

CITY OF HOPEWELL, VIRGINIA



**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2010**

CITY OF HOPEWELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2010

Prepared by
Department of Finance
Elesteen Hager, Director

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Year Ended June 30, 2010
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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

Edwin C. Daley, City Manager

Thomas E. Lacheney, City Attorney

Ann Romano, City Clerk

Teresa L. Batton, City Treasurer

Debra A. Reason, Commissioner of Revenue

Richard K. Newman, Commonwealth's Attorney

Kay H. Rackley, Clerk of Circuit Court

Gregory L. Anderson, Sheriff

Dr. Winston Odom, Superintendent of Schools

John M. Altman, Jr., ACM/Development

Nancy Treanor, Director of Social Services

Phillip Elliot, Director of Public Works

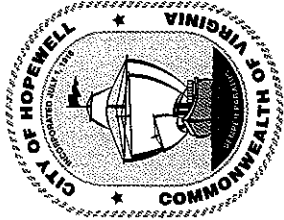
Mark A. Haley, Director of Regional Wastewater Treatment Facility

Mary Jo Turek, Director of Recreation

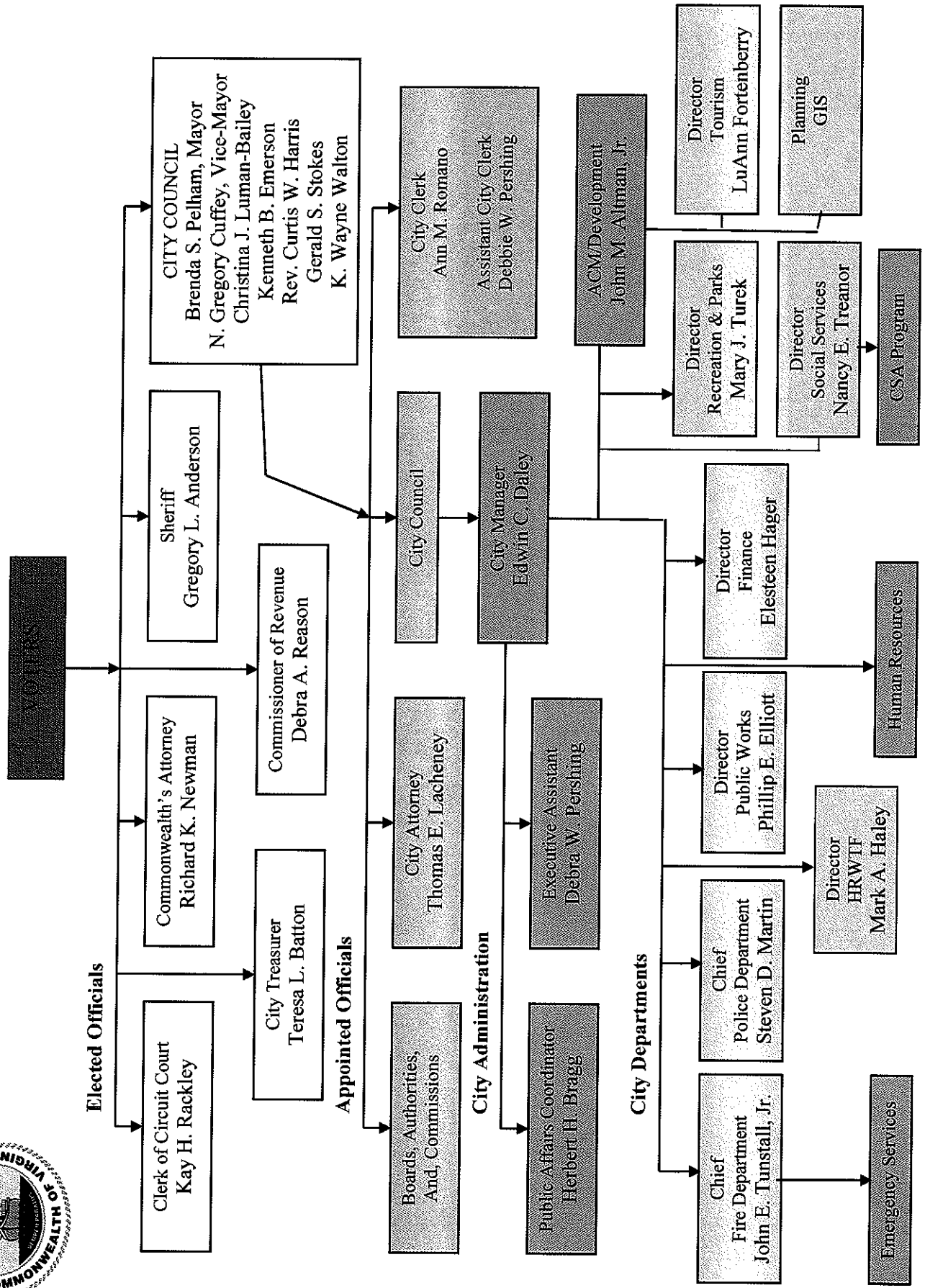
John E. Tunstall, Jr., Chief, Fire Department

Steven D. Martin, Chief, Police Department

Elesteen Hager, Director of Finance



CITY OF HOPEWELL ORGANIZATIONAL CHART



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, 2009

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.

