

**COUNTY OF HANOVER, VIRGINIA**

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

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	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>REVENUES</b>										
General property taxes	\$ 56,735,607	59,715,162	64,468,263	67,308,494	72,440,101	73,623,307	79,536,223	87,102,894	94,604,793	104,909,885
Other local taxes	14,824,606	15,852,810	17,092,758	18,051,340	19,819,431	21,344,614	20,119,615	23,059,560	25,475,779	28,190,135
Permits, privilege fees and regulatory licenses	1,417,037	1,388,641	1,749,818	1,868,160	1,785,941	1,971,098	2,031,537	2,382,618	2,723,338	2,741,893
Fines and forfeitures	354,330	374,522	296,407	429,827	393,703	402,496	535,613	755,612	900,479	922,784
Revenues from use of money and property	2,548,015	2,982,161	2,122,991	2,439,676	2,714,304	1,062,549	1,158,711	469,494	739,604	1,778,603
Charges for services	3,034,500	2,844,436	2,878,130	6,546,432	4,333,964	5,640,273	6,364,983	6,808,704	7,763,532	9,799,667
Miscellaneous	266,989	576,702	655,686	722,279	1,329,609	748,276	755,405	651,467	341,392	902,337
Recovered costs	924,519	1,511,218	1,460,212	2,409,698	2,126,294	2,646,507	1,801,326	3,465,357	4,025,895	3,878,020
Intergovernmental (state and federal)	10,147,018	10,014,440	12,641,698	20,037,569	22,702,302	30,298,996	27,205,814	31,953,115	30,661,978	31,784,408
Total revenues	<u>90,252,621</u>	<u>95,260,092</u>	<u>103,365,963</u>	<u>119,813,475</u>	<u>127,645,649</u>	<u>137,738,116</u>	<u>139,509,227</u>	<u>156,648,821</u>	<u>167,236,790</u>	<u>184,907,732</u>
<b>EXPENDITURES</b>										
General governmental administration	5,717,224	6,407,065	6,417,468	6,940,188	7,767,247	9,422,694	9,046,646	9,996,622	10,820,949	11,842,572
Judicial administration	1,257,961	1,319,086	1,530,273	1,897,526	2,453,645	2,801,675	2,904,441	2,904,596	3,417,726	3,797,463
Public safety	14,906,342	16,196,343	19,364,355	22,622,596	25,159,954	22,890,619	28,218,865	28,867,772	33,448,190	36,508,483
Public works	8,942,990	10,616,739	9,823,390	12,810,463	12,996,826	11,469,558	8,867,259	11,347,662	10,121,770	8,691,474
Human services	7,451,630	9,718,087	10,828,633	12,025,972	13,001,788	15,336,213	14,840,637	17,409,953	18,643,912	20,000,898
