

COUNTY OF HANOVER, VIRGINIA

Exhibit 1

Statement of Net Assets

June 30, 2009

| | Primary Government | | | Component Units | |
|---|--------------------|---------------|-------------|-----------------|-------------|
| | Governmental | Business-type | Total | School | Economic |
| | Activities | Activities | | | Development |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash, cash equivalents and investments | \$ 49,694,614 | 30,394,419 | 80,089,033 | 19,676,298 | 260,665 |
| Receivables (net of allowance for uncollectibles) | 64,870,747 | 3,901,703 | 68,772,450 | 4,116,995 | - |
| Inventories | 221,084 | - | 221,084 | 120,024 | - |
| Total current assets | 114,786,445 | 34,296,122 | 149,082,567 | 23,913,317 | 260,665 |
| Noncurrent Assets: | | | | | |
| Cash, cash equivalents and investments - restricted | 438,458 | 3,445,007 | 3,883,465 | - | - |
| Prepaid postemployment healthcare benefits | 833,065 | - | 833,065 | - | - |
| Capital assets (net of accumulated depreciation): | | | | | |
| Land | 8,826,159 | 10,286,964 | 19,113,123 | 7,400,682 | - |
| Buildings | 177,183,864 | 59,648,078 | 236,831,942 | 78,706,587 | - |
| Improvements other than buildings | 2,899,705 | 123,211,524 | 126,111,229 | 2,184,921 | - |
| Machinery and equipment | 12,640,418 | 1,070,160 | 13,710,578 | 9,806,239 | - |
| Infrastructure | 15,487,124 | - | 15,487,124 | - | - |
| Construction in progress | 14,689,107 | 6,948,759 | 21,637,866 | 3,097,802 | - |
| Total capital assets | 231,726,377 | 201,165,485 | 432,891,862 | 101,196,231 | - |
| Total noncurrent assets | 232,997,900 | 204,610,492 | 437,608,392 | 101,196,231 | - |
| Total assets | 347,784,345 | 238,906,614 | 586,690,959 | 125,109,548 | 260,665 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 4,650,579 | 2,094,380 | 6,744,959 | 1,247,213 | 259 |
| Incurred but not reported self-insurance claims | 2,265,000 | - | 2,265,000 | - | - |
| Accrued liabilities | 2,762,570 | 231,209 | 2,993,779 | 15,159,481 | - |
| Accrued bond interest | 371,829 | 406,115 | 777,944 | 2,033,764 | - |
| Unearned revenue | 53,136,347 | - | 53,136,347 | 45,872 | - |
| Current portion of bonds payable | 13,402,768 | 2,224,100 | 15,626,868 | - | - |
| Current portion of capital lease obligations | 1,000,335 | - | 1,000,335 | - | - |
| Current portion of compensated absences | 4,138,946 | 478,950 | 4,617,896 | 1,739,640 | - |
| Current portion of landfill closure | 76,304 | - | 76,304 | - | - |
| Current portion of contractual obligations | - | 152,966 | 152,966 | - | - |
| Current portion of early retirement liability | - | - | - | 265,690 | - |
| Total current liabilities | 81,804,678 | 5,587,720 | 87,392,398 | 20,491,660 | 259 |
| Noncurrent Liabilities: | | | | | |
| Bonds payable | 140,587,282 | 34,612,658 | 175,199,940 | - | - |
| Capital lease obligations | 835,904 | - | 835,904 | - | - |
| Compensated absences | 1,147,314 | 66,223 | 1,213,537 | 2,718,158 | - |
| Deposits | - | 217,139 | 217,139 | - | - |
| Capacity fee credits | - | 374,830 | 374,830 | - | - |
| Liability for landfill closure | 2,465,707 | - | 2,465,707 | - | - |
| Liability for early retirement program | - | - | - | 316,392 | - |
| Long-term contractual obligations | - | 487,075 | 487,075 | - | - |
| Total noncurrent liabilities | 145,036,207 | 35,757,925 | 180,794,132 | 3,034,550 | - |
| Total liabilities | 226,840,885 | 41,345,645 | 268,186,530 | 23,526,210 | 259 |
| NET ASSETS | | | | | |
| Invested in capital assets, net of related debt | 75,900,088 | 163,313,856 | 239,213,944 | 101,196,231 | - |
| Restricted for: | | | | | |
| Grant programs | 304,758 | - | 304,758 | - | - |
| Capital projects | 5,189,501 | - | 5,189,501 | - | - |
| Debt covenants | 438,458 | 3,445,007 | 3,883,465 | - | - |
| Postemployment healthcare benefits | 833,065 | - | 833,065 | - | - |
| Unrestricted | 38,277,590 | 30,802,106 | 69,079,696 | 387,107 | 260,406 |
| Total net assets | \$ 120,943,460 | 197,560,969 | 318,504,429 | 101,583,338 | 260,406 |