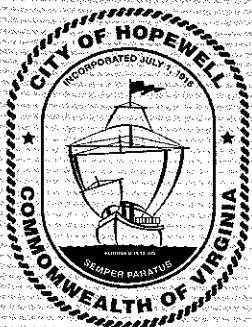


A stylized, handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enner".

Executive Director



January 31, 2011

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, 2010 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 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. completed the construction of a \$150 million ethanol production facility on previous industrial site. Garcia Development of Suffolk completed the adaptive reuse of the three-story, 58,300 square foot building originally constructed in 1925 as Hopewell High School. The developer received the Certificate of Occupancy for the project on May 17, 2010. This project is an investment of approximately \$6.5 million in the community. Monument Construction, LLC completed the adaptive reuse of the former Butterworth's Furniture Store in downtown Hopewell on April 21, 2010. The project is an investment of approximately \$3.5 million in the community.

Virginia American Water Company is progressing on the \$24.7 million plant improvement project. Construction began in July 2009 and is expected to be completed in May 2011.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2010:

- Fire Dept. - Fire department placed into service a new ladder fire truck. Department received a grant for \$104,700 for haz-mat equipment purchases.
- Police Dept. - Major crime declined by 17%, traffic accidents decreased by 47%, calls for service increased by 18%.
Nixle software program – providing useful communication access for citizens by way of internet subscribers
Community Police Officer Positions – The department completed process of hiring six police officers from federal Community Police Officer funding.

Recreation Department upgraded the computer system called Rec Trac which handles all of the collection of dollars for the department, tracks memberships, trips, leagues, etc. In September of 2009 we received a grant of over \$60,000 to redesign the Community Center by adding more exercise rooms and new equipment. Department started the Congregate Meal Program for seniors. Heritage Gardens once operated by a 501c3 turned over the operation to the City of Hopewell as they dissolved the 501c3. In doing so they gave us approximately \$6,000 to continue the operation.

Social Services - Department expects to move into a new social services building early in 2011. This has been a long anticipated event.

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, 2010 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 \$102,825,754 in 2010. This represents an increase of \$9,916,607 or 10.6% from 2009. Property taxes and intergovernmental revenues accounted for over 87% of revenues in the governmental funds. The increase amount includes \$4.7 million transfer for school renovation costs for city high school.

Assessed real property valuations of \$1,354,322,121 represent an increase of \$16 million over the preceding year. This increase in assessed valuation reflects new or renovated construction values. Property tax collections were 95.7% of the tax levy, an increase of 11.6% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 95.7%.

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 \$102,221,979 in 2010. This represents an increase of \$4,480,311 or 4.6% over 2009. The increase amount includes \$4.5 million in school renovation costs for city high school.

Further detailed analysis of revenues and expenditures can be found in the Management Discussion and Analysis section of this report

Fund Balances

Fund balances in the major operating funds were maintained at adequate levels. The General Fund balance saw an increase this year. The unreserved undesignated fund balance for the General Fund was \$7,555,580 on June 30, 2010. This represents an increase of \$1,501,744 or 25% from June 30, 2009. Unreserved designated balances include: \$280,824 for beautification, \$366,896 for fire equipment replacement, \$144,946 for youth care commission, \$55,218 for tourism office and \$1,764,716 for the self-insurance fund.

Virginia Public Assistance and Other Governmental Funds unreserved undesignated fund balance was \$87,961, the same as last year.

Capital Projects Fund expenditures amounted to \$8,470,441 of which \$6,983,096 was spent on community development and infrastructure improvements and \$1,487,345 was for long-term debt service (city and schools).

The Capital Projects Fund undesignated fund balance at June 30, 2010 was \$11,500,485, of which \$5,357,824 million is bond proceeds 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 \$567,020 for the year ended June 30, 2010. The Sewer Service Fund had net profit of \$1,834,605 with restricted assets of \$17,518,038 as of June 30, 2010. The Solid Waste Fund had net loss of \$27,655, leaving an unrestricted balance to \$2,133,199.

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 2010 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 45,691,344	3.41%	\$ 2,044

Of the General Obligation bonded debt outstanding at June 30, 2010, \$7,288,744 was School bonds, \$5,093,600 was School literary loans, and \$33,309,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2010 include \$1,003,917 for compensated absences, \$106,010 for landfill closure maintenance costs, \$2,791,308 for OPEB liability and \$291,206 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 2010 was \$71,932.

Risk Management

The City joined the Virginia Municipal League Insurance pool during the FY01-02 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, 2010 the City had a General Fund unreserved designated balance of \$1,764,716 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 \$85,141,985 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) for fiscal year 2010/11.

OTHER INFORMATION

Management, discussion and Analysis

Further detailed analysis review of the city's audited financial report can be found in the MD&A section of this report. The purpose of the MD&A is for management to summarize and report activities in more detail than you will find in the audit report, itself.

