

COUNTY OF HANOVER, VIRGINIA

Governmental Funds

Balance Sheet

June 30, 2005

	General	County Improvements Fund	School Improvements Fund	Other Governmental Funds	Totals Governmental Funds
ASSETS					
Cash, cash equivalents and investments	\$ 20,490,165	7,352,906	615,320	186,515	28,644,906
Receivables (Net of allowances for uncollectables)	45,454,746	483,135	-	1,020,119	46,958,000
Due from other funds	180,000	-	-	-	180,000
Inventories	11,576	-	-	-	11,576
Cash, cash equivalents and investments - restricted	-	770,022	10,975,656	-	11,745,678
Total assets	<u>\$ 66,136,487</u>	<u>8,606,063</u>	<u>11,590,976</u>	<u>1,206,634</u>	<u>87,540,160</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,007,363	701,388	538,663	380,783	2,628,197
Accrued liabilities	1,642,841	-	-	280,664	1,923,505
Due to other funds	-	-	-	180,000	180,000
Deferred revenue	40,572,090	-	-	6,000	40,578,090
Total liabilities	<u>43,222,294</u>	<u>701,388</u>	<u>538,663</u>	<u>847,447</u>	<u>45,309,792</u>
Fund Balances:					
Reserved for:					
Encumbrances	541,457	652,640	9,754,596	19,742	10,968,435
Inventory	11,576	-	-	-	11,576
Debt service	-	770,022	-	-	770,022
Total reserved	<u>553,033</u>	<u>1,422,662</u>	<u>9,754,596</u>	<u>19,742</u>	<u>11,750,033</u>
Unreserved, reported in:					
Designated for specific purposes (Note V-B)					
General Fund	6,203,575	-	-	-	6,203,575
Capital Improvements Funds	-	6,458,695	1,219,825	-	7,678,520
Special Revenue Funds	-	-	-	86,690	86,690
Undesignated, reported in					
General Fund	16,157,585	-	-	-	16,157,585
Capital Improvements Funds	-	23,318	77,892	-	101,210
Special Revenue Funds	-	-	-	252,755	252,755
Total unreserved	<u>22,361,160</u>	<u>6,482,013</u>	<u>1,297,717</u>	<u>339,445</u>	<u>30,480,335</u>
Total fund balances	<u>22,914,193</u>	<u>7,904,675</u>	<u>11,052,313</u>	<u>359,187</u>	<u>42,230,368</u>
Total liabilities and fund balances	<u>\$ 66,136,487</u>	<u>8,606,063</u>	<u>11,590,976</u>	<u>1,206,634</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	\$ 183,465,938
Receivables on the statement of net assets that do not provide current financial resources are not reported in the funds	2,738,216
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	(151,366)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds	(136,814,519)
Net assets of governmental activities	<u>\$ 91,468,637</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, 2005

