

## OTHER FUNDS

|                                     | FY12<br>Actual        | FY13<br>Budget        | FY14<br>Budget        | FY13<br>to FY14 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------|
| Hanover County Public Schools       | \$ 185,063,393        | \$ 187,475,608        | \$ 170,301,025        | (9.2%)          |
| Economic Development Authority Fund | 276,688               | 250,710               | 279,635               | 11.5%           |
| Public Utilities Fund               | 27,618,992            | 24,513,000            | 31,356,683            | 27.9%           |
| Airport Fund                        | 596,408               | 798,507               | 532,426               | (33.3%)         |
| Self-Insurance Fund                 | 28,639,526            | 33,440,000            | 32,340,470            | (3.3%)          |
| Bell Creek CDA                      | 482,274               | 305,000               | 405,000               | 32.8%           |
| Lewistown CDA                       | 562,000               | 574,500               | 557,000               | (3.0%)          |
| Debt Service Fund                   | -                     | -                     | 19,912,552            | 100.0%          |
| <b>Total Expenditures</b>           | <b>\$ 243,239,281</b> | <b>\$ 247,357,325</b> | <b>\$ 255,684,791</b> | <b>3.4%</b>     |
| <br>                                |                       |                       |                       |                 |
| Personnel                           | \$ 184,107,337        | \$ 190,964,663        | \$ 188,377,879        | (1.4%)          |
| Operating                           | 30,016,304            | 31,101,391            | 31,022,350            | (0.3%)          |
| Operating Capital                   | 341,383               | 393,124               | 497,590               | 26.6%           |
| Debt Service                        | 19,115,528            | 19,517,842            | 23,481,394            | 20.3%           |
| Capital Improvements                | 9,658,729             | 5,380,305             | 12,305,578            | 128.7%          |
| <b>Total Expenditures</b>           | <b>\$ 243,239,281</b> | <b>\$ 247,357,325</b> | <b>\$ 255,684,791</b> | <b>3.4%</b>     |
| <br>                                |                       |                       |                       |                 |
| Revenues                            |                       |                       |                       |                 |
| Non-General Fund Revenue            | \$ 157,219,255        | \$ 154,796,304        | \$ 162,442,102        | 4.9%            |
| General Fund Revenue                | 87,520,970            | 92,561,021            | 93,242,689            | 0.7%            |
| <b>Total Revenue</b>                | <b>\$ 244,740,225</b> | <b>\$ 247,357,325</b> | <b>\$ 255,684,791</b> | <b>3.4%</b>     |
| <br>                                |                       |                       |                       |                 |
| Generated Revenue Percent           | 64.2%                 | 62.6%                 | 63.5%                 |                 |
| General Fund Percent                | 35.8%                 | 37.4%                 | 36.5%                 |                 |
| <br>                                |                       |                       |                       |                 |
| Full-time Positions                 | 96                    | 94                    | 92                    | (2.1%)          |
| Part-time Positions                 | 0.5                   | 0.5                   | 0.5                   | 0.0%            |
| Full-time Equivalents               | 96.5                  | 94.5                  | 92.5                  | (2.1%)          |

\*Debt service for both County and Schools combined into Debt Service Fund in FY14.

\*Positions exclude Schools. See School Board Adopted FY14 Budget  
<http://hcps2.hanover.k12.va.us> for FTE summary.

# Hanover County Public Schools

## DESCRIPTION

Hanover County Public Schools' mission is focused on providing a student-centered, community-driven school district that assures a quality education for success in a changing world. The Hanover County School Board is charged with the responsibility of preserving and enhancing public education in Hanover. The seven member body is appointed to four-year terms by the Board of Supervisors of Hanover County. The chief administrator and executive officer appointed by the School Board is Superintendent of Schools, Dr. Jamelle S. Wilson.

Hanover County Public Schools is the largest school district in the Commonwealth to have 100% of the schools achieve Adequate Yearly Progress under the No Child Left Behind Act. This was achieved while maintaining one of the lowest pupil costs in the State. The quality of the school system has produced many accolades for Hanover's students and teachers over the past year. Among them is the fact that Hanover County Public Schools is among the first in Virginia to receive SACS (AdvancEd)/CASI accreditation in 2005. The division was also the first to undergo the reaccreditation process in 2010. The division is also in the process of addressing recommendations resulting from its voluntary participation in the school efficiency review. This review was sponsored by the Virginia Department of Planning and Budget during the 2010-11 school year.

In an effort to effectively align with its mission statement, Hanover County Public Schools is divided into four central departmental areas of responsibility: Instructional Leadership; Business and Operations; Human Resources; and Administration and Communication.

Instructional Leadership is responsible for: accreditation, curriculum development, instructional programming, accountability and performance measurement, student classification and academic requirements, guidance, library/media, textbooks, instructional materials, development of the school calendar, summer school, long-range planning, evaluation and reporting.

Business and Operations is responsible for: management of funds, budget planning, the annual operating budget, grant management, student activity fund accounting, grants/gifts/bequests, business partnerships, risk management, food services, and technology services, capital facility planning and budgeting, maintenance, custodial services, facility usage, pupil transportation and records management.

Human Resources is responsible for: recruiting, staffing, staff development and evaluation, personnel policies and goals, board/staff communication, student health services, personnel records, ethics, hiring, conditions of employment, appointments, transfers, resignations, compensation, fringe benefits, and compliance with state and federal programs for Occupational Safety and Health Act (OSHA), Family and Medical Leave Act (FMLA) and Americans with Disabilities Act (ADA).

Administration and Communication is responsible for: administrative services for the Superintendent and the School Board, community and media relations, School Board relations, legislative services, school security and safety policy development, district website content, TV99 and publications.

# Hanover County Public Schools

## BUDGET SUMMARY

|                           | FY12<br>Actual        | FY13<br>Budget        | FY14<br>Budget        | FY13<br>to FY14 |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------|
| Expenditures              |                       |                       |                       |                 |
| Personnel                 | \$ 149,075,154        | \$ 151,000,688        | \$ 149,873,864        | (0.7%)          |
| Operating                 | 18,728,461            | 19,274,504            | 18,623,455            | (3.4%)          |
| Capital                   | 1,664,621             | 1,484,416             | 1,803,706             | 21.5%           |
| Debt Service              | 15,595,157            | 15,716,000            | -                     | (100.0%)        |
| Total Expenditures        | <u>\$ 185,063,393</u> | <u>\$ 187,475,608</u> | <u>\$ 170,301,025</u> | <u>(9.2%)</u>   |
| Revenues                  |                       |                       |                       |                 |
| Non-General Fund Revenue  | \$ 97,646,354         | \$ 95,634,108         | \$ 97,209,985         | 1.6%            |
| General Fund Revenue      | 86,899,750            | 91,841,500            | 73,091,040            | (20.4%)         |
| Total Revenue             | <u>\$ 184,546,104</u> | <u>\$ 187,475,608</u> | <u>\$ 170,301,025</u> | <u>(9.2%)</u>   |
| Generated Revenue Percent | 52.9%                 | 51.0%                 | 57.1%                 |                 |
| General Fund Percent      | 47.1%                 | 49.0%                 | 42.9%                 |                 |

## BUDGET HIGHLIGHTS

The FY14 budget reflects the input of School Board members, School staff, and parent and professional organizational representatives working together as a budget advisory focus group to develop a budget that maximizes resources. The focus remains on maintaining educational opportunities for our students while adapting to the challenges of a \$5.4 million funding deficit.

Specific budget highlights include:

- 1) Utilization of non-base revenue sources and marginal increases in selected tuition and fees to reduce the need to impact staffing levels.
- 2) Reduction of non-personnel operating expenditures, non SOQ

required expenditures, elimination of reserve for contingency, and discontinued advanced placement testing and International Baccalaureate rebates.

- 3) Eliminate currently vacant positions.
- 4) Reduce leadership, transportation and support staff positions.
- 5) Reduce substitute teacher costs.
- 6) Realignment of staffing levels based on a projected reduced enrollment.
- 7) After all other balancing options, pupil teacher ratios were increased at all levels of instruction resulting in reduced personnel expenditures.

## Hanover County Public Schools

### **GOALS AND OBJECTIVES**

- To provide the highest quality education and appropriate support for each student while meeting and exceeding state, national and international standards;
- To manage the influences of prevailing enrollment trends;
- To incorporate the fiscal requirements and leadership focus for the implementation of the mandated No Child Left Behind Act;
- To employ and retain highly qualified staff for all positions; and,
- To increase family involvement and community partnerships.

### **SCHOOL FUNDS SUMMARY**

Hanover County Public Schools operates four separate funds; the School Operating Fund, the School Textbook Fund, the School Food Service Fund and the School Capital Improvements Fund. Complete detail of all funds can be found in the School Board's Adopted FY13-14 Budget, which can be accessed on the School's website at <http://hcps2.hanover.k12.va.us>. Following are summaries for the School Fund, the Textbook Fund, and the Food Service Fund.