Independent Audit

State Statutes require an annual audit by independent certified public accountants. The accounting firm of Cherry, Bekaret & Holland, LLC 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 are included in the financial section of this report. The independent auditors' reports related specifically to the single audit requirements are included in a separate report.

Certificate of Achievement

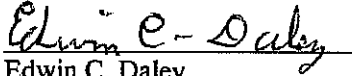
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-fourth consecutive year the City received this award.

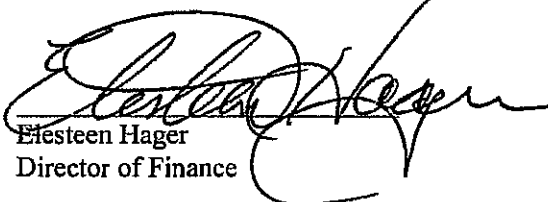
In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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


Eilesten Hager
Director of Finance

FINANCIAL SECTION



Independent Auditor's Report

To the Honorable Members of City Council
City of 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, (the "City") as of and for the year ended June 30, 2010, 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'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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2011, on our consideration of the City's internal control over financial reporting and 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 should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the other required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary

information required by the Governmental Accounting Standards Board. 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's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section 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 also presented for the purpose 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 not a required part of the basic financial statements of the City. The combining and individual nonmajor fund financial statements and schedules, including 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 and statistical sections 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.

Cherry, Bekant & Holland, L.L.P.

Richmond, Virginia
January 31, 2011

Management's Discussion and Analysis

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, 2010. 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 \$47.6 million for the City's primary government. Of this total, \$22 million were for our business-type activities.
- The School Board Component unit total net assets for this year was \$23 million.
- In the city's business-type activities, operating and non-operating revenues equaled \$18.9 million while expenses were \$17.7 million.
- The total cost of all the City's programs and services was \$116 million.
- During this year, the City's governmental activities net assets decreased by \$939,815.

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.

<p style="text-align: center;">Figure A-1 Major Features of City of Hopewell Government-wide and Fund Financial Statements</p>				
	Government-wide 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 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, 2010

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2009-2010</u>
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	
Current and other assets	\$37,898,095	\$37,276,401	\$23,964,670	\$41,599,771	\$61,862,765	\$78,876,172	27.50%
Capital assets	39,163,307	40,930,546	9,363,723	12,556,121	48,527,030	53,486,667	10.22%
Total assets	\$77,061,402	\$78,206,947	\$33,328,393	\$54,155,892	\$110,389,795	\$132,362,839	
Other Liabilities	2,924,009	5,360,127	1,224,966	2,740,158	4,148,975	8,100,285	95.24%
Long-term debt outstanding	47,678,746	47,327,988	11,893,580	29,364,317	59,572,326	76,692,305	28.74%
Total Liabilities	\$50,602,755	\$52,688,115	\$13,118,546	\$32,104,475	\$63,721,301	\$84,792,590	
Net assets-							
Invested in capital assets							
Net of related debt	(5,421,549)	2,462,560	(1,881,277)	833,056	(7,302,826)	3,295,616	-145.13%
Restricted	11,016,079	1,054,321	395,641	395,641	11,411,720	1,449,962	-87.29%
Unrestricted	20,864,117	22,001,951	21,695,483	20,822,720	42,559,600	42,824,671	0.62%
Total net assets	\$26,458,647	\$25,518,832	\$20,209,847	\$22,051,417	\$46,668,494	\$47,570,249	

Total net assets decreased \$939,815 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:

- Sell of certain real estate for redevelopment
- Demolition of building for new construction of human services building
- Increased in liabilities for debt and OPEB obligations
- Increased employee and retiree health care costs.

Total net assets increased 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
- Increased employee health care benefits
- Construction of new sewer plant

Effect of GASB 45

GASB 45 reporting requires the city to recognize its liability as it relates long-term post employee benefits (in this case, health care). General Fund liabilities in the amount \$2,791,308 were recorded in the Statement of Net Assets for General Government Activities and an amount of \$623,644 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 \$500,000.

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 increased by 6.0 percent over 2009. At the same time, expenditures increased by 1.7 percent over 2009. The combined revenues and expenses created a decrease in net assets of \$939,815. Net assets decreased because: sell of certain real estate for redevelopment, demolition of building for new construction of human services building, increased in liabilities for debt and OPEB obligations, and increased employee and retiree health care costs.

Business-type Activities

Charges for services revenues of the City's business-type activities decreased 1.7 percent, and expenses decreased 15 percent. Net assets increased due to the construction of the new sewer treatment plant. Year 2009 reported a "one-time" \$1.9 million expense write-off of engineering design costs for the nitrogen project that was terminated. (Refer to Table A-2).

