

CITY OF HOPEWELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2009

PREPARED BY:

Department of Finance

Elesteen Hager, Director

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CITY OF HOPEWELL, VIRGINIA
 FINANCIAL REPORT
 FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	Page
<u>Introductory Section</u>	
Title Page	i
Table of Contents	ii-vi
City Officials	vii
Organizational Chart	viii
GFOA Certificate of Achievement	ix
Letter of Transmittal	x-xvi
<u>Financial Section</u>	
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-10
<u>Basic Financial Statements</u>	
Government-wide Financial Statements:	
Exhibit 1 Statement of Net Assets	11
Exhibit 2 Statement of Activities	12
Fund Financial Statements:	
Exhibit 3 Balance Sheet—Governmental Funds	13
Exhibit 4 Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Exhibit 5 Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	15
Exhibit 6 Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Exhibit 7 Statement of Net Assets—Proprietary Funds	17
Exhibit 8 Statement of Revenues, Expenses and Changes in Fund Net Assets—Proprietary Funds	18
Exhibit 9 Statement of Cash Flows—Proprietary Funds	19

CITY OF HOPEWELL, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009
TABLE OF CONTENTS

Financial Section (Continued)

Basic Financial Statements (Continued)

Page

Exhibit 10 Statement of Fiduciary Net Assets—Fiduciary Funds

20

Notes to Financial Statements

21-55

Required Supplementary Information:

Exhibit 11 Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual—General Fund

56

Exhibit 12 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Virginia Public Assistance Fund

57

Exhibit 13 Schedule of Pension Funding Progress

58

Exhibit 14 Schedule of Funding Progress for Retiree Health Insurance Plan

59

Other Supplementary Information:

Combining and Individual Funds Statements and Schedules:

Exhibit 15 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Capital Projects Fund

60

Exhibit 16 Combining Balance Sheet - Nonmajor Special Revenue Funds

61

Exhibit 17 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds

62

Exhibit 18 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Nonmajor Special Revenue Funds

63-64

Exhibit 19 Statement of Changes in Assets and Liabilities - Agency Fund

65

CITY OF HOPEWELL, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

Financial Section (Continued)

Other Supplementary Information (Continued)

Page

Discretely Presented Component Unit - School Board:

Exhibit 20	Combining Balance Sheet	66-67
Exhibit 21	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	68
Exhibit 22	Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual	69-71

Discretely Presented Component Unit - Comprehensive Services Act Board:

Exhibit 23	Balance Sheet	72
Exhibit 24	Statement of Revenues, Expenditures, and Changes in Fund Balances	73

Supporting Schedules:

Schedule 1	Schedule of Revenues - Budget and Actual - Governmental Funds	74-80
Schedule 2	Schedule of Expenditures - Budget and Actual - Governmental Funds	81-85

CITY OF HOPEWELL, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

	<u>Page</u>	
<u>Statistical Section:</u>		
Table 1	Net Assets by Component	86
Table 2	Changes in Net Assets	87-88
Table 3	Fund Balances of Governmental Funds	89
Table 4	Changes in Fund Balances of Governmental Funds	90-91
Table 5	Assessed Value and Estimated Actual Value of Taxable Property	92
Table 6	Direct Tax Rates	93
Table 7	Principal Property Taxpayers	94
Table 8	Property Tax Levies and Collections	95
Table 9	Ratios of Outstanding Debt by Type	96
Table 10	Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt per Capita	97
Table 11	Legal Debt Margin Information	98
Table 12	Demographic and Economic Statistics	99
Table 13	Principal Employers	100
Table 14	Full-time Equivalent City Government Employees by Function	101
Table 15	Operating Indicators by Function	102
Table 16	Capital Asset Statistics by Function	103

CITY OF HOPEWELL, VIRGINIA
FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2009

TABLE OF CONTENTS

<u>Compliance Section:</u>	<u>Page</u>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	104-105
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	106-107
Schedule of Expenditures of Federal Awards	108-109
Notes to Schedule of Expenditures of Federal Awards	110
Schedule of Findings and Questioned Costs	111
Schedule of Prior Year Findings and Questioned Costs	112

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CITY OF HOPEWELL, VIRGINIA

Members of the City Council

Brenda S. Pelham, Mayor
N. Gregory Cuffey, Vice-Mayor

Curtis W. Harris

Kenneth B. Emerson

Christina J. Luman-Bailey

Gerald S. Stokes

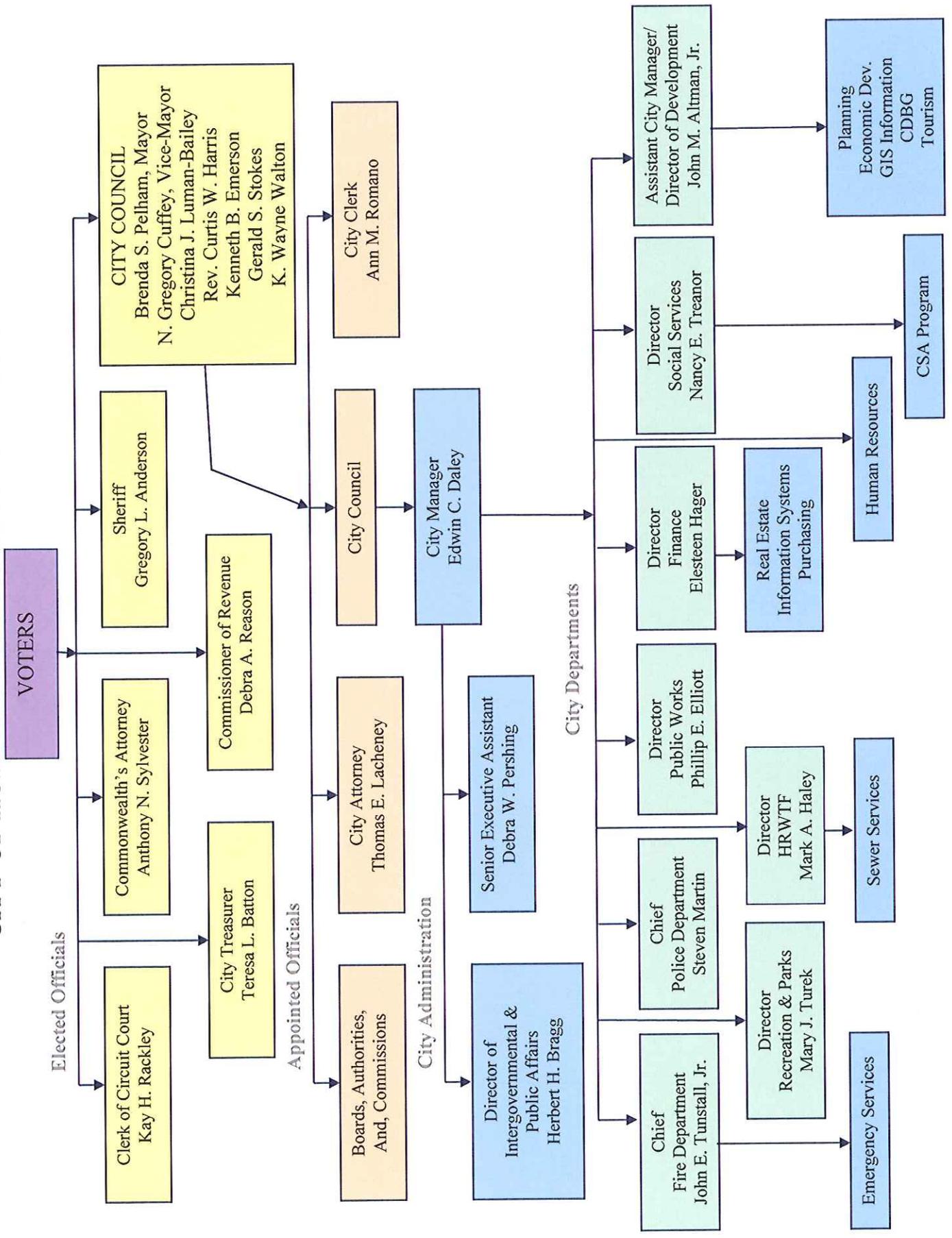
K. Wayne Walton

City Officials

City Manager..... Edwin C. Daley
Assistant City Manager of Development John M. Altman, Jr.
City Attorney Thomas E. Lacheny
City Clerk..... Ann Romano
City Treasurer Teresa L. Batton
Commissioner of Revenue Debra A. Reason
Commonwealth's Attorney Anthony N. Sylvester
Clerk of Circuit Court Kay H. Rackley
Sheriff..... Gregory L. Anderson
Superintendent of Schools Dr. Winston Odom
Director of Social Services Nancy Treanor
Director of Public Works..... Phillip Elliot
Director of Regional Wastewater Treatment Facility..... Mark A. Haley
Director Recreation..... Mary Jo Turek
Chief, Fire Department John E. Tunstall, Jr.
Chief, Police Department Steven D. Martin
Director of Finance Elesteen Hager

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CITY OF HOPEWELL ORGANIZATIONAL CHART



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Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Hopewell
Virginia

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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November 30, 2009

Dr. Edwin C. Daley
City Manager

edaley@ci.hopewell.va.us
p: 804.541.2243
f: 804.541.2248

300 N. Main St., Rm. 217
Hopewell, VA 23860

The Honorable Members of City Council
City of Hopewell, Virginia:

TO THE HONORABLE MEMBERS OF CITY COUNCIL:

The Comprehensive Annual Financial Report of the City of Hopewell, Virginia (the City) for the year ended June 30, 2009 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with management of the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and U. S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this single audit, including the schedule of federal financial assistance, findings and questioned costs, and independent auditors' reports on the internal control structure and compliance with applicable laws and regulations are included in a compliance section.

The financial reporting entity includes all funds and account groups of the primary government (i.e., the City), as well as the component units for which the City is financially accountable. Effective June 30, 2003, the City implemented GASB Statement No. 34 of the Government Accounting Standards Board titled *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments Financial Reporting Entity*. Statement No. 34 established new standards for defining and reporting on the financial reporting entity. The most significant changes resulting from the application of this statement was to include two additional financial statements: Statement of Net Assets and Statement of Activities along with management's discussion and analysis.

The City of Hopewell is governed by the city manager-city council form of government, whereby the city manager is responsible for carrying out the policy decisions of city council. City department directors manage individual departments and report the city manager. Hopewell has two separate component units-Hopewell Schools and Comprehensive Services Act Board.

The City provides a full range of services. These services include police and fire protection; sanitation services; health and social services; the construction and maintenance of roads, streets, other infrastructure, and recreational activities and cultural events. In addition to general government activities, the operations of the Hopewell Regional Wastewater Treatment Facility are also part of the primary government and included in the reporting entity.

ECONOMIC CONDITION AND OUTLOOK

Hopewell is located approximately 25 miles southeast of Richmond, Virginia, the state capital. The City is considered developed out with respect to land use, except for several industrial zoned sites. Almost all new residential development is fill-in because the City has no large undeveloped land parcels. Until such time that the state General Assembly grants additional taxing authority, removes the annexation moratorium, assumes funding responsibility for state mandated services or some combination thereof, the city's revenue potential will remain limited. Hopewell is reported as one of the top ten fiscally stressed cities within the Commonwealth of Virginia.

The City has joined thirteen other Virginia cities to form the Virginia First Cities Coalition. This group is gathering and providing data to the General Assembly on the needs and issues facing Virginia's older inner cities. The issues facing this group are unique to older inner cities and not counties in Virginia and the General Assembly must address these problems.

Appomattox Bio-Energy, Inc. announced the construction of a \$150 million ethanol production facility on previous industrial site. City entered into a redevelopment agreement, valued at \$6.5 million, to renovate and revitalize the old Mallonee High School property.

Major new business expansions announced included: Executive Suites motel for \$3 million, County Inn & Suites motel for \$5 million, and Suburban Inn & Suites motel for \$4.5 million, Bojangles Restaurant for \$845,000, Walgreens for \$3 million and approval of one new subdivision with 107 lots.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2009:

Fire Dept. - Fire department received a "Life Safety Achievement Award" from Residential Fire Safety Institute. This award was bestowed upon the department in recognition of its work to keep the community free of deaths from fire in 2007. The department received a grant of \$30,000 to purchase equipment for the Crater Hazardous Material Team.

Police Dept. - Continuous Improvement Plan – process of department strategic planning process designed to increase effectiveness and productivity

Nixle – implementation of Nixle software program – allows for interactive, instantaneous dissemination of vital information to the internet subscribers

Community Police Officer Positions – The department received federal funding for three (3) Community Police Officers Positions, bringing the department Community Officer total to six (6).

Information
Technology -

Implemented paperless Purchase Orders

Implemented process to copy undercover pictures from various sources (stores, drug bust, etc) to DVD that has been used by the Commonwealth

Attorneys' office which has resulted in numerous plead outs thereby saving the city (police dept), and state all money associated with taking a case to court

Implemented an internal plan to support all outdated city equipment with spare parts/devices versus placing them on a maintenance contract

Social Services - The VA DSS selected Hopewell DSS to be the Central region's pilot agency for a new Child Care Payment Processing program.

Of 120 local Social Services agencies in VA, Hopewell DSS was one of nine agencies recognized for successfully entering all required Medicaid Long Term Care cases patient pay data on a new electronic document prior to the VDSS deadline.

99% of all (2,103) food stamp, 93.5 % of all (1,264) Medicaid, and 98% of all (581) TANF applications were processed timely. The department successfully passed two Virginia Department of Social Services audits and one USDA audit; 18,784 customers were served during the year; 99% of the food stamp applications received was processed timely.

External partnerships include:

Hopewell on-line – Hopewell is among the Tri-City area governments with local information on the Internet. Hopewell's home page is constantly expanding to include not only information about local government, but also links to these agencies, businesses, and organizations in Hopewell. It is a true partnership effort; check it out at <http://www.hopewellva.gov>.

Internal partnerships include:

Vision Committee – This is a standing committee whose primary charge is selecting an “employee of the quarter award”; “the spark plug award” which recognizes an individual for his/her contribution, and the “touch of class award” which recognizes a group or team for its contribution to a problem solution.

Suggestion/Innovation Award Program – The purpose of this program is to encourage all full and part-time employees to contribute constructive suggestions and innovative solutions which may result in work efficiencies, energy savings, or monetary savings to the City. In addition, it encourages increased effectiveness of service to the public, safer working conditions, and better public relations. The City Manager may award up to \$500 to the individual or individuals that meet the recommended objectives of this program.

FINANCIAL INFORMATION

City Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by city management.

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2009 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

Budgetary Controls

The City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Project-length financial plans are adopted for the Capital Projects Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at function level within an individual fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Appropriations, except for encumbrances and project-length capital projects, lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

General Governmental Functions

Total revenues from governmental funds, which include General, Special Revenue, and Capital Projects plus the School Board and Comprehensive Services Act Board component units, total \$92,849,147 in 2009. This represents an increase of \$5,024,738 or 5.7% from 2008. Property taxes and intergovernmental revenues accounted for over 87% of revenues in the governmental funds.

Assessed real property valuations of \$1,338,397,100 represent an increase of \$193 million over the preceding year. This increase in assessed valuation reflects new or renovated construction and reassessment values. Property tax collections were 84.11% of the tax levy, a decrease of 5.23% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 98.6%, no change from last year.

Total expenditures from governmental funds, which include General, Special Revenue, and Capital Projects plus the School Board and Comprehensive Services Act Board component units, total \$97,741,668 in 2009. This represents an increase of \$1,938,191 or 2% over 2008.

Further detailed analysis of revenues and expenditures can be found in the Management Discussion and Analysis section beginning on page 6.

Fund Balances

Fund balances in the major operating funds were maintained at adequate levels. The General Fund balance did see a decrease this year. The unreserved undesignated fund balance for the General Fund was \$6,053,836 on June 30, 2009. This represents a decrease of \$578,533 or 8.7% from June 30, 2008. Unreserved designated balances include: \$280,824 for beautification, \$735,787 for fire equipment replacement, \$144,946 for youth care commission, \$55,218 for tourism office and \$2,213,760 for the self-insurance fund.

Virginia Public Assistance and Other Governmental Funds unreserved undesignated fund balance was \$87,962, the same as last year.

Capital Projects Fund expenditures amounted to \$6,632,415 of which \$1,837,201 was spent on community development and infrastructure improvements and \$4,795,214 was for long-term debt service (city and schools).

The Capital Projects Fund undesignated fund balance at June 30, 2009 was \$16,216,972, of which \$10 million is bond proceeds issued in June, 2009 for construction projects.

Proprietary Funds

The City's enterprise operations are comprised of three separate and distinct funds: the Regional Wastewater Treatment Facility Fund, the Sewer Service Fund and the Solid Waste Fund. Each activity is operated without any interfund transfers from the General Fund.

The Hopewell Regional Wastewater Treatment Facility Fund had a net loss of \$1,531,668 for the year ended June 30, 2009. The Sewer Service Fund had net loss of \$436,971 with an unrestricted balance of \$15,743,932 as of June 30, 2009. The Solid Waste Fund had net loss of \$6,914, leaving an unrestricted balance to \$2,160,854.

Pension Trust Fund Operations

The City participates in the Virginia Retirement System (VRS) for its employees. All full-time employees accrue retirement benefits with the City paying both employer and employee required contributions. In addition, to VRS, the City offers employees the opportunity to participate in a Deferred Compensation Plan under Internal Revenue Code Section 457.

Debt Administration

The ratio of bonded debt to assessed valuation of taxable real property and the amount of bonded debt per capita are useful indicators of the City's debt position to the City management, citizens, and investors. This data for the City at the end of the 2009 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 44,281,516	3.31%	\$ 1,981

Of the G O bonded debt outstanding at June 30, 2009, \$5,521,300 was School bonds, \$4,952,216 was School literary loans, and \$33,508,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2009 include \$965,241 for compensated absences, \$308,511 for landfill closure maintenance costs, \$1,820,138 for OPEB liability and \$303,340 in unamortized bond premium.

Cash Management

Cash temporarily idle during the year was invested in repurchase agreements and certificates of deposit. Interest income for the fiscal year 2009 was \$618,282.

Risk Management

The City joined the Virginia Municipal League Insurance pool for the FY 01-02 to obtain insurance coverage for automobile liability, general liability, law enforcement liability, property and causality coverage, professional liability and excess liability coverage. As of June 30, 2009 the City had a General Fund unreserved designated balance of \$2,213,760 set aside for additional liability claims. The City's Risk Manager is continually reviewing and monitoring the insurance industry and the City's exposure to various liability risks.

Prospects for the Future

City Council adopted a budget of \$85,650,774 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2009/10.

OTHER INFORMATION

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Robinson, Farmer and Cox Associates was selected by the City's audit committee. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and related OMB Circular A-133. The independent auditors' report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The independent auditors' reports related specifically to the single audit are included in a separate report.

Certificate of Achievement

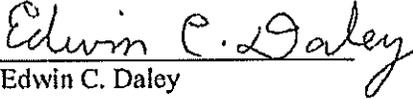
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2008. This was the twenty-third consecutive year the City received this award.

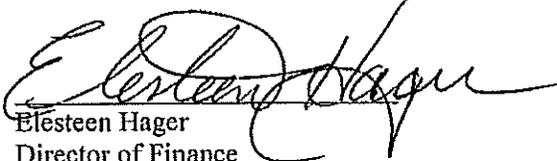
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

This report could not have been prepared in a timely manner without a great deal of cooperation and assistance by the staff in a number of City departments and the Finance Department wishes to thank them. We would like to express our appreciation to the staff members of the Department of Finance who had the primary role in the financial report preparation. We also wish to thank the Commissioner of the Revenue, the City Treasurer, their staffs and members of the Assessor and Department of Development offices who provided invaluable assistance in preparation of the report. Finally, we would like to thank the Mayor and members of City Council for their continued interest and support in planning and conducting the financial operations of the City in a responsible and responsive manner.


Edwin C. Daley
City Manager


Elesteen Hager
Director of Finance

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

To The Honorable Members of the City Council
City of Hopewell
Hopewell, Virginia

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16, the City implemented GASB Statement No.45, *Accounting and Financial Reporting by Employers for Post-Employment Benefits other than Pensions* effective July 1, 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2009, on our consideration of the City of Hopewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and the Schedules of Pension Funding Progress and Funding Progress for Retiree Health Plan as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Hopewell, Virginia's basic financial statements. The introductory section, combining and individual fund financial statements, the budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Hopewell, Virginia. The Other Supplementary Information including the combining and individual fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Robinson Fann, Cox Associates

Richmond, Virginia
November 18, 2009

The Honorable Members of City Council
City of Hopewell, Virginia

The Honorable Members of City Council:

This section of the City of Hopewell, Virginia annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- Total net assets were \$46.7 million for the City's primary government. Of this total, \$20 million were for our business-type activities.
- The School Board Component unit total net assets for this year was \$19.6 million.
- In the city's business-type activities, operating and non-operating revenues equaled \$18.8 million while expenses were \$21.2 million.
- The total cost of all the City's programs and services was \$118 million.
- During this year, the City's governmental activities net assets decreased by \$2,960,662.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts — management's discussion and analysis this section, the basic financial statements, required supplementary, and an optional section that presents the combining statements for non-major governmental funds and internal service funds. The basic financial statements include two kinds of statements that present a different view of the City:

- The first two statements are the government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how the general government services like public safety, public works and social services were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses, such as the Regional Treatment Plant, Sewer Services, and Solid Waste operations.
 - Fiduciary fund statements provide information about the financial relationships — like the City's Special Welfare Fund — in which the City acts solely as a trustee or agent for the benefit of others, to who the resources in question belong.

The financial statements include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of the management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1 Major Features of City of Hopewell Government-wide and Fund Financial Statements				
Government-wide Statements		Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds) and the city's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses: solid waste, sewer serv.	Instances in which the City is trustee or agent for someone else's resources
Required financial Statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or sooner thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the city's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they changed. Net assets — the difference between the City's assets and liabilities — is one way to measure the City's financial health, or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base or the condition of the City's streets or roads.

The government-wide financial statements of the City are divided into three categories:

- **Governmental activities**—Most of the City's basic services are included here, such as the police, fire, public works, parks, and social services departments, and general administration. Property taxes and state and federal grants finance the biggest share of these activities.
- **Business-type activities**—The City charges fees to customers to help it cover the costs of certain services it provides. The city's Regional Treatment Plant, Sewer Services, and Solid Waste are included here.
- **Component units**—The City includes two other entities in its report—The Hopewell City School District and the Comprehensive Services Act Board (CSA). Although legally separate, these "component units" are important because the City is financially accountable for them and they are financially dependent on the City.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds—not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law and others by legal requirements.
- The City Council may establish other funds to control and manage monies for particular purposes or to show that it is properly using certain taxes or grants.

The City has three kinds of funds:

- **Governmental funds**—Most of the City's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements, or on the subsequent page, that explains the relationship (or differences) between them.
- **Proprietary funds**—Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like government-wide statements, provide both short and long-term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.
- **Fiduciary funds**—The City is the trustee, or fiduciary, for its employees' 457 Deferred Compensation Plan and the Special Welfare Fund. It is responsible for these assets because of a trust arrangement; they can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The City reports under Governmental Accounting Standards Board (GASB) Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. The city is presenting comparative data for the Management’s Discussion and Analysis (MD&A).

Table A-1 summarizes the City’s Statement of Net Assets:

Table A-1

**City of Hopewell, Virginia
Summary of Net Assets
As of June 30, 2009**

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2008	2009	2008	2009	2008	2009	Change
Current and other assets	\$ 31,596,520	\$ 37,898,095	\$ 24,462,739	\$ 23,964,670	\$ 56,059,259	\$ 61,862,765	10.35%
Capital assets	40,365,162	39,163,307	12,114,108	9,363,723	52,479,270	48,527,030	-7.53%
Total assets	\$ 71,961,682	\$ 77,061,402	\$ 36,576,847	\$ 33,328,393	\$ 108,538,529	\$ 110,389,795	
Other Liabilities	\$ 3,304,519	\$ 2,924,009	\$ 2,422,564	\$ 1,224,966	\$ 5,727,083	\$ 4,148,975	-27.56%
Long-term debt outstanding	39,237,854	47,678,746	11,968,883	11,893,580	51,206,737	59,572,326	16.34%
Total Liabilities	\$ 42,542,373	\$ 50,602,755	\$ 14,391,447	\$ 13,118,546	\$ 56,933,820	\$ 63,721,301	
Net assets-							
Invested in capital assets							
Net of related debt	\$ 2,444,865	\$ (5,421,549)	\$ 379,108	\$ (1,881,277)	\$ 2,823,973	\$ (7,302,826)	-358.60%
Restricted	983,265	11,016,079	395,641	395,641	1,378,906	11,411,720	727.59%
Unrestricted	25,991,179	20,864,117	21,410,651	21,695,483	47,401,830	42,559,600	-10.22%
Total net assets	\$ 29,419,309	\$ 26,458,647	\$ 22,185,400	\$ 20,209,847	\$ 51,604,709	\$ 46,668,494	

Total net assets decreased \$2.96 million during the current fiscal year for the City's governmental activities. This decrease in government net assets was affected by these particular features of the City’s recent financial activity:

- Decline in sales tax, lodging and meals tax collections, reduced interest earnings, and decline in real estate collections
- Delinquent public service corporations tax collections
- Delinquent machinery and tools tax collections
- Increased employee and retiree health care costs.

