

2014 PRELIMINARY YEAR END FINANCIAL REPORT

HANOVER COUNTY
FINANCE AND MANAGEMENT SERVICES

AUGUST 27, 2014

Our Mission:

To be a premier community by providing superior service through creativity,
innovation and sound financial practices.

General Fund

2014 Preliminary Year End Financial Report

Our values: Integrity, Accountability, Respect, Inclusiveness

| | FY2013 | | | | FY2014 | | |
|---|-----------------------------------|-------------|-------------------------------|-------------------|-----------------------------------|-----------------------|-------------------------------|
| | Twelve Months Ended June 30, 2013 | | | | Twelve Months Ended June 30, 2014 | | |
| | Appropriated | Actual | \$ Variance with Appropriated | % of Appropriated | Appropriated | Preliminary YE Report | \$ Variance with Appropriated |
| REVENUES | | | | | | | |
| Revenue from local sources: | | | | | | | |
| General property taxes | \$ 123,685,500 | 125,716,871 | 2,031,371 | 101.6% | \$ 124,647,000 | 127,474,854 | 2,827,854 |
| Other local taxes | 28,342,000 | 28,841,377 | 499,377 | 101.8% | 28,883,000 | 29,267,028 | 384,028 |
| Permits, privilege fees and regulatory licenses | 1,551,700 | 2,117,648 | 565,948 | 136.5% | 1,656,000 | 2,172,162 | 516,162 |
| Fines and forfeitures | 1,269,475 | 1,122,896 | (146,579) | 88.5% | 1,202,200 | 1,142,444 | (59,756) |
| Revenues from use of money and property | 759,000 | 517,923 | (241,077) | 68.2% | 664,300 | 707,096 | 42,796 |
| Charges for services | 6,369,471 | 6,442,007 | 72,536 | 101.1% | 6,328,821 | 6,705,877 | 377,056 |
| Miscellaneous | 853,276 | 762,987 | (90,289) | 89.4% | 849,496 | 957,980 | 108,484 |
| Recovered costs | 3,401,558 | 3,720,996 | 319,438 | 109.4% | 3,571,908 | 3,743,137 | 171,229 |
| Revenue from the Commonwealth | 27,365,470 | 27,009,869 | (355,601) | 98.7% | 28,489,568 | 27,458,219 | (1,031,349) |
| Revenue from the Federal government | 3,401,094 | 3,749,704 | 348,610 | 110.2% | 3,178,859 | 3,849,721 | 670,862 |
| Total revenues | 196,998,544 | 200,002,278 | 3,003,734 | 101.5% | 199,471,152 | 203,478,518 | 4,007,366 |
| | | | - | | | | |
| EXPENDITURE SUMMARY | | | | | | | |
| General governmental administration | 13,059,935 | 12,400,341 | 659,594 | 94.9% | 13,403,729 | 12,739,951 | 663,778 |
| Judicial administration | 4,632,777 | 4,479,175 | 153,602 | 96.7% | 4,745,147 | 4,656,463 | 88,684 |
| Public safety | 49,123,780 | 47,910,192 | 1,213,588 | 97.5% | 49,167,245 | 47,934,248 | 1,232,997 |
| Public works | 9,945,117 | 8,858,938 | 1,086,179 | 89.1% | 9,435,084 | 8,778,457 | 656,627 |
| Human services | 23,313,805 | 21,042,265 | 2,271,540 | 90.3% | 23,159,959 | 20,325,394 | 2,834,565 |
| Parks, recreation and cultural | 5,654,205 | 5,463,552 | 190,653 | 96.6% | 5,623,008 | 5,431,033 | 191,975 |
| Community development | 4,577,773 | 4,395,132 | 182,641 | 96.0% | 4,540,824 | 4,462,138 | 78,686 |
| Education | 91,672,882 | 87,837,786 | 3,835,096 | 95.8% | 73,091,040 | 69,291,040 | 3,800,000 |
| Nondepartmental | 949,740 | - | 949,740 | | 745,382 | - | 745,382 |
| Debt service: | | | | | | | |
| Principal retirement | 2,541,464 | 2,541,464 | - | 100.0% | - | - | - |
| Interest and fiscal charges | 1,957,176 | 1,957,177 | (1) | 100.0% | - | - | - |
| Total debt service | 4,498,640 | 4,498,641 | (1) | 100.0% | - | - | - |
| Total expenditures | 207,428,654 | 196,886,022 | 10,542,632 | 94.9% | 183,911,418 | 173,618,724 | 10,292,694 |
| Excess of expenditures over revenues | (10,430,110) | 3,116,256 | 13,546,366 | -29.9% | 15,559,734 | 29,859,794 | 14,300,060 |
| | | | | | | | |
| OTHER FINANCING USES | | | | | | | |
| Transfers out | 4,514,982 | 4,514,982 | - | 100.0% | 25,318,749 | 24,595,558 | 723,191 |
| Total other financing uses | 4,514,982 | 4,514,982 | - | 100.0% | 25,318,749 | 24,595,558 | 723,191 |
| Net use of prior year fund balance | (14,945,092) | (1,398,726) | 13,546,366 | 9.4% | (9,759,015) | 5,264,236 | 15,023,251 |
| Fund balances - beginning | 45,632,856 | 45,632,856 | - | 100.0% | 44,234,130 | 44,234,130 | - |
| Fund balances - ending | \$ 30,687,764 | 44,234,130 | 13,546,366 | 144.1% | \$ 34,475,115 | 49,498,366 | 15,023,251 |