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Table A-2

City of Hopewell, Virginia
Changes in Net Assets
As of June 30, 2010

	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		<u>Percentage</u>
	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>Change</u>
							<u>2009-2010</u>
Revenues							
Program revenues:							
Charges for services	\$919,065	\$829,640	\$18,808,470	\$18,400,410	\$19,727,535	\$19,230,050	-2.52%
Federal/state grants and entitlements							
entitlements	11,115,578	10,470,377	0	513,084	11,115,578	10,983,461	-1.19%
General revenues:							
Property taxes	23,548,847	24,953,126	0	0	23,548,847	24,953,126	5.96%
Other taxes	7,985,593	9,471,975	0	0	7,985,593	9,471,975	18.61%
Other	2,302,373	3,027,584	404,585	36,210	2,706,958	3,063,794	13.18%
Total revenues	\$45,871,456	\$48,752,702	\$19,213,055	\$18,949,704	\$65,084,511	\$67,702,406	
Expenses							
General government	3,005,250	4,460,353	0	0	3,005,250	4,460,353	48.42%
Judicial	2,115,285	2,084,915	0	0	2,115,285	2,084,915	-1.44%
Public safety	13,815,831	12,847,039	0	0	13,815,831	12,847,039	-7.01%
Public works	5,032,124	4,705,675	0	0	5,032,124	4,705,675	-6.49%
Health & welfare	6,082,016	5,486,078	0	0	6,082,016	5,486,078	-9.80%
Education	12,641,913	14,587,637	0	0	12,641,913	14,587,637	15.39%
Parks, recreation, and cultural	2,771,191	2,396,107	0	0	2,771,191	2,396,107	-13.54%
Community development	1,426,189	1,499,806	0	0	1,426,189	1,499,806	5.16%
Interest on long-term debt	1,942,319	1,624,907	0	0	1,942,319	1,624,907	-16.34%
Public utilities	-	-	21,188,607	17,709,774	21,188,607	17,709,774	-16.42%
Total expenses	\$48,832,118	\$49,692,517	\$21,188,607	\$17,709,774	\$70,020,725	\$67,402,291	
Increase(decrease)							
in net assets	(\$2,960,662)	(\$939,815)	(\$1,975,552)	\$1,239,930	(\$4,936,214)	\$300,115	

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 76% of the \$49.7 million total costs of services.
- However, the amount that our taxpayers paid for these activities was \$37.5 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 \$37.5 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, 2010

	Total Cost of Services			Net Cost of Services		
	2009	2010	2009-2010	2009	2010	2009-2010
Public Safety	\$13,815,831	\$12,847,039	-7.01%	\$11,013,233	\$11,601,404	5.34%
Public Works	5,032,124	4,705,675	-6.49%	1,812,498	1,450,355	-19.98%
Education	12,641,913	14,587,637	15.39%	12,141,913	14,587,637	20.14%
Health & Welfare	6,082,016	5,486,078	-9.80%	2,143,607	1,945,374	-9.25%
Other	<u>11,260,234</u>	<u>12,066,088</u>	7.16%	<u>9,686,224</u>	<u>8,807,730</u>	-9.07%
Total	\$48,832,118	\$49,692,517		\$36,797,475	\$38,392,500	

BALANCE SHEET DETAIL

FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City closed this year with its general fund reporting an unrestricted fund balance of \$7.6 million, \$1,501,744 less than last year. This decrease resulted from delinquent tax collections, expenditures less than budget and modest increase in sales tax, meals and lodging 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 \$11.5 million, \$4.7 million less than last year. This decrease resulted from capital costs for renovation of high school, human services building construction and debt services requirements.

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 \$87,961. 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 \$4.4 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept. \$ 432,069
- Public Safety 1,392,217
- Education 1,696,116

Resources available for appropriation were \$2,900,284 more than final estimated budgeted amount. As noted previously:

- Revenue from use of money and property were lower
- Property taxes were higher
- Fines and forfeitures were higher
- Sales tax and business license taxes were higher.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, the City had invested \$53.4 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 increase (including additions and deductions) of \$5.1 million from last year.

Table A-4

**City of Hopewell, Virginia
Capital Assets net of Depreciation
At June 30, 2010**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2010	2009	2010	2009	2010	2009-2010
Land	\$6,838,959	\$6,321,385	\$313,946	\$313,946	\$7,152,905	\$6,635,331	-7.24%
Buildings & improvements	19,854,260	19,041,158	3,255,251	4,103,925	23,109,511	23,145,083	0.15%
Equipment	1,696,573	2,171,249	5,794,526	5,409,970	7,491,099	7,581,219	1.20%
Construction in Progress	0	1,014,410	0	2,728,280	0	3,742,690	#DIV/0!
Jointly Owned Assets	<u>10,773,515</u>	<u>12,382,344</u>	<u>-</u>	<u>-</u>	<u>10,773,515</u>	<u>12,382,344</u>	14.93%
Total	\$39,163,307	\$40,930,546	\$9,363,723	\$12,556,121	\$48,527,030	\$53,486,667	

This year's major capital asset additions included:

- Human Services Building construction
- Public Works equipment
- Police cars
- Fire truck.

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

The City's fiscal year 2011 capital projects budget is \$4.4 million of which \$3.2 million is for debt service.

LONG-TERM DEBT-Government Activities

At year-end the City had \$45.7 million in GO bonds and literary loans outstanding—an increase of 3 percent over last year—as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in footnote 8 to the financial statements.