# Hanover County Public Schools

## SCHOOL FUND

### **DESCRIPTION**

The School Operating Fund is the main operating fund from the School Division and is comprised of six components; General Support, Pupil Transportation, Operations and Maintenance, Instruction, Facilities and Other Use of Funds.

#### General Support

General Support includes the Executive Board, Superintendent, Administration and Communications, Finance, Budget and Risk Management, Purchasing, Information Technology, and Human Resources. Additionally, school based services of Health Services, Psychological Services, and Speech/Audiology Services are included in this component.

#### Pupil Transportation

The School Transportation Program plays a vital role in the education process in the County. In addition to providing safe and effective transportation to and from school, buses also transport students to extra curricular activities such as educational field trips, band and choral concerts, and sporting events.

#### Operations and Maintenance

Building Services provides technical and maintenance support to enable all facilities to remain in full and efficient operation. Services provided on a daily basis by the staff include installation, repairs and/or work in the following areas: carpentry, doors and locks, alarms and security systems, heating, ventilation, and air conditioning, electrical, plumbing, painting, welding, roof repairs, grounds, refrigeration, kitchen equipment, and many other miscellaneous tasks. Additionally, the custodial services

department provides complete custodial services to schools throughout the district.

#### Instruction

Instruction is comprised of three levels of education: elementary, middle, and high school education. The fifteen elementary schools are Battlefield Park, Beaverdam, Cold Harbor, Cool Spring, Elmont, Henry Clay, John M. Gandy, Kersey Creek, Laurel Meadow, Mechanicsville, Pearson's Corner, Pole Green, Rural Point, South Anna, and Washington-Henry. The four middle schools include Chickahominy, Liberty, Oak Knoll, and Stonewall Jackson, and the four high schools are Atlee, Hanover, Lee-Davis, and Patrick Henry. The division also provides an alternative learning opportunity at The Georgetown School as well as a Career and Technical education curriculum at The Hanover Center for Trades and Technology.

#### Facilities

Facilities oversees all construction and facility planning activities and is responsible for the acquisition and placement of temporary classrooms.

#### Other Use of Funds

Debt service costs comprised this portion of the School Operating Fund until debt service was moved to the Debt Service Fund in FY14. Debt service includes the payment of principal, interest, and debt handling charges on Virginia Public School Authority bonds, general obligation bonds, and obligations under capital leases.

## Hanover County Public Schools

### BUDGET SUMMARY

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|----------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Expenditures</b>        |                        |                        |                        |                         |
| Personnel                  | \$ 145,741,177         | \$ 147,104,128         | \$ 146,077,036         | (0.7%)                  |
| Operating Expenditures     | 15,095,582             | 16,022,532             | 15,210,221             | (5.1%)                  |
| Capital Expenditures       | 1,208,088              | 887,128                | 790,412                | (10.9%)                 |
| <b>Debt Service</b>        |                        |                        |                        |                         |
| Principal                  | 10,502,253             | 10,723,304             | -                      | (100.0%)                |
| Interest                   | 5,092,904              | 4,992,696              | -                      | (100.0%)                |
| <b>Total Expenditures</b>  | <b>\$ 177,640,004</b>  | <b>\$ 179,729,788</b>  | <b>\$ 162,077,669</b>  | <b>(9.8%)</b>           |
| <b>Revenues</b>            |                        |                        |                        |                         |
| Charges for Services       | \$ 750,808             | \$ 897,000             | \$ 949,000             | 5.8%                    |
| Recovered Costs            | 771,689                | 744,000                | 783,000                | 5.2%                    |
| Non-Categorical State Aid  | 59,016,849             | 60,699,507             | 61,266,762             | 0.9%                    |
| Categorical State Aid      | 686,530                | 793,702                | 799,563                | 0.7%                    |
| Sales Tax                  | 17,485,728             | 17,339,097             | 18,126,256             | 4.5%                    |
| Categorical Federal Aid    | 10,938,312             | 6,092,982              | 6,477,700              | 6.3%                    |
| Miscellaneous              | 548,242                | 1,322,000              | 1,301,700              | (1.5%)                  |
| Transfer from General Fund | 86,899,750             | 91,841,500             | 72,373,688             | (21.2%)                 |
| <b>Total Revenue</b>       | <b>\$ 177,097,908</b>  | <b>\$ 179,729,788</b>  | <b>\$ 162,077,669</b>  | <b>(9.8%)</b>           |

## Hanover County Public Schools

### SCHOOL OPERATING FUND EXPENDITURES

|                                   | FY12<br>Actual        | FY13<br>Budget        | FY14<br>Budget        | FY13<br>to FY14 |
|-----------------------------------|-----------------------|-----------------------|-----------------------|-----------------|
| <b>General Support</b>            |                       |                       |                       |                 |
| Expenditures                      |                       |                       |                       |                 |
| Personnel                         | \$ 8,795,020          | \$ 9,042,182          | \$ 8,641,888          | (4.4%)          |
| Operating                         | 711,220               | 777,122               | 789,033               | 1.5%            |
| Capital                           | 65,251                | 90,000                | 25,000                | (72.2%)         |
| Total Expenditures                | <u>\$ 9,571,491</u>   | <u>\$ 9,909,304</u>   | <u>\$ 9,455,921</u>   | <u>(4.6%)</u>   |
| <b>Pupil Transportation</b>       |                       |                       |                       |                 |
| Personnel                         | \$ 6,265,261          | \$ 6,192,816          | \$ 6,030,191          | (2.6%)          |
| Operating                         | 1,864,315             | 1,974,287             | 1,969,018             | (0.3%)          |
| Capital                           | 79,215                | -                     | -                     | 0.0%            |
| Total Expenditures                | <u>\$ 8,208,791</u>   | <u>\$ 8,167,103</u>   | <u>\$ 7,999,209</u>   | <u>(2.1%)</u>   |
| <b>Operations and Maintenance</b> |                       |                       |                       |                 |
| Personnel                         | \$ 6,259,384          | \$ 6,519,723          | \$ 5,832,252          | (10.5%)         |
| Operating                         | 5,608,083             | 6,086,919             | 6,117,291             | 0.5%            |
| Capital                           | 21,280                | 61,883                | 66,883                | 8.1%            |
| Total Expenditures                | <u>\$ 11,888,747</u>  | <u>\$ 12,668,525</u>  | <u>\$ 12,016,426</u>  | <u>(5.1%)</u>   |
| <b>Instruction</b>                |                       |                       |                       |                 |
| Personnel                         | \$ 124,209,806        | \$ 125,160,673        | \$ 125,455,948        | 0.2%            |
| Operating                         | 6,435,631             | 6,820,961             | 5,950,098             | (12.8%)         |
| Capital                           | 400,828               | 418,271               | 381,555               | (8.8%)          |
| Total Expenditures                | <u>\$ 131,046,265</u> | <u>\$ 132,399,905</u> | <u>\$ 131,787,601</u> | <u>(0.5%)</u>   |
| <b>Facilities</b>                 |                       |                       |                       |                 |
| Personnel                         | \$ 211,706            | \$ 188,734            | \$ 138,295            | (26.7%)         |
| Operating                         | 476,333               | 363,243               | 363,243               | 0.0%            |
| Capital                           | 641,514               | 316,974               | 316,974               | 0.0%            |
| Total Expenditures                | <u>\$ 1,329,553</u>   | <u>\$ 868,951</u>     | <u>\$ 818,512</u>     | <u>(5.8%)</u>   |
| <b>Other Use of Funds</b>         |                       |                       |                       |                 |
| Operating                         | \$ 15,595,157         | \$ 15,716,000         | \$ -                  | (100.0%)        |
| Total Expenditures                | <u>\$ 15,595,157</u>  | <u>\$ 15,716,000</u>  | <u>\$ -</u>           | <u>(100.0%)</u> |
| <b>Total</b>                      | <u>\$ 177,640,004</u> | <u>\$ 179,729,788</u> | <u>\$ 162,077,669</u> | <u>(9.8%)</u>   |