General Fund

Year Ended June 30, 2014

Our values: Integrity, Accountability, Respect, Inclusiveness

| | <u>Appropriated</u> | <u>Actual</u> | <u>% Collected / Expended</u> |
|------------------------------------|---------------------|---------------|---------------------------------------|
| Revenues: | | | |
| Operating revenues | \$ 199,471,152 | 203,478,518 | 102% |
| Total revenues | \$ 199,471,152 | 203,478,518 | |
| Expenditures and Transfers: | | | |
| Expenditures | \$ 183,911,418 | 173,618,724 | |
| Transfers | 25,318,749 | 24,595,558 | |
| Total expenditures and transfers | \$ 209,230,167 | 198,214,282 | 94.7% |

FY 2014 General Fund Operating Balance

Our Values: Integrity, Accountability, Respect, Inclusiveness

| | Projected Over (Under) Budget | % of Budget |
|------------------------------------|--|------------------------|
| Revenues: | | |
| Real property taxes | \$ 1,000,000 | |
| Personal property taxes | 1,442,000 | |
| Other general property taxes | 386,000 | |
| Other local taxes | 384,000 | |
| Permits and fees | 516,000 | |
| All other revenues | 279,000 | |
| Total revenues | 4,007,000 | 2.0% |
| Expenditures: | | |
| County salary and benefit savings | 1,812,000 | |
| County operating savings | 5,404,000 | |
| Education savings | 3,800,000 | |
| Total expenditures | 11,016,000 | 5.2% |
| Projected operating balance | \$ 15,023,000 | |

The projected favorable budget variance is primarily planned for reinvestment in the County and School budgets for FY15 and the subsequent five year plan.

FY 2014 General Fund Fund Balance

Our Values: Integrity, Accountability, Respect, Inclusiveness

| | Preliminary YE Report 6/30/2014* | CAFR 6/30/2013 | \$ Change |
|---|---|---------------------------|------------------|
| Nonspendable | \$ 286,000 | 198,000 | 88,000 |
| Restricted | 1,055,000 | 581,000 | 474,000 |
| Committed - Economic Development Assignments | 500,000 | 500,000 | - |
| Unassigned - 12.6% of Revenue | 22,019,000 | 17,755,000 | 4,264,000 |
| | 25,638,000 | 25,200,000 | 438,000 |
| Total | <u>\$ 49,498,000</u> | <u>44,234,000</u> | <u>5,264,000</u> |

*net of encumbrances and reappropriations

FY 2014 General Fund Assignments Summary

Our Values: Integrity, Accountability, Respect, Inclusiveness

| | Preliminary Assignment Balances at 6/30/2014 | |
|---------------------------|---|-------------------|
| Economic Development | \$ | 2,000,000 |
| Education | | 2,000,000 |
| Public Works - Stormwater | | 500,000 |
| Subsequent Year Budget | | 7,764,000 |
| Other County Services | | 1,193,000 |
| Five Year Financial Plan | | 1,987,000 |
| Capital Improvements | | 6,575,000 |
| | \$ | <u>22,019,000</u> |