Table A-5

**City of Hopewell, Virginia
Schedule of Outstanding Debt
At June 30, 2010**

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2009	2010	2009	2010	2009	2010	2008-2009
General obligation bonds	\$38,460,216	\$40,597,744			\$38,460,216	\$40,597,744	5.56%
Literary loans	5,821,300	5,093,600			5,821,300	5,093,600	-12.50%
Revenue bonds	0	0	11,245,000	28,580,000	11,245,000	28,580,000	154.16%
Total	\$44,281,516	\$45,691,344	\$11,245,000	\$28,580,000	\$55,526,516	\$74,271,344	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2010 stood at 10.9 percent versus 11.4 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 2011. 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 2011 as the result of continuing economic conditions. As for the City's business-type activities, we expect the 2011 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 or call 804.541.2306.

City of Hopewell, Virginia

Statement of Net Assets

June 30, 2010

	Primary Government			Component	Component
	Governmental	Business	Total	Unit	Unit
		Type		School	Comprehensive
	Activities	Activities		Board	Services
					Act Board
Assets					
Cash and investments	\$ 25,883,044	\$ 21,206,731	\$ 47,089,775	\$ 6,555,808	\$ -
Receivables (net of allowance for uncollectibles)					9,729
Taxes receivable	1,303,812	-	1,303,812	-	-
Accounts receivable	475,062	1,027,129	1,502,191	91,019	-
Interest receivable	541	-	541	-	-
Due from other governmental units	1,418,889	-	1,418,889	1,202,793	682,867
Inventories	66,301	1,013,592	1,079,893	34,074	-
Prepaid expenses	1,040	389,184	390,224	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	7,580,666	17,913,679	25,494,345	-	-
Other assets:					
Unamortized bond issue costs	547,046	49,456	596,502	-	-
Capital assets (net of accumulated depreciation)					
Land	6,321,385	313,946	6,635,331	398,728	-
Buildings and system	31,423,502	2,407,008	33,830,510	13,558,596	-
Machinery and equipment	2,171,249	5,409,970	7,581,219	1,983,029	-
Sewer main improvements	-	1,696,917	1,696,917	-	-
Work in progress	1,014,410	2,728,280	3,742,690	4,505,576	-
Total assets	\$ 78,206,947	\$ 54,155,892	\$ 132,362,839	\$ 28,329,623	\$ 692,596
Liabilities					
Accounts payable	\$ 981,620	\$ 714,129	\$ 1,695,749	\$ 91,377	\$ 292,748
Accrued liabilities	429,170	938,398	1,367,568	4,191,009	267
Accrued interest payable	905,679	-	905,679	-	-
Due to other governmental units	-	-	-	-	397,962
Unearned revenue	487,860	348,122	835,982	32,469	-
Long-term liabilities					
Due within one year	2,555,798	739,509	3,295,307	265,728	-
Due in more than one year	47,327,988	29,364,317	76,692,305	780,695	-
Total liabilities	\$ 52,688,115	\$ 32,104,475	\$ 84,792,590	\$ 5,361,278	\$ 690,977
Net assets					
Invested in capital assets, net of related debt	\$ 2,462,560	\$ 833,056	\$ 3,295,616	\$ 20,445,929	\$ -
Restricted for:					
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care	988,219	-	988,219	-	-
Other	66,102	-	66,102	-	-
Unrestricted	22,001,951	20,822,720	42,824,671	2,522,416	1,619
Total net assets	\$ 25,518,832	\$ 22,051,417	\$ 47,570,249	\$ 22,968,345	\$ 1,619

City of Hopewell, Virginia
Statement of Activities
For the Year Ended June 30, 2010