# Hanover County Public Schools

## SCHOOL OPERATING FUND REVENUE

|                                     | FY12<br><u>Actual</u>        | FY13<br><u>Budget</u>        | FY14<br><u>Budget</u>        | Percent<br><u>Change</u> |
|-------------------------------------|------------------------------|------------------------------|------------------------------|--------------------------|
| <b>Charges for Services</b>         |                              |                              |                              |                          |
| Tuition Payments                    | \$ 480,988                   | \$ 622,000                   | \$ 677,000                   | 8.8%                     |
| Drivers Ed Fees                     | 171,350                      | 175,000                      | 173,000                      | (1.1%)                   |
| Student Parking Fees                | 98,470                       | 100,000                      | 99,000                       | (1.0%)                   |
| <b>Charges for Services</b>         | <u>\$ 750,808</u>            | <u>\$ 897,000</u>            | <u>\$ 949,000</u>            | <u>5.8%</u>              |
| <b>Recovered Costs</b>              |                              |                              |                              |                          |
| Miscellaneous Refunds               | \$ 583,299                   | \$ 575,000                   | \$ 650,000                   | 13.0%                    |
| Payments-Other Agencies             | 188,390                      | 169,000                      | 133,000                      | (21.3%)                  |
| <b>Recovered Costs</b>              | <u>\$ 771,689</u>            | <u>\$ 744,000</u>            | <u>\$ 783,000</u>            | <u>5.2%</u>              |
| <b>Intergovernmental</b>            |                              |                              |                              |                          |
| <b>State Aid</b>                    |                              |                              |                              |                          |
| Basic Aid                           | \$ 43,735,919                | \$ 44,083,356                | \$ 43,540,742                | (1.2%)                   |
| Vocational Education - SOQ          | 771,825                      | 568,865                      | 567,845                      | (0.2%)                   |
| Special Education-SOQ               | 5,804,549                    | 6,019,630                    | 6,050,132                    | 0.5%                     |
| Gifted and Talented-SOQ             | 475,783                      | 475,778                      | 474,925                      | (0.2%)                   |
| Remedial Education                  | 348,907                      | 424,063                      | 423,303                      | (0.2%)                   |
| Fringe Benefits                     | 5,085,588                    | 7,592,301                    | 7,196,147                    | (5.2%)                   |
| Other Non-Categorical State Aid     | 3,172,869                    | 1,643,270                    | 2,912,629                    | 77.2%                    |
| Sales Tax                           | 17,485,728                   | 17,339,097                   | 18,126,256                   | 4.5%                     |
| Textbook                            | -                            | 387,346                      | 601,388                      | 55.3%                    |
| Foster Home Children                | 164,689                      | 161,655                      | 148,058                      | (8.4%)                   |
| General Adult Education             | -                            | 9,450                        | 9,450                        | 0.0%                     |
| Career and Technical                | 104,720                      | 86,324                       | 88,356                       | 2.4%                     |
| Federal Stimulus Funds              | -                            | -                            | -                            | 0.0%                     |
| Other Categorical                   | 38,530                       | 41,171                       | 53,350                       | 29.6%                    |
| <b>Subtotal State Aid</b>           | <u>\$ 77,189,107</u>         | <u>\$ 78,832,306</u>         | <u>\$ 80,192,581</u>         | <u>1.7%</u>              |
| <b>Federal Aid</b>                  |                              |                              |                              |                          |
| Drug Free Schools Grant             | -                            | -                            | -                            | 0.0%                     |
| Carl Perkins Grant                  | 154,164                      | 166,000                      | 155,000                      | (6.6%)                   |
| Preschool Grants                    | 78,075                       | 84,000                       | 78,000                       | (7.1%)                   |
| Basic Skills-Adult                  | 26,448                       | 45,000                       | 45,000                       | 0.0%                     |
| Federal Stimulus Funds - Title VI B | -                            | -                            | -                            | 0.0%                     |
| Title I                             | 894,917                      | 700,329                      | 890,000                      | 27.1%                    |
| Title II                            | 349,708                      | 310,000                      | 310,000                      | 0.0%                     |
| Medicaid Reimbursement              | 651,269                      | 330,000                      | 415,000                      | 25.8%                    |
| Title VI-B Flow Thru                | 3,414,875                    | 3,209,483                    | 3,175,000                    | (1.1%)                   |
| Federal Jobs Education Bill         | 3,500,609                    | -                            | -                            | 0.0%                     |
| Enhancing Edu thru Technology       | -                            | -                            | -                            | 0.0%                     |
| Title III Immigrant & Youth Grant   | 9,523                        | -                            | -                            | 0.0%                     |
| Head Start                          | 837,200                      | 908,170                      | 875,000                      | (3.7%)                   |
| Other Federal Funds                 | 1,021,524                    | 340,000                      | 534,700                      | 57.3%                    |
| <b>Subtotal Federal Aid</b>         | <u>\$ 10,938,312</u>         | <u>\$ 6,092,982</u>          | <u>\$ 6,477,700</u>          | <u>6.3%</u>              |
| <b>Intergovernmental</b>            | <u>\$ 88,127,419</u>         | <u>\$ 84,925,288</u>         | <u>\$ 86,670,281</u>         | <u>2.1%</u>              |
| <b>Miscellaneous</b>                |                              |                              |                              |                          |
| Miscellaneous Revenue               | 548,242                      | 1,322,000                    | 1,301,700                    | (1.5%)                   |
| <b>Miscellaneous</b>                | <u>\$ 548,242</u>            | <u>\$ 1,322,000</u>          | <u>\$ 1,301,700</u>          | <u>(1.5%)</u>            |
| <b>Interfund Transfers-In</b>       |                              |                              |                              |                          |
| Transfers from General Fund         | \$ 86,899,750                | \$ 91,841,500                | \$ 72,373,688                | (21.2%)                  |
| <b>Interfund Transfers-In</b>       | <u>\$ 86,899,750</u>         | <u>\$ 91,841,500</u>         | <u>\$ 72,373,688</u>         | <u>(21.2%)</u>           |
| <b>Use of Prior Year Balance</b>    |                              |                              |                              |                          |
| Fund Balance                        | \$ -                         | \$ -                         | \$ -                         | 0.0%                     |
| <b>Total</b>                        | <u><u>\$ 177,097,908</u></u> | <u><u>\$ 179,729,788</u></u> | <u><u>\$ 162,077,669</u></u> | <u><u>(9.8%)</u></u>     |

## Hanover County Public Schools

### TEXTBOOK FUND

#### DESCRIPTION

The Textbook Fund provides administration, maintenance, and control over all of the textbooks used in the schools. The

Division's policy is to issue the books at no cost to the students during the school year. Revenue is received from the State.

#### BUDGET SUMMARY

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|----------------------------|------------------------|------------------------|------------------------|-------------------------|
| Expenditures               |                        |                        |                        |                         |
| Personnel                  | \$ 73,889              | \$ 82,258              | \$ 76,034              | (7.6%)                  |
| Operating                  | 3,283                  | 4,186                  | 4,050                  | (3.2%)                  |
| Capital                    | 358,202                | 454,288                | 963,294                | 112.0%                  |
| Total Expenditures         | <u>\$ 435,374</u>      | <u>\$ 540,732</u>      | <u>\$ 1,043,378</u>    | <u>93.0%</u>            |
| Revenues                   |                        |                        |                        |                         |
| Use of Money and Property  | \$ 3,781               | \$ -                   | \$ -                   | 0.0%                    |
| Categorical State Aid      | 428,839                | 540,732                | 326,026                | (39.7%)                 |
| Transfer from General Fund | -                      | -                      | 717,352                | 100.0%                  |
| Total Revenue              | <u>\$ 432,620</u>      | <u>\$ 540,732</u>      | <u>\$ 1,043,378</u>    | <u>93.0%</u>            |

## Hanover County Public Schools

### FOOD SERVICE FUND

#### DESCRIPTION

The Food Service Fund accounts for all of the operations of the school food services program. The elementary and middle schools participate in the National School Breakfast and Lunch Program, which

provides subsidized meals to eligible students at reduced or no cost. An a la carte food service program is available at the high schools.