Total net assets decreased for the business-type activities. These resources are not used to make up any net asset deficit in governmental activities. The City uses these net assets to finance the continuing operations of the solid waste and sewer operations. Factors contributing to these results include:

- Less interest and miscellaneous income
- Increased utility costs
- Higher employee health care benefits
- Higher sanitary sewer repair and maintenance.

Effect of GASB 45

This audit year, GASB 45 reporting became effective for the city. General Fund liabilities in the amount \$1,820,138 were recorded in the Statement of Net Assets for General Government Activities and an amount of \$416,014 was recorded in the Business Activities section on this report.

The city is currently funding the OPEB on a pay-as-you-go basis. Next year costs are estimated to be \$608,000.

Changes in net assets

Table A-2 and the narrative that follows will consider the operations of the governmental and business-type activities, separately.

Governmental Activities

Total governmental activities revenues decreased by 2.2 percent over 2008. At the same time, expenses increased by 5.2 percent over 2008. The combined revenues and expenses created a decrease in net assets of \$2,960,662. Net assets decreased because: sales tax, lodging and meals tax collections were down, property tax collections down due to delinquency taxes on public service corporation and machinery and tools tax assessments, and interest income.

Business-type Activities

Charges for services revenues of the City's business-type activities increased 17.4 percent, and expenses increased 19.7 percent. Net assets decreased because repairs and maintenance costs were higher and interest income decreased. (Refer to Table A-2).

Table A-2

City of Hopewell, Virginia Changes in Net Assets As of June 30, 2009

	Governmental Activities		Business-type Activities		Total		Total Percentage Change 2008-2009
	2008	2009	2008	2009	2008	2009	
Revenues							
Program revenues:							
Charges for services	\$ 872,412	\$ 919,065	\$ 16,017,671	\$ 18,808,470	\$ 16,890,083	\$ 19,727,535	16.80%
Federal/state grants and entitlements	10,433,363	11,115,578	33,661	-	10,467,024	11,115,578	6.20%
General revenues:							
Property taxes	21,003,914	23,548,847	-	-	21,003,914	23,548,847	12.12%
Other taxes	8,129,734	7,985,593	-	-	8,129,734	7,985,593	-1.77%
Other	4,442,496	2,302,373	843,518	404,484	5,286,014	2,706,857	-48.79%
Total revenues	\$ 44,881,919	\$ 45,871,456	\$ 16,894,850	\$ 19,212,954	\$ 61,776,769	\$ 65,084,410	
Expenses							
General government	\$ 3,355,309	\$ 3,005,250	\$ -	\$ -	\$ 3,355,309	\$ 3,005,250	-10.43%
Judicial	1,959,936	2,115,285	-	-	1,959,936	2,115,285	7.93%
Public safety	12,594,747	13,815,831	-	-	12,594,747	13,815,831	9.70%
Public works	4,720,713	5,032,124	-	-	4,720,713	5,032,124	6.60%
Health & welfare	5,764,789	6,082,016	-	-	5,764,789	6,082,016	5.50%
Education	12,419,569	12,641,913	-	-	12,419,569	12,641,913	1.79%
Parks, recreation, and cultural	2,893,300	2,771,191	-	-	2,893,300	2,771,191	-4.22%
Community development	1,097,051	1,426,189	-	-	1,097,051	1,426,189	30.00%
Interest on long-term debt	1,623,712	1,942,319	-	-	1,623,712	1,942,319	19.62%
Public utilities	-	-	17,697,147	21,188,607	17,697,147	21,188,607	19.73%
Total expenses	\$ 46,429,126	\$ 48,832,118	\$ 17,697,147	\$ 21,188,607	\$ 64,126,273	\$ 70,020,725	
Excess (deficiency) before Special items and transfers	\$ (1,547,207)	\$ (2,960,662)	\$ (802,297)	\$ (1,975,653)	\$ (2,349,504)	\$ (4,936,315)	
Special item	-	-	-	-	-	-	0.00%
Transfers	-	-	-	-	-	-	0.00%
Increase(decrease) in net assets	\$ (1,547,207)	\$ (2,960,662)	\$ (802,297)	\$ (1,975,653)	\$ (2,349,504)	\$ (4,936,315)	

Table A-3 presents the costs of the City's larger programs—public safety, public works, education, health & welfare—as well as each program's net cost (total costs less fees generated by the activities and intergovernmental aid). The net costs show the financial burden that was placed on the City's taxpayers by each of these functions.

- The total costs of these larger governmental activities represent 77% of the \$48.8 million total costs of services.
- However, the amount that our taxpayers paid for these activities was \$36.8 million. Some of the costs were paid by:
 - Those who directly benefited from the programs, or
 - Other governments and organizations subsidized certain programs with grants and contributions.
- The city paid for the \$36.8 million "public benefit" portion with taxes and with other revenues such as interest, and unrestricted state aid.

Table A-3

**City of Hopewell, Virginia
Net Cost of Certain Governmental Activities
For the year ended June 30, 2009**

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>	<u>2008</u>	<u>2009</u>	<u>2008-2009</u>
Public Safety	\$ 12,594,747	\$ 13,815,831	9.70%	\$ 10,083,959	\$ 11,013,233	9.22%
Public Works	4,720,713	5,032,124	6.60%	1,763,964	1,812,498	2.75%
Education	12,419,569	12,641,913	1.79%	12,382,331	12,134,517	-2.00%
Health & Welfare	5,764,789	6,082,016	5.50%	1,752,553	2,143,607	22.31%
Other	<u>10,929,308</u>	<u>11,260,234</u>	3.03%	<u>9,139,544</u>	<u>9,686,224</u>	5.98%
Total	\$ 46,429,126	\$ 48,832,118		\$ 35,122,351	\$ 36,790,079	

FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City closed this year with its general fund reporting an unrestricted fund balance of \$6.1 million, \$578,537 less than last year. This decrease resulted from economic downturn in economy, reduced state aid and lower tax collections.

FINANCIAL ANALYSIS OF THE CITY'S CAPITAL PROJECTS FUND

The City closed this year with its capital projects fund reporting an unrestricted fund balance of \$16.2 million, \$8.7 million more than last year. This increase resulted from a bond issuance of \$10 million to fund public improvements late in FY 2009.

FINANCIAL ANALYSIS OF THE CITY'S PUBLIC WELFARE FUND

The City closed this year with its public welfare fund reporting an unrestricted fund balance of \$87,962. For this reporting period, revenues received equaled expenses incurred and no change occurred to the unrestricted fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council amended the City budget. These budget amendments fall into two categories:

- Amendments and appropriations approved after the beginning of the year to reflect prior year encumbrances that must be re-authorized for expenses in the "new" budget year.
- Changes made to the budget midyear to address the budget priorities that changed the allocation of resources.
- Increases in appropriations for budget items occurring during the year that were not part of the original budget.

Even with these adjustments, actual expenses were \$1.9 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept. \$ 158,721
- Public Safety 1,157,493
- Judicial Administration 166,363

Resources available for appropriation were \$2,161,567 less than final estimated budgeted amount. As noted previously:

- Revenue from use of money and property were lower
- Machinery and tools taxes and Public Service Corporations taxes were lower
- Revenues from the Commonwealth of Virginia were less
- Sales tax, lodging and meals tax receipts were less.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, the City had invested \$66.5 million in a broad range of capital assets, including police and fire equipment, buildings, park facilities, sewer plants, and sewer lines. (See Table A-4). This amount represents a net decrease (including additions and deductions) of \$3,052,482, from last year.

Table A-4

City of Hopewell, Virginia Capital Assets net of Depreciation At June 30, 2009

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2008	2009	2008	2009	2008	2009	Change
Land	\$ 7,237,687	\$ 6,838,959	\$ 313,946	\$ 313,946	\$ 7,551,633	\$ 7,152,905	-5.28%
Buildings & improvements	19,699,886	30,627,775	3,709,268	3,255,251	23,409,154	33,883,026	44.74%
Equipment	3,110,345	1,696,573	7,597,065	5,794,526	10,707,410	7,491,099	-30.04%
Construction in Progress	-	-	493,829	-	493,829	-	-100.00%
Jointly Owned Assets	27,480,690	18,063,204	-	-	27,480,690	18,063,204	-34.27%
Total	\$ 57,528,608	\$ 57,226,511	\$ 12,114,108	\$ 9,363,723	\$ 69,642,716	\$ 66,590,234	

This year's major capital asset additions included:

- Completion of downtown streets enhancement project
- Public Works equipment
- Police cars
- School buses.

More detailed information on capital assets can be found in note 6 to the financial statements.

The City's fiscal year 2010 capital projects budget is \$4.4 million of which \$3.0 million is for debt service.

LONG-TERM DEBT

At year-end the City had \$44.3 million in G O bonds and literary loans outstanding—an increase of 17 percent over last year—as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Table A-5

**City of Hopewell, Virginia
Schedule of Outstanding Debt
At June 30, 2009**

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2008	2009	2008	2009	2008	2009	Change 2008-2009
General obligation bonds	\$ 31,342,111	\$ 38,460,216	\$ -	\$ -	\$ 31,342,111	\$ 38,460,216	22.71%
Literary loans	6,559,000	5,821,300	-	-	6,559,000	5,821,300	-11.25%
Revenue bonds	-	-	11,735,000	11,245,000	11,735,000	11,245,000	-4.18%
Total	\$ 37,901,111	\$ 44,281,516	\$ 11,735,000	\$ 11,245,000	\$ 49,636,111	\$ 55,526,516	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2009 stood at 11.4 percent versus 6.9 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to track the national consumer price index due in part to the residential housing market and to lower energy costs.
 - The South-urban, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.
 - The U. S city average, all items, 1982-84 base CPI index change was -1.0 percent from June, 2008 - June, 2009.

These indicators and other goals were taken into account when adopting the general fund budget for 2010. Amounts available for appropriation in the general fund budget are \$40.7 million. Property taxes and public service corporation taxes are expected to provide the majority of General Fund revenues.

Budgeted expenditures are expected to rise to \$40.7 million. Employee health insurance contributions are estimated to be the largest category increase.

It is estimated that the City's general fund balance will be unchanged at the close of 2010 as the result of continuing economic conditions. As for the City's business-type activities, we expect the 2010 results to improve the financial position in a modest amount.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Hopewell Finance Office, 300 N Main Street, Hopewell, VA 23860.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Hopewell, Virginia
Statement of Net Assets
June 30, 2009

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
ASSETS					
Cash and investments	\$ 21,958,641	\$ 21,370,674	\$ 43,329,315	\$ 6,298,421	\$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,441,014	-	3,441,014	-	-
Accounts receivable	362,826	1,175,622	1,538,448	120,779	-
Interest receivable	-	51,407	51,407	-	-
Due from other governmental units	1,447,634	-	1,447,634	665,818	721,193
Inventories	77,293	971,326	1,048,619	48,463	-
Prepaid expenses	11,996	-	11,996	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	10,027,860	395,641	10,423,501	-	-
Other assets:					
Unamortized bond issue costs	570,831	-	570,831	-	-
Capital assets (net of accumulated depreciation):					
Land	6,838,959	313,946	7,152,905	398,728	-
Buildings and system	30,627,775	1,520,411	32,148,186	15,907,733	-
Machinery and equipment	1,696,573	5,794,526	7,491,099	1,756,743	-
Sewer main improvements	-	1,734,840	1,734,840	-	-
Total assets	<u>\$ 77,061,402</u>	<u>\$ 33,328,393</u>	<u>\$ 110,389,795</u>	<u>\$ 25,196,685</u>	<u>\$ 721,193</u>
LIABILITIES					
Accounts payable	\$ 808,467	798,342	\$ 1,606,809	\$ 370,164	230,541
Accrued liabilities	949,808	310,745	1,260,553	4,150,138	-
Accrued interest payable	580,768	-	580,768	-	-
Due to other governmental units	-	-	-	-	489,033
Unearned revenue	584,966	115,879	700,845	143,627	-
Long-term liabilities:					
Due within one year	1,589,533	696,542	2,286,075	254,922	-
Due in more than one year	46,089,213	11,197,038	57,286,251	666,385	-
Total liabilities	<u>\$ 50,602,755</u>	<u>\$ 13,118,546</u>	<u>\$ 63,721,301</u>	<u>\$ 5,585,236</u>	<u>\$ 719,574</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ (5,421,549)	\$ (1,881,277)	\$ (7,302,826)	\$ 18,063,204	\$ -
Restricted for:					
Capital projects	10,027,860	-	10,027,860	-	-
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care:					
Expendable	988,219	-	988,219	-	-
Unrestricted (deficit)	20,864,117	21,695,483	42,559,600	1,548,245	1,619
Total net assets	<u>\$ 26,458,647</u>	<u>\$ 20,209,847</u>	<u>\$ 46,668,494</u>	<u>\$ 19,611,449</u>	<u>\$ 1,619</u>

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

City of Hopewell, Virginia
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,005,250	\$ -	\$ 295,650	\$ -	\$ (2,709,600)	\$ -	\$ (2,709,600)	\$ -	\$ -
Judicial administration	2,115,285	362,032	608,641	-	(1,144,612)	-	(1,144,612)	-	-
Public safety	13,815,831	454,764	2,347,834	-	(11,013,233)	-	(11,013,233)	-	-
Public works	5,032,124	-	3,219,626	-	(1,812,498)	-	(1,812,498)	-	-
Health and welfare	6,082,016	-	3,938,409	-	(2,143,607)	-	(2,143,607)	-	-
Education	12,641,913	-	507,396	-	(12,134,517)	-	(12,134,517)	-	-
Parks, recreation, and cultural	2,771,191	102,269	4,150	-	(2,664,772)	-	(2,664,772)	-	-
Community development	1,426,189	-	4,235	197,033	(1,224,921)	-	(1,224,921)	-	-
Interest on long-term debt	1,942,319	-	-	-	(1,942,319)	-	(1,942,319)	-	-
Total governmental activities	\$ 48,832,118	\$ 919,065	\$ 10,925,941	\$ 197,033	\$ (36,790,079)	\$ -	\$ (36,790,079)	\$ -	\$ -
Business-type activities:									
Public utilities	\$ 21,188,607	\$ 18,808,470	\$ -	\$ -	\$ -	\$ (2,380,137)	\$ (2,380,137)	\$ -	\$ -
Total business-type activities	\$ 21,188,607	\$ 18,808,470	\$ -	\$ -	\$ -	\$ (2,380,137)	\$ (2,380,137)	\$ -	\$ -
Total primary government	\$ 70,020,725	\$ 19,727,535	\$ 10,925,941	\$ 197,033	\$ (36,790,079)	\$ -	\$ (39,170,216)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 44,966,296	\$ 884,606	\$ 31,732,489	\$ -	\$ -	\$ -	\$ -	\$ (12,349,201)	\$ -
Comprehensive Services Act Board	2,889,981	-	1,971,280	-	-	-	-	-	(918,701)
Total component units	\$ 47,856,277	\$ 884,606	\$ 33,703,769	\$ -	\$ -	\$ -	\$ -	\$ (12,349,201)	\$ (918,701)
General revenues:									
General property taxes					\$ 23,548,847	\$ -	\$ 23,548,847	\$ -	\$ -
Local sales tax					1,752,105	-	1,752,105	-	-
Business license tax					1,671,362	-	1,671,362	-	-
Communications tax					879,349	-	879,349	-	-
Restaurant food taxes					1,624,072	-	1,624,072	-	-
Other local taxes					2,058,705	-	2,058,705	-	-
Unrestricted revenues from use of money and property					593,272	404,584	997,856	25,010	118,258
Miscellaneous					167,241	-	167,241	156,969	-
Grants and contributions not restricted to specific programs					1,534,464	-	1,534,464	-	-
Payment from the City of Hopewell					-	-	-	12,052,774	800,443
Total general revenues					\$ 33,829,417	\$ 404,584	\$ 34,234,001	\$ 12,234,753	\$ 918,701
Change in net assets					\$ (2,960,662)	\$ (1,975,555)	\$ (4,936,215)	\$ (114,448)	\$ -
Net assets - beginning					\$ 29,419,309	\$ 22,185,400	\$ 51,604,709	\$ 19,725,897	\$ 1,619
Net assets - ending					\$ 26,458,647	\$ 20,209,847	\$ 46,668,494	\$ 19,611,449	\$ 1,619

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

FUND FINANCIAL STATEMENTS

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City of Hopewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2009

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 10,882,763	\$ -	\$ 10,852,948	\$ 222,930	\$ 21,958,641
Receivables (net of allowance for uncollectibles):					
Taxes receivable	3,441,014	-	-	-	3,441,014
Accounts receivable	167,720	7,082	188,007	17	362,826
Due from other funds	269,732	-	-	-	269,732
Due from other governmental units	1,094,809	346,300	-	6,525	1,447,634
Inventories	77,293	-	-	-	77,293
Prepaid items	11,996	-	-	-	11,996
Restricted assets:					
Temporarily restricted:					
Cash and investments	-	-	10,027,860	-	10,027,860
Total assets	<u>\$ 15,945,327</u>	<u>\$ 353,382</u>	<u>\$ 21,068,815</u>	<u>\$ 229,472</u>	<u>\$ 37,596,996</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 714,619	\$ 2,596	\$ 18,500	\$ 72,752	\$ 808,467
Accrued liabilities	869,442	-	-	80,366	949,808
Due to other funds		262,824	-	6,908	269,732
Deferred revenue	3,791,872	-	-	-	3,791,872
Total liabilities	<u>\$ 5,375,933</u>	<u>\$ 265,420</u>	<u>\$ 18,500</u>	<u>\$ 160,026</u>	<u>\$ 5,819,879</u>
Fund balances:					
Reserved for:					
Inventories	\$ 77,293	\$ -	\$ -	\$ -	\$ 77,293
Prepaid items	11,996	-	-	-	11,996
Encumbrances	7,515	-	54,705	404	62,624
Perpetual care	988,219	-	-	-	988,219
Unreserved:					
Designated:					
Bond coverage reserve	-	-	4,500,000	-	4,500,000
Tourism office	55,218	-	-	-	55,218
Beautification of perpetual care	280,824	-	-	-	280,824
Fire department equipment	735,787	-	-	-	735,787
Self insurance	2,213,760	-	-	-	2,213,760
Youth Care Commission	144,946	-	-	-	144,946
Designated capital projects	-	-	278,638	-	278,638
Undesignated:					
General fund	6,053,836	-	-	-	6,053,836
Special revenue funds	-	87,962	-	69,042	157,004
Capital projects funds	-	-	16,216,972	-	16,216,972
Total fund balances	<u>\$ 10,569,394</u>	<u>\$ 87,962</u>	<u>\$ 21,050,315</u>	<u>\$ 69,446</u>	<u>\$ 31,777,117</u>
Total liabilities and fund balances	<u>\$ 15,945,327</u>	<u>\$ 353,382</u>	<u>\$ 21,068,815</u>	<u>\$ 229,472</u>	<u>\$ 37,596,996</u>

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

City of Hopewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	31,777,117
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			39,163,307
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Deferred revenue			3,206,906
Long-term liabilities and related assets, including unamortized bond issue costs and bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.			
General obligation bonds payable	\$ (38,460,216)		
Unamortized bond issue costs	570,831		
Bond issuance premium	(303,340)		
State literary fund loans payable	(5,821,300)		
Landfill closure liability	(308,511)		
Accrued interest payable	(580,768)		
Other post employment benefit obligation	(1,820,138)		
Compensated absences	(965,241)		
			(47,688,683)
Net assets of governmental activities		\$	26,458,647

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

City of Hopewell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 22,831,071	\$ -	\$ -	\$ -	\$ 22,831,071
Other local taxes	5,788,465	-	2,197,128	-	7,985,593
Permits, privilege fees, and regulatory licenses	135,509	-	-	-	135,509
Fines and forfeitures	282,130	-	-	-	282,130
Revenue from the use of money and property	220,242	-	195,730	177,300	593,272
Charges for services	399,157	-	-	102,269	501,426
Miscellaneous	(53,418)	-	175,774	44,885	167,241
Recovered costs	872,000	-	-	-	872,000
Intergovernmental revenues:					
Local government	-	-	500,000	-	500,000
Commonwealth	7,920,231	1,503,635	-	4,235	9,428,101
Federal	172,861	2,352,047	-	204,429	2,729,337
Total revenues	<u>\$ 38,568,248</u>	<u>\$ 3,855,682</u>	<u>\$ 3,068,632</u>	<u>\$ 533,118</u>	<u>\$ 46,025,680</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,555,998	\$ -	\$ -	\$ -	\$ 3,555,998
Judicial administration	1,724,389	-	-	-	1,724,389
Public safety	12,549,248	-	-	-	12,549,248
Public works	4,243,859	-	-	4,676	4,248,535
Health and welfare	1,305,416	4,368,122	-	-	5,673,538
Education	9,726,799	-	1,318,822	-	11,045,621
Parks, recreation, and cultural	569,630	-	-	1,730,706	2,300,336
Community development	749,623	-	-	254,234	1,003,857
Nondepartmental	864,074	-	-	-	864,074
Capital projects	-	-	1,837,201	-	1,837,201
Debt service:					
Principal retirement	1,369,595	-	2,279,000	-	3,648,595
Interest and other fiscal charges	412,793	-	1,197,392	-	1,610,185
Total expenditures	<u>\$ 37,071,424</u>	<u>\$ 4,368,122</u>	<u>\$ 6,632,415</u>	<u>\$ 1,989,616</u>	<u>\$ 50,061,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,496,824</u>	<u>\$ (512,440)</u>	<u>\$ (3,563,783)</u>	<u>\$ (1,456,498)</u>	<u>\$ (4,035,897)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 330,000	\$ 512,440	\$ 1,185,000	\$ 1,373,961	\$ 3,401,401
Transfers out	(3,071,401)	-	(330,000)	-	(3,401,401)
Issuance of refunding bonds	-	-	2,155,000	-	2,155,000
Debt issuance premium	-	-	303,340	-	303,340
Issuance of bonds	-	-	10,000,000	-	10,000,000
Redemption of refunded bonds	-	-	(2,126,000)	-	(2,126,000)
Total other financing sources (uses)	<u>\$ (2,741,401)</u>	<u>\$ 512,440</u>	<u>\$ 11,187,340</u>	<u>\$ 1,373,961</u>	<u>\$ 10,332,340</u>
Net change in fund balances	\$ (1,244,577)	\$ -	\$ 7,623,557	\$ (82,537)	\$ 6,296,443
Fund balances - beginning, as adjusted	11,813,971	87,962	13,426,758	151,983	25,480,674
Fund balances - ending	<u>\$ 10,569,394</u>	<u>\$ 87,962</u>	<u>\$ 21,050,315</u>	<u>\$ 69,446</u>	<u>\$ 31,777,117</u>

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

City of Hopewell, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 6,296,443
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.</p>		
Capital outlay	\$ 476,602	
Depreciation expense	<u>(1,678,457)</u>	(1,201,855)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		717,776
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of long-term debt	\$ (12,458,340)	
Amortization of bond issuance cost	(23,785)	
Principal payments on debt	5,774,595	
Decrease in landfill closure liability	<u>92,803</u>	(6,614,727)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.</p>		
(Increase) decrease in interest payable	\$ (308,349)	
(Increase) decrease in other post employment benefit payable	(1,820,138)	
(Increase) decrease in accrued leave	<u>(29,812)</u>	(2,158,299)
Change in net assets of governmental activities		<u><u>\$ (2,960,662)</u></u>