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		School Board	Component Units Comprehensive Services Act Board
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Judicial administration	\$ 4,480,353	\$ 1,991	\$ 1,864,504	\$ -	\$ (2,593,858)	\$ -	\$ (2,593,858)	\$ -
Public safety	2,084,915	26,273	591,382	-	(1,467,260)	-	(1,467,260)	-
Public works	12,847,039	414,833	830,802	-	(11,601,404)	-	(11,601,404)	-
Health and welfare	4,705,675	-	3,255,320	-	(1,450,355)	-	(1,450,355)	-
Education	5,486,078	-	3,540,704	-	(1,945,374)	-	(1,945,374)	-
Parks, recreation, and cultural	14,587,637	-	-	-	(14,587,637)	-	(14,587,637)	-
Community development	2,386,107	308,350	3,350	-	(2,084,407)	-	(2,084,407)	-
Interest on long-term debt	1,499,806	78,193	3,778	380,537	(1,037,298)	-	(1,037,298)	-
Total governmental activities	1,624,907	-	-	-	(1,624,907)	-	(1,624,907)	-
	\$ 49,692,517	\$ 829,640	\$ 10,089,840	\$ 380,537	\$ (38,392,500)	\$ -	\$ (38,392,500)	\$ -
Business-type activities:								
Public utilities	\$ 17,764,191	\$ 18,400,410	\$ -	\$ 513,084	-	\$ 1,149,303	\$ 1,149,303	\$ -
Total business-type activities	\$ 17,764,191	\$ 18,400,410	\$ -	\$ 513,084	\$ -	\$ 1,149,303	\$ 1,149,303	\$ -
Total primary government	\$ 67,456,708	\$ 19,230,050	\$ 10,089,840	\$ 893,621	\$ (38,392,500)	\$ 1,149,303	\$ (37,243,197)	\$ -
Component units:								
School Board	\$ 45,301,281	\$ 836,477	\$ 32,010,896	\$ -	\$ -	\$ -	\$ (12,453,908)	\$ (941,919)
Comprehensive Services Act Board	3,114,160	-	2,172,241	-	-	-	-	(941,919)
Total component units	\$ 48,415,441	\$ 836,477	\$ 34,183,137	\$ -	\$ -	\$ -	\$ (12,453,908)	\$ (941,919)
General revenues:								
General property taxes					\$ 24,953,126	\$ -	\$ 24,953,126	\$ -
Local sales tax					1,904,436	-	1,904,436	-
Business license tax					1,871,513	-	1,871,513	-
Communications tax					891,788	-	891,788	-
Restaurant food taxes					1,585,657	-	1,585,657	-
Other local taxes					3,218,581	-	3,218,581	-
Unrestricted from use of money and property					127,687	90,827	218,514	-
Miscellaneous					1,281,867	-	1,281,867	69,302
Grants and contributions not restricted to specific programs					1,618,030	-	1,618,030	-
Payment from the City of Hopewell					-	-	-	-
Total general revenues					\$ 37,452,685	\$ 90,827	\$ 37,543,512	\$ 872,617
Change in net assets					\$ (939,815)	\$ 1,239,930	\$ 300,115	\$ 941,919
Net assets - beginning, adjusted					26,458,647	20,811,487	47,270,134	1,619
Net assets - ending					\$ 25,518,832	\$ 22,051,417	\$ 47,570,249	\$ 1,619

**City of Hopewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2010**

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 10,563,766	\$ -	\$ 14,889,207	\$ 430,071	\$ 25,883,044
Receivables (net of allowance for uncollectibles)					
Taxes receivable	1,303,812	-	-	-	1,303,812
Accounts receivable	160,087	-	314,969	6	475,062
Interest receivable	120	-	377	44	541
Due from other funds	482,747	-	-	-	482,747
Due from other governmental units	1,082,898	286,908	-	49,083	1,418,889
Inventories	66,301	-	-	-	66,301
Prepaid items	1,040	-	-	-	1,040
Restricted assets:					
Temporarily restricted:					
Cash and investments	66,102	-	7,514,564	-	7,580,666
Total assets	<u>\$ 13,726,873</u>	<u>\$ 286,908</u>	<u>\$ 22,719,117</u>	<u>\$ 479,204</u>	<u>\$ 37,212,102</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 628,416	\$ 219	\$ 285,416	\$ 67,569	\$ 981,620
Accrued liabilities	293,669	6,890	50,773	77,838	429,170
Due to other funds	-	191,838	251,382	39,527	482,747
Deferred revenue	1,490,112	-	-	-	1,490,112
Total liabilities	<u>\$ 2,412,197</u>	<u>\$ 198,947</u>	<u>\$ 587,571</u>	<u>\$ 184,934</u>	<u>\$ 3,383,649</u>
Fund balances:					
Reserved for:					
Inventories	\$ 66,302	\$ -	\$ -	\$ -	\$ 66,302
Prepaid items	1,040	-	-	-	1,040
Encumbrances	86,115	-	-	35,436	121,551
Perpetual care	988,219	-	-	-	988,219
Unreserved:					
Designated:					
Tourism office	55,218	-	-	-	55,218
Beautification of perpetual care	280,824	-	-	-	280,824
Fire department equipment	366,896	-	-	-	366,896
Self insurance	1,764,716	-	-	-	1,764,716
Youth Care Commission	144,946	-	-	-	144,946
Designated capital projects and debt service	-	-	10,631,061	-	10,631,061
Undesignated:					
General fund	7,560,400	-	-	-	7,560,400
Special revenue	-	87,961	-	258,834	346,795
Capital projects	-	-	11,500,485	-	11,500,485
Total fund balances	<u>\$ 11,314,676</u>	<u>\$ 87,961</u>	<u>\$ 22,131,546</u>	<u>\$ 294,270</u>	<u>\$ 33,828,453</u>
Total liabilities and fund balances	<u>\$ 13,726,873</u>	<u>\$ 286,908</u>	<u>\$ 22,719,117</u>	<u>\$ 479,204</u>	<u>\$ 37,212,102</u>

City of Hopewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds to the
Statement of Net Assets
June 30, 2010

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

Total fund balances per Exhibit 3- Balance Sheet- Governmental Funds		\$ 33,828,453
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		40,930,545
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Deferred revenue		1,002,252
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds payable	(40,597,744)	
Unamortized bond issue costs	547,046	
Bond issuance premium	(291,206)	
State literary fund loans payable	(5,093,600)	
Landfill closure liability	(106,010)	
Accrued interest payable	(905,679)	
Other post employment benefit obligation	(2,791,308)	
Compensated absences	(1,003,917)	
		(50,242,418)
Net assets of governmental activities		<u>\$ 25,518,832</u>