#### BUDGET SUMMARY

|                           | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|---------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Expenditures</b>       |                        |                        |                        |                         |
| Personnel                 | \$ 3,260,088           | \$ 3,812,302           | \$ 3,720,794           | (2.4%)                  |
| Operating                 | 3,629,596              | 3,249,786              | 3,409,184              | 4.9%                    |
| Capital                   | 98,331                 | 143,000                | 50,000                 | (65.0%)                 |
| <b>Total Expenditures</b> | <b>\$ 6,988,015</b>    | <b>\$ 7,205,088</b>    | <b>\$ 7,179,978</b>    | <b>(0.3%)</b>           |
| <b>Revenues</b>           |                        |                        |                        |                         |
| Use of Money and Property | \$ -                   | \$ 8,000               | \$ 8,000               | 0.0%                    |
| Charges for Services      | 5,271,614              | 5,449,800              | 5,061,278              | (7.1%)                  |
| Categorical State Aid     | 66,605                 | 58,800                 | 57,900                 | (1.5%)                  |
| Categorical Federal Aid   | 1,653,351              | 1,556,261              | 1,693,800              | 8.8%                    |
| Miscellaneous             | 24,006                 | 25,000                 | 22,000                 | (12.0%)                 |
| Prior Year's Fund Balance | -                      | 107,227                | 337,000                | 214.3%                  |
| <b>Total Revenue</b>      | <b>\$ 7,015,576</b>    | <b>\$ 7,205,088</b>    | <b>\$ 7,179,978</b>    | <b>(0.3%)</b>           |

## Economic Development Authority Fund

### DESCRIPTION

The Hanover County Economic Development Authority (EDA) consists of seven members appointed by their respective Board member from each magisterial district in the County. The Industrial Development Authority (IDA) was created by an ordinance adopted by the Board of Supervisors on August 30, 1967, and is a political subdivision of the Commonwealth of Virginia, but has no taxing authority. The General Assembly amended the Code in 2004 to allow the governing body of any jurisdiction to change the name of its IDA to an EDA. The Board of Supervisors made the name change on July 28, 2004. The EDA is empowered to, among other things,

acquire, construct, improve, maintain, equip, own, lease, and dispose of various types of facilities, including facilities for use by the County, and to finance the same by issuance of revenue bonds. Though the powers of the EDA are legislatively broad, Hanover's EDA has primarily been used for the purpose of considering industrial revenue bond requests and assisting the County in lease revenue bonds. The EDA can be used as a conduit for land acquisition and development. Revenue is generated from a management fee of 1/10 of 1% of all outstanding debt issued after 1996 from inducement resolutions approved by the EDA.

### BUDGET SUMMARY

|                              | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|------------------------------|------------------------|------------------------|------------------------|-------------------------|
| Expenditures                 |                        |                        |                        |                         |
| Operating                    | \$ 276,688             | \$ 250,710             | \$ 279,635             | 11.5%                   |
| Total Expenditures           | <u>\$ 276,688</u>      | <u>\$ 250,710</u>      | <u>\$ 279,635</u>      | <u>11.5%</u>            |
| Revenues                     |                        |                        |                        |                         |
| Permits, Fees and Regulatory | \$ 178,765             | \$ 170,710             | \$ 199,635             | 16.9%                   |
| Prior Year Balance           | 97,923                 | 80,000                 | 80,000                 | 0.0%                    |
| Total Revenue                | <u>\$ 276,688</u>      | <u>\$ 250,710</u>      | <u>\$ 279,635</u>      | <u>11.5%</u>            |
| Generated Revenue Percent    | 100.0%                 | 100.0%                 | 100.0%                 |                         |

### BUDGET HIGHLIGHTS

The FY14 budget includes the pass through funds that are used to support the Economic Development Department in the General

Fund. Revenues are up due to additional bond issuances.

### GOALS AND OBJECTIVES

The EDA intends to promptly service industrial revenue bond requests, other economic development opportunities and, after a thorough study, make timely recommendations to the Board of Supervisors for their consideration.

## **Public Utilities Fund**

### **DESCRIPTION**

The County's Department of Public Utilities Department owns, operates and maintains public water and wastewater systems in the Suburban Service Area, the Hanover Courthouse Area and five rural residential subdivisions (collectively, the "System"). The County provides utility service to approximately 19,379 customers and 18,816 wastewater customers. Extensions of the System are made in support of and in compliance with the County's Comprehensive Plan.

The County operates the System as a self-supporting enterprise fund, the Utility Enterprise Fund, whereby the operations and capital expenditures are funded with revenues generated from customer user fees and one-time fees paid for capacity at the time of connection to the System. County General Fund tax dollars are not used to fund the operating or capital expenses of the System. The Utility Enterprise Fund reimburses the County's General Fund for direct services provided to support the Department and also pays a service assessment charge to the General Fund in lieu of taxes for indirect Public Safety and Fire EMS Services. The Board of Supervisors establishes and revises both water and wastewater rates and fees as well as adopts the annual operating and capital improvement plan budget.

The Department develops its overall operations, maintenance and capital construction plans for the System to ensure operational reliability, adequate capacity, and regulatory compliance. Department capital needs are impacted by projects constructed in support of the County's Comprehensive Plan, rehabilitation and maintenance

requirements of the System and maintaining compliance with State and Federal regulations. The Department operates the System with County personnel and maintains the System with both County and private contractor personnel. The Department reads meters, prepares bills and maintains customer accounts. The Department's activities extend to providing assistance to other utility purveyors within the County, supporting economic development initiatives, and participating in regional approaches to providing water and wastewater services. These activities are accomplished with 91 full-time employees.

### **MISSION**

The Mission of the Department is "to provide water and wastewater services that, within regulatory guidelines, meet or exceed our customers' needs and expectations for safety, quality and quantity; to provide these services at a competitive price and in a fair and equitable and environmentally responsible manner, and to provide opportunities for personal and professional development for employees at all levels of the department."

### **EXISTING FACILITIES & SERVICE AREA**

The Department's water system consists of ten potable water wells, two surface water treatment plants, six water pumping stations and seven storage facilities. The water transmission and distribution system is comprised of approximately 412 miles of waterline ranging in size from 2 to 30 inches in diameter. The Doswell Water Treatment Plant, rated at 4 million gallons per day (mgd), was constructed in 1974 and upgraded

## **Public Utilities Fund**

and expanded in 1991. The South Anna Water Treatment Plant is rated at 2.0 mgd and was constructed in the early 1960's. The South Anna plant is currently not in service and would require rehabilitation and upgrades to return it to service. Additional water supplies are provided by long-term contracts with City of Richmond and Henrico County. Rural systems operated by the County include Georgetown, Dianne Ridge, Oak Hill Estates, Strawhorn, Sinclair Manor, and Hanover Courthouse.

The County's wastewater system consists of four wastewater treatment plants and thirty-nine wastewater pumping stations. The wastewater collection system is comprised of approximately 379 miles of sewerline. The Doswell Wastewater Treatment Plant, rated at 1.0 mgd, serves the Doswell area and was placed in service in 1975. Ashland is served by the 2.0 mgd Ashland Wastewater Treatment Plant, which was placed in service in 1992. The Hanover Courthouse area is served by the 0.08 mgd Courthouse Wastewater Treatment Plant, which was placed in service 1978. The Totopotomoy Wastewater Treatment Plant is rated at 7.0 mgd, and was placed in service in 2004. A portion of the wastewater generated in the Suburban Service Area is pumped from Hanover's Beaverdam Creek Wastewater Pump Station (5.4 mgd average capacity) to Henrico County's Strawberry Hill Wastewater Pump Station for conveyance to and treatment at Henrico's wastewater treatment plant under a long-term contract.

### **WATER SUPPLY CONTRACTS**

The County has purchased water from Henrico County since 1974. On April 10,

1995, the County negotiated a new agreement with Henrico County to purchase up to 0.775 mgd. The term of the Henrico water contract is through June 30, 2014, and continues thereafter until terminated by either the County Manager of Henrico or the County Administrator of Hanover, upon giving the other party ten years written notice.

On July 1, 1994, the County entered into a contract with the City of Richmond. The term of the Richmond contract is through June 30, 2035, and continues thereafter until terminated by either the City Manager of Richmond by giving fifteen years written notice (such notice may not be given earlier than July 1, 2020), or the County Administrator by giving ten years notice (such notice may not be given earlier than July 1, 2025), unless a shorter time for notice is mutually agreed upon. The County's available capacity from Richmond is 20 mgd.

### **WASTEWATER TREATMENT CONTRACT**

The County treats most of the wastewater it collects. Since 1979 it has also purchased wastewater treatment services from Henrico County. On April 10, 1995, Hanover and Henrico entered a new wastewater agreement, which provides for long-term wastewater treatment services by Henrico for Hanover. The term of the contract is through June 30, 2014, and continues thereafter until terminated by mutual agreement. The new agreement increased the capacity from 3.69 mgd to 5.4 mgd, which is based upon a 90-day rolling average. Wastewater is conveyed to Henrico County's Strawberry Hill Pump Station from Hanover's Beaverdam Creek Pump Station.