FY 2014 Public Utilities

Our values: Integrity, Accountability, Respect, Inclusiveness

| | FY2013 | | | FY2014 | | |
|-------------------------------------|-----------------------------------|-------------|-------------------------------|-----------------------------------|------------------------|-------------------------------|
| | Twelve Months Ended June 30, 2013 | | | Twelve Months Ended June 30, 2014 | | |
| | Appropriated | Actual* | \$ Variance with Appropriated | Appropriated | Preliminary YE Report* | \$ Variance with Appropriated |
| REVENUES | | | | | | |
| Operating revenues: | | | | | | |
| Charges for services | 21,661,430 | 21,866,101 | 204,671 | 21,985,105 | 22,273,982 | 288,877 |
| Miscellaneous | 175,000 | 408,293 | 233,293 | 175,000 | 321,283 | 146,283 |
| Total operating revenues | 21,836,430 | 22,274,394 | 437,964 | 22,160,105 | 22,595,265 | 435,160 |
| Nonoperating revenues: | | | | | | |
| Revenue from the Commonwealth | - | - | - | 911,255 | 154,345 | (756,910) |
| Capacity fees - nonoperating | 2,576,570 | 4,916,282 | 2,339,712 | 3,200,000 | 6,117,521 | 2,917,521 |
| Interest income | 100,000 | 56,861 | (43,139) | 100,000 | 110,332 | 10,332 |
| Total nonoperating revenues | 2,676,570 | 4,973,143 | 2,296,573 | 4,211,255 | 6,382,198 | 2,170,943 |
| Capital contributions | 300,000 | 3,550,185 | 3,250,185 | - | 3,486,989 | 3,486,989 |
| Total revenues | 24,813,000 | 30,797,722 | 5,984,722 | 26,371,360 | 32,464,452 | 6,093,092 |
| EXPENSES | | | | | | |
| Operating expenses: | | | | | | |
| Personal services | 4,948,077 | 4,647,579 | 300,498 | 4,689,682 | 4,454,551 | 235,131 |
| Fringe benefits | 1,590,819 | 1,467,456 | 123,363 | 1,513,653 | 1,459,000 | 54,653 |
| Contractual services | 5,568,906 | 5,257,174 | 311,732 | 5,955,605 | 5,557,085 | 398,520 |
| Internal services | 1,530,820 | 1,530,080 | 740 | 1,465,468 | 1,465,468 | - |
| Other charges | 4,186,302 | 3,585,308 | 600,994 | 4,297,899 | 3,924,418 | 373,481 |
| Total operating expenses | 17,824,924 | 16,487,597 | 1,337,327 | 17,922,307 | 16,860,522 | 1,061,785 |
| Nonoperating expenses: | | | | | | |
| Senior debt | 1,162,691 | 1,029,248 | 133,443 | 1,097,005 | 1,009,230 | 87,775 |
| Subordinate debt and fiscal charges | 2,360 | 393 | 1,967 | - | - | - |
| Total nonoperating expenses | 1,165,051 | 1,029,641 | 135,410 | 1,097,005 | 1,009,230 | 87,775 |
| Total expenses | 18,989,975 | 17,517,238 | 1,472,737 | 19,019,312 | 17,869,752 | 1,149,560 |
| CHANGE IN NET POSITION | 5,823,025 | 13,280,484 | 7,457,459 | 7,352,048 | 14,594,700 | 7,242,652 |
| Total net position - beginning | 189,217,120 | 189,217,120 | - | 193,644,758 | 193,644,758 | - |
| Total net position - ending | 195,040,145 | 202,497,604 | 7,457,459 | 200,996,806 | 208,239,458 | 7,242,652 |

* Does not include depreciation expense which is reflected in the audited financial statements in accordance with generally accepted accounting principles.