City of Hopewell, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General	Virginia Public Assistance	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 27,157,780	\$ -	\$ -	\$ -	\$ 27,157,780
Other local taxes	6,169,817	-	2,235,216	-	8,405,033
Permits, privilege fees, and regulatory licenses	352,348	-	-	-	352,348
Fines and forfeitures	714,594	-	-	-	714,594
Revenue from the use of money and property	74,141	-	53,341	221,686	349,168
Charges for services	443,097	-	-	93,573	536,670
Miscellaneous	198,187	-	225,665	47,547	471,399
Recovered costs	872,000	-	-	-	872,000
Intergovernmental revenues:					
Local government	-	-	-	-	-
Commonwealth	7,718,394	1,373,873	-	3,778	9,096,045
Federal	444,994	2,166,831	-	388,723	3,000,548
Total revenues	\$ 44,145,352	\$ 3,540,704	\$ 2,514,222	\$ 755,307	\$ 50,955,585
EXPENDITURES					
Current:					
General government administration	\$ 3,529,854	\$ -	\$ -	\$ -	\$ 3,529,854
Judicial administration	1,765,448	-	-	-	1,765,448
Public safety	12,864,356	-	-	-	12,864,356
Public works	3,950,201	-	-	2,938	3,953,139
Health and welfare	1,340,113	4,130,528	-	-	5,470,641
Education	9,806,884	-	5,884,638	-	15,691,522
Parks, recreation, and cultural	562,357	-	-	1,520,969	2,083,326
Community development	660,205	-	-	380,537	1,040,742
Nondepartmental	1,025,073	-	-	-	1,025,073
Capital projects	-	-	1,098,458	-	1,098,458
Debt service:					
Principal retirement	1,191,172	-	199,000	-	1,390,172
Interest and other fiscal charges	504,944	-	1,288,345	-	1,793,289
Total expenditures	\$ 37,200,607	\$ 4,130,528	\$ 8,470,441	\$ 1,904,444	\$ 51,706,020
Excess (deficiency) of revenues over (under) expenditures	6,944,745	(589,824)	(5,956,219)	(1,149,137)	(750,435)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	589,823	4,235,679	1,373,961	6,199,463
Transfers out	(6,199,463)	-	-	-	(6,199,463)
Issuance of bonds	-	-	2,801,771	-	2,801,771
Total other financing sources (uses)	(6,199,463)	589,823	7,037,450	1,373,961	2,801,771
Net change in fund balances	745,282	(1)	1,081,231	224,824	2,051,336
Fund balance - beginning	10,569,394	87,962	21,050,315	69,446	31,777,117
Fund balance - ending	\$ 11,314,676	\$ 87,961	\$ 22,131,546	\$ 294,270	\$ 33,828,453

City of Hopewell, Virginia
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2010

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

Net change in fund balances - total governmental funds	\$ 2,051,336
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	2,202,316	
Jointly-owned assets adjustment	1,990,437	
Depreciation expense	(1,651,819)	
Disposal of capital assets	<u>(774,296)</u>	1,766,638

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(2,204,654)
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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.

Issuance of long-term debt	(2,800,000)	
Amortization of bond premium	12,734	
Amortization of bond issuance cost	(23,785)	
Principal payments on debt	1,390,172	
Decrease in landfill closure liability	<u>202,501</u>	(1,218,378)

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 interest payable	(324,911)	
(Increase) decrease in other post employment benefit payable	(971,170)	
(Increase) decrease in accrued leave	<u>(38,676)</u>	(1,334,757)