## Public Utilities Fund

### BUDGET SUMMARY

|                             | FY12<br>Actual       | FY13<br>Budget       | FY14<br>Budget       | FY13<br>to FY14 |
|-----------------------------|----------------------|----------------------|----------------------|-----------------|
| <b>Expenditures</b>         |                      |                      |                      |                 |
| Personnel                   | \$ 6,374,187         | \$ 6,538,894         | \$ 6,203,335         | (5.1%)          |
| Operating                   | 9,834,593            | 10,519,058           | 10,937,321           | 4.0%            |
| Operating Capital           | 341,383              | 343,124              | 447,590              | 30.4%           |
| Reserve for Construction    | -                    | 104,009              | 100,000              | (3.9%)          |
| <b>Debt Service</b>         |                      |                      |                      |                 |
| Principal                   | 2,304,488            | 2,492,814            | 2,344,510            | (5.9%)          |
| Interest                    | 1,137,247            | 1,165,051            | 1,097,005            | (5.8%)          |
| Capital Improvements        | 7,627,094            | 3,350,050            | 10,226,922           | 205.3%          |
| <b>Total Expenditures</b>   | <b>\$ 27,618,992</b> | <b>\$ 24,513,000</b> | <b>\$ 31,356,683</b> | <b>27.9%</b>    |
| <b>Revenues</b>             |                      |                      |                      |                 |
| Permits, Fees, and Licenses | \$ 218,929           | \$ 199,200           | \$ 202,360           | 1.6%            |
| Use of Money and Property   | 112,728              | 100,000              | 100,000              | 0.0%            |
| Charges for Services        | 21,064,882           | 21,271,870           | 21,594,815           | 1.5%            |
| Miscellaneous Revenue       | 156,911              | 175,000              | 175,000              | 0.0%            |
| Recovered Costs             | 272,130              | 266,930              | 267,930              | 0.4%            |
| Non Operating Revenue       | 4,435,854            | 2,500,000            | 3,120,000            | 24.8%           |
| Other Revenue               | 368                  | -                    | -                    | 0.0%            |
| Prior Year Balance          | -                    | -                    | 5,896,578            | 100.0%          |
| Capital Grants              | 174,479              | -                    | -                    | 0.0%            |
| <b>Total Revenue</b>        | <b>\$ 26,436,281</b> | <b>\$ 24,513,000</b> | <b>\$ 31,356,683</b> | <b>27.9%</b>    |
| <br>                        |                      |                      |                      |                 |
| Full-time Positions         | 95                   | 93                   | 91                   | (2.2%)          |
| Full-time Equivalent        | 95.0                 | 93.0                 | 91.0                 | (2.2%)          |

## Public Utilities Fund

### LARGEST CUSTOMERS

The following table provides annual data on the County's ten largest water customers for the fiscal year ended June 30, 2012:

|                                 | <b>Water<br/>Usage*</b> | <b>Water<br/>Revenue</b> | <b>% of Total<br/>Revenue</b> |
|---------------------------------|-------------------------|--------------------------|-------------------------------|
| Bear Island Paper Company, L.P. | 465,836                 | \$ 978,991               | 8.28%                         |
| Tyson Food                      | 224,771                 | \$ 785,612               | 6.65%                         |
| Kings Dominion                  | 163,781                 | \$ 376,960               | 3.19%                         |
| Doswell Limited Partnership     | 102,131                 | \$ 223,173               | 1.89%                         |
| Hanover Medical Park            | 51,079                  | \$ 162,223               | 1.37%                         |
| Randolph - Macon College        | 28,840                  | \$ 137,803               | 1.17%                         |
| Aqua Virginia                   | 19,165                  | \$ 82,833                | 0.70%                         |
| Covenant Woods                  | 14,081                  | \$ 56,376                | 0.48%                         |
| Hanover Crossing Apartments     | 9,998                   | \$ 44,064                | 0.37%                         |
| Kosmo Village Campground        | 9,339                   | \$ 33,875                | 0.29%                         |
| <b>Total</b>                    | <b>1,089,021</b>        | <b>\$ 2,881,910</b>      | <b>24.38%</b>                 |

\*in 1,000 gallons

The ten largest water customers together represent about 24.38% of total water operating and non-operating revenues, with the largest customer representing approximately 8.28% of that total.

The following table provides annual data on the County's ten largest wastewater customers for the fiscal year ended June 30, 2012:

|                             | <b>Wastewater<br/>Usage*</b> | <b>Wastewater<br/>Revenue</b> | <b>% of Total<br/>Revenue</b> |
|-----------------------------|------------------------------|-------------------------------|-------------------------------|
| Kings Dominion              | 71,025                       | \$ 300,494                    | 2.29%                         |
| Hanover Medical Park        | 49,764                       | \$ 250,840                    | 1.91%                         |
| Randolph - Macon College    | 23,357                       | \$ 135,972                    | 1.04%                         |
| Covenant Woods              | 10,461                       | \$ 55,912                     | 0.43%                         |
| Hanover Crossing Apartments | 9,998                        | \$ 55,116                     | 0.42%                         |
| Mill Trace Apartments       | 8,688                        | \$ 52,002                     | 0.40%                         |
| Ashland Town Square         | 7,880                        | \$ 47,686                     | 0.36%                         |
| Richfood                    | 7,268                        | \$ 36,200                     | 0.28%                         |
| Cold Harbor Apartments      | 7,121                        | \$ 41,068                     | 0.31%                         |
| Shelter Management          | 6,824                        | \$ 49,334                     | 0.38%                         |
| <b>Total</b>                | <b>202,386</b>               | <b>\$ 1,024,624</b>           | <b>7.81%</b>                  |

\*in 1,000 gallons

The ten largest wastewater customers together represent about 7.81% of total operating and non-operating wastewater revenues with the largest customer representing approximately 2.29% of that total. Water and wastewater usage by a specific customer may not be equal based upon the specific needs for each service.

## **Public Utilities Fund**

### **FINANCIAL AND BUDGETARY PROCEDURES**

The Director of Public Utilities is responsible for budgeting, accounting, procurement, billing, collection activities, capital construction and financial and strategic planning for the System. Steven P. Herzog, P.E. has served as Director of Public Utilities since July 1, 2011.

The operating budget and the Capital Improvement Plan for the System are updated and presented annually to the County Administrator in December and the Board of Supervisors in March. Approval usually occurs in April.

In support of the County's Comprehensive Plan and the Voluntary Settlement Agreement with the Town of Ashland (which provided for annexation of certain territory and the merger of the Ashland and County water and wastewater systems), the Department plans, implements and funds improvements to make water and wastewater capacity available. The County does not make water and wastewater service available to every parcel in an area when an area is in phase. The intent of the plan is that the Department make water and wastewater treatment capacity available so that every lot within the Suburban Service Area could be serviced by public water and wastewater if a property owner desired to extend public water and/or wastewater to their property.

The Utility Enterprise Fund, which is funded by utility ratepayers, reimburses the County's General Fund on an allocated cost basis for services such as procurement, finance, information technology, human resources, and legal that are provided by other County departments to support the Department. In addition, although the Department is a part of the County government and thus tax

exempt, the County's General Fund assesses a separate charge to the Utility Enterprise Fund to recover public safety costs, which are not a part of the allocated cost payment.

Utility customers are generally billed on a bi-monthly basis. Some commercial customers are billed monthly. Bills are due and payable upon receipt by the customer. A past due notice is mailed if the bill remains unpaid 30 days after the billing date. If payment is not made in accordance with the past due notice, the utility service may be disconnected. A \$40 fee is assessed to all accounts where service has been discontinued due to nonpayment. A 10% late penalty fee is charged for all past due accounts. Interest at an annual rate of 10% applies to unpaid balances beginning when the account is 60 days past due. The County's annual losses from uncollected accounts have been less than 1% of total billings since 1990. The Treasurer's Office has provided collection support for the Department in the past.

### **RATES, FEES, AND CHARGES**

The principal sources of revenue for the Utilities Enterprise Fund are user fees and capacity fees. The user fee is a monthly or bi-monthly charge comprised of a base charge by meter size, levied regardless of usage, and a commodity charge that is typically based upon metered water consumption. The capacity fee is a one-time charge for each new connection to the water and/or wastewater systems. Capacity fees are based on the size of the water meter necessary to serve the new customer. In setting these fees, the goal is to cover projected operating, maintenance, general improvement, rehabilitation costs, and capital costs with user fees in a fair and equitable manner. This rate structure applies to both water and wastewater services.