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

City of Hopewell, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>			
	Hopewell			
	Regional Wastewater Treatment Facilities <u>Fund</u>	Sewer Service <u>Fund</u>	Solid Waste <u>Fund</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and investments	\$ 3,564,309	\$ 15,543,681	\$ 2,262,684	\$ 21,370,674
Interest receivable	105	51,148	154	51,407
Accounts receivable, net of allowances for uncollectibles	591,416	413,509	170,697	1,175,622
Inventories	971,326	-	-	971,326
Total current assets	<u>\$ 5,127,156</u>	<u>\$ 16,008,338</u>	<u>\$ 2,433,535</u>	<u>\$ 23,569,029</u>
Noncurrent assets:				
Restricted assets:				
Cash and investments	\$ 395,641	\$ -	\$ -	\$ 395,641
Total restricted assets	<u>\$ 395,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,641</u>
Capital assets:				
Utility plant in service	\$ 9,209,715	\$ 501,878	\$ -	\$ 9,711,593
Land	216,026	97,920	-	313,946
Machinery and equipment	52,586,424	892,242	-	53,478,666
Sewer main improvements	-	5,011,534	-	5,011,534
Less accumulated depreciation	(54,817,110)	(4,334,906)	-	(59,152,016)
Total capital assets	<u>\$ 7,195,055</u>	<u>\$ 2,168,668</u>	<u>\$ -</u>	<u>\$ 9,363,723</u>
Total noncurrent assets	<u>\$ 7,590,696</u>	<u>\$ 2,168,668</u>	<u>\$ -</u>	<u>\$ 9,759,364</u>
Total assets	<u>\$ 12,717,852</u>	<u>\$ 18,177,006</u>	<u>\$ 2,433,535</u>	<u>\$ 33,328,393</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 343,939	\$ 196,517	\$ 257,886	\$ 798,342
Accrued liabilities	310,745	-	-	310,745
Compensated absences - current portion	159,025	25,140	2,377	186,542
Deferred revenue	115,879	-	-	115,879
Bonds payable - current portion	510,000	-	-	510,000
Total current liabilities	<u>\$ 1,439,588</u>	<u>\$ 221,657</u>	<u>\$ 260,263</u>	<u>\$ 1,921,508</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 10,735,000	\$ -	\$ -	\$ 10,735,000
OPEB liability	366,341	37,255	12,418	416,014
Compensated absences - net of current portion	40,530	5,494	-	46,024
Total noncurrent liabilities	<u>\$ 11,141,871</u>	<u>\$ 42,749</u>	<u>\$ 12,418</u>	<u>\$ 11,197,038</u>
Total liabilities	<u>\$ 12,581,459</u>	<u>\$ 264,406</u>	<u>\$ 272,681</u>	<u>\$ 13,118,546</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ (4,049,945)	\$ 2,168,668	\$ -	\$ (1,881,277)
Restricted for debt service and bond covenants	395,641	-	-	395,641
Unrestricted	3,790,697	15,743,932	2,160,854	21,695,483
Total net assets	<u>\$ 136,393</u>	<u>\$ 17,912,600</u>	<u>\$ 2,160,854</u>	<u>\$ 20,209,847</u>

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

City of Hopewell, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
OPERATING REVENUES				
Charges for services:				
Wastewater treatment revenues	\$ 12,396,744	\$ -	\$ -	\$ 12,396,744
Sewer revenues	-	4,302,233	-	4,302,233
Refuse collection	-	-	2,109,493	2,109,493
Total operating revenues	<u>\$ 12,396,744</u>	<u>\$ 4,302,233</u>	<u>\$ 2,109,493</u>	<u>\$ 18,808,470</u>
OPERATING EXPENSES				
Personal services	\$ 2,751,639	\$ 316,372	\$ 74,837	\$ 3,142,848
Fringe benefits	1,361,256	151,448	47,728	1,560,432
Contractual services	2,022,230	2,151,252	1,315,850	5,489,332
Administrative services	90,534	445,160	530,158	1,065,852
Materials and supplies	247,152	43,798	1,507	292,457
Repairs and maintenance	776,950	1,625,867	46,433	2,449,250
Utilities	79,366	100,276	12,135	191,777
Fuel	2,286,795	16,448	3,851	2,307,094
Insurance	138,721	32,440	4,667	175,828
Chemicals	697,848	2,750	-	700,598
Miscellaneous	39,158	2,001	104,756	145,915
Depreciation	2,934,056	156,658	-	3,090,714
Total operating expenses	<u>\$ 13,425,705</u>	<u>\$ 5,044,470</u>	<u>\$ 2,141,922</u>	<u>\$ 20,612,097</u>
Operating income (loss)	<u>\$ (1,028,961)</u>	<u>\$ (742,237)</u>	<u>\$ (32,429)</u>	<u>\$ (1,803,627)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	\$ 73,803	\$ 305,266	\$ 25,515	\$ 404,584
Interest expense	(576,510)	-	-	(576,510)
Total nonoperating revenues (expenses)	<u>\$ (502,707)</u>	<u>\$ 305,266</u>	<u>\$ 25,515</u>	<u>\$ (171,926)</u>
Income before contributions and transfers	<u>\$ (1,531,668)</u>	<u>\$ (436,971)</u>	<u>\$ (6,914)</u>	<u>\$ (1,975,553)</u>
Total net assets - beginning	1,668,061	18,349,571	2,167,768	22,185,400
Total net assets - ending	<u>\$ 136,393</u>	<u>\$ 17,912,600</u>	<u>\$ 2,160,854</u>	<u>\$ 20,209,847</u>

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

City of Hopewell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 12,042,678	\$ 4,366,150	\$ 2,176,037	\$ 18,584,865
Payments to suppliers	(7,671,593)	(4,384,649)	(1,971,656)	(14,027,898)
Payments to employees	(3,748,336)	(374,505)	(122,565)	(4,245,406)
Net cash provided (used) by operating activities	<u>\$ 622,749</u>	<u>\$ (393,004)</u>	<u>\$ 81,816</u>	<u>\$ 311,561</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of capital assets	\$ (254,455)	\$ (85,874)	\$ -	\$ (340,329)
Principal payments on bonds	(490,000)	-	-	(490,000)
Interest payments	(576,510)	-	-	(576,510)
Net cash provided (used) by capital and related financing activities	<u>\$ (1,320,965)</u>	<u>\$ (85,874)</u>	<u>\$ -</u>	<u>\$ (1,406,839)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 75,478	\$ 309,808	\$ 27,311	\$ 412,597
Net cash provided (used) by investing activities	<u>\$ 75,478</u>	<u>\$ 309,808</u>	<u>\$ 27,311</u>	<u>\$ 412,597</u>
Net increase (decrease) in cash and cash equivalents	\$ (622,738)	\$ (169,070)	\$ 109,127	\$ (682,681)
Cash and cash equivalents - beginning - including restricted	\$ 4,582,688	\$ 15,712,751	\$ 2,153,557	\$ 22,448,996
Cash and cash equivalents - ending - including restricted	<u>\$ 3,959,950</u>	<u>\$ 15,543,681</u>	<u>\$ 2,262,684</u>	<u>\$ 21,766,315</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (1,028,961)	\$ (742,237)	\$ (32,429)	\$ (1,803,627)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 2,934,056	\$ 156,658	\$ -	\$ 3,090,714
(Increase) decrease in accounts receivable	(372,862)	81,905	66,544	(224,413)
(Increase) decrease in inventories	31,788	-	-	31,788
Increase (decrease) in accounts payable and accrued liabilities	(960,068)	128,658	47,701	(783,709)
Increase (decrease) in deferred revenue	18,796	(17,988)	-	808
Total adjustments	<u>\$ 1,651,710</u>	<u>\$ 349,233</u>	<u>\$ 114,245</u>	<u>\$ 2,115,188</u>
Net cash provided (used) by operating activities	<u>\$ 622,749</u>	<u>\$ (393,004)</u>	<u>\$ 81,816</u>	<u>\$ 311,561</u>

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

City of Hopewell, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 32,986
Total assets	\$ 32,986
 LIABILITIES	
Amounts held for social services clients	\$ 32,986
Total liabilities	\$ 32,986

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

NOTES TO THE FINANCIAL STATEMENTS

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009

Note 1—Summary of Significant Accounting Policies:

The City of Hopewell, Virginia (the "City") was incorporated in 1916 and its current charter was granted in 1950. The City operates under a Council/Manager form of government and provides a full range of services to its citizens. These services include public safety (police and fire), public works, health and welfare services, parks, recreation, and cultural, education, community and economic development and judicial and general administrative services. The City owns and operates sewer, wastewater and solid waste treatment systems.

The financial statements of the City of Hopewell, Virginia have been prepared in conformity with the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia, and the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board. The more significant of the government's accounting policies are described below. Unless otherwise stated, the accounting policies of the Component Unit School Board and Component Unit Comprehensive Services Act Board are similar to those of the City.

Financial Statement Presentation

The City's financial report is prepared in accordance with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for state and Local Governments.

Management's Discussion and Analysis - GASB Statement No. 34 requires the financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net assets and the statement activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

Statement of Net Assets - The Statement of Net Assets is designed to display financial position of the primary government (government and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Assets and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net assets of a government will be broken down into three categories - 1) invested in capital assets, net of related debt; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the GASB 34 reporting model, governments provide budgetary comparison information in their annual reports including the original budget, final budget and actual results.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the City of Hopewell (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2009.

Discretely Presented Component Units. The School Board members are appointed by the members of the City Council. The School Board is responsible for the operations of the City's School System within the City boundaries. The School Board is fiscally dependent on the City. The City has the ability to approve its budget and any amendments. The primary funding of the school board is from the General Fund of the City. The School Fund does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation of the City financial statements for the fiscal year ended June 30, 2009.

The Comprehensive Services Act Board is responsible for providing family and youth services to the citizens of the City in accordance with the State Comprehensive Services Act. The Board consists of members appointed by the City Council. The Board is fiscally dependent on the City, and therefore, it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2009. The Comprehensive Services Act Board does not issue a separate financial report.

C. Other Related Organizations

Included in the City's Financial Report

None

Joint Ventures - The City is a participant with six other localities in a joint venture to operate the Riverside Regional Jail Authority (the Authority). The Authority is governed by a seven-member board comprised of one appointee from each locality. Each locality is obligated by contract to house its inmate population with the Authority up to its authorized slots. The City does not retain a financial interest in the Authority. Financial statements of the Authority can be obtained at its administrative offices at Superintendent, Riverside Regional Jail Authority, P.O. Box 1041, Hopewell, Virginia 23860.

The City is a participant with the County of Dinwiddie and County of Prince George in a joint venture to operate the Appomattox Regional Library (the Library). The Library is governed by an 11-member board comprised of five appointees from Hopewell and three each from Dinwiddie and Prince George. Each locality is obligated by contract to fund a percentage of the Library's approved budget. In accordance with the joint venture agreement, the City remitted \$551,657 to the Library for fiscal 2009. The City has an ongoing financial responsibility to fund the Library, but does not retain a financial interest in the Library. Financial statements for the Library can be obtained at its administrative offices at 245 East Cawson Street, Hopewell, Virginia 23860.

Jointly Governed Organizations - The City participates with eight other localities in the District 19 Community Services Board. The City also participates with five other localities in Virginia's Gateway Region, a regional economic development organization. The City provided funding of \$105,288 and \$29,620, respectively, during fiscal 2009 to these entities. The City also participates with six other localities in the Crater Youth Care Commission and provided funding in the amount of \$345,468.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

C. Other Related Organizations (continued)

Related Organizations - The City is also responsible for appointing members of the boards of two organizations, but the City's accountability for these organizations does not extend beyond making these appointments. Related organizations during the year ended June 30, 2009 are as follows: Hopewell Industrial Development Authority and Hopewell Redevelopment and Housing Authority.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

The City applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary funds financial statements are reported on the accrual basis of accounting to recognize receivables and payables, but do not have a measurement focus.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The City's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as deferred revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the City, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the City.

Licenses, permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time other specific expenditure. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

In the fund financial statements, financial transactions and accounts of the City are organized on the basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The City reports the General, Capital Projects, and Virginia Public Assistance Funds as a major governmental funds.

The General Fund is the primary operating fund of the City. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Capital Projects Fund - The Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by Proprietary Funds.

Proprietary Funds - The Proprietary Funds account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's Major Enterprise Funds consist of the following: Hopewell Regional Wastewater Treatment Facilities, Sewer Service, and Solid Waste.

Special Revenue Fund: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following major funds: Virginia Public Assistance and the following nonmajor funds: Recreation, Community Development Block Grant, and Anti-Litter. The Virginia Public Assistance Fund accounts for the Social Services programs of the City and is funded primarily through intergovernmental revenues.

Fiduciary Funds - (Trust and Agency Funds) - These funds account for assets held by the City unit in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. These funds include agency funds. Agency funds utilize the accrual basis of accounting described in the Governmental Fund Presentation. Agency funds include the Special Welfare Fund only. Fiduciary funds are not included in the government-wide financial statements.

E. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

F. Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

G. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$2,845,378 at June 30, 2009 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 15/December 5 (50% each date)	February 15
Lien Date	January 1	January 1

The City bills and collects its own property taxes. The City follows the practice of reassessing real estate biennially and personal property annually.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental columns in the government-wide financial statements for the City and its component units. Capital assets are defined by the City as land, buildings, infrastructure, and equipment with an initial individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

H. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2009 was immaterial.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Plant, equipment and system	20-30
Motor vehicles	5
Equipment	3-10

I. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the Statement of Net Assets. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Retirement Plan

Retirement plan contributions are actuarially determined and consist of current service costs and amortization of prior service cost over a 30-year period. The City's policy is to fund pension cost as it accrues.

K. Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 1—Summary of Significant Accounting Policies: (Continued)

M. Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation less any outstanding debt related to the acquisition, construction or improvement of those assets.

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums on issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Prepaid Items

Prepaid expenditures in governmental funds are offset by reservation of fund balance.

P. Inventory

Inventory is valued at cost using the weighted average method. Inventory consists of expendable supplies held for consumption and is recorded as expenditures when used (consumption method). In the Governmental Funds, inventory is equally offset by a fund balance reserve which indicates that it does not constitute "currently expendable financial resources".

Q. Restricted Assets

The City reported restricted assets on the balance sheet in a governmental fund that represents bond proceeds that have not been spent at June 30, 2009 in accordance with the terms of the bond. These assets, in the amount of \$10,027,860, are to be used to fund future city public improvements.

Note 2—Stewardship, Compliance, and Accounting:

The following procedures are used by the City in establishing the budgetary data reflected in the financial statements:

1. The City Charter requires the City Manager to submit to the City Council an annual budget for the ensuing fiscal year at least 60 days prior to the beginning of such fiscal year.
2. A public hearing on the budget is held after a synopsis of the budget is published in a local newspaper of general circulation. After a public hearing, the City Council may change any item in the budget (other than debt service or items required by law). A budget resolution must be adopted by the City Council prior to June 30 or as soon thereafter as is practicable.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 2—Stewardship, Compliance, and Accounting (Continued):

3. The City utilizes the budget resolution as a budgetary control whereby City Council adopts budgets for estimated revenues and expenditures on a departmental basis for the General Fund and Special Revenue Funds. Capital Projects Funds are budgeted on a project-length basis. Adopted budgets may be amended or superseded by action of City Council.
4. Budgets are also adopted by City Council for the Enterprise Funds. Budget to actual comparisons for these funds are not presented herein since there is no legal requirement for such presentation.
5. All operating budgets include proposed expenditures and the means of financing them. City Council must approve any budget revisions at the department level once the budget resolution has been adopted. Budgeted amounts as presented in the financial statements reflect reallocations within budget categories through June 30, 2009.
6. Appropriation control is maintained at the function level within individual funds. Appropriations lapse at year end. Encumbrances and reserved fund balances outstanding at year end are re-appropriated in the succeeding year. Several supplemental appropriations were necessary during the fiscal year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2009.

Note 3—Deposits and Investments:

Deposits

All cash of the primary government and its discretely presented component units is maintained in accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance.

Investments

Statutes authorize the City to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, banker's acceptances, repurchase agreements and the State Treasurer's Local Government Investment Pool (LGIP).

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2009 were rated by *Standard and Poor's* and the ratings are presented below using the *Standard and Poor's* rating scale. The City's investment policy has an emphasis on high credit quality and known marketability. Holdings of commercial paper are not allowed to exceed thirty-five percent of the investment portfolio.

City's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings						
	AAA	AAAm	AA	AA+	AA-	A	Unrated
Local Government Investment Pool	\$ -	\$ 18,199,551	\$ -	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	10,028,734	-	-	-	-	-
Municipal/Public Bonds	3,297,056	-	201,424	206,490	-	-	316,782
Corporate Bonds	203,584	-	-	278,607	201,454	100,552	103,156
Repurchase Agreements - Underlying:							
Municipal/Public Bonds	1,001,627	-	-	-	-	-	-
Discount Notes	-	-	-	-	-	-	10,474,268
Total	\$ 4,502,267	\$ 28,228,285	\$ 201,424	\$ 485,097	\$ 201,454	\$ 100,552	\$ 10,894,206

Interest Rate Risk

According to the City's investment policy, at no time shall securities with maturity dates in excess of six months exceed ten percent of the total budget of the City for the current fiscal year.

Investment Maturities (in years)

Investment Type	Fair Value	Less Than	
		1 Year	1-5 Years
Municipal/Public Bonds	\$ 4,021,752	\$ 1,138,727	\$ 2,883,025
Corporate Debt	887,352	887,352	-
Repurchase Agreements - Underlying:			
Municipal/Public Bonds	1,001,628	1,001,628	-
Discount Notes	10,474,268	10,474,268	-
Total	\$ 16,385,000	\$ 13,501,975	\$ 2,883,025

External Investment Pools

The State Non-Arbitrage Pool (SNAP) is an open-end management investment company registered with the Securities and Exchange Commission (SEC). The fair value of the positions in the Local Government Investment Pool (LGIP) is the same as the value of the pool shares. As this pool is not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP maintains a policy to operate in a manner consistent with SEC Rule 2a-7.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 4—Due from Other Governments:

At June 30, 2009, the City had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Component Unit Comprehensive Services Act Board</u>
Other Local Governments:			
City of Hopewell Comprehensive Services Act Board	\$ 489,033	\$ -	\$ -
Commonwealth of Virginia:			
Local sales tax	302,612	-	-
Communications tax	127,627	-	-
Electoral board reimbursement	48,331	-	-
E-911 wireless funds	7,568	-	-
VPA funds	131,077	-	-
Victim witness	17,466	-	-
State Sales Tax	-	469,066	-
Constitutional officer reimbursements	102,172	-	-
Comprehensive service	-	-	721,193
Federal Government:			
School fund grants	-	136,809	-
School food	-	59,943	-
Community Development Block Grant	6,525	-	-
VPA funds	215,223	-	-
Total due from other governments	\$ <u>1,447,634</u>	\$ <u>665,818</u>	\$ <u>721,193</u>

Amounts due to other governments are as follows:

Other Local Governments:			
City of Hopewell	\$ <u>-</u>	\$ <u>-</u>	\$ <u>489,033</u>

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2009 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 269,732	\$ -
Virginia Public Assistance	-	262,824
Recreation	-	6,908
	\$ <u>269,732</u>	\$ <u>269,732</u>

Details of the Component Unit School Board's interfund receivables and payables as of June 30, 2009 are as follows:

Fund	Interfund Receivable	Interfund Payable
Building and Bus Replacement	\$ 421,257	\$ -
School Operating	-	421,257
	\$ <u>421,257</u>	\$ <u>421,257</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditure occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2009:

Primary Government:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,838,959	\$ -	\$ -	\$ 6,838,959
Total capital assets not subject to depreciation	\$ 6,838,959	\$ -	\$ -	\$ 6,838,959
Capital assets subject to depreciation:				
Buildings and system	\$ 30,861,783	\$ 1,103,546	\$ -	\$ 31,965,329
Machinery and equipment	6,661,079	389,396	445,566	6,604,909
Jointly owned assets	16,618,244	-	1,432,569	15,185,675
Total capital assets being depreciated	\$ 54,141,106	\$ 1,492,942	\$ 1,878,135	\$ 53,755,913
Less accumulated depreciation for:				
Buildings and system	\$ (11,161,897)	\$ (949,172)	\$ -	\$ (12,111,069)
Machinery and equipment	(4,977,873)	(376,029)	(445,566)	(4,908,336)
Jointly owned assets	(4,475,133)	(353,256)	(416,229)	(4,412,160)
Total accumulated depreciation	\$ (20,614,903)	\$ (1,678,457)	\$ (861,795)	\$ (21,431,565)
Total capital assets being depreciated, net	\$ 33,526,203	\$ (185,515)	\$ 1,016,340	\$ 32,324,348
Governmental capital assets, net	\$ 40,365,162	\$ (185,515)	\$ 1,016,340	\$ 39,163,307

Component Unit - School Board:

	Balance July 1, 2008	Increases	Decreases	Balance June 30, 2009
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 398,728	\$ -	\$ -	\$ 398,728
Capital assets subject to depreciation:				
Machinery and equipment	\$ 3,320,055	\$ 714,252	\$ 422,119	\$ 3,612,188
Jointly owned assets	20,989,976	1,432,569	-	22,422,545
Total capital assets being depreciated	\$ 24,310,031	\$ 2,146,821	\$ 422,119	\$ 26,034,733
Less accumulated depreciation for:				
Machinery and equipment	\$ (1,892,916)	\$ (384,648)	\$ (422,119)	\$ (1,855,445)
Jointly owned assets	(5,652,397)	(446,186)	416,229	(6,514,812)
Total accumulated depreciation	\$ (7,545,313)	\$ (830,834)	\$ (5,890)	\$ (8,370,257)
Total capital assets being depreciated, net	\$ 16,764,718	\$ 1,315,987	\$ 416,229	\$ 17,664,476
Governmental capital assets, net	\$ 17,163,446	\$ 1,315,987	\$ 416,229	\$ 18,063,204

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

Depreciation expense was charged to functions/programs/funds as follows:

Governmental activities:

General government administration	\$	171,768
Judicial administration		211,468
Public safety		380,056
Public works		226,210
Health and welfare		15,730
Education		353,256
Parks, recreation and cultural		319,969
		<hr/>
Total Governmental activities	\$	<u>1,678,457</u>

Enterprise activities:

Hopewell Regional Wastewater Treatment Facilities	\$	2,934,056
Sewer		156,658
		<hr/>
Total Enterprise activities	\$	<u>3,090,714</u>
		<hr/>
Component Unit School Board	\$	<u>830,834</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments "on-behalf" of school boards was reported in the school board's discrete column along with the related capital assets. Under the new law, local governments have a "tenancy in common" with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Hopewell, Virginia for the year ended June 30, 2009, is that school financed assets in the amount of \$10,773,515 are reported in the Primary Government for financial reporting purposes.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 6—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2009 follows:

Primary Government:

	<u>Balance July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2009</u>
Enterprise activities:				
Sewer Service Fund:				
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Capital assets subject to depreciation:				
Utility plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and equipment	806,368	85,874	-	892,242
Sewer main improvements	5,011,534	-	-	5,011,534
Total capital assets being depreciated	<u>\$ 6,319,780</u>	<u>\$ 85,874</u>	<u>\$ -</u>	<u>\$ 6,405,654</u>
Less accumulated depreciation for:				
Utility plant in service	\$ (461,315)	\$ (8,067)	\$ -	\$ (469,382)
Machinery and equipment	(547,209)	(41,621)	-	(588,830)
Sewer main improvements	(3,169,724)	(106,970)	-	(3,276,694)
Total accumulated depreciation	<u>\$ (4,178,248)</u>	<u>\$ (156,658)</u>	<u>\$ -</u>	<u>\$ (4,334,906)</u>
Total capital assets being depreciated, net	<u>\$ 2,141,532</u>	<u>\$ (70,784)</u>	<u>\$ -</u>	<u>\$ 2,070,748</u>
Enterprise capital assets, net	<u>\$ 2,239,452</u>	<u>\$ (70,784)</u>	<u>\$ -</u>	<u>\$ 2,168,668</u>
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Construction in progress	493,829	45,134	538,963	-
Total capital assets not subject to depreciation	<u>\$ 709,855</u>	<u>\$ 45,134</u>	<u>\$ 538,963</u>	<u>\$ 216,026</u>
Capital assets subject to depreciation:				
Utility plant in service	\$ 9,105,295	\$ 104,420	\$ -	\$ 9,209,715
Machinery and equipment	52,490,011	104,901	8,488	52,586,424
Total capital assets being depreciated	<u>\$ 61,595,306</u>	<u>\$ 209,321</u>	<u>\$ 8,488</u>	<u>\$ 61,796,139</u>
Less accumulated depreciation for:				
Utility plant in service	\$ (7,278,400)	\$ (443,400)	\$ -	\$ (7,721,800)
Machinery and equipment	(45,152,105)	(2,490,656)	(547,451)	(47,095,310)
Total accumulated depreciation	<u>\$ (52,430,505)</u>	<u>\$ (2,934,056)</u>	<u>\$ (547,451)</u>	<u>\$ (54,817,110)</u>
Total capital assets being depreciated, net	<u>\$ 9,164,801</u>	<u>\$ (2,724,735)</u>	<u>\$ (538,963)</u>	<u>\$ 6,979,029</u>
Enterprise capital assets, net	<u>\$ 9,874,656</u>	<u>\$ (2,679,601)</u>	<u>\$ -</u>	<u>\$ 7,195,055</u>