Parks, recreation and cultural	1,997,718	2,566,686	2,680,380	3,092,214	3,263,939	3,801,167	4,446,149	4,314,220	4,780,299	5,393,280
Community development	2,071,516	3,141,811	3,165,946	3,613,904	4,075,473	4,654,911	4,360,063	4,254,248	4,507,798	4,920,539
Education	52,048,341	56,092,701	61,789,059	72,777,491	77,495,912	83,338,797	93,511,998	84,698,415	84,261,806	103,266,533
Debt service:										
Principal retirement	828,436	1,328,079	1,416,648	1,564,220	1,612,463	1,579,260	1,561,108	1,527,625	1,448,913	1,185,722
Interest and fiscal charges	793,092	1,183,217	1,002,092	923,450	849,329	774,420	692,568	605,076	476,297	408,199
Total expenditures	<u>96,015,250</u>	<u>108,569,814</u>	<u>118,018,244</u>	<u>138,268,024</u>	<u>148,676,576</u>	<u>156,069,314</u>	<u>168,335,734</u>	<u>165,926,189</u>	<u>171,927,660</u>	<u>196,015,163</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,762,629)</u>	<u>(13,309,722)</u>	<u>(14,652,281)</u>	<u>(18,454,549)</u>	<u>(21,030,927)</u>	<u>(18,331,198)</u>	<u>(28,826,507)</u>	<u>(9,277,368)</u>	<u>(4,690,870)</u>	<u>(11,107,431)</u>
<b>OTHER FINANCING SOURCES AND USES</b>										
Issuance of general obligation bonds	15,435,000	3,220,000	10,000,000	10,053,252	18,245,000	20,000,000	21,500,000	-	17,097,408	13,962,658
Premiums on bonds issued	-	-	-	-	-	-	-	-	-	776,985
Proceeds of capital lease obligations	-	189,241	5,692,203	-	269,085	-	-	-	-	-
Proceeds from State Literary Loan funds	4,096,022	3,514,908	1,114,070	1,275,000	-	2,065,000	-	-	-	-
VPSA bond refunding distribution received	-	-	-	-	-	-	-	-	-	1,060,300
Refunding of debt	-	-	(5,719,690)	-	-	-	-	-	-	-
Transfers in	5,711,719	9,534,791	11,436,221	9,138,114	11,930,446	15,408,658	6,063,542	7,742,528	9,472,429	12,732,206
Transfers out	(4,486,719)	(8,807,119)	(5,886,221)	(7,238,114)	(11,649,042)	(13,967,374)	(5,535,931)	(6,282,077)	(9,527,429)	(12,982,206)
Total other financing sources (uses)	<u>20,756,022</u>	<u>7,651,821</u>	<u>16,636,583</u>	<u>13,228,252</u>	<u>18,795,489</u>	<u>23,506,284</u>	<u>22,027,611</u>	<u>1,460,451</u>	<u>17,042,408</u>	<u>15,549,943</u>
<b>Net change in fund balances (1)</b>	<u>\$ 14,993,393</u>	<u>(5,657,901)</u>	<u>1,984,302</u>	<u>(5,226,297)</u>	<u>(2,235,438)</u>	<u>5,175,086</u>	<u>(6,798,896)</u>	<u>(7,816,917)</u>	<u>12,351,538</u>	<u>4,442,512</u>