	General	County Improvements	School Improvements	Other Governmental	Total Governmental Funds
REVENUES					
General property taxes	\$ 94,604,793	-	-	-	94,604,793
Other local taxes	25,475,779	-	-	-	25,475,779
Permits, privilege fees and regulatory licenses	2,723,338	-	-	-	2,723,338
Fines and forfeitures	900,479	-	-	-	900,479
Revenues from use of money and property	467,382	-	57,222	215,000	739,604
Charges for services	2,832,367	1,538,892	947,707	2,444,566	7,763,532
Miscellaneous	337,454	-	-	3,938	341,392
Recovered costs	2,529,499	1,282,791	-	213,605	4,025,895
Intergovernmental	24,117,077	1,954,890	305,291	4,284,720	30,661,978
Total revenues	153,988,168	4,776,573	1,310,220	7,161,829	167,236,790
EXPENDITURES					
General governmental administration	\$ 10,142,750	678,199	-	-	10,820,949
Judicial administration	3,329,039	88,687	-	-	3,417,726
Public safety	30,845,961	2,602,229	-	-	33,448,190
Public works	6,018,823	4,102,947	-	-	10,121,770
Health and welfare	6,025,997	61,608	-	12,556,307	18,643,912
Parks, recreation and cultural	4,633,167	147,132	-	-	4,780,299
Community development	4,466,646	41,152	-	-	4,507,798
Education	73,923,835	-	10,337,971	-	84,261,806
Debt service:					
Principal retirement	1,448,913	-	-	-	1,448,913
Interest and fiscal charges	476,297	-	-	-	476,297
Total debt service	1,925,210	-	-	-	1,925,210
Total expenditures	141,311,428	7,721,954	10,337,971	12,556,307	171,927,660
Excess (deficiency) of revenues over (under) expenditures	12,676,740	(2,945,381)	(9,027,751)	(5,394,478)	(4,690,870)
OTHER FINANCING SOURCES AND USES					
Other financing sources:					
Proceeds of general obligation bonds	-	-	17,097,408	-	17,097,408
Transfers in	-	2,143,147	1,750,000	5,579,282	9,472,429
Total other financing sources	-	2,143,147	18,847,408	5,579,282	26,569,837
Other financing uses:					
Transfers out	9,472,429	-	-	-	9,472,429
Transfers to internal service funds	55,000	-	-	-	55,000
Total other financing uses	9,527,429	-	-	-	9,527,429
Net other financing sources (uses)	\$ (9,527,429)	2,143,147	18,847,408	5,579,282	17,042,408
Net change in fund balance	\$ 3,149,311	(802,234)	9,819,657	184,804	12,351,538
Fund balances - beginning (as restated)	19,764,882	8,706,909	1,232,656	174,383	29,878,830
Fund balances - ending	\$ 22,914,193	7,904,675	11,052,313	359,187	42,230,368

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, 2005

Net change in fund balances - total governmental funds	\$ 12,351,538
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.	(4,776,100)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets.	1,665,479
School Component Unit General obligation debt guaranteed by County is reported in governmental activities in statement of net assets. Fund statements include \$8,873,194 transfer to School Component Unit for debt payments net of \$296,261 asset equity allocated to Schools. County has a tenancy-in-common for school assets with outstanding debt.	8,576,933
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).	668,216
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 consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(15,648,495)
Some expenses reported in this statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(754,578)
Internal service funds are used by management to charge the costs of fleet management and self-insurance to individual funds. The net expense of certain activities of internal service funds is reported with governmental entities.	(244,705)
Changes in net assets of governmental activities	<u>\$ 1,838,288</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, 2005

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 94,766,000	94,967,000	94,604,793	(362,207)
Other local taxes	22,973,000	22,973,000	25,475,779	2,502,779
Permits, privilege fees and regulatory licenses	2,600,000	2,600,000	2,723,338	123,338
Fines and forfeitures	679,000	679,000	900,479	221,479
Revenues from use of money and property	705,000	705,000	467,382	(237,618)
Charges for services	2,336,000	2,517,814	2,832,367	314,553
Miscellaneous	593,000	656,932	337,454	(319,478)
Recovered costs	2,417,000	2,446,517	2,529,499	82,982
Intergovernmental	24,166,000	26,067,672	24,117,077	(1,910,595)
Total revenues	<u>151,235,000</u>	<u>153,612,935</u>	<u>153,988,168</u>	<u>415,233</u>
EXPENDITURES				
General governmental administration	\$ 10,437,249	10,882,702	10,142,750	739,952
Judicial administration	3,362,263	3,709,272	3,329,039	380,233
Public safety	30,209,186	32,495,619	30,845,961	1,649,658
Public works	5,871,471	6,423,455	6,018,823	404,632
Health and welfare	6,130,524	6,651,412	6,025,997	625,415
Parks, recreation and cultural	4,521,880	4,844,912	4,633,167	211,745
Community development	4,620,657	4,836,436	4,466,646	369,790
Education	77,264,098	75,726,154	73,923,835	1,802,319
Debt service:				
Principal retirement	1,394,000	1,449,000	1,448,913	87
Interest and fiscal charges	1,437,624	789,713	476,297	313,416
Total debt service	<u>2,831,624</u>	<u>2,238,713</u>	<u>1,925,210</u>	<u>313,503</u>
Total expenditures	<u>145,248,952</u>	<u>147,808,675</u>	<u>141,311,428</u>	<u>6,497,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,986,048</u>	<u>5,804,260</u>	<u>12,676,740</u>	<u>6,912,480</u>
OTHER FINANCING SOURCES AND USES				
Other financing uses:				
Transfers out	8,931,048	9,711,954	9,472,429	239,525
Transfers to internal service funds	15,000	55,000	55,000	-
Total other financing uses	<u>8,946,048</u>	<u>9,766,954</u>	<u>9,527,429</u>	<u>239,525</u>
Net other financing sources (uses)	<u>\$ (8,946,048)</u>	<u>(9,766,954)</u>	<u>(9,527,429)</u>	<u>(239,525)</u>
Net change in fund balance	\$ (2,960,000)	(3,962,694)	3,149,311	6,672,955
Fund balances - beginning	2,960,000	19,764,882	19,764,882	-
Fund balances - ending	<u>\$ -</u>	<u>15,802,188</u>	<u>22,914,193</u>	<u>6,672,955</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, 2005

