the Commonwealth	17,049	715,336	732,385	-
Revenue from the Federal government	618,634	145,073	763,707	-
Capacity fees - nonoperating	11,174,812	-	11,174,812	-
Interest income	1,380,945	18,473	1,399,418	502,529
Gain on sale of capital assets	-	-	-	40,380
Total nonoperating revenues	13,191,440	878,882	14,070,322	542,909
Nonoperating expenses:				
Interest expense and fiscal charges:				
Senior debt	1,485,348	90,516	1,575,864	-
Subordinate debt and fiscal charges	23,025	-	23,025	-
Interest expense and fiscal charges	1,508,373	90,516	1,598,889	-
Net nonoperating revenues	11,683,067	788,366	12,471,433	542,909
Income (loss) before capital contributions and transfers	10,695,835	299,283	10,995,118	(543,746)
Capital contributions	8,098,515	-	8,098,515	134,754
Transfers in	-	229,678	229,678	-
Change in net assets	18,794,350	528,961	19,323,311	(408,992)
Total net assets - beginning	161,612,835	10,820,133	172,432,968	2,865,416
Total net assets - ending	\$ 180,407,185	11,349,094	191,756,279	2,456,424

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, 2008

	Business-type Activities -			Governmental
	Enterprise Funds			Activities -
	Public Utilities	Airport	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 21,288,907	80,519	21,369,426	-
Receipts from interfund services provided	-	-	-	23,910,077
Payments to suppliers and service providers	(10,564,090)	(120,699)	(10,684,789)	(324,047)
Payments to employees	(4,340,051)	(76,949)	(4,417,000)	(1,549,732)
Claims and benefits paid	-	-	-	(22,697,283)
Net cash provided (used) by operating activities	6,384,766	(117,129)	6,267,637	(660,985)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds - operating	-	157,678	157,678	-
Net cash provided by noncapital financing activities	-	157,678	157,678	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Revenue bonds issued	506,155	-	506,155	-
Transfers from other funds - capital	-	72,000	72,000	-
Intergovernmental revenue received - capital grants	635,683	1,154,220	1,789,903	-
Capacity fees received	11,174,812	-	11,174,812	-
Developer oversize credits	(271,248)	-	(271,248)	-
Acquisition and construction of capital assets	(6,465,034)	(2,818,088)	(9,283,122)	(76,215)
Payments on long-term contractual obligations	(144,915)	-	(144,915)	-
Principal payments on revenue bonds	(2,109,173)	(26,396)	(2,135,569)	-
Interest payments on revenue bonds	(1,593,597)	(70,922)	(1,664,519)	-
Proceeds from sale of capital assets	-	-	-	61,744
Net cash provided (used) by capital and related financing activities	1,732,683	(1,689,186)	43,497	(14,471)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	1,392,156	24,534	1,416,690	502,529
Net cash provided by investing activities	1,392,156	24,534	1,416,690	502,529
Net increase (decrease) in cash and cash equivalents	9,509,605	(1,624,103)	7,885,502	(172,927)
Cash and cash equivalents at beginning of year	26,111,073	1,887,950	27,999,023	4,521,595
Cash and cash equivalents at end of year	\$ 35,620,678	263,847	35,884,525	4,348,668
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (987,232)	(489,083)	(1,476,315)	(1,086,655)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	7,187,890	337,906	7,525,796	192,756
(Increase) decrease in:				
Receivables	(72,835)	33,861	(38,974)	(364,557)
Inventory	-	-	-	(9,113)
Increase (decrease) in:				
Customer deposits	33,608	-	33,608	-
Accounts payable	181,713	-	181,713	28,372
Incurred but not reported self-insurance claims	-	-	-	558,000
Accrued liabilities	12,020	51	12,071	5,812
Compensated absences	29,602	136	29,738	14,400
Total adjustments	7,371,998	371,954	7,743,952	425,670
Net cash provided (used) by operating activities	\$ 6,384,766	(117,129)	6,267,637	(660,985)
Noncash investing, capital, and financing activities:				
Capital contributions	\$ 8,098,515	-	8,098,515	134,754
Capitalized interest	\$ 63,969	-	63,969	-

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

COUNTY OF HANOVER, VIRGINIA

Statement of Fiduciary Net Assets

June 30, 2008

	Retiree Medical Benefits Trust	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash, cash equivalents and investments	\$ 730,310	\$ 2,358,277
Accounts receivable	-	15,783
Total assets	<u>\$ 730,310</u>	<u>\$ 2,374,060</u>
 LIABILITIES		
Accounts payable	\$ -	\$ 747,123
Accrued liabilities	-	91,819
Deposits	-	1,535,118
Total liabilities	<u>-</u>	<u>\$ 2,374,060</u>
 NET ASSETS		
Held in trust for other postemployment benefits	<u>\$ 730,310</u>	

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

COUNTY OF HANOVER, VIRGINIA
 Retiree Medical Benefits Trust Fund
 Statement of Changes in Plan Net Assets
 For the Period Ended June 30, 2008

	Retiree Medical Benefits Trust
ADDITIONS	
Contributions - employer	\$ 730,105
Investment income - interest	205
Total addiitons	<u>730,310</u>
 Net increase in plan net assets	 730,310
 Net assets held in trust for other postemployment benefits	
Beginning of period	-
End of period	<u>\$ 730,310</u>

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