The Hopewell Regional Wastewater Treatment Facilities Fund reported an impairment loss of \$538,963 due to construction stoppage on the Nitrogen Project. This amount was classified as construction in progress in the prior year and reported as an operating expense for the fiscal year ended June 30, 2009.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2009 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General	\$ 330,000	\$ 3,071,401
Capital Projects	1,185,000	330,000
Virginia Public Assistance	512,440	-
Recreation	1,373,961	-
Total	<u>\$ 3,401,401</u>	<u>\$ 3,401,401</u>
Component Unit:		
School Operating	\$ 463,556	\$ 902,647
Building and Bus Replacement	798,233	463,556
Textbook	104,414	-
Total	<u>\$ 1,366,203</u>	<u>\$ 1,366,203</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations:

A summary of changes in long-term obligations is as follows:

Primary Government:

	Amounts Payable at July 1, 2008	Increases	Decreases	Amounts Payable at June 30, 2009	Amounts Due Within One Year
Governmental Obligations:					
Incurred by City					
Claims, judgments and compensated absences payable	\$ 935,429	\$ 640,879	\$ 611,067	\$ 965,241	\$ 96,524
General obligation bonds	25,758,000	12,155,000	4,405,000	33,508,000	199,000
Landfill closure liability	401,314	10,034	102,837	308,511	102,837
OPEB liability	-	2,717,036	896,898	1,820,138	-
Add deferred amounts:					
For issuance premium	-	303,340	-	303,340	-
Total incurred by City	\$ 27,094,743	\$ 15,826,289	\$ 6,015,802	\$ 36,905,230	\$ 398,361
Incurred by School Board:					
State Literary Fund Loans payable	\$ 6,559,000	\$ -	\$ 737,700	\$ 5,821,300	\$ 727,700
General obligation bonds payable	5,584,111	-	631,895	4,952,216	463,472
Total incurred by School Board	\$ 12,143,111	\$ -	\$ 1,369,595	\$ 10,773,516	\$ 1,191,172
Total Governmental Obligations	\$ 39,237,854	\$ 15,826,289	\$ 7,385,397	\$ 47,678,746	\$ 1,589,533
Enterprise Obligations:					
Claims, judgments and compensated absences payable	\$ 233,883	\$ 89,908	\$ 91,225	\$ 232,566	\$ 186,542
Revenue bonds payable	11,735,000	-	490,000	11,245,000	510,000
OPEB liability	-	621,010	204,996	416,014	-
Total Enterprise Obligations	\$ 11,968,883	\$ 710,918	\$ 786,221	\$ 11,893,580	\$ 696,542

The City issued Series 2009A public improvement general obligation bonds in the amount of \$2,155,000 to be used to partially refund segments of the Series 1998, 1999, and 2002A general obligation bonds. The aggregate difference in debt service between the refunded debt and the refunding debt was (\$725,609). The economic gain on the transaction was of \$61,997.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term debt and related interest are as follows:

Year Ending June 30	City Obligations	
	General Obligation Bonds Payable	
	Principal	Interest
2010	\$ 199,000	\$ 1,354,522
2011	488,000	1,612,364
2012	502,000	1,599,575
2013	1,179,000	1,574,462
2014	1,230,000	1,523,173
2015	1,301,000	1,468,369
2016	1,383,000	1,410,222
2017	1,106,000	1,355,692
2018	1,355,000	1,296,676
2019	1,530,000	1,233,260
2020	1,620,000	1,159,016
2021	1,050,000	1,094,348
2022	1,105,000	1,042,083
2023	1,155,000	988,065
2024	1,210,000	930,956
2025	1,270,000	870,552
2026	1,340,000	805,852
2027	1,410,000	736,631
2028	1,480,000	662,663
2029	1,560,000	582,453
2030	1,645,000	496,141
2031	1,735,000	404,597
2032	1,840,000	307,675
2033	1,520,000	217,406
2034	1,605,000	134,409
2035	1,690,000	45,881
Total	\$ <u>33,508,000</u>	\$ <u>24,907,043</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term debt and related interest are as follows: (Continued)

Year Ending June 30	School Obligations			
	State Literary Fund Loans		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2010	\$ 727,700	\$ 120,711	\$ 463,472	\$ 239,956
2011	649,200	103,622	470,575	214,480
2012	474,200	88,888	488,407	188,276
2013	474,200	79,404	461,906	162,517
2014	474,200	69,920	284,890	142,519
2015	474,200	60,436	292,278	127,902
2016	474,200	50,952	300,155	112,794
2017	474,200	41,468	308,443	97,276
2018	474,200	31,984	317,165	81,323
2019	375,000	22,500	326,344	64,914
2020	375,000	15,000	336,002	48,023
2021	375,000	7,500	343,131	33,662
2022	-	-	350,634	18,927
2023	-	-	50,140	8,710
2024	-	-	51,503	6,247
2025	-	-	52,870	3,780
2026	-	-	54,301	1,249
Total	\$ 5,821,300	\$ 692,385	\$ 4,952,216	\$ 1,552,555

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Annual requirements to amortize long-term debt and related interest are as follows: (Continued)

Year Ending June 30	Enterprise Obligations	
	Revenue	
	Bonds Payable	
	Principal	Interest
2010	\$ 510,000	\$ 541,903
2011	535,000	519,188
2012	550,000	494,676
2013	575,000	468,098
2014	610,000	439,654
2015	635,000	409,570
2016	670,000	377,772
2017	700,000	343,713
2018	735,000	307,466
2019	770,000	269,034
2020	810,000	228,329
2021	855,000	185,404
2022	900,000	139,636
2023	555,000	102,457
2024	580,000	74,932
2025	610,000	46,075
2026	645,000	15,641
Total	\$ <u>11,245,000</u>	\$ <u>4,963,548</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by City:

General Obligation Bonds:

\$4,500,000 obligation payable in various annual installments through July 15, 2015, interest payable semi-annually at 4.05% - 5.10%.	\$ 1,525,000
\$13,730,000 general obligation public improvement bonds series 2008A, payable in various annual installments through July 15, 2034, interest payable semi-annually at 4.63%.	13,730,000
\$4,480,000 general obligation public improvement bonds series 2008B, payable in various annual installments through July 15, 2034, interest payable semi-annually at 5.25%.	4,480,000
\$2,751,000 general obligation public improvement bond, series 2002, payable in various annual installments through May 1, 2017, interest payable semi-annually at 4.16% -5.87%.	1,618,000
\$10,000,000 general obligation payable Series 2009A, payable in various semi-annual installments through July 15, 2034 interest payable semi-annually at various coupon rates from 3.00% to 5.875%. Face amount of bonds outstanding, \$10,000,000, plus unamortized issuance premium of \$229,904.	10,229,904
\$2,155,000 general obligation payable Series 2009B, payable in various semi-annual installments through July 15, 2034 interest payable semi-annually at various coupon rates from 4.00% to 5.00%. Face amount of bonds outstanding, \$2,155,000, plus unamortized issuance premium of \$73,436.	<u>2,228,436</u>
Total General Obligation Bonds	<u>\$ 33,811,340</u>
Landfill closure liability (payable from the General Fund)	<u>\$ 308,511</u>
Compensated absences (payable from the General Fund)	<u>\$ 965,241</u>
OPEB liability (payable from the General Fund)	<u>\$ 1,820,138</u>
Total Incurred by City	<u>\$ 36,905,230</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details on long-term indebtedness are as follows: (Continued)

Incurred by School Board:

State Literary Fund Loans:

\$3,500,000 State Literary Fund loan issued March 1, 1991 due in annual principal installments of \$175,000 through 2011; interest payable annually at 3%.	\$ 350,000
\$1,760,000 State Literary Fund Loan issued February 13, 1990, due in annual principal installments of \$88,500 through 2010; interest payable annually at 3%.	78,500
\$209,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$10,450 through 2017; interest payable at 2%.	94,050
\$939,000 State Literary Fund Loan issued September 26, 1997, due in annual installments of \$46,950 through 2017; interest payable annually at 2%.	422,550
\$239,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$11,950 through 2017; interest payable annually at 2%.	107,550
\$597,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$29,850 through 2017; interest payable annually at 2%.	268,650
\$7,500,000 State Literary Fund Loan issued May 15, 2001, due in annual principal installments of \$375,000 through 2021; interest payable annually at 2%.	<u>4,500,000</u>
Total State Literary Fund Loans	\$ <u>5,821,300</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details on long-term indebtedness are as follows: (Continued)

Incurred by School Board: (Continued)

Virginia Public Authority Subsidy and Other Bonds:

\$2,727,630 Virginia Public Authority Subsidy Bonds issued in 1992, due in annual installments of varying amounts through 2012; interest payable annually at varying rates 4.90% - 6.35%.	\$ 691,600
\$2,285,000 Virginia Public Authority Subsidy Bonds issued in 1994, due in annual installments of varying amounts through 2011; interest payable annually at varying rates 6.35% - 7.90%.	115,000
\$4,862,705 Virginia Public Authority Subsidy Bonds issued in 2001, due in annual installments of varying amounts through 2021; interest payable annually at varying rates 3.10% - 5.10%.	3,390,331
\$858,896 Virginia Public Authority Subsidy Bonds issued in 2005, due in annual installments of varying amounts through 2025; interest payable annually at varying rates 4.60% - 5.35%.	<u>755,285</u>
Total Virginia Public Authority and Other Bonds	\$ <u>4,952,216</u>
Total Incurred by School Board	\$ <u><u>10,773,516</u></u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details on long-term indebtedness are as follows: (Continued)

Enterprise Obligations:

Revenue Bond Obligations:

\$8,640,000 revenue bond issued December 1, 2005, payable in various annual installments through October 1, 2025 interest payable semi-annually at varying rates 3.6371% - 4.8500%.	\$ 7,725,000
\$4,640,000 revenue bond issued October 1, 2000, payable in various annual installments through October 1, 2021 interest payable semi-annually at varying rates 4.70% - 5.10%.	<u>3,520,000</u>
Total revenue bond obligations	\$ <u>11,245,000</u>
Compensated absences (Payable from the Enterprise Funds)	\$ <u>232,566</u>
OPEB liability (payable from the Enterprise Funds)	\$ <u>416,014</u>
Total enterprise obligations	\$ <u><u>11,893,580</u></u>

Component Unit School Board:

The following is a summary of long-term debt transactions of the Component Unit School Board for the year ended June 30, 2009:

	<u>Amounts Payable at July 1, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2009</u>	<u>Amounts Due Within One Year</u>
Claims, judgments and compensated absences payable	\$ 763,204	\$ 42,266	\$ 40,702	\$ 764,768	\$ 254,922
OPEB liability (payable from the School Fund)	-	515,239	358,700	156,539	-
Total Component Unit School Board	\$ <u>763,204</u>	\$ <u>557,505</u>	\$ <u>399,402</u>	\$ <u>921,307</u>	\$ <u>254,922</u>

Compensated absences payable due within one year are reported in the fund financial statements.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 9—Landfill Post closure Costs:

In October 1993, the City discontinued accepting solid waste at its landfill. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. During fiscal year 2002, the City received a closing permit and is now responsible for maintaining the site for the next four years. Total estimated costs of maintaining the site for this period is \$308,511. The total current cost of landfill post closure care is an estimate subject to change resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

The City demonstrated financial assurance requirements closure, post-closure care, and corrective action costs through the submission of a Local Governmental Financial Test to the Virginia Department of Environmental Quality in accordance with Section 9VA C20-70 of the Virginia Administrative Code.

Note 10—Deferred Revenue:

Deferred revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Deferred revenue totaling \$3,791,872 reported in governmental funds, \$115,879 in proprietary funds and \$143,627 in the component unit school board and is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$3,167,781 at June 30, 2009.

Prepaid Property Taxes and other Revenue: Property taxes due subsequent to June 30, 2009, but paid in advance by the tax payers totaled \$584,966 at June 30, 2009. Deferred revenue representing unspent grants and donation funds totaled \$11,669 at June 30, 2009.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$27,456 at June 30, 2009.

Other Deferred Revenue: Deferred revenue representing uncollected state and federal grants not available for funding of current expenditures totaled \$143,627 at June 30, 2009 and is reported in the component unit. Deferred revenue totaling \$115,879 represents uncollected utility billings not available for funding current expenses.

Note 11—Commitments and Contingencies:

Federal programs in which the City and all discretely presented component units participate were audited in accordance with the provisions of U.S. Office of Management and Budget Circular A-133, Audits of States and Local Governments and Non-Profit Organizations. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 12—Litigation:

At June 30, 2009, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City and School Board report all risk management activities in the General Fund and pay all claims for retained risks from General Fund resources. During the current year, the City purchased commercial insurance through the Virginia Municipal League for all insurable risks, including motor vehicles, for which the City was self-insured for in the fiscal year ended June 30, 2001. The City intends to fund claims, if any, when they arise from the self-insurance reserve in the General Fund.

The School Board maintains comprehensive property and casualty policies, commercial general liability policies, comprehensive liability vehicle fleet policies, coverage for errors and omissions, worker's compensation, employer's liability, healthcare and certain other risks with commercial insurance companies. All premiums are budgeted for and paid with General Fund resources. All unemployment health care claims are paid through a third-party administrator through resources from the General Fund. For all retained risks, claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. There have been no significant reductions in insurance coverage during the year and settled claims have not exceeded the amount of insurance coverage in any of the past three fiscal years.

At June 30, 2009, the City has designated fund balance of \$2,213,760 to pay future insurance claims, if any. Changes in the reported liability since July 1, 2000 resulted from the following:

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claim payments	Balance at fiscal year-end
2000 - 2001	\$ -	\$ 83,023	\$ 3,023	\$ 80,000
2001 - 2002	80,000	-	80,000	-
2002 - 2003	-	-	-	-
2003 - 2004	-	-	-	-
2004 - 2005	-	-	-	-
2005 - 2006	-	-	-	-
2006 - 2007	-	-	-	-
2007 - 2008	-	-	-	-
2008 - 2009	-	-	-	-

Note 14—Defined Benefit Pension Plan:

A. Plan Description

Name of Plan: Virginia Retirement System (VRS)
Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Administering Entity: Virginia Retirement System (System)

The City and School Board contribute to the VRS. School Board professional employees participate in a VRS Statewide teacher cost sharing pool, and the City employees and School Board nonprofessional employees participate as a separate group in the agent multiple-employer retirement system.

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs) or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.70% of their average final compensation (AFC) for each year of credited service (1.85% for sheriffs and if the employer elects, for other employees in hazardous duty positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits.

In addition, retirees qualify for annual cost-of-living adjustment (COLA) beginning in their second year of retirement. The COLA is limited to 5.00% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/Pdf/publications/2008AnnuRept.pdf> or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

B. Funding Policy

Plan members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5.00% of their annual salary to the VRS. This 5.00% member contribution may be assumed by the employer. This 5% member contribution has been assumed by the employer. In addition, the City and School Board are required to contribute the remaining amounts necessary to fund their participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The City and School Board's non-professional employee contribution rates for the fiscal year ended 2009 were 8.26% and 9.34% of annual covered payroll, respectively.

The School Board's professional employees contributed \$1,958,660, \$2,160,844, and \$1,835,826 to the teacher cost-sharing pool for the fiscal years ended June 30, 2009, 2008, and 2007 respectively and these contributions represented 8.81%, 10.30%, and 9.20% respectively, of current covered payroll.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 14—Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For fiscal year 2009, the City’s annual pension cost of \$1,246,158 was equal to the City’s required and actual contributions.

For fiscal year 2009, the City School Board’s annual pension cost for the Board’s non-professional employees was \$159,594 which was equal to the Board’s required and actual contributions.

**Three-Year Trend Information
City and School Board Non-Professional Employees**

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
City:			
June 30, 2009	\$ 1,246,158	100%	\$ -
June 30, 2008	1,423,442	100%	-
June 30, 2007	1,342,859	100%	-
School Board:			
Non-Professional:			
June 30, 2009	\$ 159,594	100%	\$ -
June 30, 2008	206,148	100%	-
June 30, 2007	203,932	100%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2007 included (a) an investment rate of return (net of administrative expenses) of 7.50%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the City’s and School Board’s assets is equal to the modified market value assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The City and School Board’s unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2007 was 20 years.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 14—Defined Benefit Pension Plan (Continued):

D. Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the City plan was 93.48% funded. The actuarial accrued liability for benefits was \$77,699,914, and the actuarial value of assets was \$72,632,953 resulting in an unfunded actuarial accrued liability (UAAL) of \$5,066,961. The covered payroll (annual payroll of active employees covered by the plan) was \$14,588,852 and ratio of the UAAL to the covered payroll was 34.73%.

As of June 30, 2008, the most recent actuarial valuation date, the School Board Non-Professional plan was 92.60% funded. The actuarial accrued liability for benefits was \$6,624,043, and the actuarial value of assets was \$6,133,803, resulting in an unfunded actuarial accrued liability (UAAL) of \$490,240. The covered payroll (annual payroll of active employees covered by the plan) was \$1,579,381 and ratio of the UAAL to the covered payroll was 31.04%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability, (AAL) for benefits.

Note 15—Surety Bonds:

The following Surety bonds are maintained by the City:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Kay H. Rackley, Clerk of the Circuit Court	\$ 1,075,000
Teresa L. Batton, Treasurer and/or Elestee Hager, Director of Finance	500,000
Debra A. Reason, Commissioner of the Revenue	3,000
Gregory L. Anderson, Sheriff	30,000
The above constitutional officers and subordinate employees - blanket bond	50,000
Utica Mutual Insurance Company - Surety	
Dr. Winston Odom, Superintendent of Schools	10,000
Samuel Ray Watson, Clerk of School Board	10,000
Melody F. Bage, Deputy Clerk of School Board	10,000

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 16—Postemployment Benefits Other Than Pensions:

Plan Description

The City of Hopewell and the City of Hopewell Public Schools offers eligible retirees post-retirement medical coverage if they retire directly from the City or Schools and are eligible to receive an early or regular retirement benefit from the Virginia Retirement System (VRS). Health benefits include medical coverage only.

Funding Policy

The City of Hopewell contributes toward the retiree’s healthcare costs based on the following schedule:

Group

- A. Hired before July 1, 2003 and retired before January 1, 2004 with at least 15 Years of Service
- B. Hired before July 1, 2003 and retired on or after January 1, 2004 with at least 15 Years of Service
- C. Hired on or after July 1, 2003 and retired with at least 11 Years of Service

Group	City Contribution *		Notes
	Retiree Only	Retiree and Spouse	
A	\$ 426.16	\$ 761.87	Frozen contribution rate; will not change in future years
B	\$ 336.15	N/A	2007 city contribution for a single active employee; will be adjusted in future years
C	varies	N/A	Percentage of city contribution for a single active employee, based on years of service. See table below.

Years of Service	Percentage of Premium
0-10	0%
11-15	40%
16-20	60%
21+	80%

*The City contribution is limited to the actual premium rate, and is offset by any VRS health insurance credit received by the retiree.

A retiree eligible for a City contribution may receive the credit even if he or she is not enrolled in a City-sponsored plan. The contribution may be applied toward the cost of other coverage.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 16—Postemployment Benefits Other Than Pensions (Continued):

Funding Policy (Continued)

Each year, retirees participating in the City's sponsored plans will be given the opportunity to change plans or drop coverage during an open enrollment period. The pre-Medicare retirees have a choice of three plans from United Healthcare: Choice Plan 049M, Choice Plan 044 and Choice Plus Plan 097M(POS). The majority of the participants are in Choice Plan 044. Medicare-eligible retirees and spouses must enroll in the Ovations AARP Medical Supplement Plan. Any City contribution for which the retiree is eligible will apply toward the Medicare Part D Premium in addition to the Ovations premium.

City of Hopewell Public School professional retirees receive a \$55 per month credit from the School Board towards their premium. Nonprofessional retirees receive \$55 per month plus the amount of credit that they would have received from Virginia Retirement System Teachers Health Insurance Credit if they were eligible.

Pre-65 retirees may choose between three plans administered by United Health Care: the Modified Choice, the Choice or the Choice Plus plan. The majority of retirees choose the United Health Care Choice Plan. Post-65 retirees are offered the United Health Care Options PPO Medicare Carveout Plan. The premiums are assumed to cover the cost of coverage.

The Schools currently have 71 retirees without spouse coverage, 14 retirees with spouse coverage and 2 surviving spouses on their plan. The City has 65 retirees without spouse coverage and 46 retirees with spouse coverage participating in the plan.

Annual OPEB Cost and Net OPEB Obligation

The City and School Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The City and School Board have elected to calculate the ARC as the normal cost plus amortization of the unfunded portion of actuarial accrued liability in compliance with GASB 45 parameters. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 16—Postemployment Benefits Other Than Pensions (Continued):

Annual OPEB Cost and Net OPEB Obligation (Continued)

The estimated contributions are based on projected medical premium payments and credit for the implicit rate subsidy made during the year for the retired employees by the City and School Board. The following table shows the components of the City and School Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City and School Board's net OPEB obligation to the Retiree Health Plan:

	<u>Primary Government</u>	<u>Component Unit School Board</u>
Annual required contribution	\$ 3,338,046	\$ 515,239
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	<u>\$ 3,338,046</u>	<u>\$ 515,239</u>
Estimated Contributions made	<u>(1,101,894)</u>	<u>(358,700)</u>
Increase in net OPEB obligation	2,236,152	156,539
Net OPEB obligation-beginning of year	-	-
Net OPEB obligation-end of year	<u><u>\$ 2,236,152</u></u>	<u><u>\$ 156,539</u></u>

The City and School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
City : 6/30/2009	\$ 3,338,046	33.01%	\$ 2,236,152
Schools: 6/30/2009	515,239	69.62%	156,539

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 16—Postemployment Benefits Other Than Pensions (Continued):

Funded Status and Funding Progress

As of July 1, 2008, the City's actuarial accrued liability for benefits was \$20,991,293, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$14,588,852, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 143.89 percent.

As of July 1, 2008 the School Board's actuarial accrued liability for benefits was \$3,377,368, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$22,558,450, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.97 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples included assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees-Retirement age was estimated based on tables used for the VRS State Employees valuation and assumed that participants begin to retire when they become eligible to receive healthcare benefits.

Mortality-Life expectancies were based on mortality tables from the 1994 Group Annuity Mortality Tables for males and females with a one year setback in pre-retirement for males and females.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2009 (Continued)

Note 16—Postemployment Benefits Other Than Pensions (Continued):

Methods and Assumptions (Continued)

Coverage elections - The actuary assumed that 78% of current actives of the Hopewell City Public Schools will elect medical coverage when they retire and that 25% of retirees who elect coverage will cover a spouse. The actuary assumed that 80% of current actives of the City of Hopewell will elect medical coverage when they retire and that 20% of retirees who elect coverage will cover a spouse.

Based on the historical and expected returns of the City and School Board's short-term investment portfolio, a discount of 4.0% was used. In addition, the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2009 was thirty years.

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REQUIRED SUPPLEMENTARY INFORMATION

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION:

Presented budgets were prepared in accordance with accounting principles generally accepted in the United States of America.