	Business-type Activities- Enterprise Fund <u>Public Utilities</u>	Governmental Activities - Internal <u>Service Funds</u>
ASSETS		
Current Assets:		
Cash, cash equivalents and investments	\$ 13,252,838	1,085,468
Receivables (Net of allowances for uncollectables):		
Accounts	3,203,199	-
Total receivables	<u>3,203,199</u>	<u>-</u>
Inventories	-	172,516
Total current assets	<u>16,456,037</u>	<u>1,257,984</u>
Non-current Assets:		
Cash, cash equivalents and investments - restricted	6,780,740	-
Capital assets:		
Land	3,997,354	-
Buildings and system	75,132,498	-
Improvements other than buildings	134,414,574	-
Machinery and equipment	5,195,212	377,301
Construction in progress	4,469,950	-
Less accumulated depreciation	<u>(61,927,143)</u>	<u>(265,488)</u>
Total capital assets (net of accumulated depreciation)	<u>161,282,445</u>	<u>111,813</u>
Total non-current assets	<u>168,063,185</u>	<u>111,813</u>
Total assets	<u>184,519,222</u>	<u>1,369,797</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	1,219,783	168,437
Incurred but not reported	-	1,170,000
Accrued liabilities	177,203	60,540
Accrued bond interest	452,851	-
Current portion of bonds payable	1,816,411	-
Current portion of compensated absences	34,613	-
Current portion of contractual obligations	140,889	-
Total current liabilities	<u>3,841,750</u>	<u>1,398,977</u>
Non-current Liabilities:		
Bonds payable	31,394,972	-
Compensated absences	414,037	122,186
Deposits	181,823	-
Refundable developer capacity fees	221,083	-
Long-term contractual obligations	1,078,811	-
Total non-current liabilities	<u>33,290,726</u>	<u>122,186</u>
Total liabilities	<u>37,132,476</u>	<u>1,521,163</u>
NET ASSETS		
Invested in capital assets, net of related debt	130,259,289	111,813
Restricted for other purposes	3,151,730	-
Unrestricted	13,975,727	(263,179)
Total net assets	<u>\$ 147,386,746</u>	<u>(151,366)</u>