## Public Utilities Fund

### Rate Structure

| <b>Water - Base Charges by Meter Size</b> | <b>FY13</b> | <b>FY14</b> |
|---|-------------|-------------|
| 5/8 inch & 3/4 inch                       | \$8.71      | \$9.15      |
| 1 inch                                    | 21.83       | 22.92       |
| 1 1/2 inch                                | 43.53       | 45.71       |
| 2 inch                                    | 69.64       | 73.12       |
| 3 inch                                    | 139.29      | 146.25      |
| 4 inch                                    | 217.63      | 228.51      |
| 6 inch                                    | 435.26      | 457.02      |

| <b>Water - Residential</b>                 | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| Base charge by meter size (table above)    |             |             |
| Consumption charge as follows:             |             |             |
| 0 to 4,000 gallons, per 1,000 gallons      | \$1.38      | \$1.45      |
| 4,001 to 15,000 gallons, per 1,000 gallons | 4.21        | 4.42        |
| 15,001 and above, per 1,000 gallons        | 5.49        | 5.76        |

| <b>Water - Commercial Schedule I Rates</b>     | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| Base charge by meter size (table above)        |             |             |
| Consumption charge as follows:                 |             |             |
| 0 to 15,000 gallons, per 1,000 gallons         | \$3.74      | \$3.93      |
| 15,001 to 1,000,000 gallons, per 1,000 gallons | 4.21        | 4.42        |
| Above 1,000,000 gallons, per 1,000 gallons     | 2.34        | 2.46        |
| Separate irrigation meter, per 1,000 gallons   | 5.19        | 5.45        |

| <b>Water - Commercial Schedule II Rates</b>                                       | <b>FY13</b> | <b>FY14</b> |
|---|-------------|-------------|
| Base charge   | \$133.93    | \$140.63    |
| Consumption charge as follows:  |             |             |
| All usage, per 1,000 gallons  | 2.18        | 2.29        |
| Peak Use Fee, per 1,000 gallons greater than 150% of previous fiscal year average | 1.34        | 1.41        |

| <b>Water - Commercial Schedule III Rates</b>                                      | <b>FY13</b> | <b>FY14</b> |
|---|-------------|-------------|
| Base Charge   | \$13,392.60 | \$14,062.23 |
| Consumption charge as follows:  |             |             |
| All usage, per 1,000 gallons  | 1.78        | 1.87        |
| Peak Use Fee, per 1,000 gallons greater than 150% of previous fiscal year average | 1.34        | 1.41        |

## Public Utilities Fund

| <b>Wastewater - Base Charges by Meter Size</b> | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| 5/8 inch                                       | \$19.63     | \$19.83     |
| 3/4 inch                                       | 19.63       | 19.83       |
| 1 inch   | 19.63       | 19.83       |
| 1 1/2 inch                                     | 19.63       | 19.83       |
| 2 inch   | 98.19       | 99.17       |
| 3 inch   | 98.19       | 99.17       |
| 4 inch   | 98.19       | 99.17       |
| 6 inch   | 98.19       | 99.17       |
| <b>Wastewater - Residential</b>                | <b>FY13</b> | <b>FY14</b> |
| Base charge by meter size (table above)        |             |             |
| Consumption charge as follows:                 |             |             |
| 0 to 4,000 gallons, per 1,000 gallons          | \$5.27      | \$5.32      |
| 4,001 and above, per 1,000 gallons             | 6.63        | 6.70        |
| Flat Rate Wastewater                           | 91.71       | 92.63       |

| <b>Wastewater - Commercial Schedule I Rates</b> | <b>FY13</b> | <b>FY14</b> |
|---|-------------|-------------|
| Base charge by meter size (table above)         |             |             |
| Consumption charge as follows:                  |             |             |
| 0 to 50,000 gallons, per 1,000 gallons          | \$6.14      | \$6.20      |
| Above 50,000, per 1,000 gallons                 | 4.92        | 4.97        |

| <b>Wastewater - Commercial Schedule II Rates</b>                                   | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| Base charge  | \$1,227.46  | \$1,239.73  |
| Consumption charge as follows:   |             |             |
| All usage, per 1,000 gallons   | 4.05        | 4.09        |
| Peak Use Fee (per 1,000 gallons greater than 150% of previous fiscal year average) | 1.22        | 1.23        |

## Public Utilities Fund

### Capacity Fees

Capacity fees are the fees charged to customers when initially connected to the County's system. The detailed fee schedule is listed below.

\*Capacity fees for commercial customers requiring larger than 3" meters shall be determined on a case by case basis and established by contract, but in no case shall be less than the capacity fee for a 3" meter.

### Residential Water

In FY14 single and multi-family units are charged \$5,290 for a standard connection. There will be a 2.5% increase in the per unit fee for a standard connection in FY14.

| <b>Commercial, Industrial, and Public Facilities Water</b>   | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| All capacity fees for these entities are based on meter size |             |             |
| 5/8 inch   | \$5,161     | \$5,290     |
| 1 inch   | 12,903      | 13,226      |
| 1 1/2 inch   | 25,806      | 26,451      |
| 2 inch   | 41,290      | 42,322      |
| 3 inch   | 82,579      | 84,643      |
| 4 inch   | 129,030     | *           |
| 6 inch   | 258,061     | *           |
| 8 inch   | 412,897     | *           |

### Residential Wastewater

In FY14 single and multi-family units are charged \$8,034 for a standard connection. There will be a 2.5% increase in the per unit fee for a standard connection in FY14.

| <b>Commercial, Industrial, and Public Facilities</b>         | <b>FY13</b> | <b>FY14</b> |
|--|-------------|-------------|
| All capacity fees for these entities are based on meter size |             |             |
| 5/8 inch   | \$7,838     | \$8,034     |
| 1 inch   | 19,593      | 20,083      |
| 1 1/2 inch   | 39,187      | 40,167      |
| 2 inch   | 62,699      | 64,266      |
| 3 inch   | 125,399     | 128,534     |
| 4 inch   | 195,935     | 200,833     |
| 6 inch   | 391,870     | 401,667     |
| 8 inch   | 626,992     | 642,667     |

## Public Utilities Fund

### OBJECTIVES

- Provide reliable water and wastewater service in accordance with applicable regulatory requirements;
- Maintain fiscal integrity to provide for system growth, adequate maintenance, and replacement of capital to ensure quality service, system reliability and to control future costs;
- Emphasize continuing education to maintain staff competency ensuring EPA regulatory compliance; and
- Continue implementing Capital Improvement Plan, meeting customer capacity needs in support of the County's Comprehensive Plan and economic development.

| <b>SERVICE LEVELS</b>          | FY12          | FY13          | FY13            | FY14          |
|--------------------------------|---------------|---------------|-----------------|---------------|
|                                | <u>Actual</u> | <u>Budget</u> | <u>Forecast</u> | <u>Budget</u> |
| Water customers                | 19,379        | 19,641        | 19,600          | 19,830        |
| Wastewater customers           | 18,816        | 18,118        | 19,032          | 19,251        |
| Customer calls                 | 37,483        | 39,500        | 38,824          | 39,212        |
| Plans reviewed                 | 294           | 500           | 500             | 500           |
| <br>                           |               |               |                 |               |
| Water distributed (mgd)        | 8.74          | 8.30          | 9.28            | 9.38          |
| Wastewater collected (mgd)     | 6.07          | 7.01          | 5.24            | 5.30          |
| Miles of water line maintained | 412           | 398           | 417             | 418           |
| Miles of sewer line maintained | 379           | 372           | 381             | 381           |



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## Airport Fund

### DESCRIPTION

The Hanover County Airport is a 260 acre facility strategically located between Ashland and Richmond, and is easily accessible to Interstates 95 and 295 for multimodal transportation. The airport is a reliever airport within the Richmond Metropolitan Service Area that provides over \$29 million in yearly economic impact, based on a 2010 study contracted by the Virginia Department

of Aviation. The facility has a 5,400 x 100 foot runway, non-precision landing system, and with the services provided by a contracted operator, the airport is able to accommodate corporate aircraft and the businesses which they represent. Services at the facility include flight instruction, aircraft fueling, aircraft charters, aircraft sales, repairs, rentals, and aircraft storage.

### BUDGET SUMMARY

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|----------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Expenditures</b>        |                        |                        |                        |                         |
| Personnel                  | \$ 98,695              | \$ 100,081             | \$ 100,880             | 0.8%                    |
| Operating                  | 52,063                 | 62,619                 | 62,619                 | 0.0%                    |
| Operating Capital          | -                      | 50,000                 | 50,000                 | 0.0%                    |
| <b>Debt Service</b>        |                        |                        |                        |                         |
| Principal                  | -                      | 67,001                 | 67,001                 | 0.0%                    |
| Interest                   | 78,636                 | 76,976                 | 76,976                 | 0.0%                    |
| Capital Improvements       | 367,014                | 441,830                | 174,950                | (60.4%)                 |
| <b>Total Expenditures</b>  | <b>\$ 596,408</b>      | <b>\$ 798,507</b>      | <b>\$ 532,426</b>      | <b>(33.3%)</b>          |
| <b>Revenues</b>            |                        |                        |                        |                         |
| Use of Money and Property  | \$ 184,550             | \$ 166,912             | \$ 171,919             | 3.0%                    |
| Miscellaneous Revenue      | -                      | 22,500                 | 22,500                 | 0.0%                    |
| Categorical State Aid      | 13,326                 | 441,830                | 13,996                 | (96.8%)                 |
| Categorical Federal Aid    | 312,677                | -                      | 157,455                | 100.0%                  |
| Prior Year Balance         | -                      | 50,000                 | 50,000                 | 0.0%                    |
| Reserve for Revenue        | -                      | 50,000                 | 50,000                 | 0.0%                    |
| Transfer from General Fund | 192,889                | 67,265                 | 66,556                 | (1.1%)                  |
| <b>Total Revenue</b>       | <b>\$ 703,442</b>      | <b>\$ 798,507</b>      | <b>\$ 532,426</b>      | <b>(33.3%)</b>          |
| Generated Revenue Percent  | 72.6%                  | 91.6%                  | 87.5%                  |                         |
| General Fund Percent       | 27.4%                  | 8.4%                   | 12.5%                  |                         |
| Full-time Positions        | 1                      | 1                      | 1                      | 0.0%                    |
| Full-time Equivalent       | 1.0                    | 1.0                    | 1.0                    | 0.0%                    |

## Airport Fund

### BUDGET HIGHLIGHTS

In FY07 an airport enterprise fund was created to track the revenue, debt service, operating and capital transactions for this activity. The FY14 budget includes a slight increase in personnel due to increased benefit costs and a flat operating budget. The reduction in the capital improvements program is primarily due to land acquisition and perimeter security fencing that were funded in FY13. Also, Federal Aviation Administration (FAA) discretionary funds will be leveraged to complete obstruction removal, thus decreasing the amount of

local funding. The local funding supports one (1) County employee as well as maintenance and improvements to the airfield and terminal facilities.