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City of Hopewell, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 23,642,170	\$ 23,642,170	\$ 22,831,071	\$ (811,099)
Other local taxes	6,179,000	6,179,000	5,788,465	(390,535)
Permits, privilege fees, and regulatory licenses	150,000	150,000	135,509	(14,491)
Fines and forfeitures	326,100	326,100	282,130	(43,970)
Revenue from the use of money and property	593,600	593,600	220,242	(373,358)
Charges for services	353,900	362,068	399,157	37,089
Miscellaneous	58,700	133,545	(53,418)	(186,963)
Recovered costs	823,000	823,000	872,000	49,000
Intergovernmental revenues:				
Commonwealth	7,949,254	8,148,031	7,920,231	(227,800)
Federal	264,313	372,301	172,861	(199,440)
Total revenues	\$ 40,340,037	\$ 40,729,815	\$ 38,568,248	\$ (2,161,567)
EXPENDITURES				
Current:				
General government administration	\$ 3,641,648	\$ 3,592,616	\$ 3,555,998	\$ 36,618
Judicial administration	1,846,550	1,890,752	1,724,389	166,363
Public safety	13,216,216	13,706,741	12,549,248	1,157,493
Public works	4,554,849	4,402,580	4,243,859	158,721
Health and welfare	1,350,848	1,350,848	1,305,416	45,432
Education	9,726,959	9,726,799	9,726,799	-
Parks, recreation, and cultural	574,957	574,957	569,630	5,327
Community development	852,764	820,405	749,623	70,782
Nondepartmental	1,052,393	1,094,801	864,074	230,727
Debt service:				
Principal retirement	1,369,595	1,369,595	1,369,595	-
Interest and other fiscal charges	412,633	412,793	412,793	-
Total expenditures	\$ 38,599,412	\$ 38,942,887	\$ 37,071,424	\$ 1,871,463
Excess (deficiency) of revenues over (under) expenditures	\$ 1,740,625	\$ 1,786,928	\$ 1,496,824	\$ (290,104)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 470,834	\$ 470,834	\$ 330,000	\$ (140,834)
Transfers out	(3,223,381)	(3,223,381)	(3,071,401)	151,980
Total other financing sources and uses	\$ (2,752,547)	\$ (2,752,547)	\$ (2,741,401)	\$ 11,146
Net change in fund balances	\$ (1,011,922)	\$ (965,619)	\$ (1,244,577)	\$ (278,958)
Fund balances - beginning, as adjusted	1,011,922	965,619	11,813,971	10,848,352
Fund balances - ending	\$ -	\$ -	\$ 10,569,394	\$ 10,569,394

City of Hopewell, Virginia
 Virginia Public Assistance Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 1,745,868	\$ 1,600,602	\$ 1,503,635	\$ (96,967)
Federal	2,848,750	2,424,366	2,352,047	(72,319)
Total revenues	\$ 4,594,618	\$ 4,024,968	\$ 3,855,682	\$ (169,286)
EXPENDITURES				
Current:				
Health and welfare	\$ 5,259,038	\$ 4,687,702	\$ 4,368,122	\$ 319,580
Total expenditures	\$ 5,259,038	\$ 4,687,702	\$ 4,368,122	\$ 319,580
Excess (deficiency) of revenues over (under) expenditures	\$ (664,420)	\$ (662,734)	\$ (512,440)	\$ 150,294
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 664,420	\$ 663,509	\$ 512,440	\$ (151,069)
Total other financing sources and uses	\$ 664,420	\$ 663,509	\$ 512,440	\$ (151,069)
Net change in fund balances	\$ -	\$ 775	\$ -	\$ (775)
Fund balances - beginning	-	-	87,962	87,962
Fund balances - ending	\$ -	\$ 775	\$ 87,962	\$ 87,187

City of Hopewell, Virginia
 Schedule of Pension Funding Progress
 For the Year Ended June 30, 2009

Valuation Date (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded (Excess Funded) AAL (UAAL) (3) - (2) (4)	Funded Ratio (2) / (3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4) / (6) (7)
Primary Government:						
City Retirement Plan:						
6/30/2008	\$ 72,632,953	\$ 77,699,914	5,066,961	93.48%	\$ 14,588,852	34.73%
6/30/2007	66,825,420	72,502,252	5,676,832	92.17%	13,811,548	41.10%
6/30/2006	59,832,526	66,044,668	6,212,142	90.59%	13,391,483	46.39%
6/30/2005	56,480,077	64,889,807	8,409,730	87.04%	13,017,627	64.60%
6/30/2004	55,148,704	59,368,261	4,219,557	92.89%	12,385,659	34.07%
6/30/2003	54,702,642	55,989,663	1,287,021	97.70%	12,687,512	10.14%
6/30/2002	54,668,531	53,114,303	(1,554,228)	102.93%	12,792,556	-12.15%
6/30/2001	52,875,793	49,747,009	(3,128,784)	106.29%	12,251,270	-25.54%
6/30/2000	47,984,520	45,594,272	(2,390,248)	105.24%	11,526,891	-20.74%
6/30/1999	41,346,952	43,632,480	2,285,528	94.76%	11,192,061	20.42%
Discretely Presented Component Unit:						
School Board Non-Professionals Retirement Plan:						
6/30/2008	\$ 6,133,803	\$ 6,624,043	490,240	92.60%	\$ 1,579,381	31.04%
6/30/2007	5,557,639	6,447,680	890,041	86.20%	1,588,006	56.05%
6/30/2006	4,941,039	6,163,736	1,222,697	80.16%	1,498,902	81.57%
6/30/2005	4,661,894	6,286,427	1,624,533	74.16%	1,529,553	106.21%
6/30/2004	4,593,982	5,380,165	786,183	85.39%	1,456,175	53.99%
6/30/2003	4,593,503	5,210,111	616,608	88.17%	1,431,394	43.08%
6/30/2002	4,645,651	4,958,376	312,725	93.69%	1,424,368	21.96%
6/30/2001	4,555,060	4,633,682	78,622	98.30%	1,349,696	5.83%
6/30/2000	4,168,669	4,217,943	49,274	98.83%	1,202,495	4.10%
6/30/1999	3,650,932	4,294,395	643,463	85.02%	1,209,508	53.20%

City of Hopewell, Virginia
 Schedule of Funding Progress for Retiree Health Insurance Plan
 For the Year Ended June 30, 2009

Valuation Date	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded (Excess Funded) AAL (UAAL) (3) - (2)	Funded Ratio (2) / (3)	Annual Covered Payroll	UAAL as % of Payroll (4) / (6)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
Primary Government:							
City Retirement Plan:							
6/30/2008	\$	- \$	20,991,293 \$	20,991,293	0.00% \$	14,588,852	143.89%
Discretely Presented Component Unit:							
School Board Retirement Plan:							
6/30/2008	\$	- \$	3,377,368 \$	3,377,368	0.00% \$	22,558,450	14.97%

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUNDS STATEMENTS
AND SCHEDULES*

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City of Hopewell, Virginia
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 2,280,000	\$ 2,280,000	\$ 2,197,128	\$ (82,872)
Revenue from the use of money and property	544,500	544,500	195,730	(348,770)
Miscellaneous	125,000	125,000	175,774	50,774
Intergovernmental revenues:				
Local government	-	-	500,000	500,000
Total revenues	<u>\$ 2,949,500</u>	<u>\$ 2,949,500</u>	<u>\$ 3,068,632</u>	<u>\$ 119,132</u>
EXPENDITURES				
Current:				
Education	\$ 1,313,062	\$ 1,313,062	\$ 1,318,822	\$ (5,760)
Capital projects	691,675	2,635,387	1,837,201	798,186
Debt service:				
Principal retirement	1,065,000	2,279,000	2,279,000	-
Interest and other fiscal charges	1,236,768	963,438	1,197,392	(233,954)
Total expenditures	<u>\$ 4,306,505</u>	<u>\$ 7,190,887</u>	<u>\$ 6,632,415</u>	<u>\$ 558,472</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,357,005)</u>	<u>\$ (4,241,387)</u>	<u>\$ (3,563,783)</u>	<u>\$ 677,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,185,000	\$ 1,185,000	\$ 1,185,000	\$ -
Transfers out	(330,000)	(330,000)	(330,000)	-
Issuance of refunding bonds	-	-	2,155,000	2,155,000
Debt issuance premium	-	-	303,340	303,340
Issuance of bonds	-	-	10,000,000	10,000,000
Redemption of refunded bonds	-	-	(2,126,000)	(2,126,000)
Total other financing sources and uses	<u>\$ 855,000</u>	<u>\$ 855,000</u>	<u>\$ 11,187,340</u>	<u>\$ 10,332,340</u>
Net change in fund balances	\$ (502,005)	\$ (3,386,387)	\$ 7,623,557	\$ 11,009,944
Fund balances - beginning	502,005	3,386,387	13,426,758	10,040,371
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,050,315</u>	<u>\$ 21,050,315</u>

City of Hopewell, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 194,178	\$ 17,630	\$ 11,122	\$ 222,930
Receivables (net of allowance for uncollectibles):				
Accounts receivable	17	-	-	17
Due from other governmental units	-	6,525	-	6,525
Total assets	<u>\$ 194,195</u>	<u>\$ 24,155</u>	<u>\$ 11,122</u>	<u>\$ 229,472</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 15,552	\$ 56,973	\$ 227	\$ 72,752
Accrued liabilities	80,366	-	-	80,366
Due to other funds	6,908	-	-	6,908
Total liabilities	<u>\$ 102,826</u>	<u>\$ 56,973</u>	<u>\$ 227</u>	<u>\$ 160,026</u>
Fund balances:				
Reserved for:				
Encumbrances	\$ 404	-	-	\$ 404
Unreserved:				
Undesignated	90,965	(32,818)	10,895	69,042
Total fund balances	<u>\$ 91,369</u>	<u>\$ (32,818)</u>	<u>\$ 10,895</u>	<u>\$ 69,446</u>
Total liabilities and fund balances	<u>\$ 194,195</u>	<u>\$ 24,155</u>	<u>\$ 11,122</u>	<u>\$ 229,472</u>

City of Hopewell, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 176,985	\$ 177	\$ 138	\$ 177,300
Charges for services	102,269	-	-	102,269
Miscellaneous	44,885	-	-	44,885
Intergovernmental revenues:				
Commonwealth	-	-	4,235	4,235
Federal	7,396	197,033	-	204,429
Total revenues	<u>\$ 331,535</u>	<u>\$ 197,210</u>	<u>\$ 4,373</u>	<u>\$ 533,118</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 4,676	\$ 4,676
Parks, recreation, and cultural	1,730,706	-	-	1,730,706
Community development	-	254,234	-	254,234
Total expenditures	<u>\$ 1,730,706</u>	<u>\$ 254,234</u>	<u>\$ 4,676</u>	<u>\$ 1,989,616</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,399,171)</u>	<u>\$ (57,024)</u>	<u>\$ (303)</u>	<u>\$ (1,456,498)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,373,961	\$ -	\$ -	\$ 1,373,961
Total other financing sources and uses	<u>\$ 1,373,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,961</u>
Net change in fund balances	\$ (25,210)	\$ (57,024)	\$ (303)	\$ (82,537)
Fund balances - beginning	116,579	24,206	11,198	151,983
Fund balances - ending	<u>\$ 91,369</u>	<u>\$ (32,818)</u>	<u>\$ 10,895</u>	<u>\$ 69,446</u>

City of Hopewell, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2009

	Recreation Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 268,195	\$ 268,195	\$ 176,985	\$ (91,210)
Charges for services	213,310	218,310	102,269	(116,041)
Miscellaneous	80,930	75,930	44,885	(31,045)
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	6,000	6,000	7,396	1,396
Total revenues	\$ 568,435	\$ 568,435	\$ 331,535	\$ (236,900)
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ -	\$ -
Parks, recreation, and cultural	1,944,396	1,898,043	1,730,706	167,337
Community development	-	-	-	-
Total expenditures	\$ 1,944,396	\$ 1,898,043	\$ 1,730,706	\$ 167,337
Excess (deficiency) of revenues over (under) expenditures	\$ (1,375,961)	\$ (1,329,608)	\$ (1,399,171)	\$ (69,563)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,373,961	\$ 1,373,961	\$ 1,373,961	\$ -
Total other financing sources and uses	\$ 1,373,961	\$ 1,373,961	\$ 1,373,961	\$ -
Net change in fund balances	\$ (2,000)	\$ 44,353	\$ (25,210)	\$ (69,563)
Fund balances - beginning	2,000	(6,615)	116,579	123,194
Fund balances - ending	\$ -	\$ 37,738	\$ 91,369	\$ 53,631

Community Development Block Grant Fund				Anti-Litter Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ 177	\$ 177	\$ -	\$ -	\$ 138	\$ 138
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	6,000	6,000	4,235	(1,765)
211,868	161,868	197,033	35,165	-	-	-	-
\$ 211,868	\$ 161,868	\$ 197,210	\$ 35,342	\$ 6,000	\$ 6,000	\$ 4,373	\$ (1,627)
\$ -	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,000	\$ 4,676	\$ 1,324
-	-	-	-	-	-	-	-
261,868	600,163	254,234	345,929	-	-	-	-
\$ 261,868	\$ 600,163	\$ 254,234	\$ 345,929	\$ 6,000	\$ 6,000	\$ 4,676	\$ 1,324
\$ (50,000)	\$ (438,295)	\$ (57,024)	\$ 381,271	\$ -	\$ -	\$ (303)	\$ (303)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ (50,000)	\$ (438,295)	\$ (57,024)	\$ 381,271	\$ -	\$ -	\$ (303)	\$ (303)
50,000	438,295	24,206	(414,089)	-	-	11,198	11,198
\$ -	\$ -	\$ (32,818)	\$ (32,818)	\$ -	\$ -	\$ 10,895	\$ 10,895

City of Hopewell, Virginia
 Fiduciary Funds
 Statement of Changes in Assets and Liabilities - Agency Fund
 For the year ended June 30, 2009

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash and cash equivalents	\$ 25,939	\$ 62,847	\$ 55,800	\$ 32,986
Total assets	<u>\$ 25,939</u>	<u>\$ 62,847</u>	<u>\$ 55,800</u>	<u>\$ 32,986</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 25,939</u>	<u>\$ 62,847</u>	<u>\$ 55,800</u>	<u>\$ 32,986</u>

*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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City of Hopewell, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2009

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Building and Bus Replacement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 4,441,624	\$ 842,850	\$ -
Receivables (net of allowance for uncollectibles):			
Accounts receivable	120,779	-	-
Due from other funds	-	-	421,257
Due from other governmental units	605,874	59,944	-
Inventories	-	48,463	-
Total assets	<u>\$ 5,168,277</u>	<u>\$ 951,257</u>	<u>\$ 421,257</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 331,183	\$ 19,459	\$ 19,522
Accrued liabilities	4,306,537	98,523	-
Reconciled overdraft payable	-	-	67,160
Due to other funds	421,257	-	-
Deferred revenue	109,300	34,327	-
Total liabilities	<u>\$ 5,168,277</u>	<u>\$ 152,309</u>	<u>\$ 86,682</u>
Fund balances:			
Reserved for:			
Inventories	\$ -	\$ 48,463	\$ -
Unreserved:			
Undesignated	-	750,485	334,575
Total fund balances	<u>\$ -</u>	<u>\$ 798,948</u>	<u>\$ 334,575</u>
Total liabilities and fund balances	<u>\$ 5,168,277</u>	<u>\$ 951,257</u>	<u>\$ 421,257</u>

Amounts reported for governmental activities in the statement of net assets (Exhibit 1) are different because:

Total fund balances per above

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

 Capital outlay
Less: accumulated depreciation

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.

 Compensated absences
OPEB liability

Net assets of governmental activities

Exhibit 20

<u>Textbook Fund</u>	<u>Total Governmental Funds</u>
\$ 1,081,107	\$ 6,365,581
-	120,779
-	421,257
-	665,818
-	48,463
<u>\$ 1,081,107</u>	<u>\$ 7,621,898</u>
\$ -	\$ 370,164
-	4,405,060
-	67,160
-	421,257
-	143,627
<u>\$ -</u>	<u>\$ 5,407,268</u>
\$ -	\$ 48,463
1,081,107	2,166,167
<u>\$ 1,081,107</u>	<u>\$ 2,214,630</u>
<u>\$ 1,081,107</u>	<u>\$ 7,621,898</u>
	\$ 2,214,630
\$ 26,433,461	
<u>(8,370,257)</u>	18,063,204
\$ (509,846)	
<u>(156,539)</u>	(666,385)
	<u>\$ 19,611,449</u>

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City of Hopewell, Virginia
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2009

	School Operating Fund	School Cafeteria Fund	Building and Bus Replacement Fund	Textbook Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 4,026	\$ 7,995	\$ 4,538	\$ 8,451	\$ 25,010
Charges for services	240,871	643,735	-	-	884,606
Miscellaneous	156,479	-	-	490	156,969
Recovered costs	97,978	-	-	-	97,978
Intergovernmental revenues:					
Local government	11,036,434	-	-	-	11,036,434
Commonwealth	25,920,532	34,299	161,645	351,602	26,468,078
Federal	3,742,491	1,521,920	-	-	5,264,411
Total revenues	<u>\$ 41,198,811</u>	<u>\$ 2,207,949</u>	<u>\$ 166,183</u>	<u>\$ 360,543</u>	<u>\$ 43,933,486</u>
EXPENDITURES					
Current:					
Education	\$ 40,759,720	\$ 2,361,610	\$ 500,000	\$ 55,539	\$ 43,676,869
Capital projects	-	-	1,113,241	-	1,113,241
Total expenditures	<u>\$ 40,759,720</u>	<u>\$ 2,361,610</u>	<u>\$ 1,613,241</u>	<u>\$ 55,539</u>	<u>\$ 44,790,110</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 439,091</u>	<u>\$ (153,661)</u>	<u>\$ (1,447,058)</u>	<u>\$ 305,004</u>	<u>\$ (856,624)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 463,556	\$ -	\$ 798,233	\$ 104,414	\$ 1,366,203
Transfers out	(902,647)	-	(463,556)	-	(1,366,203)
Total other financing sources and uses	<u>\$ (439,091)</u>	<u>\$ -</u>	<u>\$ 334,677</u>	<u>\$ 104,414</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (153,661)	\$ (1,112,381)	\$ 409,418	\$ (856,624)
Fund balances - beginning	-	952,609	1,446,956	671,689	3,071,254
Fund balances - ending	<u>\$ -</u>	<u>\$ 798,948</u>	<u>\$ 334,575</u>	<u>\$ 1,081,107</u>	<u>\$ 2,214,630</u>

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above \$ (856,624)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 2,146,821	
Depreciation expense	<u>(1,247,063)</u>	899,758

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

(Increase) decrease in compensated absences	\$ (1,043)	
(Increase) decrease in OPEB liability	<u>(156,539)</u>	(157,582)

Change in net assets of governmental activities \$ (114,448)

City of Hopewell, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 4,026	\$ (5,974)
Charges for services	283,739	283,739	240,871	(42,868)
Miscellaneous	185,511	355,288	156,479	(198,809)
Recovered costs	57,505	57,505	97,978	40,473
Intergovernmental revenues:				
Local government	11,036,594	11,036,434	11,036,434	-
Commonwealth	27,175,845	26,852,874	25,920,532	(932,342)
Federal	4,213,049	4,606,974	3,742,491	(864,483)
Total revenues	\$ 42,962,243	\$ 43,202,814	\$ 41,198,811	\$ (2,004,003)
EXPENDITURES				
Current:				
Education	\$ 42,986,272	\$ 43,226,843	\$ 40,759,720	\$ 2,467,123
Capital projects	-	-	-	-
Total expenditures	\$ 42,986,272	\$ 43,226,843	\$ 40,759,720	\$ 2,467,123
Excess (deficiency) of revenues over (under) expenditures	\$ (24,029)	\$ (24,029)	\$ 439,091	\$ 463,120
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 463,556	\$ 463,556	\$ 463,556	\$ -
Transfers out	(481,390)	(481,390)	(902,647)	(421,257)
Total other financing sources and uses	\$ (17,834)	\$ (17,834)	\$ (439,091)	\$ (421,257)
Net change in fund balances	\$ (41,863)	\$ (41,863)	\$ -	\$ 41,863
Fund balances - beginning	41,863	41,863	-	(41,863)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

School Cafeteria Fund				Building and Bus Replacement Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 3,000	\$ 3,000	\$ 7,995	\$ 4,995	\$ 15,000	\$ 15,000	\$ 4,538	\$ (10,462)
567,000	567,000	643,735	76,735	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
38,610	38,610	34,299	(4,311)	162,476	162,476	161,645	(831)
1,190,000	1,190,000	1,521,920	331,920	-	-	-	-
\$ 1,798,610	\$ 1,798,610	\$ 2,207,949	\$ 409,339	\$ 177,476	\$ 177,476	\$ 166,183	\$ (11,293)
\$ 2,134,996	\$ 2,511,996	\$ 2,361,610	\$ 150,386	\$ -	\$ -	\$ 500,000	\$ (500,000)
-	-	-	-	800,000	1,200,000	1,113,241	86,759
\$ 2,134,996	\$ 2,511,996	\$ 2,361,610	\$ 150,386	\$ 800,000	\$ 1,200,000	\$ 1,613,241	\$ (413,241)
\$ (336,386)	\$ (713,386)	\$ (153,661)	\$ 559,725	\$ (622,524)	\$ (1,022,524)	\$ (1,447,058)	\$ (424,534)
\$ -	\$ -	\$ -	\$ -	\$ 376,976	\$ 376,976	\$ 798,233	\$ 421,257
-	-	-	-	(463,556)	(463,556)	(463,556)	-
\$ -	\$ -	\$ -	\$ -	\$ (86,580)	\$ (86,580)	\$ 334,677	\$ 421,257
\$ (336,386)	\$ (713,386)	\$ (153,661)	\$ 559,725	\$ (709,104)	\$ (1,109,104)	\$ (1,112,381)	\$ (3,277)
557,197	557,197	952,609	395,412	1,241,273	1,241,273	1,446,956	205,683
\$ 220,811	\$ (156,189)	\$ 798,948	\$ 955,137	\$ 532,169	\$ 132,169	\$ 334,575	\$ 202,406

City of Hopewell, Virginia
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2009

Exhibit 22
 (Continued)

	Textbook Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 8,451	\$ 451
Charges for services	-	-	-	-
Miscellaneous	-	-	490	490
Recovered costs	-	-	-	-
Intergovernmental revenues:				
Local government	-	-	-	-
Commonwealth	362,555	362,555	351,602	(10,953)
Federal	-	-	-	-
Total revenues	<u>\$ 370,555</u>	<u>\$ 370,555</u>	<u>\$ 360,543</u>	<u>\$ (10,012)</u>
EXPENDITURES				
Current:				
Education	\$ 950,000	\$ 950,000	\$ 55,539	\$ 894,461
Capital projects	-	-	-	-
Total expenditures	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 55,539</u>	<u>\$ 894,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (579,445)</u>	<u>\$ (579,445)</u>	<u>\$ 305,004</u>	<u>\$ 884,449</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 104,414	\$ 104,414	\$ 104,414	\$ -
Transfers out	-	-	-	-
Total other financing sources and uses	<u>\$ 104,414</u>	<u>\$ 104,414</u>	<u>\$ 104,414</u>	<u>\$ -</u>
Net change in fund balances	\$ (475,031)	\$ (475,031)	\$ 409,418	\$ 884,449
Fund balances - beginning	676,031	676,031	671,689	(4,342)
Fund balances - ending	<u>\$ 201,000</u>	<u>\$ 201,000</u>	<u>\$ 1,081,107</u>	<u>\$ 880,107</u>

***DISCRETELY PRESENTED COMPONENT UNIT
COMPREHENSIVE SERVICES ACT BOARD***

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City of Hopewell, Virginia
Balance Sheet
Discretely Presented Component Unit - Comprehensive Services Act Board
June 30, 2009

ASSETS

Due from other governmental units	\$ 721,193
Total assets	\$ 721,193

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 230,541
Due to other governmental units	489,033
Total liabilities	\$ 719,574

Fund balances:

Unreserved:

Undesignated	\$ 1,619
Total fund balances	\$ 1,619
Total liabilities and fund balances	\$ 721,193

City of Hopewell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - Comprehensive Services Act Board
For the Year Ended June 30, 2009

REVENUES

Miscellaneous	\$	118,258
Intergovernmental revenues:		
Local government		800,443
Commonwealth		1,971,280
Total revenues	<u>\$</u>	<u>2,889,981</u>