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, 2005

	Business-type Activities- Enterprise Fund <u>Public Utilities</u>	Governmental Activities - Internal <u>Service Funds</u>
OPERATING REVENUES		
Charges for services	\$ 15,296,609	16,069,947
Capacity fees	14,439	-
Recovered cost	-	45,960
Miscellaneous	152,602	32,027
Total operating revenues	<u>15,463,650</u>	<u>16,147,934</u>
OPERATING EXPENSES		
Personal services	3,734,908	962,841
Fringe benefits	972,283	257,415
Health care claims	-	15,012,081
Contractual services	2,431,633	108,573
Internal services	1,362,166	249
Other charges	5,082,512	170,574
Depreciation	5,578,077	36,017
Total operating expenses	<u>19,161,579</u>	<u>16,547,750</u>
Operating loss	<u>(3,697,929)</u>	<u>(399,816)</u>
NON-OPERATING REVENUES (EXPENSES)		
Non-operating revenues:		
Intergovernmental	451,600	-
Capacity fees - non-operating	5,793,005	-
Interest income	560,981	100,111
Total non-operating revenues	<u>6,805,586</u>	<u>100,111</u>
Non-operating expenses:		
Interest expense and fiscal charges:		
Senior debt	537,592	-
Subordinate debt and fiscal charges	792,200	-
Interest expense and fiscal charges	<u>1,329,792</u>	<u>-</u>
Net non-operating revenues	<u>5,475,794</u>	<u>100,111</u>
Income (loss) before contributions and transfers	<u>1,777,865</u>	<u>(299,705)</u>
Donated capital assets	3,108,650	-
Transfers in	-	55,000
Change in net assets	4,886,515	(244,705)
Total net assets - beginning (as restated)	142,500,231	93,339
Total net assets - ending	<u>\$ 147,386,746</u>	<u>(151,366)</u>

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, 2005

	Business-type Activities- Enterprise Fund <u>Public Utilities</u>	Governmental Activities - Internal <u>Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 15,241,502	16,147,934
Payments to suppliers	(10,151,098)	(15,426,519)
Payments to employees	(3,730,605)	(1,199,162)
Net cash provided by operating activities	<u>1,359,799</u>	<u>(477,747)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Principal payments on advances from other funds	(22,985)	-
Advances from other funds	-	55,000
Federal Grants	388,439	-
Net cash provided by capital and related financing activities	<u>365,454</u>	<u>55,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	40,504	-
Capital contributions	5,793,005	-
Refundable developer capacity fee credits	(27,985)	-
Acquisition and construction of capital assets	(8,226,065)	(88,507)
Payments on long-term contractual obligations	(732,625)	-
Principal paid on capital debt	(2,515,868)	-
Interest paid on capital debt	(1,570,554)	-
Net cash used by capital and related financing activities	<u>(7,239,588)</u>	<u>(88,507)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest and dividends received	550,994	100,111
Net cash provided by investing activities	<u>550,994</u>	<u>100,111</u>
Net increase in cash and cash equivalents	(4,963,341)	(411,143)
Cash and cash equivalents, July 1	24,996,919	1,496,611
Cash and cash equivalents, June 30	<u>\$ 20,033,578</u>	<u>1,085,468</u>
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (3,697,929)	(399,816)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Nondepartmental & Capital Expenses	(229,631)	
Depreciation expense	5,578,077	36,017
(Increase) decrease in accounts receivable	(251,272)	-
(Increase) decrease in inventory	-	21,938
Increase (decrease) in customer deposits	33,996	-
Increase (decrease) in accounts payable	(112,358)	(359,680)
Incurred but not reported	-	202,700
Increase (decrease) in accrued liabilities	4,304	1,868
Increase (decrease) in compensated absences	34,612	19,226
Total adjustments	<u>5,057,728</u>	<u>(77,931)</u>
Net cash provided by operating activities	<u>\$ 1,359,799</u>	<u>(477,747)</u>
Non-cash investing, capital, and financing activities:		
Donated capital assets	3,108,650	-
Capitalized interest	181,477	-

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, 2005

	<u>Agency Funds</u>
ASSETS	
Cash, cash equivalents and investments	\$ 3,806,780
Accounts receivable	31,065
Total assets	<u>\$ 3,837,845</u>
 LIABILITIES	
Accounts payable	\$ 919,579
Accrued liabilities	42,974
Deposits	2,844,387
Deferred revenue	30,905
Total liabilities	<u>\$ 3,837,845</u>

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