This budget also includes funding for the maintenance of airfield lighting. When available, State funds are invested into this function, reducing the local burden of funding such operations. The general fund collected approximately \$12,000 in aircraft personal property tax in 2012.

### GOALS AND OBJECTIVES

- Continue the removal of obstructions to accommodate safe operations;
- Protect air space;
- Continue land acquisition for East side development;
- Maximize grant recovery on eligible projects; and,
- Maintain 60 day turnaround time between invoice and revenue recovery for all grants and capital projects.

### SERVICE LEVELS

|                          | FY12<br><u>Actual</u> | FY13<br><u>Budget</u> | FY13<br><u>Forecast</u> | FY14<br><u>Budget</u> |
|--------------------------|-----------------------|-----------------------|-------------------------|-----------------------|
| Number of based aircraft | 115                   | 130                   | 107                     | 107                   |
| Aircraft hangar spaces   | 54                    | 54                    | 54                      | 54                    |
| Aircraft tie down spaces | 56                    | 56                    | 56                      | 56                    |
| Corporate Hangars        | 14,800 sq/ft          | 14,800 sq/ft          | 14,800 sq/ft            | 14,800 sq/ft          |
| Gallons of fuel sold     | 162,920               | 160,000               | 157,000                 | 157,000               |

## Self-Insurance Fund

### DESCRIPTION

The Self-Insurance Fund provides for fiscal management of the County and School Board health insurance costs. The employer's share of health insurance costs and retiree healthcare liability costs are budgeted in departmental budgets, but this internal service fund serves in the payment of claims, accounting for employee health insurance deductions, and providing adequate reserves

to mitigate increases in claims beyond those anticipated. The revenue for the fund comes primarily from employer contributions and employee deductions. Each employee has a deduction based on the level of coverage selected in the program. The fund earns interest on cash balances. There are currently 3,158 budgeted plan participants.

### BUDGET SUMMARY

|                           | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|---------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Expenditures</b>       |                        |                        |                        |                         |
| Personnel                 | \$ 28,559,301          | \$ 33,325,000          | \$ 32,199,800          | (3.4%)                  |
| Operating                 | 80,225                 | 115,000                | 140,670                | 22.3%                   |
| <b>Total Expenditures</b> | <b>\$ 28,639,526</b>   | <b>\$ 33,440,000</b>   | <b>\$ 32,340,470</b>   | <b>(3.3%)</b>           |
| <b>Revenues</b>           |                        |                        |                        |                         |
| Use of Money and Property | \$ 86,663              | \$ 150,000             | \$ 90,000              | (40.0%)                 |
| Employee                  | 8,586,449              | 9,580,000              | 9,580,000              | 0.0%                    |
| Employer                  | 22,524,853             | 22,834,244             | 22,507,770             | (1.4%)                  |
| OPEB                      | -                      | 590,000                | 72,700                 | (87.7%)                 |
| Other                     | 318,452                | 72,000                 | 90,000                 | 25.0%                   |
| Fund Balance              | -                      | 213,756                | -                      | (100.0%)                |
| <b>Total Revenue</b>      | <b>\$ 31,516,417</b>   | <b>\$ 33,440,000</b>   | <b>\$ 32,340,470</b>   | <b>(3.3%)</b>           |
| Generated Revenue Percent | 100.0%                 | 99.4%                  | 100.0%                 |                         |
| General Fund Percent      | 0.0%                   | 0.6%                   | 0.0%                   |                         |
| Part-time Positions       | 0.5                    | 0.5                    | 0.5                    | 0.0%                    |
| Full-time Equivalents     | 0.5                    | 0.5                    | 0.5                    | 0.0%                    |

### BUDGET HIGHLIGHTS

The increase in FY14 expenses is based on market trend increases in health care claims. Employee premiums are anticipated to remain unchanged from FY13. Employer

health insurance costs will increase 4% to \$7,444 for each full-time participating employee.

## Self-Insurance Fund

### Five-Year Financial Plan FY2014 - FY2018

|                           | <b>FY14</b>          | <b>FY15</b>          | <b>FY16</b>          | <b>FY17</b>          | <b>FY18</b>          |
|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                           | <b>Budget</b>        | <b>Plan</b>          | <b>Plan</b>          | <b>Plan</b>          | <b>Plan</b>          |
| Expenditures              |                      |                      |                      |                      |                      |
| Personnel                 | \$ 32,199,800        | \$ 34,781,600        | \$ 37,541,101        | \$ 41,286,961        | \$ 45,428,988        |
| Operating                 | 140,670              | 149,690              | 140,569              | 151,499              | 142,532              |
| Total Expenditures        | <u>\$ 32,340,470</u> | <u>\$ 34,931,290</u> | <u>\$ 37,681,670</u> | <u>\$ 41,438,460</u> | <u>\$ 45,571,520</u> |
| Revenues                  |                      |                      |                      |                      |                      |
| Use of Money and Property | \$ 90,000            | \$ 94,500            | \$ 99,200            | \$ 104,200           | \$ 109,400           |
| Employee                  | 9,580,000            | 10,747,990           | 12,098,272           | 13,675,152           | 15,248,101           |
| Employer                  | 22,507,770           | 23,408,100           | 24,812,562           | 27,293,818           | 30,023,200           |
| OPEB                      | 72,700               | 90,100               | 80,100               | 87,100               | 95,810               |
| Other                     | 90,000               | 90,600               | 91,536               | 93,190               | 95,009               |
| Use of Fund Balance       | -                    | 500,000              | 500,000              | 185,000              | -                    |
| Total Revenue             | <u>\$ 32,340,470</u> | <u>\$ 34,931,290</u> | <u>\$ 37,681,670</u> | <u>\$ 41,438,460</u> | <u>\$ 45,571,520</u> |

# Bell Creek Community Development Authority

## DESCRIPTION

The Bell Creek Community Development Authority was created in 2002 and consists of 325 acres of land within the County. The property encompasses a mixed-use development and is expected to provide commercial development with retail space including a shopping center known as “The Shoppes at Bell Creek”, a light industrial park, and a residential development on 167 acres known as “The Bluffs at Bell Creek.”

The Bell Creek Community Development Special Assessment Bonds were issued in 2003 in the total principal amount of \$15,980,000. The bonds were issued to

finance the acquisition and construction of roads and road improvements, water and sanitary sewer improvements, storm water management improvements and certain other infrastructure improvements. The Board of Supervisors, at the request of the Bell Creek Community Development Authority, adopted a special assessment levy on all residential, retail, commercial and light industrial properties within the authority to repay the bonds. As of June 30, 2012, \$12,960,000 of the bonds has been repaid, reducing the outstanding debt to \$3,020,000.

## BUDGET SUMMARY

|                    | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|--------------------|------------------------|------------------------|------------------------|-------------------------|
| Expenditures       |                        |                        |                        |                         |
| Operating          | \$ 482,274             | \$ 305,000             | \$ 405,000             | 32.8%                   |
| Total Expenditures | <u>\$ 482,274</u>      | <u>\$ 305,000</u>      | <u>\$ 405,000</u>      | <u>32.8%</u>            |
| Revenues           |                        |                        |                        |                         |
| Recovered Costs    | \$ 481,680             | \$ 305,000             | \$ 405,000             | 32.8%                   |
| Total Revenue      | <u>\$ 481,680</u>      | <u>\$ 305,000</u>      | <u>\$ 405,000</u>      | <u>32.8%</u>            |



## Lewistown Community Development Authority

### DESCRIPTION

The Lewistown Commerce Center Community Development Authority was created in 2006 and consists of 186.5 acres of land within the County. The property is part of a business complex that is expected to provide commercial and retail spaces, recreation and tourism facilities and other amenities that are expected to be developed in phases by different entities. The overall development has been named Winding Brook.