EXPENDITURES

Current:		
Health and welfare	\$	2,889,981
Total expenditures	<u>\$</u>	<u>2,889,981</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>-</u>
---	-----------	----------

Net change in fund balances	\$	-
Fund balances - beginning		1,619
Fund balances - ending	<u>\$</u>	<u>1,619</u>

SUPPORTING SCHEDULES

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City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 1 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 13,031,074	\$ 13,031,074	\$ 12,829,945	\$ (201,129)
Real and personal public service corporation taxes	3,460,000	3,460,000	2,952,158	(507,842)
Personal property taxes	2,451,096	2,451,096	2,405,203	(45,893)
Machinery and tools taxes	4,000,000	4,000,000	3,706,474	(293,526)
Penalties	700,000	700,000	416,913	(283,087)
Interest	-	-	520,378	520,378
Total general property taxes	<u>\$ 23,642,170</u>	<u>\$ 23,642,170</u>	<u>\$ 22,831,071</u>	<u>\$ (811,099)</u>
Other local taxes:				
Local sales and use taxes	\$ 2,099,000	\$ 2,099,000	\$ 1,752,105	\$ (346,895)
Consumers' utility taxes	-	-	349,751	349,751
Electric and natural gas consumption taxes	1,470,000	1,470,000	480,414	(989,586)
Communications tax	-	-	879,349	879,349
E-911 telephone taxes	60,000	60,000	75,404	15,404
Business license taxes	1,580,000	1,580,000	1,671,362	91,362
Cable TV and gas franchise tax	210,000	210,000	2,100	(207,900)
Motor vehicle licenses	390,000	390,000	353,873	(36,127)
Bank stock taxes	120,000	120,000	76,391	(43,609)
Taxes on recordation and wills	250,000	250,000	147,716	(102,284)
Total other local taxes	<u>\$ 6,179,000</u>	<u>\$ 6,179,000</u>	<u>\$ 5,788,465</u>	<u>\$ (390,535)</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,000	\$ 3,000	\$ 7,060	\$ 4,060
Permits and other licenses	147,000	147,000	128,449	(18,551)
Total permits, privilege fees, and regulatory licenses	<u>\$ 150,000</u>	<u>\$ 150,000</u>	<u>\$ 135,509</u>	<u>\$ (14,491)</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 326,100	\$ 326,100	\$ 282,130	\$ (43,970)
Revenue from use of money and property:				
Revenue from use of money	\$ 533,600	\$ 533,600	\$ 149,671	\$ (383,929)
Revenue from use of property	60,000	60,000	70,571	10,571
Total revenue from use of money and property	<u>\$ 593,600</u>	<u>\$ 593,600</u>	<u>\$ 220,242</u>	<u>\$ (373,358)</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 2,000	\$ 2,000	\$ 2,191	\$ 191
Charges for courthouse maintenance	16,000	16,000	18,534	2,534
Charges for EMS	310,000	310,000	313,669	3,669
Charges for law library	-	8,168	-	(8,168)
Charges for courthouse security	20,900	20,900	61,368	40,468
Miscellaneous dog fees	5,000	5,000	3,395	(1,605)
Total charges for services	<u>\$ 353,900</u>	<u>\$ 362,068</u>	<u>\$ 399,157</u>	<u>\$ 37,089</u>
Miscellaneous revenue:				
Miscellaneous	\$ 58,700	\$ 133,545	\$ (82,423)	\$ (215,968)
Payment in lieu of taxes	-	-	29,005	29,005
Total miscellaneous revenue	<u>\$ 58,700</u>	<u>\$ 133,545</u>	<u>\$ (53,418)</u>	<u>\$ (186,963)</u>
Recovered costs:				
Administrative charge back solid waste	\$ 497,000	\$ 497,000	\$ 497,000	\$ -
Administrative charge back sewer service	326,000	326,000	375,000	49,000
Total recovered costs	<u>\$ 823,000</u>	<u>\$ 823,000</u>	<u>\$ 872,000</u>	<u>\$ 49,000</u>
Total revenue from local sources	<u>\$ 32,126,470</u>	<u>\$ 32,209,483</u>	<u>\$ 30,475,156</u>	<u>\$ (1,734,327)</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 2 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Reduction in state aid to local governments	\$ -	\$ -	\$ (192,907)	\$ (192,907)
Motor vehicle carriers' tax	20,000	20,000	21,653	1,653
Mobile home titling tax	-	-	175	175
State recordation tax	80,000	80,000	87,513	7,513
Personal property tax relief funds	1,648,904	1,648,904	1,618,030	(30,874)
Total noncategorical aid	<u>\$ 1,748,904</u>	<u>\$ 1,748,904</u>	<u>\$ 1,534,464</u>	<u>\$ (214,440)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 380,411	\$ 380,411	\$ 396,430	\$ 16,019
Sheriff	330,823	330,823	345,094	14,271
Commissioner of revenue	117,170	117,170	122,055	4,885
Treasurer	129,002	129,002	125,263	(3,739)
Registrar/electoral board	50,000	50,000	48,332	(1,668)
Clerk of the Circuit Court	227,054	233,504	212,211	(21,293)
Total shared expenses	<u>\$ 1,234,460</u>	<u>\$ 1,240,910</u>	<u>\$ 1,249,385</u>	<u>\$ 8,475</u>
Other categorical aid:				
Street and highway maintenance	\$ 3,102,000	\$ 3,102,000	\$ 3,219,626	\$ 117,626
Emergency medical services - 4 for life	15,250	15,250	19,352	4,102
DMV	4,000	4,000	2,859	(1,141)
Other state aid	-	-	22,825	22,825
HB 599 police support	1,505,000	1,505,000	1,449,747	(55,253)
E-911 wireless grant	30,000	30,000	-	(30,000)
Arts and humanities grant	4,150	4,150	4,150	-
Emergency management	-	191,016	147,343	(43,673)
Victim-witness grant	108,135	102,857	66,278	(36,579)
VJCCA	143,321	143,321	143,579	258
Fire programs	54,034	60,623	60,623	-
Total other categorical aid	<u>\$ 4,965,890</u>	<u>\$ 5,158,217</u>	<u>\$ 5,136,382</u>	<u>\$ (21,835)</u>
Total categorical aid	<u>\$ 6,200,350</u>	<u>\$ 6,399,127</u>	<u>\$ 6,385,767</u>	<u>\$ (13,360)</u>
Total revenue from the Commonwealth	<u>\$ 7,949,254</u>	<u>\$ 8,148,031</u>	<u>\$ 7,920,231</u>	<u>\$ (227,800)</u>
Revenue from the federal government:				
Categorical aid:				
Police grant	\$ -	\$ -	\$ 8,036	\$ 8,036
Civil defense, emergency management	40,000	40,000	42,959	2,959
Social services indirect cost allocation	100,000	100,000	82,727	(17,273)
OJP grant	124,313	232,301	9,139	(223,162)
Emergency management, homeland security	-	-	30,000	30,000
Total categorical aid	<u>\$ 264,313</u>	<u>\$ 372,301</u>	<u>\$ 172,861</u>	<u>\$ (199,440)</u>
Total revenue from the federal government	<u>\$ 264,313</u>	<u>\$ 372,301</u>	<u>\$ 172,861</u>	<u>\$ (199,440)</u>
Total General Fund	<u>\$ 40,340,037</u>	<u>\$ 40,729,815</u>	<u>\$ 38,568,248</u>	<u>\$ (2,161,567)</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,745,868	\$ 1,600,602	\$ 1,503,635	\$ (96,967)
Total categorical aid	<u>\$ 1,745,868</u>	<u>\$ 1,600,602</u>	<u>\$ 1,503,635</u>	<u>\$ (96,967)</u>
Total revenue from the Commonwealth	<u>\$ 1,745,868</u>	<u>\$ 1,600,602</u>	<u>\$ 1,503,635</u>	<u>\$ (96,967)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,848,750	\$ 2,424,366	\$ 2,352,047	\$ (72,319)
Total categorical aid	<u>\$ 2,848,750</u>	<u>\$ 2,424,366</u>	<u>\$ 2,352,047</u>	<u>\$ (72,319)</u>
Total revenue from the federal government	<u>\$ 2,848,750</u>	<u>\$ 2,424,366</u>	<u>\$ 2,352,047</u>	<u>\$ (72,319)</u>
Total Virginia Public Assistance Fund	<u>\$ 4,594,618</u>	<u>\$ 4,024,968</u>	<u>\$ 3,855,682</u>	<u>\$ (169,286)</u>
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,500	\$ 8,500	\$ 2,015	\$ (6,485)
Revenue from the use of property	259,695	259,695	174,970	(84,725)
Total revenue from use of money and property	<u>\$ 268,195</u>	<u>\$ 268,195</u>	<u>\$ 176,985</u>	<u>\$ (91,210)</u>
Charges for services:				
Other charges for services	\$ 213,310	\$ 218,310	\$ 102,269	\$ (116,041)
Total charges for services	<u>\$ 213,310</u>	<u>\$ 218,310</u>	<u>\$ 102,269</u>	<u>\$ (116,041)</u>
Miscellaneous revenue:				
Donations	\$ 20,300	\$ 20,300	\$ 23,206	\$ 2,906
Miscellaneous refunds and grants	60,630	55,630	21,679	(33,951)
Total miscellaneous revenue	<u>\$ 80,930</u>	<u>\$ 75,930</u>	<u>\$ 44,885</u>	<u>\$ (31,045)</u>
Total revenue from local sources	<u>\$ 562,435</u>	<u>\$ 562,435</u>	<u>\$ 324,139</u>	<u>\$ (238,296)</u>
Revenue from the federal government:				
Categorical aid:				
Summer feeding program	\$ 6,000	\$ 6,000	\$ 7,396	\$ 1,396
Total categorical aid	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 7,396</u>	<u>\$ 1,396</u>
Total revenue from the federal government	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 7,396</u>	<u>\$ 1,396</u>
Total Recreation Fund	<u>\$ 568,435</u>	<u>\$ 568,435</u>	<u>\$ 331,535</u>	<u>\$ (236,900)</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Community Development Block Grant Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 177	\$ 177
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant funds	\$ 211,868	\$ 161,868	\$ 197,033	\$ 35,165
Total categorical aid	\$ 211,868	\$ 161,868	\$ 197,033	\$ 35,165
Total revenue from the federal government	\$ 211,868	\$ 161,868	\$ 197,033	\$ 35,165
Total Community Development Block Grant Fund	\$ 211,868	\$ 161,868	\$ 197,210	\$ 35,342
Anti-Litter Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 138	\$ 138
Total revenue from use of money and property	\$ -	\$ -	\$ 138	\$ 138
Total revenue from local sources	\$ -	\$ -	\$ 138	\$ 138
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	\$ 6,000	\$ 6,000	\$ 4,235	\$ (1,765)
Total categorical aid	\$ 6,000	\$ 6,000	\$ 4,235	\$ (1,765)
Total revenue from the Commonwealth	\$ 6,000	\$ 6,000	\$ 4,235	\$ (1,765)
Total Anti-Litter Fund	\$ 6,000	\$ 6,000	\$ 4,373	\$ (1,627)
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 700,000	\$ 700,000	\$ 573,056	\$ (126,944)
Restaurant food taxes	1,580,000	1,580,000	1,624,072	44,072
Total other local taxes	\$ 2,280,000	\$ 2,280,000	\$ 2,197,128	\$ (82,872)
Revenue from use of money and property:				
Revenue from the use of money	\$ 544,500	\$ 544,500	\$ 195,730	\$ (348,770)
Total revenue from use of money and property	\$ 544,500	\$ 544,500	\$ 195,730	\$ (348,770)
Miscellaneous revenue:				
Other miscellaneous	\$ 125,000	\$ 125,000	\$ 175,774	\$ 50,774
Total miscellaneous revenue	\$ 125,000	\$ 125,000	\$ 175,774	\$ 50,774
Total revenue from local sources	\$ 2,949,500	\$ 2,949,500	\$ 2,568,632	\$ (380,868)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell School Board	\$ -	\$ -	\$ 500,000	\$ 500,000
Total revenues from local governments	\$ -	\$ -	\$ 500,000	\$ 500,000
Total Capital Projects Fund	\$ 2,949,500	\$ 2,949,500	\$ 3,068,632	\$ 119,132
Total Primary Government	\$ 48,670,458	\$ 48,440,586	\$ 46,025,680	\$ (2,414,906)

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 4,026	\$ (5,974)
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 4,026</u>	<u>\$ (5,974)</u>
Charges for services:				
Charges for education	\$ 283,739	\$ 283,739	\$ 240,871	\$ (42,868)
Total charges for services	<u>\$ 283,739</u>	<u>\$ 283,739</u>	<u>\$ 240,871</u>	<u>\$ (42,868)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 185,511	\$ 355,288	\$ 156,479	\$ (198,809)
Total miscellaneous revenue	<u>\$ 185,511</u>	<u>\$ 355,288</u>	<u>\$ 156,479</u>	<u>\$ (198,809)</u>
Recovered costs:				
E-rate funds	\$ 57,505	\$ 57,505	\$ 97,978	\$ 40,473
Total recovered costs	<u>\$ 57,505</u>	<u>\$ 57,505</u>	<u>\$ 97,978</u>	<u>\$ 40,473</u>
Total revenue from local sources	<u>\$ 536,755</u>	<u>\$ 706,532</u>	<u>\$ 499,354</u>	<u>\$ (207,178)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	\$ 11,036,594	\$ 11,036,434	\$ 11,036,434	\$ -
Total revenues from local governments	<u>\$ 11,036,594</u>	<u>\$ 11,036,434</u>	<u>\$ 11,036,434</u>	<u>\$ -</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,452,298	\$ 3,254,427	\$ 3,095,596	\$ (158,831)
Basic school aid	15,438,188	15,125,055	15,084,976	(40,079)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	110,236	126,808	126,808	-
Regular foster care	24,896	23,665	11,789	(11,876)
Homebound education	68,201	56,425	56,425	-
Gifted and talented	137,656	134,110	133,497	(613)
Remedial education	620,980	604,983	602,220	(2,763)
Special education	1,688,577	1,645,077	1,662,384	17,307
State leadership grant	-	-	21,922	21,922
Vocational	18,309	21,696	13,312	(8,384)
Vocational education	278,370	271,199	269,961	(1,238)
Social security fringe benefits	807,580	786,776	783,183	(3,593)
Retirement fringe benefits	1,046,183	1,019,232	1,014,578	(4,654)
Group life insurance benefits	33,649	32,782	32,633	(149)
Enrollment loss	-	42,087	90,619	48,532
State lottery payments	728,841	589,933	589,256	(677)
Early reading intervention and smart beginnings grant	121,486	104,811	97	(104,714)
At risk payments	892,044	869,160	865,274	(3,886)
Primary class size	806,668	773,879	773,879	-
At risk four-year olds	437,890	487,528	487,528	-
Education technology	258,000	206,000	-	(206,000)
Standards of Learning algebra readiness	75,375	72,993	72,993	-
National board certified teacher	-	7,500	7,500	-
Mentor teacher program	5,120	5,120	26,774	21,654
English as a second language	109,581	78,662	78,662	-
Other state funds	-	497,249	2,949	(494,300)
Total categorical aid	<u>\$ 27,175,845</u>	<u>\$ 26,852,874</u>	<u>\$ 25,920,532</u>	<u>\$ (932,342)</u>
Total revenue from the Commonwealth	<u>\$ 27,175,845</u>	<u>\$ 26,852,874</u>	<u>\$ 25,920,532</u>	<u>\$ (932,342)</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,357,168	\$ 1,685,139	\$ 1,295,378	\$ (389,761)
Title VI-B, special education	888,504	888,504	864,330	(24,174)
Vocational education	102,578	102,578	88,647	(13,931)
21st Century learning grant	276,103	276,103	129,461	(146,642)
Title IID	11,626	13,165	5,964	(7,201)
Title III	-	25,221	5,990	(19,231)
Title II	286,010	286,010	212,333	(73,677)
Title V	-	11,054	8,735	(2,319)
Impact aid	38,640	38,640	31,284	(7,356)
Special projects	16,500	16,500	-	(16,500)
Gear up	31,760	49,900	42,195	(7,705)
Drug free school	24,861	24,861	16,598	(8,263)
Jr ROTC	49,500	49,500	56,852	7,352
Headstart	1,129,799	1,139,799	984,724	(155,075)
Total categorical aid	<u>\$ 4,213,049</u>	<u>\$ 4,606,974</u>	<u>\$ 3,742,491</u>	<u>\$ (864,483)</u>
Total revenue from the federal government	<u>\$ 4,213,049</u>	<u>\$ 4,606,974</u>	<u>\$ 3,742,491</u>	<u>\$ (864,483)</u>
Total School Operating Fund	<u><u>\$ 42,962,243</u></u>	<u><u>\$ 43,202,814</u></u>	<u><u>\$ 41,198,811</u></u>	<u><u>\$ (2,004,003)</u></u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 7,995</u>	<u>\$ 4,995</u>
Charges for services:				
Cafeteria sales	<u>\$ 567,000</u>	<u>\$ 567,000</u>	<u>\$ 643,735</u>	<u>\$ 76,735</u>
Total revenue from local sources	<u>\$ 570,000</u>	<u>\$ 570,000</u>	<u>\$ 651,730</u>	<u>\$ 81,730</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 38,610</u>	<u>\$ 38,610</u>	<u>\$ 34,299</u>	<u>\$ (4,311)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	<u>\$ 1,190,000</u>	<u>\$ 1,190,000</u>	<u>\$ 1,398,234</u>	<u>\$ 208,234</u>
USDA commodities	<u>-</u>	<u>-</u>	<u>123,686</u>	<u>123,686</u>
Total categorical aid	<u>\$ 1,190,000</u>	<u>\$ 1,190,000</u>	<u>\$ 1,521,920</u>	<u>\$ 331,920</u>
Total revenue from the federal government	<u>\$ 1,190,000</u>	<u>\$ 1,190,000</u>	<u>\$ 1,521,920</u>	<u>\$ 331,920</u>
Total School Cafeteria Fund	<u><u>\$ 1,798,610</u></u>	<u><u>\$ 1,798,610</u></u>	<u><u>\$ 2,207,949</u></u>	<u><u>\$ 409,339</u></u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 1
 Page 7 of 7

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 8,000	\$ 8,000	\$ 8,451	\$ 451
Total revenue from use of money and property	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,451</u>	<u>\$ 451</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 490	\$ 490
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490</u>	<u>\$ 490</u>
Total revenue from local sources	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 8,941</u>	<u>\$ 941</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook funds	\$ 362,555	\$ 362,555	\$ 351,602	\$ (10,953)
Total categorical aid	<u>\$ 362,555</u>	<u>\$ 362,555</u>	<u>\$ 351,602</u>	<u>\$ (10,953)</u>
Total revenue from the Commonwealth	<u>\$ 362,555</u>	<u>\$ 362,555</u>	<u>\$ 351,602</u>	<u>\$ (10,953)</u>
Total School Textbook Fund	<u>\$ 370,555</u>	<u>\$ 370,555</u>	<u>\$ 360,543</u>	<u>\$ (10,012)</u>
Capital Projects Fund:				
Building and Bus Replacement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 15,000	\$ 15,000	\$ 4,538	\$ (10,462)
Total revenue from use of money and property	<u>\$ 15,000</u>	<u>\$ 15,000</u>	<u>\$ 4,538</u>	<u>\$ (10,462)</u>
Revenue from the Commonwealth:				
Categorical aid:				
State construction funds	\$ 162,476	\$ 162,476	\$ 161,645	\$ (831)
Total categorical aid	<u>\$ 162,476</u>	<u>\$ 162,476</u>	<u>\$ 161,645</u>	<u>\$ (831)</u>
Total revenue from the Commonwealth	<u>\$ 162,476</u>	<u>\$ 162,476</u>	<u>\$ 161,645</u>	<u>\$ (831)</u>
Total Building and Bus Replacement Fund	<u>\$ 177,476</u>	<u>\$ 177,476</u>	<u>\$ 166,183</u>	<u>\$ (11,293)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 45,308,884</u>	<u>\$ 45,549,455</u>	<u>\$ 43,933,486</u>	<u>\$ (1,615,969)</u>

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City of Hopewell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 1 of 5

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City council	\$ 151,817	\$ 151,817	\$ 151,807	\$ 10
City clerk	86,337	86,337	82,175	4,162
Total general government administration	<u>\$ 238,154</u>	<u>\$ 238,154</u>	<u>\$ 233,982</u>	<u>\$ 4,172</u>
General and financial administration:				
City manager	\$ 339,335	\$ 342,435	\$ 335,959	\$ 6,476
City attorney	227,930	227,930	361,376	(133,446)
Information/Research department	109,688	104,753	87,123	17,630
Commissioner of revenue	389,828	389,874	369,465	20,409
Human resources department	233,689	226,028	221,155	4,873
Treasurer	364,181	360,535	349,247	11,288
Finance	1,568,333	1,535,697	1,446,207	89,490
Total general and financial administration	<u>\$ 3,232,984</u>	<u>\$ 3,187,252</u>	<u>\$ 3,170,532</u>	<u>\$ 16,720</u>
Board of elections:				
Electoral board and officials	\$ 170,510	\$ 167,210	\$ 151,484	\$ 15,726
Total board of elections	<u>\$ 170,510</u>	<u>\$ 167,210</u>	<u>\$ 151,484</u>	<u>\$ 15,726</u>
Total general government administration	<u>\$ 3,641,648</u>	<u>\$ 3,592,616</u>	<u>\$ 3,555,998</u>	<u>\$ 36,618</u>
Judicial administration:				
Courts:				
Circuit court	\$ 94,877	\$ 94,877	\$ 53,815	\$ 41,062
General district court	66,000	66,000	39,890	26,110
Sheriff	708,168	744,552	743,252	1,300
Law library	-	8,168	-	8,168
Clerk of the circuit court	336,959	343,409	303,780	39,629
Victim and witness assistance	108,135	102,857	66,279	36,578
Court services unit	8,500	8,500	8,034	466
Southside Legal Aid contribution	10,418	10,418	10,418	-
Total courts	<u>\$ 1,333,057</u>	<u>\$ 1,378,781</u>	<u>\$ 1,225,468</u>	<u>\$ 153,313</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 513,493	\$ 511,971	\$ 498,921	\$ 13,050
Total commonwealth's attorney	<u>\$ 513,493</u>	<u>\$ 511,971</u>	<u>\$ 498,921</u>	<u>\$ 13,050</u>
Total judicial administration	<u>\$ 1,846,550</u>	<u>\$ 1,890,752</u>	<u>\$ 1,724,389</u>	<u>\$ 166,363</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 6,290,809	\$ 6,823,329	\$ 6,328,053	\$ 495,276
Total law enforcement and traffic control	<u>\$ 6,290,809</u>	<u>\$ 6,823,329</u>	<u>\$ 6,328,053</u>	<u>\$ 495,276</u>
Fire and rescue services:				
Fire department	\$ 3,482,035	\$ 3,426,823	\$ 3,091,567	\$ 335,256
Total fire and rescue services	<u>\$ 3,482,035</u>	<u>\$ 3,426,823</u>	<u>\$ 3,091,567</u>	<u>\$ 335,256</u>