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

COUNTY OF HANOVER, VIRGINIA

Exhibit 2

Statement of Activities

For the Year Ended June 30, 2009

| Function/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Units | |
|--|----------------|-------------------------|--|--|--|-----------------------------|---------------|--------------------------------------|---------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | School | Economic Development Authority | |
| | | | | | Governmental Activities | Business-type Activities | | | Total |
| Primary government: | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| General governmental administration | \$ 14,093,119 | 1,664,898 | 585,360 | - | (11,842,861) | - | (11,842,861) | - | - |
| Judicial administration | 4,785,034 | 1,380,219 | 1,727,809 | 39,108 | (1,637,898) | - | (1,637,898) | - | - |
| Public safety | 46,110,980 | 3,274,434 | 5,087,315 | 158,386 | (37,590,845) | - | (37,590,845) | - | - |
| Public works | 16,093,111 | 1,226,498 | 18,504 | 6,684,857 | (8,163,252) | - | (8,163,252) | - | - |
| Human services | 24,258,087 | 3,778,613 | 9,317,284 | - | (11,162,190) | - | (11,162,190) | - | - |
| Parks, recreation and cultural | 8,453,137 | 531,639 | - | 8,093 | (7,913,405) | - | (7,913,405) | - | - |
| Community development | 5,969,406 | 888,838 | - | - | (5,080,568) | - | (5,080,568) | - | - |
| Education | 92,993,766 | - | - | 924,399 | (92,069,367) | - | (92,069,367) | - | - |
| Interest on long-term debt | 772,402 | - | - | - | (772,402) | - | (772,402) | - | - |
| Total governmental activities | 213,529,042 | 12,745,139 | 16,736,272 | 7,814,843 | (176,232,788) | - | (176,232,788) | - | - |
| Business-type activities: | | | | | | | | | |
| Public utilities | 25,318,192 | 21,237,074 | - | 8,614,418 | - | 4,533,300 | 4,533,300 | - | - |
| Airport | 1,434,208 | 109,168 | - | 1,166,650 | - | (158,390) | (158,390) | - | - |
| Total business-type activities | 26,752,400 | 21,346,242 | - | 9,781,068 | - | 4,374,910 | 4,374,910 | - | - |
| Total primary government | \$ 240,281,442 | 34,091,381 | 16,736,272 | 17,595,911 | (176,232,788) | 4,374,910 | (171,857,878) | - | - |
| Component Units: | | | | | | | | | |
| School | \$ 194,831,262 | 8,003,614 | 99,106,288 | - | - | - | - | (87,721,360) | - |
| Economic Development Authority | 174,892 | 170,175 | - | - | - | - | - | - | (4,717) |
| Total component units | \$ 195,006,154 | 8,173,789 | 99,106,288 | - | - | - | - | (87,721,360) | (4,717) |
| General revenues: | | | | | | | | | |
| Taxes: | | | | | | | | | |
| General property taxes | | | | | 135,784,877 | - | 135,784,877 | - | - |
| Sales taxes | | | | | 15,831,268 | - | 15,831,268 | - | - |
| Utility taxes | | | | | 7,207,864 | - | 7,207,864 | - | - |
| Recordation taxes | | | | | 1,877,835 | - | 1,877,835 | - | - |
| Other | | | | | 2,133,154 | - | 2,133,154 | - | - |
| Noncategorical State aid | | | | | 14,985,990 | - | 14,985,990 | - | - |
| Grants and contributions not restricted to specific programs | | | | | 1,224,305 | - | 1,224,305 | - | - |
| Payment from Hanover County | | | | | - | - | - | 90,478,690 | - |
| Unrestricted investment earnings | | | | | 1,164,116 | 1,096,699 | 2,260,815 | 26,782 | - |
| Transfers | | | | | (333,081) | 333,081 | - | - | - |
| Total general revenues and transfers | | | | | 179,876,328 | 1,429,780 | 181,306,108 | 90,505,472 | - |
| Change in net assets | | | | | 3,643,540 | 5,804,690 | 9,448,230 | 2,784,112 | (4,717) |
| Net assets - beginning | | | | | 117,299,920 | 191,756,279 | 309,056,199 | 98,799,226 | 265,123 |
| Net assets - ending | | | | | \$ 120,943,460 | 197,560,969 | 318,504,429 | 101,583,338 | 260,406 |

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