The Lewistown Community Development Authority Revenue Bonds were issued in 2007 in the total principal amount of \$37,675,000. The bonds were issued to finance the acquisition of certain land and the construction of certain infrastructure improvements.

Pursuant to the terms of a Special Assessment Agreement between the County, the Authority, and the Developers, the 2007 Bonds will be payable from (1) a Special Real Property Tax, equal to \$0.10 per \$100 of the assessed or assessable value of taxable real and leasehold property, respectively, within the District, beginning with calendar year 2008, (2) Incremental Tax Revenues consisting of specified percentages of incremental real and personal property, hotel occupancy, and the County's portion of sales tax revenues collected beginning in 2007 over and above 2006 collections within the District, and (3) Special Assessments imposed and collected by the County, if necessary, at the request of the Authority on taxable real property within the District, in that order. Special assessments were imposed in fiscal year 2012.

### BUDGET SUMMARY

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|----------------------------|------------------------|------------------------|------------------------|-------------------------|
| Expenditures               |                        |                        |                        |                         |
| Operating                  | \$ 562,000             | \$ 574,500             | \$ 557,000             | (3.0%)                  |
| Total Expenditures         | <u>\$ 562,000</u>      | <u>\$ 574,500</u>      | <u>\$ 557,000</u>      | <u>(3.0%)</u>           |
| Revenues                   |                        |                        |                        |                         |
| Recovered Costs            | \$ 351,282             | \$ 136,000             | \$ 132,000             | (2.9%)                  |
| Transfer from General Fund | 428,331                | 438,500                | 425,000                | (3.1%)                  |
| Total Revenue              | <u>\$ 779,613</u>      | <u>\$ 574,500</u>      | <u>\$ 557,000</u>      | <u>(3.0%)</u>           |

## Debt Service Fund

### DESCRIPTION

Debt service is an expense to the County for principal and interest payments on financing mechanisms, which include: general obligation bonds, revenue bonds, lease-purchase arrangements and loans from the Virginia Department of Education Literary Loan Fund.

The Constitution of Virginia and the Virginia Public Finance Act provide the County with authority to issue general obligation debt secured solely by the pledge of its full faith and credit. The issuance of general obligation bonds must have been approved by public referendum, unless such bonds are issued to certain State authorities. In the Commonwealth of Virginia, there is no statutory limitation on the amount of general obligation debt the County may incur. Debt secured solely by the revenues generated by the system for which the bonds were issued may be issued in any amount without a public referendum.

The County's commitment to established debt and financial management policies has

enabled the County to achieve AAA bond ratings from all three rating agencies: Fitch Ratings, Standard & Poor's, and Moody's Investors Services.

The process of debt funding begins with the Five-Year Capital Improvements Program (CIP). The Board of Supervisors is not only approving which projects are to be funded in which year, but the Board also approves a means of financing. The debt service of the CIP is designed to have minimal impact on the General Fund balance and not produce wide fluctuations of annual debt service requirements.

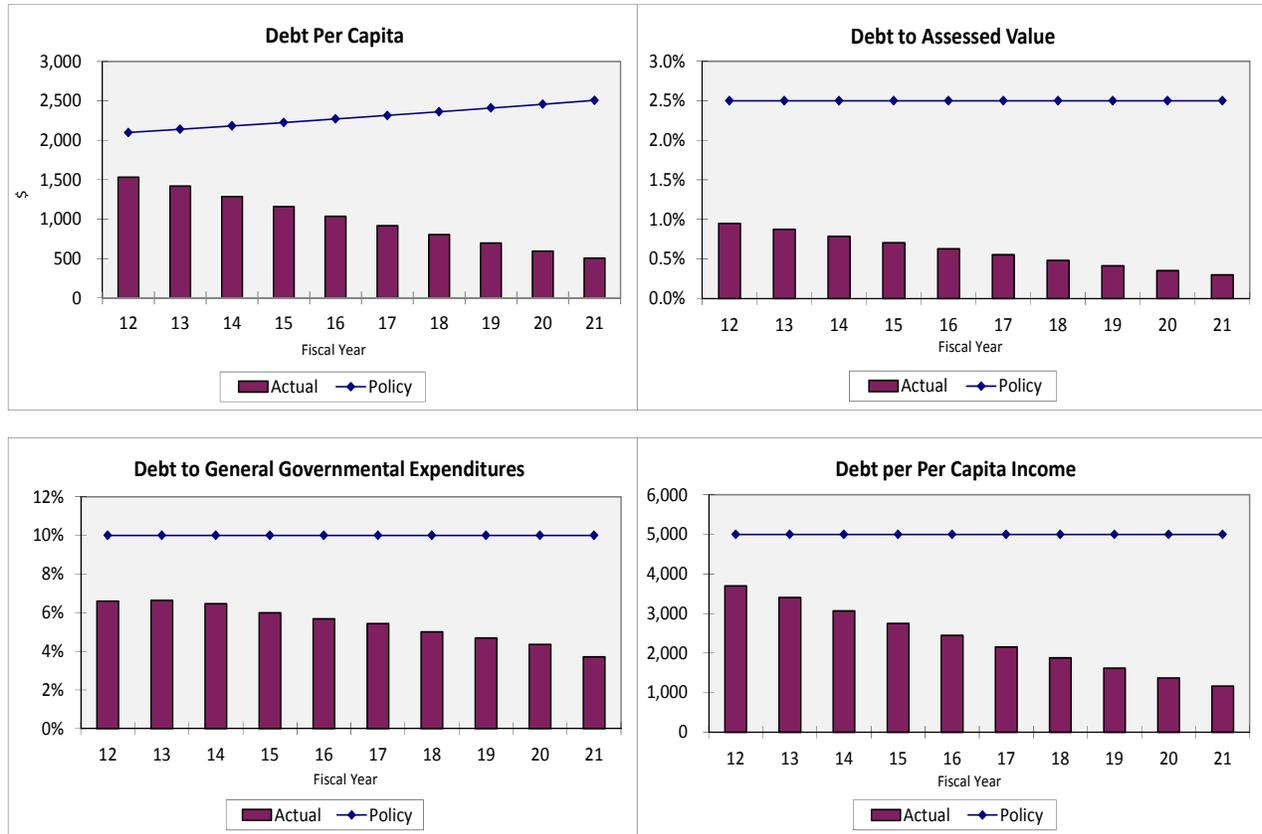
As of June 30, 2012, the County had total bonded debt outstanding of \$172.7 million. Of this amount, \$151.5 million comprises debt backed by the full faith and credit of the County. The remainder of the County's debt represents bonds secured by specified revenue sources (i.e., revenue bonds and obligations under capital leases).

### DEBT RATIO POLICIES

In an effort to maintain fiscal restraint and control, the Board of Supervisors has established guidelines for each of the following debt ratios: debt per capita (\$1,900 growing by 2% annually beginning FY2008); debt to assessed value (2.5%); debt service to

general (non-capital) government expenditures (10%); and debt per capita income (\$5,000). The following graphs illustrate the County's actual and projected compliance with the debt policy.

## Debt Service Fund



### BUDGET SUMMARY

Beginning in FY14, the County established this Debt Service Fund for both County and School debt service funding. These expenses were previously recorded in the Debt Management Department of the General Fund and the School Operating Fund.

|                            | <b>FY12<br/>Actual</b> | <b>FY13<br/>Budget</b> | <b>FY14<br/>Budget</b> | <b>FY13<br/>to FY14</b> |
|----------------------------|------------------------|------------------------|------------------------|-------------------------|
| <b>Expenditures</b>        |                        |                        |                        |                         |
| Operating                  | \$ -                   | \$ -                   | \$ 16,650              | 100.0%                  |
| Debt Service               |                        |                        |                        |                         |
| Principal                  | -                      | -                      | 12,528,656             | 100.0%                  |
| Interest                   | -                      | -                      | 7,367,246              | 100.0%                  |
| <b>Total Expenditures</b>  | <b>\$ -</b>            | <b>\$ -</b>            | <b>\$ 19,912,552</b>   | <b>100.0%</b>           |
| <b>Revenues</b>            |                        |                        |                        |                         |
| Categorical Federal Aid    | \$ -                   | \$ -                   | \$ 252,459             | 100.0%                  |
| Transfer from General Fund | -                      | -                      | 19,660,093             | 100.0%                  |
| <b>Total Revenue</b>       | <b>\$ -</b>            | <b>\$ -</b>            | <b>\$ 19,912,552</b>   | <b>100.0%</b>           |



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