City of Hopewell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Crater Youth Care Commission	\$ 375,000	\$ 375,000	\$ 345,468	\$ 29,532
Riverside Regional Jail	2,100,000	2,100,000	1,905,332	194,668
VJCCCA grant	188,234	188,234	190,352	(2,118)
Total correction and detention	<u>\$ 2,663,234</u>	<u>\$ 2,663,234</u>	<u>\$ 2,441,152</u>	<u>\$ 222,082</u>
Inspections:				
Building	\$ 424,153	\$ 394,462	\$ 381,655	\$ 12,807
Total inspections	<u>\$ 424,153</u>	<u>\$ 394,462</u>	<u>\$ 381,655</u>	<u>\$ 12,807</u>
Other protection:				
Animal control	\$ 231,800	\$ 231,800	\$ 161,166	\$ 70,634
Emergency and safety services	124,185	167,093	145,655	21,438
Total other protection	<u>\$ 355,985</u>	<u>\$ 398,893</u>	<u>\$ 306,821</u>	<u>\$ 92,072</u>
Total public safety	<u>\$ 13,216,216</u>	<u>\$ 13,706,741</u>	<u>\$ 12,549,248</u>	<u>\$ 1,157,493</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 4,495,549	\$ 4,343,280	\$ 4,214,661	\$ 128,619
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 4,495,549</u>	<u>\$ 4,343,280</u>	<u>\$ 4,214,661</u>	<u>\$ 128,619</u>
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 59,300	\$ 59,300	\$ 29,198	\$ 30,102
Total maintenance of general buildings and grounds	<u>\$ 59,300</u>	<u>\$ 59,300</u>	<u>\$ 29,198</u>	<u>\$ 30,102</u>
Total public works	<u>\$ 4,554,849</u>	<u>\$ 4,402,580</u>	<u>\$ 4,243,859</u>	<u>\$ 158,721</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 187,457	\$ 187,457	\$ 165,311	\$ 22,146
Total health	<u>\$ 187,457</u>	<u>\$ 187,457</u>	<u>\$ 165,311</u>	<u>\$ 22,146</u>
Mental health and mental retardation:				
Community services board	\$ 105,288	\$ 105,288	\$ 105,288	\$ -
Total mental health and mental retardation	<u>\$ 105,288</u>	<u>\$ 105,288</u>	<u>\$ 105,288</u>	<u>\$ -</u>
Welfare:				
State/local hospitalization	\$ 8,103	\$ 8,103	\$ 8,599	\$ (496)
Contribution to Comprehensive Services Act Board	850,000	850,000	800,443	49,557
Tax relief for the elderly	200,000	200,000	225,775	(25,775)
Total welfare	<u>\$ 1,058,103</u>	<u>\$ 1,058,103</u>	<u>\$ 1,034,817</u>	<u>\$ 23,286</u>
Total health and welfare	<u>\$ 1,350,848</u>	<u>\$ 1,350,848</u>	<u>\$ 1,305,416</u>	<u>\$ 45,432</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 9,187	\$ 9,187	\$ 9,187	\$ -
Contribution to City School Board	9,717,772	9,717,612	9,717,612	-
Total education	<u>\$ 9,726,959</u>	<u>\$ 9,726,799</u>	<u>\$ 9,726,799</u>	<u>\$ -</u>

City of Hopewell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 3 of 5

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Historical society	2,500	2,500	2,500	-
Arts and humanities	8,300	8,300	2,973	5,327
Total cultural enrichment	<u>\$ 23,300</u>	<u>\$ 23,300</u>	<u>\$ 17,973</u>	<u>\$ 5,327</u>
Library:				
Contribution to regional library	\$ 551,657	\$ 551,657	\$ 551,657	\$ -
Total library	<u>\$ 551,657</u>	<u>\$ 551,657</u>	<u>\$ 551,657</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 574,957</u>	<u>\$ 574,957</u>	<u>\$ 569,630</u>	<u>\$ 5,327</u>
Community development:				
Planning and community development:				
Community development	\$ 517,606	\$ 518,297	\$ 495,417	\$ 22,880
Tourism and economic development	335,158	302,108	254,206	47,902
Total planning and community development	<u>\$ 852,764</u>	<u>\$ 820,405</u>	<u>\$ 749,623</u>	<u>\$ 70,782</u>
Total community development	<u>\$ 852,764</u>	<u>\$ 820,405</u>	<u>\$ 749,623</u>	<u>\$ 70,782</u>
Nondepartmental:				
Employee welfare and other benefits	\$ 417,498	\$ 417,933	\$ 385,478	\$ 32,455
Property and liability insurance	483,510	483,510	297,864	185,646
Other	38,225	38,225	27,049	11,176
Contingency	(7,175)	(7,175)	-	(7,175)
Contributions to civic organizations	120,335	162,308	153,683	8,625
Total nondepartmental	<u>\$ 1,052,393</u>	<u>\$ 1,094,801</u>	<u>\$ 864,074</u>	<u>\$ 230,727</u>
Debt service:				
Principal retirement	\$ 1,369,595	\$ 1,369,595	\$ 1,369,595	\$ -
Interest and other fiscal charges	412,633	412,793	412,793	-
Total debt service	<u>\$ 1,782,228</u>	<u>\$ 1,782,388</u>	<u>\$ 1,782,388</u>	<u>\$ -</u>
Total General Fund	<u>\$ 38,599,412</u>	<u>\$ 38,942,887</u>	<u>\$ 37,071,424</u>	<u>\$ 1,871,463</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,786,645	\$ 2,524,472	\$ 2,435,339	\$ 89,133
Public assistance	741,136	679,979	589,188	90,791
Purchased services	1,731,257	1,483,251	1,343,595	139,656
Total welfare and social services	<u>\$ 5,259,038</u>	<u>\$ 4,687,702</u>	<u>\$ 4,368,122</u>	<u>\$ 319,580</u>
Total health and welfare	<u>\$ 5,259,038</u>	<u>\$ 4,687,702</u>	<u>\$ 4,368,122</u>	<u>\$ 319,580</u>
Total Virginia Public Assistance Fund	<u>\$ 5,259,038</u>	<u>\$ 4,687,702</u>	<u>\$ 4,368,122</u>	<u>\$ 319,580</u>

City of Hopewell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 637,310	\$ 619,081	\$ 553,382	\$ 65,699
Community division	111,218	96,539	96,142	397
Athletics division	163,006	150,692	145,024	5,668
Seniors division	147,903	142,899	134,937	7,962
Pool center	247,492	241,559	219,292	22,267
Parks	506,967	495,778	478,393	17,385
Harbor patrol and marina operation	130,500	151,495	103,536	47,959
Total parks and recreation	<u>\$ 1,944,396</u>	<u>\$ 1,898,043</u>	<u>\$ 1,730,706</u>	<u>\$ 167,337</u>
Total Recreation Fund	<u>\$ 1,944,396</u>	<u>\$ 1,898,043</u>	<u>\$ 1,730,706</u>	<u>\$ 167,337</u>
Community Development Block Grant Fund:				
Community development:				
Planning and community development:				
Community development	<u>\$ 261,868</u>	<u>\$ 600,163</u>	<u>\$ 254,234</u>	<u>\$ 345,929</u>
Anti-Litter Fund:				
Public works:				
Sanitation and waste removal:				
Anti-litter program	<u>\$ 6,000</u>	<u>\$ 6,000</u>	<u>\$ 4,676</u>	<u>\$ 1,324</u>
Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to City School Board	<u>\$ 1,313,062</u>	<u>\$ 1,313,062</u>	<u>\$ 1,318,822</u>	<u>\$ (5,760)</u>
Capital projects expenditures:				
Parks and recreation	\$ 25,000	\$ 19,630	\$ 14,013	\$ 5,617
Pavement management program	400,000	400,000	400,000	-
Tourism	75,000	75,000	75,000	-
GIS mapping	-	56,524	2,000	54,524
Marina development project	-	-	29,500	(29,500)
East Broadway Bridge	-	132,400	6,350	126,050
Other projects	4,500	159,914	118,365	41,549
Streets, curbs and gutters	-	93,092	-	93,092
Information management system	50,000	50,000	16,209	33,791
Downtown development plan and program	107,175	343,826	255,514	88,312
Historic Hopewell project	30,000	43,000	33,000	10,000
Downtown construction street scape	-	1,260,893	864,830	396,063
School garage	-	1,108	22,420	(21,312)
Total capital projects	<u>\$ 691,675</u>	<u>\$ 2,635,387</u>	<u>\$ 1,837,201</u>	<u>\$ 798,186</u>
Debt service:				
Principal retirement	\$ 1,065,000	\$ 2,279,000	\$ 2,279,000	\$ -
Interest and other fiscal charges	1,231,268	957,938	918,158	39,780
Bond agent fees	5,500	5,500	4,346	1,154
Bond issuance costs	-	-	274,888	(274,888)
Total debt service	<u>\$ 2,301,768</u>	<u>\$ 3,242,438</u>	<u>\$ 3,476,392</u>	<u>\$ (233,954)</u>
Total Capital Projects Fund	<u>\$ 4,306,505</u>	<u>\$ 7,190,887</u>	<u>\$ 6,632,415</u>	<u>\$ 558,472</u>
Total Primary Government	<u>\$ 50,377,219</u>	<u>\$ 53,325,682</u>	<u>\$ 50,061,577</u>	<u>\$ 3,264,105</u>

City of Hopewell, Virginia
 Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2009

Schedule 2
 Page 5 of 5

<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	\$ 1,462,282	\$ 1,433,725	\$ 1,243,976	\$ 189,749
Total administration of schools	<u>\$ 1,462,282</u>	<u>\$ 1,433,725</u>	<u>\$ 1,243,976</u>	<u>\$ 189,749</u>
Instruction costs:				
Compensation	\$ 31,320,005	\$ 31,641,221	\$ 30,158,592	\$ 1,482,629
Supplies	1,122,778	1,122,396	1,030,080	92,316
Equipment	863,837	1,156,160	818,867	337,293
Purchased services	1,911,632	1,638,554	1,607,366	31,188
Total instruction costs	<u>\$ 35,218,252</u>	<u>\$ 35,558,331</u>	<u>\$ 33,614,905</u>	<u>\$ 1,943,426</u>
Operating costs:				
Attendance and health services	\$ 699,707	\$ 751,211	\$ 722,652	\$ 28,559
Pupil transportation	938,663	935,799	866,440	69,359
Operation and maintenance of school plant	4,667,368	4,547,777	4,311,747	236,030
Total operating costs	<u>\$ 6,305,738</u>	<u>\$ 6,234,787</u>	<u>\$ 5,900,839</u>	<u>\$ 333,948</u>
Total education	<u>\$ 42,986,272</u>	<u>\$ 43,226,843</u>	<u>\$ 40,759,720</u>	<u>\$ 2,467,123</u>
Total School Operating Fund	<u>\$ 42,986,272</u>	<u>\$ 43,226,843</u>	<u>\$ 40,759,720</u>	<u>\$ 2,467,123</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,134,996	\$ 2,511,996	\$ 2,361,610	\$ 150,386
Total education	<u>\$ 2,134,996</u>	<u>\$ 2,511,996</u>	<u>\$ 2,361,610</u>	<u>\$ 150,386</u>
Total School Cafeteria Fund	<u>\$ 2,134,996</u>	<u>\$ 2,511,996</u>	<u>\$ 2,361,610</u>	<u>\$ 150,386</u>
School Textbook Fund:				
Education:				
Instruction	\$ 950,000	\$ 950,000	\$ 55,539	\$ 894,461
Total education	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 55,539</u>	<u>\$ 894,461</u>
Total School Textbook Fund	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 55,539</u>	<u>\$ 894,461</u>
Capital Projects Fund:				
Building and Bus Replacement Fund:				
Education:				
Other instructional costs:				
Contribution to City	\$ -	\$ -	\$ 500,000	\$ (500,000)
Capital projects expenditures:				
Capital projects	\$ 800,000	\$ 1,200,000	\$ 1,113,241	\$ 86,759
Total capital projects	<u>\$ 800,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,113,241</u>	<u>\$ 86,759</u>
Total Building and Bus Replacement Fund	<u>\$ 800,000</u>	<u>\$ 1,200,000</u>	<u>\$ 1,613,241</u>	<u>\$ (413,241)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 46,871,268</u>	<u>\$ 47,888,839</u>	<u>\$ 44,790,110</u>	<u>\$ 3,098,729</u>

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Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the the City's financial performance and well-being have changed over time.

1 - 4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

5-8

Debt Capacity

These tables present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue debt in the future.

9-11

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

12-13

Operating Information

These tables contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

14-16

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2003; schedules presenting government-wide information include information beginning in that year.

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Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Government activities:							
Invested in capital assets, net of related debt	\$ (518,312)	\$ (700,037)	\$ (2,904,259)	\$ (5,034,392)	\$ 1,080,980	\$ 2,846,179	\$ (5,421,549)
Restricted	1,064,242	5,586,904	16,720,846	6,623,230	1,238,289	983,265	11,016,079
Unrestricted	23,956,694	20,887,012	10,044,891	25,290,215	29,341,147	25,589,865	20,864,117
Total governmental activities net assets	\$ 24,502,624	\$ 25,773,879	\$ 23,861,478	\$ 26,879,053	\$ 31,660,416	\$ 29,419,309	\$ 26,458,647
Business-type activities:							
Invested in capital assets, net of related debt	\$ 16,918,580	\$ 13,673,101	\$ 5,580,932	\$ 4,169,665	\$ 2,001,382	\$ 379,108	\$ (1,881,277)
Restricted	1,167,481	1,167,481	1,167,481	395,641	395,641	395,641	395,641
Unrestricted	14,713,557	15,872,944	17,228,877	18,665,589	20,590,674	21,410,651	21,695,483
Total business-type activities net assets	\$ 32,799,618	\$ 30,713,526	\$ 23,977,290	\$ 23,230,895	\$ 22,987,697	\$ 22,185,400	\$ 20,209,847
Primary government:							
Invested in capital assets, net of related debt	\$ 16,400,268	\$ 12,973,064	\$ 2,676,673	\$ (864,727)	\$ 3,082,362	\$ 3,225,287	\$ (7,302,826)
Restricted	2,231,723	6,754,385	17,888,327	7,018,871	1,633,930	1,378,906	11,411,720
Unrestricted	38,670,251	36,759,956	27,273,768	43,955,804	49,931,821	47,000,516	42,559,600
Total primary government net assets	\$ 57,302,242	\$ 56,487,405	\$ 47,838,768	\$ 50,109,948	\$ 54,648,113	\$ 51,604,709	\$ 46,668,494

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34.

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

Expenses	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Governmental activities:							
General government administration	\$ 3,341,970	\$ 3,443,925	\$ 2,945,790	\$ 2,912,135	\$ 3,375,486	\$ 3,355,309	\$ 3,005,250
Judicial administration	1,463,565	1,495,967	1,574,921	1,677,436	1,778,649	1,959,936	2,115,285
Public safety	9,008,687	9,486,916	10,565,072	11,047,707	12,332,692	12,594,747	13,815,831
Public works	4,192,242	3,737,248	3,485,748	2,887,052	1,772,710	4,720,713	5,032,124
Health and welfare	4,715,320	5,194,978	5,342,722	5,264,756	5,322,346	5,764,789	6,082,016
Education	10,899,729	10,928,447	11,179,266	11,543,304	12,264,674	12,419,569	12,641,913
Parks, recreation and cultural	1,744,625	2,258,430	2,257,163	1,896,638	2,342,189	2,893,300	2,771,191
Community development	4,845,934	1,992,171	2,030,064	1,074,519	947,666	1,097,051	1,426,189
Interest on long-term debt	1,201,432	1,179,416	2,141,680	2,097,330	1,810,935	1,623,712	1,942,319
Total governmental activities expenses	\$ 41,413,504	\$ 39,717,498	\$ 41,522,426	\$ 40,400,877	\$ 41,947,347	\$ 46,429,126	\$ 48,832,118
Business-type activities:							
Public utilities	\$ 15,685,591	\$ 16,090,180	\$ 16,185,800	\$ 16,272,912	\$ 16,961,532	\$ 17,697,147	\$ 21,188,607
Total business-type activities expenses	\$ 15,685,591	\$ 16,090,180	\$ 16,185,800	\$ 16,272,912	\$ 16,961,532	\$ 17,697,147	\$ 21,188,607
Total primary government expenses	\$ 57,099,095	\$ 55,807,678	\$ 57,708,226	\$ 56,673,789	\$ 58,908,879	\$ 64,126,273	\$ 70,020,725
Program Revenues							
Governmental activities:							
Charges for services:							
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,555	\$ -
Judicial administration	183,867	61,411	198,943	99,974	82,948	200,543	362,032
Public Safety	11,985	408,843	224,206	439,608	549,021	293,746	454,764
Parks, recreation and cultural	185,600	150,713	103,291	231,592	141,640	177,568	102,269
Operating grants and contributions	8,522,988	9,471,701	9,675,502	9,554,091	9,801,482	10,170,554	10,925,941
Capital grants and contributions	264,598	271,737	-	-	-	262,809	197,033
Total governmental activities program revenues	\$ 9,169,038	\$ 10,364,405	\$ 10,201,942	\$ 10,325,265	\$ 10,575,091	\$ 11,306,775	\$ 12,042,039
Business-type activities:							
Charges for services:							
Public utilities	\$ 12,291,135	\$ 12,937,022	\$ 14,195,204	\$ 14,567,448	\$ 16,219,446	\$ 16,017,671	\$ 18,808,470
Operating grants and contributions	1,816,943	1,170,323	1,174,420	160,762	-	33,661	-
Total business-type activities program revenues	\$ 14,108,078	\$ 14,107,345	\$ 15,369,624	\$ 14,728,210	\$ 16,219,446	\$ 16,051,332	\$ 18,808,470
Total primary government program revenues	\$ 23,277,116	\$ 24,471,750	\$ 25,571,566	\$ 25,053,475	\$ 26,794,537	\$ 27,358,107	\$ 30,850,509
Net (expense) / revenue							
Governmental activities	\$ (32,244,466)	\$ (29,353,093)	\$ (31,320,484)	\$ (30,075,612)	\$ (31,372,256)	\$ (35,122,351)	\$ (36,790,079)
Business-type activities	(1,577,513)	(1,982,835)	(816,176)	(1,544,702)	(742,086)	(1,645,815)	(2,380,137)
Total primary government net (expense)/revenue	\$ (33,821,979)	\$ (31,335,928)	\$ (32,136,660)	\$ (31,620,314)	\$ (32,114,342)	\$ (36,768,166)	\$ (39,170,216)

Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Revenues and other Changes in net Assets							
Governmental activities:							
Taxes							
Property taxes	\$ 19,060,885	\$ 16,361,811	\$ 22,452,725	\$ 21,436,449	\$ 23,466,018	\$ 21,003,914	\$ 23,548,847
Local sales and use taxes	1,632,175	1,623,689	1,710,007	1,890,963	1,992,012	1,872,972	1,752,105
Consumer utility taxes	1,334,789	1,406,368	1,138,794	1,141,121	914,129	665,210	349,751
Business licenses taxes	1,299,019	1,317,942	1,411,667	1,541,460	1,537,086	1,621,535	1,671,362
Other local taxes	2,499,514	6,778,505	2,672,065	3,017,610	3,184,311	3,970,017	4,212,375
Unrestricted grants and contributions	1,693,124	1,656,911	1,591,188	1,777,831	1,801,786	1,407,833	1,534,464
Unrestricted revenues from use of money and property	614,596	383,429	992,484	1,736,958	2,033,562	1,768,070	593,272
Gain on disposal of capital assets	-	-	-	-	-	1,000,000	-
Miscellaneous	314,115	890,576	147,042	550,795	266,383	266,593	167,241
Transfers	214,268	205,117	275,000	-	-	-	-
Total governmental activities	\$ 28,662,485	\$ 30,624,348	\$ 32,390,972	\$ 33,093,187	\$ 35,195,287	\$ 33,576,144	\$ 33,829,417
Business-type activities:							
Transfers	\$ (214,268)	\$ (205,117)	\$ (275,000)	\$ -	\$ -	\$ -	\$ -
Unrestricted revenues from use of money and property	233,283	101,860	339,166	798,307	951,842	843,518	404,584
Total business-type activities	\$ 19,015	\$ (103,257)	\$ 64,166	\$ 798,307	\$ 951,842	\$ 843,518	\$ 404,584
Total primary government	\$ 28,681,500	\$ 30,521,091	\$ 32,455,138	\$ 33,891,494	\$ 36,147,129	\$ 34,419,662	\$ 34,234,001
Change in net Assets							
Government activities	\$ (3,581,981)	\$ 1,271,255	\$ 1,070,488	\$ 3,017,575	\$ 3,823,031	\$ (1,546,207)	\$ (2,960,662)
Business-type activities	(1,558,498)	(2,086,092)	(752,010)	(746,395)	209,756	(802,297)	(1,975,553)
Total primary government	\$ (5,140,479)	\$ (814,837)	\$ 318,478	\$ 2,271,180	\$ 4,032,787	\$ (2,348,504)	\$ (4,936,215)

Note: Accrual-basis financial information is available back to fiscal year 2003 when the City implemented GASB 34.

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Fund Balances of Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General fund:										
Reserved	\$ 6,994,970	\$ 7,099,088	\$ 5,456,484	\$ 1,677,493	\$ 1,483,892	\$ 1,272,858	\$ 1,486,858	\$ 2,145,977	\$ 1,305,385	\$ 1,085,023
Unreserved	<u>3,893,133</u>	<u>3,546,836</u>	<u>3,205,324</u>	<u>6,946,757</u>	<u>7,777,384</u>	<u>8,604,101</u>	<u>10,815,318</u>	<u>10,681,284</u>	<u>10,508,586</u>	<u>9,484,371</u>
Total general fund	<u>\$ 10,888,103</u>	<u>\$ 10,645,924</u>	<u>\$ 8,661,808</u>	<u>\$ 8,624,250</u>	<u>\$ 9,261,276</u>	<u>\$ 9,876,959</u>	<u>\$ 12,302,176</u>	<u>\$ 12,827,261</u>	<u>\$ 11,813,971</u>	<u>\$ 10,569,394</u>
All other governmental funds:										
Reserved	\$ 14,407,940	\$ 10,841,312	\$ 10,268,014	\$ 7,231,064	\$ 4,167,174	\$ 15,503,841	\$ 15,440,761	\$ 3,553,176	\$ 1,116,638	\$ 55,109
Unreserved, reported in:										
Special revenue funds	438,126	577,764	638,254	780,932	1,090,129	503,031	405,094	221,901	228,810	157,004
Capital projects funds	<u>3,640,331</u>	<u>5,688,808</u>	<u>5,097,288</u>	<u>8,170,048</u>	<u>10,400,891</u>	<u>18,250,454</u>	<u>12,850,203</u>	<u>15,342,304</u>	<u>12,321,255</u>	<u>20,995,610</u>
Total all other governmental funds	<u>\$ 18,486,397</u>	<u>\$ 17,107,884</u>	<u>\$ 16,003,556</u>	<u>\$ 16,182,044</u>	<u>\$ 15,658,194</u>	<u>\$ 34,257,326</u>	<u>\$ 28,696,058</u>	<u>\$ 19,117,381</u>	<u>\$ 13,666,703</u>	<u>\$ 21,207,723</u>

City of Hopewell, Virginia

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Revenues				
General property taxes	\$ 18,367,864	\$ 19,795,128	\$ 18,684,937	\$ 18,667,154
Other local taxes	6,138,220	6,371,934	6,460,305	6,765,497
Permits, privilege fees/regulatory licenses	112,536	81,277	60,406	94,530
Fines and Forfeitures	97,645	126,579	69,658	65,830
Revenue from use of money and property	2,271,959	2,204,478	866,706	614,596
Charges for services	174,065	212,132	284,368	221,092
Miscellaneous	1,137,617	209,227	846,622	314,115
Recovered costs	230,514	266,793	267,922	-
Intergovernmental	<u>8,655,722</u>	<u>8,756,960</u>	<u>9,247,495</u>	<u>10,480,710</u>
Total revenues	<u>\$ 37,186,142</u>	<u>\$ 38,024,508</u>	<u>\$ 36,788,419</u>	<u>\$ 37,223,524</u>
Expenditures				
General government administration	\$ 2,607,634	\$ 2,999,608	\$ 3,113,930	\$ 2,640,778
Judicial administration	1,058,827	1,129,005	1,204,103	1,292,301
Public safety	9,509,028	9,717,419	10,701,825	9,224,023
Public works	3,353,665	3,477,659	3,391,620	3,280,814
Health and welfare	3,851,364	3,848,489	3,938,094	4,671,981
Education	-	-	-	9,535,795
Parks, recreation and cultural	1,615,164	1,613,054	2,038,146	1,793,430
Community development	429,776	325,337	778,150	1,130,602
Nondepartmental	363,184	595,837	875,976	608,575
Capital projects	5,289,395	1,904,827	788,704	3,886,805
Debt service: (1)				
Principal	1,077,315	1,006,697	1,289,767	2,230,299
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,233,136</u>
Total expenditures	<u>\$ 29,155,352</u>	<u>\$ 26,617,932</u>	<u>\$ 28,120,315</u>	<u>\$ 41,528,539</u>
Excess of revenues over (under) expenditures	<u>8,030,790</u>	<u>11,406,576</u>	<u>8,668,104</u>	<u>(4,305,015)</u>
Other financing sources (uses)				
Transfer in	\$ 7,397,367	\$ 3,070,857	\$ 3,832,858	\$ 4,649,024
Transfer out	(17,101,735)	(15,681,892)	(15,721,311)	(4,434,756)
Refunding bonds issued	-	-	-	-
Bonds issued	-	-	-	3,965,000
Premium on bonds issued	-	-	-	-
Refunded bonds redeemed	-	-	-	-
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (9,704,368)</u>	<u>\$ (12,611,035)</u>	<u>\$ (11,888,453)</u>	<u>\$ 4,179,268</u>
Net change in fund balances	<u>\$ (1,673,578)</u>	<u>\$ (1,204,459)</u>	<u>\$ (3,220,349)</u>	<u>\$ (125,747)</u>
Debt service as a percentage of noncapital expenditures	4.51%	4.07%	4.72%	8.51%