FY 2014 School Division Operating Fund

Our values: Integrity, Accountability, Respect, Inclusiveness

| | FY2013 | | | FY2014 | | |
|---|-----------------------------------|-------------|-------------------------------|-----------------------------------|-----------------------|-------------------------------|
| | Twelve Months Ended June 30, 2013 | | | Twelve Months Ended June 30, 2014 | | |
| | Appropriated | Actual | \$ Variance with Appropriated | Appropriated | Preliminary YE Report | \$ Variance with Appropriated |
| REVENUES | | | | | | |
| Revenue from local sources: | | | | | | |
| Tuition and other charges for services | \$ 957,000 | 802,676 | (154,324) | 949,000 | 873,347 | (75,653) |
| Miscellaneous: | | | | | | |
| Sale of assets | 2,000 | - | (2,000) | 2,500 | - | (2,500) |
| Miscellaneous | 1,289,377 | 628,517 | (660,860) | 945,692 | 534,341 | (411,351) |
| Total miscellaneous revenue | 1,291,377 | 628,517 | (662,860) | 948,192 | 534,341 | (413,851) |
| Recovered costs | 753,900 | 656,094 | (97,806) | 783,000 | 226,869 | (556,131) |
| Payments from Primary Government | 91,672,882 | 87,837,783 | (3,835,099) | 71,723,688 | 68,573,688 | (3,150,000) |
| Total revenue from local sources | 94,675,159 | 89,925,070 | (4,750,089) | 74,403,880 | 70,208,245 | (4,195,635) |
| Revenue from the Commonwealth: | | | | | | |
| Non-categorical aid: | | | | | | |
| Lottery proceeds and basic school aid | 61,231,980 | 61,191,702 | (40,278) | 60,858,557 | 61,439,704 | 581,147 |
| Categorical aid: | | | | | | |
| Categorical aid programs | 18,164,232 | 18,705,211 | 540,979 | 19,407,924 | 19,779,579 | 371,655 |
| Total revenue from the Commonwealth | 79,396,212 | 79,896,913 | 500,701 | 80,266,481 | 81,219,283 | 952,802 |
| Revenue from the Federal government: | | | | | | |
| Categorical aid: | | | | | | |
| Department of Education | 7,150,587 | 6,815,952 | (334,635) | 7,717,194 | 6,605,097 | (1,112,097) |
| Total revenue from the Federal government | 7,150,587 | 6,815,952 | (334,635) | 7,717,194 | 6,605,097 | (1,112,097) |
| Total revenues | 181,221,958 | 176,637,935 | (4,584,023) | 162,387,555 | 158,032,625 | (4,354,930) |
| EXPENDITURES | | | | | | |
| Education: | | | | | | |
| General support | 9,323,244 | 9,033,759 | 289,485 | 8,872,255 | 8,583,220 | (289,035) |
| Pupil transportation | 8,258,503 | 8,225,935 | 32,568 | 8,184,476 | 7,980,471 | (204,005) |
| Operations and maintenance | 12,738,113 | 11,785,496 | 952,617 | 12,360,669 | 11,737,729 | (622,940) |
| Instruction | 135,546,699 | 131,130,303 | 4,416,396 | 132,923,910 | 128,417,328 | (4,506,582) |
| Facilities | 2,152,051 | 1,136,067 | 1,015,984 | 2,169,591 | 1,435,376 | (734,215) |
| Total education | 168,018,610 | 161,311,560 | 6,707,050 | 164,510,901 | 158,154,124 | (6,356,777) |
| Debt service: | | | | | | |
| Principal retirement | 15,716,000 | 10,723,304 | 4,992,696 | - | - | - |
| Interest and fiscal charges | - | 4,992,396 | (4,992,396) | - | - | - |
| Total debt service | 15,716,000 | 15,715,700 | 300 | - | - | - |
| Total expenditures | 183,734,610 | 177,027,260 | 6,707,350 | 164,510,901 | 158,154,124 | (6,356,777) |
| Net change in fund balance | (2,512,652) | (389,325) | 2,123,327 | (2,123,346) | (121,499) | 2,001,847 |
| Fund balance - beginning | 2,512,652 | 2,512,652 | - | 2,123,346 | 2,123,327 | (19) |
| Fund balance - ending | \$ - | 2,123,327 | 2,123,327 | - | \$ 2,001,828 | 2,001,828 |

Questions?