Note: (1) In fiscal 2002, the County adopted the new accounting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The financial data above for years 1997 through 2001 has been reclassified to be consistent with that presented in the County's Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, as reported in fiscal 2002 and subsequent years. Additionally, to better present the receipt and use of bond proceeds in School capital asset construction as a major activity of the primary government, in fiscal 2005, the County reclassified and began reporting the School Improvements Fund (previously shown within a discretely presented component unit) as a major fund within the primary government financial statements. To be consistent with current financial statement presentation, the financial data above for years 1997 through 2004 have been reclassified to be consistent with the presentation in the County's Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, as reported beginning in fiscal 2005. Other reclassifications have also been made to conform to current financial statement presentation. Accordingly, the financial data above has been reclassified and presented on a consistent basis for each fiscal year of the ten year period ending June 30, 2006, in accordance with current fiscal year reporting classifications.

(continued)

**COUNTY OF HANOVER, VIRGINIA**

Changes in Fund Balances, Governmental Funds (1)

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
(continued)										
<b>Ratios of Debt Service to Noncapital Expenditures</b>										
Debt Service - County (see previous page)	\$ 1,621,528	2,511,296	2,418,740	2,487,670	2,461,792	2,353,680	2,253,676	2,132,701	1,925,210	1,593,921
Debt Service - Schools - principal	5,430,315	6,040,378	6,406,036	6,397,666	7,072,242	7,727,463	8,193,484	8,055,740	8,873,194	8,666,075
Debt Service - Schools - interest	3,905,035	4,136,534	3,973,223	4,147,725	4,445,218	5,138,804	5,015,871	5,794,545	5,268,461	5,389,377
Combined debt service	<u>10,956,878</u>	<u>12,688,208</u>	<u>12,797,999</u>	<u>13,033,061</u>	<u>13,979,252</u>	<u>15,219,947</u>	<u>15,463,031</u>	<u>15,982,986</u>	<u>16,066,865</u>	<u>15,649,373</u>
Expenditures - County	96,015,250	108,569,814	118,018,244	138,268,024	148,676,576	156,069,314	168,335,734	165,926,189	171,927,660	196,015,163
Expenditures - Schools	79,157,055	89,679,435	96,229,525	105,902,306	115,070,592	121,603,129	127,159,263	139,309,729	152,218,967	161,897,086
Less: County appropriation to schools	(39,488,214)	(46,168,822)	(48,360,872)	(51,656,237)	(58,108,320)	(62,588,686)	(65,626,182)	(71,463,687)	(73,923,835)	(78,403,627)
Combined expenditures, net	<u>135,684,091</u>	<u>152,080,427</u>	<u>165,886,897</u>	<u>192,514,093</u>	<u>205,638,848</u>	<u>215,083,757</u>	<u>229,868,815</u>	<u>233,772,231</u>	<u>250,222,792</u>	<u>279,508,622</u>
Capital outlay - County	(12,064,553)	(11,491,708)	(10,391,645)	(12,184,921)	(13,589,067)	(13,438,909)	(24,614,337)	(11,261,219)	(4,444,196)	(21,286,652)
Capital outlay - Schools	(15,326,215)	(10,681,203)	(9,788,916)	(22,424,544)	(19,837,518)	(14,614,701)	(8,358,617)	(9,881,542)	(9,325,436)	(10,991,337)
Combined capital outlay	<u>(27,390,768)</u>	<u>(22,172,911)</u>	<u>(20,180,561)</u>	<u>(34,609,465)</u>	<u>(33,426,585)</u>	<u>(28,053,610)</u>	<u>(32,972,954)</u>	<u>(21,142,761)</u>	<u>(13,769,632)</u>	<u>(32,277,989)</u>
Noncapital expenditures - County	83,950,697	97,078,106	107,626,599	126,083,103	135,087,509	142,630,405	143,721,397	154,664,970	167,483,464	174,728,511
Noncapital expenditures - Schools (net of County appropriation)	24,342,626	32,829,410	38,079,737	31,821,525	37,124,754	44,399,742	53,174,464	57,964,500	68,969,696	72,502,122
Combined noncapital expenditures	<u>\$ 108,293,323</u>	<u>129,907,516</u>	<u>145,706,336</u>	<u>157,904,628</u>	<u>172,212,263</u>	<u>187,030,147</u>	<u>196,895,861</u>	<u>212,629,470</u>	<u>236,453,160</u>	<u>247,230,633</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>										
Primary Government (governmental funds)	<u>1.93%</u>	<u>2.59%</u>	<u>2.25%</u>	<u>1.97%</u>	<u>1.82%</u>	<u>1.65%</u>	<u>1.57%</u>	<u>1.38%</u>	<u>1.15%</u>	<u>0.91%</u>
<b>Combined Debt Service as a Percentage of Noncapital Expenditures - Primary government (governmental funds), and Component unit - School Board</b>	<u>10.12%</u>	<u>9.77%</u>	<u>8.78%</u>	<u>8.25%</u>	<u>8.12%</u>	<u>8.14%</u>	<u>7.85%</u>	<u>7.52%</u>	<u>6.79%</u>	<u>6.33%</u>

Note: (2) In Virginia, counties issue debt to finance the construction of school facilities for school boards, because school boards do not have borrowing or taxing authority. However, the debt service payments related to construction of Hanover County school facilities are presented in the School Board's discretely presented component unit financial statements. Accordingly, to assist the reader to understand the County's total debt service as a percentage of total noncapital expenditures, the schedule above presents debt service as a percentage of noncapital expenditures of the County (the primary government), and also presents combining data to show the total debt service (County and School Board Component Unit) as a percentage of combined noncapital expenditures of both entities. Transfers from the County to the School Board have been netted out of School Board expenditures to avoid double counting of those costs. On a combined basis, debt service expenditures have decreased from 10.12% to 6.33% of noncapital expenditures over the ten year period from fiscal 1997 to fiscal 2006.