Table 4

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	20,092,804	\$ 21,098,729	\$ 22,011,460	\$ 22,262,298	\$ 24,259,295	\$ 22,831,071
	6,778,505	6,932,533	7,591,154	7,627,538	8,129,734	7,985,593
	82,108	93,462	179,406	204,618	206,454	135,509
	61,411	79,376	74,318	69,921	155,217	282,130
	383,429	992,484	1,736,958	2,033,562	1,407,833	593,272
	477,448	353,602	517,450	499,070	511,741	501,426
	890,576	143,552	549,450	271,236	266,593	167,241
	-	-	996,392	824,000	823,000	872,000
	<u>11,400,349</u>	<u>11,266,690</u>	<u>11,331,922</u>	<u>11,603,268</u>	<u>10,583,403</u>	<u>12,657,438</u>
\$	<u>40,166,630</u>	<u>40,960,428</u>	<u>44,988,510</u>	<u>45,395,511</u>	<u>46,343,270</u>	<u>46,025,680</u>
\$	2,666,849	\$ 2,725,084	\$ 2,869,051	\$ 3,207,029	\$ 3,471,465	\$ 3,555,998
	1,291,736	1,331,479	1,436,093	1,500,445	1,707,438	1,724,389
	9,406,283	10,307,147	10,594,210	11,715,197	12,235,866	12,549,248
	3,428,681	3,339,381	3,736,617	3,682,520	4,161,179	4,248,535
	4,990,898	5,218,907	5,143,541	5,198,729	5,577,319	5,673,538
	9,548,805	9,564,280	9,708,817	9,800,130	10,507,034	11,045,621
	1,972,933	2,216,435	2,283,280	2,255,777	2,302,038	2,300,336
	1,113,053	1,308,672	1,164,345	978,544	1,078,552	1,003,857
	1,275,270	864,169	746,960	903,500	968,612	864,074
	1,252,346	1,511,459	6,254,211	10,846,799	3,823,661	1,837,201
	2,119,642	2,388,320	3,427,039	2,379,916	2,513,941	3,648,595
	<u>1,192,075</u>	<u>1,893,991</u>	<u>2,168,868</u>	<u>1,980,517</u>	<u>2,975,833</u>	<u>1,610,185</u>
\$	<u>40,258,571</u>	<u>42,669,324</u>	<u>49,533,032</u>	<u>54,449,103</u>	<u>51,322,938</u>	<u>50,061,577</u>
	<u>(91,941)</u>	<u>(1,708,896)</u>	<u>(4,544,522)</u>	<u>(9,053,592)</u>	<u>(4,979,668)</u>	<u>(4,035,897)</u>
\$	3,808,160	\$ 4,236,279	\$ 4,394,863	\$ 4,369,935	\$ 3,636,893	\$ 3,401,401
	(3,603,043)	(3,961,279)	(4,394,863)	(4,369,935)	(3,636,893)	(3,401,401)
	-	-	-	-	18,210,000	2,155,000
	-	20,000,000	858,896	-	-	10,000,000
	-	648,711	-	-	-	303,340
	-	-	-	-	(20,000,000)	(2,126,000)
	-	-	-	-	1,000,000	-
\$	<u>205,117</u>	<u>20,923,711</u>	<u>858,896</u>	<u>-</u>	<u>(790,000)</u>	<u>10,332,340</u>
\$	<u>113,176</u>	<u>19,214,815</u>	<u>(3,685,626)</u>	<u>(9,053,592)</u>	<u>(5,769,668)</u>	<u>6,296,443</u>
	8.26%	10.35%	13.06%	9.60%	11.10%	10.61%

Assessed Value and Estimated Actual value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property	Machinery and Tools	Public Service	Total Taxable Assessed Value	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2009	\$ 1,338,397,100	\$ 113,630,555	\$ 140,866,828	\$ 344,073,128	\$ 1,936,967,611	\$ 1,898,228,259	102.04%
2008	1,145,283,664	127,665,229	119,046,593	308,044,862	1,700,040,348	1,666,039,541	102.04%
2007	1,122,108,000	124,658,770	129,341,114	324,304,640	1,700,412,524	1,666,404,274	102.04%
2006	929,194,800	117,351,944	142,128,758	365,796,979	1,554,472,481	1,476,648,400	105.27%
2005	926,602,083	118,025,410	176,400,688	361,479,667	1,582,507,848	1,499,091,288	105.56%
2004	849,244,667	126,941,705	117,124,590	399,712,852	1,493,023,814	1,407,747,444	106.06%
2003	845,832,200	124,590,160	155,115,512	285,714,285	1,411,252,157	1,373,889,269	102.72%
2002	800,586,607	154,138,951	154,216,964	285,028,909	1,393,971,431	1,232,407,401	113.11%
2001	827,759,300	104,606,800	214,696,435	71,544,125	1,218,606,660	1,191,399,794	102.28%
2000	787,968,509	90,113,213	220,104,443	70,223,039	1,168,409,204	1,168,978,806	99.95%

Source: Commissioner of Revenue for the City. Assessed values for Public Service are established by the State Corporation Commission and include both real estate and personal property values.

(1) Real Estate assessed value includes both residential and commercial values, a breakdown is currently not available.

Table 6

City of Hopewell, Virginia
 Direct tax Rates (1)
 Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property(2)	Machinery and Tools	Public Utility	
				Real Estate	Personal Property
2000	1.14	3.05	3.03	1.14	3.05
2001	1.12	3.05	3.03	1.12	3.05
2002	1.12	3.05	3.03	1.12	3.05
2003	1.20	3.05	3.05	1.20	3.05
2004	1.20	3.05	3.05	1.20	3.05
2005	1.20	3.05	3.05	1.20	3.05
2006	1.20	3.05	3.05	1.20	3.05
2007	1.09	3.05	3.05	1.09	3.05
2008	1.09	3.05	3.05	1.09	3.05
2009	0.96	3.05	3.05	0.96	3.05

(1) Per \$100 of assessed value.

(2) Personal property taxes are applied to the National Automobile Dealers Association (NADA) loan value.

The City of Hopewell has no overlapping taxes.

Table 7

City of Hopewell, Virginia
Principal Property Taxpayers
Current Year and the Period Nine Years Prior

<u>Taxpayer</u>	<u>Fiscal Year 2009</u>		<u>Fiscal Year 2000</u>	
	<u>2009</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>	<u>2000</u> <u>Assessed</u> <u>Valuation</u>	<u>% of Total</u> <u>Assessed</u> <u>Valuation</u>
Hopewell Cogentric Limited Partnership	\$ 124,810,691	6.4%	\$ 45,344,256	3.9%
Allied Signal Corporation/Honeywell	107,107,643	5.5%	139,246,924	11.9%
Stone Container Inc.	84,311,791	4.4%	65,717,468	5.6%
Dominion Virginia Power	78,350,632	4.0%	22,140,785	1.9%
L G & E Westmoreland ⁽¹⁾	-	0.0%	20,574,979	1.8%
James River Cogeneration Company	42,038,758	2.2%	27,394,023	2.3%
Aqualon Company	46,682,766	2.4%	30,643,556	2.6%
Columbia HCA/John Randolph Hospital	27,046,600	1.4%	27,155,934	2.3%
Virginia American Water Company	23,804,776	1.2%	22,357,002	1.9%
Verizon Virginia Inc.	<u>9,607,956</u>	<u>0.5%</u>	<u>12,752,788</u>	<u>1.1%</u>
	<u>\$543,761,613</u>	<u>28.1%</u>	<u>\$413,327,715</u>	<u>35.4%</u>

Source: Municipal Tax Assessor

(1) Dominion Virginia Power purchased in 2000.

Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$25,394,983	\$21,359,404	84.11%	\$ -	\$21,359,404	84.11%
2008	23,544,869	21,035,463	89.34%	2,170,392	23,205,855	98.56%
2007	23,967,262	21,167,844	88.32%	2,456,377	23,624,221	98.57%
2006	23,704,873	21,430,559	90.41%	2,015,329	23,445,888	98.91%
2005	24,705,828	18,391,177	74.44%	3,536,129	21,927,306	88.75%
2004	24,705,740	20,727,116	83.90%	2,495,002	23,222,118	93.99%
2003	19,301,997	16,317,240	84.54%	625,675	16,942,915	87.78%
2002	17,880,908	17,096,282	95.61%	1,391,817	18,488,099	103.40%
2001	19,768,008	18,636,237	94.27%	938,329	19,574,566	99.02%
2000	19,201,115	17,914,157	93.30%	240,938	18,155,095	94.55%

Source: Municipal Tax Assessor

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Literary Fund loans	Other Notes/Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2009	\$ 39,329,300	\$ 5,821,300	\$ -	\$ -	\$ 11,245,000	\$ -	\$ 56,395,600	7.73%	\$ 2,523
2008	31,342,111	6,559,000	-	-	11,735,000	-	49,636,111	7.22%	2,220
2007	34,814,452	7,390,000	-	-	12,200,000	-	54,404,452	8.15%	2,434
2006	36,363,368	8,221,000	-	-	12,685,000	28,334	57,297,702	8.84%	2,563
2005	37,000,511	9,052,000	1,100,000	-	13,305,000	56,667	60,514,178	10.84%	2,707
2004	18,557,831	9,883,000	1,100,000	-	13,665,000	-	43,205,831	7.98%	1,933
2003	19,846,473	10,714,000	1,100,000	-	14,010,000	-	45,670,473	8.69%	2,043
2002	18,249,408	11,545,000	131,364	-	14,340,000	-	44,265,772	8.66%	1,980
2001	13,327,497	12,376,000	256,783	-	14,530,000	127,196	40,617,476	8.06%	1,817
2000	18,830,549	5,357,000	376,526	-	10,050,000	250,000	34,864,075	7.24%	1,560

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics - Table 12

n/a - information not currently available.

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt(3)	Ratio of Net General Obligation Debt to Assessed Value(2)	Net Bonded Debt per Capita (1)
2009	\$ 45,150,600	\$ 4,500,000	\$ 40,650,600	2.10%	\$ 1,321
2008	37,901,111	4,500,000	33,401,111	1.96%	1,085
2007	42,204,452	4,500,000	37,704,452	2.22%	1,687
2006	44,584,368	4,500,000	40,084,368	2.36%	1,793
2005	46,052,511	4,500,000	41,552,511	2.67%	1,859
2004	28,440,831	4,500,000	23,940,831	1.60%	1,071
2003	30,560,473	-	30,560,473	2.17%	1,367
2002	28,694,408	-	28,694,408	2.06%	1,284
2001	13,327,497	-	13,327,497	1.09%	596
2000	18,830,549	-	18,830,549	1.61%	842

(1) Population data can be found in the Schedule of Demographic and Economic Statistics - Table 12.

(2) See schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5.

(3) Includes all long-term general obligation bonded debt, Literary fund Loans, excludes revenue bonds, capital lease, and compensated absences.

Legal Debt Margin Information
Last Ten Fiscal Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Debt Limit	\$ 78,796,851	\$ 82,775,930	\$ 80,058,661	\$ 84,583,220	\$ 84,924,467	\$ 92,660,208	\$ 92,919,480	\$ 112,210,800	\$ 114,528,366	\$ 133,839,710
Total net debt applicable to limit	24,187,549	25,703,497	29,925,772	31,660,473	29,540,831	47,152,511	47,152,511	42,204,452	37,901,111	45,150,600
Legal debt margin	\$ 54,609,302	\$ 57,072,433	\$ 50,132,889	\$ 52,922,747	\$ 55,383,636	\$ 45,507,697	\$ 45,766,969	\$ 70,006,348	\$ 76,627,255	\$ 88,689,110
Total net debt applicable to the limit as a percentage of debt limit	30.70%	31.05%	37.38%	37.43%	34.78%	50.89%	50.75%	37.61%	33.09%	33.73%

Source: Valuation bases were obtained from the Hopewell Real Estate Assessor's office.

(a) Limit set by Virginia Statute.

Legal Debt Margin calculation for Fiscal Year 2009

Assessed value	\$ 1,338,397,100
Add back: exempt real property	-
Total assessed value	\$ 1,338,397,100
Debt limit (10% of total assessed value) (a)	\$ 133,839,710
Net debt applicable to limit	45,150,600
Legal debt margin	\$ 88,689,110

City of Hopewell, Virginia

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (a)</u>	<u>Personal Income (b)</u>	<u>Per Capita Personal Income (c)</u>	<u>Unemployment Rate(d)</u>
2009	22,354	\$708,559,656	\$31,697	11.40%
2008	22,354	687,921,996	30,774	6.30%
2007	22,354	670,307,044	29,986	4.50%
2006	22,354	643,303,412	28,778	5.10%
2005	22,354	558,447,628	26,660	6.80%
2004	22,354	541,659,774	24,231	6.80%
2003	22,354	525,363,708	23,502	7.70%
2002	22,354	511,079,502	22,863	6.00%
2001	22,354	504,127,408	22,552	4.10%
2000	22,354	481,840,470	21,555	3.90%

Source:

- (a) Population information provided by the U.S. Census Bureau.
- (b) Personal income estimated based upon the municipal population and per capita income presented.
- (c) Per capita personal income by municipality estimated based upon the 2000 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the Virginia employment Commission.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2009		Fiscal Year 2000		% of Total City Employment
	Employees	Rank	Employees	Rank	
City of Hopewell School System	500-999	1	n/a	n/a	0.00%
Allied Signal Corporation/Honeywell	500-999	2	n/a	n/a	0.00%
Columbia HCA/John Randolph Hospital	500-999	3	n/a	n/a	0.00%
E.I. DuPont De Nemours Company	500-999	4	n/a	n/a	0.00%
City of Hopewell	250-499	5	n/a	n/a	0.00%
Stone Container Corporation	250-499	6	n/a	n/a	0.00%
Aqualon Company	250-499	7	n/a	n/a	0.00%
Goldsmith Chemical Corporation	250-499	8	n/a	n/a	0.00%
Shaw Services LLC	100-249	9	n/a	n/a	0.00%
Hopewell Operations LLC	100-249	10	n/a	n/a	0.00%

Source: Virginia Employment Commission
n/a - Information not currently available

Full-time City Government Employees by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government-										
City Clerk	1	1	1	1	1	1	1	1	1	1
City Attorney	2	2	2	2	2	2	2	2	2	2
City Manager	7	7	7	7	7	7	7	3	6	6
Finance department	14	14	14	14	14	14	14	18	15	15
City treasurer	5	5	5	5	6	6	6	6	5	5
Commissioner of revenue	5	6	6	6	6	6	6	6	7	7
Voter registrar	1	1	1	1	2	2	2	2	2	2
Judicial administration-										
Clerk of circuit court	6	6	6	6	6	6	6	6	5	5
Commonwealth Attorney	5	5	6	6	6	7	7	7	9	9
Court services	4	4	4	4	4	3	4	4	4	2
Public safety-										
Sheriff department	7	7	7	7	9	9	9	9	9	9
Fire & rescue	38	37	37	37	37	40	42	42	42	42
Building inspections	3	3	3	3	4	5	5	7	7	7
Police department	66	68	70	73	73	73	73	73	73	72
Animal control	3	3	3	3	3	3	3	3	3	3
Emergency services	1	1	1	1	1	1	1	1	1	1
Public Works-										
General maintenance	29	29	29	29	29	29	29	29	32	32
Landfill	2	2	2	2	2	2	2	2	2	2
Engineering	4	4	4	4	4	4	4	4	4	4
Sewer services	67	67	67	67	67	63	63	63	63	64
Health & welfare-										
Department of Social Services	39	39	39	40	40	41	41	41	41	41
Community Services Act	2	2	2	2	2	2	1	1	1	1
Culture and recreation-										
Parks and recreation	15	15	15	15	16	17	17	17	17	17
Tourism	1	1	1	1	1	1	1	1	1	1
Community development	3	3	3	3	3	3	3	3	3	3
Planning	1	1	1	1	1	2	2	2	2	2
Totals	331	333	336	340	346	349	351	353	357	355

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Years									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public safety										
Police department:										
E911 calls answered	n/a	n/a	16,326	16,889	19,354	17,733	n/a	22,906	22,381	19,764
Animal calls answered	2,221	1,825	2,232	2,142	2,116	1,539	1,805	1,847	1,912	1,361
Physical arrests	1,617	1,514	1,408	1,241	1,334	1,733	1,154	1,362	n/a	1,048
Fire and rescue:										
Fire calls	1,245	1,311	1,165	1,206	1,394	1,104	1,117	1,225	1,232	1,164
EMS calls	1,642	2,024	2,312	2,549	2,285	1,517	1,623	1,993	2,046	1,944
Building inspections:										
Permits issued(all)	1,505	1,261	1,554	1,274	1,233	1,277	1,270	1,535	1,482	2,568
Inspections done(all)	n/a	n/a	425	1,110	1,152	1,266	915	1,264	1,174	2,895
Health and welfare										
Department of Social Services:										
Caseload*	5,051	4,698	4,670	5,001	6,835	8,425	8,336	8,600	8,436	n/a
Culture and recreation										
Parks and recreation:										
Community center visits	17,790	32,642	36,742	43,536	37,564	40,672	44,099	43,369	55,066	55,046
Summer program participants	n/a	n/a	194	177	120	597	452	421	425	320
Youth sports participants	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	4,039	4,627

Source: Individual city departments

* Average total case count.

n/a--information not available

Capital asset Statistics by Function
Last Ten Fiscal Years

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	4	4	6	6	6
Public Works										
Vehicles	n/a	43	43	43						
Public safety										
Police department:										
Vehicles	n/a	61	60	60						
Sheriff department:										
Vehicles	n/a	11	13	14						
Fire department:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Other vehicles	5	6	6	6	7	8	8	8	8	8
Building inspectors:										
Vehicles	5	6	6	6	6	6	7	7	7	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	11	11	11	11	11	12	12	12	12	12
Parks acreage	139	139	161	161	161	161	161	161	161	161
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Ballfields	16	16	20	20	20	20	20	20	20	20
Soccerfields	7	7	8	8	8	8	8	8	8	8

Source: Individual city departments
n/a--information not available

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ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

***Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed
in Accordance with Government Auditing Standards***

To The Honorable Members of the City Council
City of Hopewell
Hopewell, Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2009, which collectively comprise the City of Hopewell, Virginia's basic financial statements and have issued our report thereon dated November 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the Specifications for Audits of Counties, Cities, and Towns, issued by the Auditor of Public Accounts of the Commonwealth of Virginia; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Hopewell, Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Hopewell, Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Hopewell, Virginia's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Hopewell, Virginia's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the City of Hopewell, Virginia's financial statements that is more than inconsequential will not be prevented or detected by the City of Hopewell, Virginia's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Hopewell, Virginia's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Hopewell, Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control and its operation that we have reported to management of the City of Hopewell, Virginia, in a separate letter dated November 18, 2009.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robert J. Fann, CAE Associates

Richmond, Virginia
November 18, 2009

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To The Honorable Members of the City Council
City of Hopewell
Hopewell, Virginia

Compliance

We have audited the compliance of the City of Hopewell, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The City of Hopewell, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express an opinion on the City of Hopewell, Virginia's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Hopewell, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City of Hopewell, Virginia's compliance with those requirements.

In our opinion, the City of Hopewell, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the City of Hopewell, Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Hopewell, Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Hopewell, Virginia's internal control over compliance.

Internal Control Over Compliance (Continued)

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City of Hopewell, Virginia's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City of Hopewell, Virginia's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City of Hopewell, Virginia's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Robinson, James, Co. Assaunte

Richmond, Virginia
November 18, 2009

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart Program	93.600	\$ 984,724
Pass Through Payments:		
Department of Social Services:		
Promoting Safe and Stable Families	93.556	9,707
Temporary Assistance for Needy Families (TANF)	93.558	423,700
Refugee and Entrant Assistance - State administered programs	93.566	739
Low Income Home Energy Assistance	93.568	21,146
Child Care and Development Block Grants	93.575	403,977
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	332,334
Chafee Education and Training Vouchers Program	93.599	1,591
Child Welfare Services - State Grants	93.645	1,896
Foster Care - Title IV-E	93.658	277,984
ARRA - Foster Care - Title IV-E	93.658	17,974
Adoption Assistance	93.659	64,784
ARRA - Adoption Assistance	93.659	5,717
Social Services Block Grant	93.667	162,398
Chafee Foster Care Independence Program	93.674	4,496
ARRA - Child Care and Development Block Grant	93.713	3,243
Children's Health Insurance Program	93.767	29,602
Medical Assistance Program	93.778	271,215
Total Dept. Health & Human Services-pass through		<u>\$ 2,032,503</u>
Total Department of Health and Human Services		<u>\$ 3,017,227</u>
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution--School	10.555	\$ 122,953
Food Distribution--Summer feeding commodities	10.559	733
Department of Education:		
National school breakfast program	10.553	415,891
National school lunch program	10.555	982,343
Summer food service program for children	10.559	7,396
Department of Social Services:		
State Admin Matching Grants for Supplemental Nutrition Assistance Program	10.561	402,270
Total Department of Agriculture		<u>\$ 1,931,586</u>
Department of Justice:		
Pass Through Payments:		
Department of Criminal Justice Services:		
Equipment grant	16.xxx	9,139

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2009

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
Emergency Management Performance Grants	97.042	\$ 42,959
State Homeland Security Program	97.073	<u>30,000</u>
Total Department of Homeland Security		<u>\$ 72,959</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	<u>\$ 197,033</u>
Department of Transportation:		
Pass Through Payments:		
Department of Motor Vehicles:		
State and community highway safety program	20.600	<u>\$ 8,037</u>
Department of Defense:		
Direct Payments:		
JROTC	12.xxx	<u>\$ 56,852</u>
Department of Education:		
Direct Payments:		
Impact Aid	84.041	<u>\$ 31,284</u>
Pass Through Payments:		
Department of Education:		
Title I: Grants to local educational agencies	84.010	1,295,378
Special education grants to states	84.027	864,330
Career and Technical Education: National Programs	84.048	88,647
Safe and Drug free schools and communities	84.186	16,598
Title V: Improving school programs state block grant	84.298	8,735
21st Century Community Learning Centers	84.287	129,461
Gaining Early awareness and readiness for undergraduate programs	84.334	42,195
Education Technology State Grants	84.318	5,964
English Language Acquisition Grants	84.365	5,990
Improving Teacher Quality State Grants	84.367	<u>212,333</u>
Total Department of Education-pass through		<u>2,669,631</u>
Total Department of Education		<u>\$ 2,700,915</u>
Total Federal Assistance		<u>\$ 7,993,748</u>

City of Hopewell, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2009

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the City of Hopewell, Virginia. The City's reporting entity is defined in Note 1 to the City's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the schedule.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

Note 3 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the City's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:	
General Fund	\$ 172,861
Special Revenue Funds:	
Virginia Public Assistance Fund	2,352,047
Recreation Fund	7,396
Community Development Block Grant	197,033
Total primary government	\$ <u>2,729,337</u>
Component Unit Public Schools:	
School Operating Fund	\$ 3,742,491
School Cafeteria Fund	1,521,920
Total component unit public schools	\$ <u>5,264,411</u>
Total federal expenditures per basic financial statements	\$ <u>7,993,748</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$ <u><u>7,993,748</u></u>

**City of Hopewell, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

a. Material weaknesses identified? ___ yes X no

b. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X no

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

A. Material weaknesses identified? ___ yes X no

B. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X no

Type of auditors' report issued on compliance for major programs unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555/10.559	Child Nutrition Cluster
93.600	Headstart
93.575/93.596/93.713	Child Care and Development Cluster
93.658	Foster Care and Foster Care-ARRA

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes ___ no

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None

City of Hopewell, Virginia
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2009

There were no findings or questioned costs.

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