Change in net assets of governmental activities	<u>\$ (939,815)</u>
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City of Hopewell, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	Total
Assets				
Current assets:				
Cash and investments	\$ 4,359,715	\$ 14,801,951	\$ 2,045,065	\$ 21,206,731
Interest receivable	139	49,049	268	49,456
Accounts receivable, net of allowances for uncollectibles	123,985	739,762	163,382	1,027,129
Inventories	1,013,592	-	-	1,013,592
Prepaid items	25,542	363,642	-	389,184
Total current assets	\$ 5,522,973	\$ 15,954,404	\$ 2,208,715	\$ 23,686,092
Noncurrent assets:				
Restricted assets:				
Cash and investments	\$ 395,641	\$ 17,518,038	\$ -	\$ 17,913,679
Total restricted assets	\$ 395,641	\$ 17,518,038	\$ -	\$ 17,913,679
Capital assets:				
Utility plant in service	\$ 9,936,119	\$ 501,878	\$ -	\$ 10,437,997
Land	216,026	97,920	-	313,946
Machinery and equipment	53,189,490	892,242	-	54,081,732
Work in progress	-	2,728,280	-	2,728,280
Sewer main improvements	-	6,217,124	-	6,217,124
Accumulated depreciation	(56,702,751)	(4,520,207)	-	(61,222,958)
Total capital assets	\$ 6,638,884	\$ 5,917,237	\$ -	\$ 12,556,121
Total noncurrent assets	\$ 7,034,525	\$ 23,435,275	\$ -	\$ 30,469,800
Total assets	\$ 12,557,498	\$ 39,389,679	\$ 2,208,715	\$ 54,155,892
Liabilities				
Current liabilities				
Accounts payable	\$ 410,376	\$ 285,847	\$ 17,906	\$ 714,129
Accrued liabilities	935,041	3,121	236	938,398
Compensated absences - current portion	177,344	26,034	1,131	204,509
Deferred revenue	173,460	174,662	-	348,122
Bonds payable - current portion	535,000	-	-	535,000
Total current liabilities	\$ 2,231,221	\$ 489,664	\$ 19,273	\$ 2,740,158
Noncurrent liabilities				
Bonds payable - net of current portion	\$ 10,200,000	\$ 18,506,103	\$ -	\$ 28,706,103
OPEB liability	523,186	44,214	56,243	623,643
Compensated absences - net of current portion	33,718	853	-	34,571
Total noncurrent liabilities	\$ 10,756,904	\$ 18,551,170	\$ 56,243	\$ 29,364,317
Total liabilities	\$ 12,988,125	\$ 19,040,834	\$ 75,516	\$ 32,104,475
Net assets				
Invested in capital assets, net of related debt	\$ (4,096,116)	\$ 4,929,172	\$ -	\$ 833,056
Restricted for debt service and bond covenants	395,641	-	-	395,641
Unrestricted	3,269,848	15,419,673	2,133,199	20,822,720
Total net assets	\$ (430,627)	\$ 20,348,845	\$ 2,133,199	\$ 22,051,417

City of Hopewell, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2010

	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	\$ 10,282,700	\$ -	\$ -	\$ 10,282,700
Sewer revenues	-	6,017,360	-	6,017,360
Refuse collection	-	-	2,100,350	2,100,350
Total operating revenues	\$ 10,282,700	\$ 6,017,360	\$ 2,100,350	\$ 18,400,410
OPERATING EXPENSES				
Personnel services	2,640,801	304,662	71,830	3,017,293
Fringe benefits	1,241,250	129,363	78,506	1,449,119
Contractual services	1,999,897	1,822,777	1,324,039	5,146,713
Administrative services	75,124	432,534	541,299	1,048,957
Materials and supplies	272,482	21,554	1,038	295,074
Repairs and maintenance	418,059	1,272,903	16,285	1,707,247
Utilities	83,889	80,050	13,027	176,966
Fuel	1,349,066	6,360	3,095	1,358,521
Insurance	141,801	29,577	7,086	178,464
Chemicals	589,742	2,404	-	592,146
Miscellaneous	105,190	1,201	72,599	178,990
Depreciation	1,885,641	185,300	-	2,070,941
Total operating expenses	\$ 10,802,942	\$ 4,288,685	\$ 2,128,804	\$ 17,220,431
Operating income (loss)	\$ (520,242)	\$ 1,728,675	\$ (28,454)	\$ 1,179,979
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	\$ (16,102)	\$ 105,930	\$ 799	\$ 90,627
Interest expense	(543,760)	-	-	(543,760)
Total nonoperating revenues (expenses)	\$ (559,862)	\$ 105,930	\$ 799	\$ (453,133)
Income before capital contributions	\$ (1,080,104)	\$ 1,834,605	\$ (27,655)	\$ 726,846
Capital Grants	513,084	-	-	513,084
Net income	\$ (567,020)	\$ 1,834,605	\$ (27,655)	\$ 1,239,930
Total net assets - beginning	136,393	18,514,240	2,160,854	20,811,487
Total net assets - ending	\$ (430,627)	\$ 20,348,845	\$ 2,133,199	\$ 22,051,417

City of Hopewell, Virginia
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010

	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	\$ 10,807,712	\$ 5,865,769	\$ 2,107,665	\$ 18,781,146
Payments to suppliers	(5,036,621)	(3,943,672)	(2,218,448)	(11,198,741)
Payments to employees	(3,089,403)	(427,692)	(107,521)	(3,624,616)
Net cash provided by (used in) operating activities	2,681,688	1,494,405	(218,304)	3,957,789
Capital and related financing activities				
Purchase of capital assets	(1,329,470)	(3,332,230)	-	(4,661,700)
Principal payments on bonds	(510,000)	-	-	(510,000)
Interest payments	(543,760)	-	-	(543,760)
Proceeds from bond issuance	-	18,506,103	-	18,506,103
Proceeds from capital grants	513,084	-	-	513,084
Net cash provided (used) by capital and related financing activities	(1,870,146)	15,173,873	-	13,303,727
Investing activities				
Interest and dividends received	(16,136)	108,030	685	92,579
Net cash provided (used) in investing activities	(16,136)	108,030	685	92,579
Net increase (decrease) A15in cash and cash equivalents/investments	795,406	16,776,308	(217,619)	17,354,095
Cash and cash equivalents- beginning- including restricted	3,959,950	15,543,681	2,262,684	21,766,315
Cash and cash equivalents- ending- including restricted	\$ 4,755,356	\$ 32,319,989	\$ 2,045,065	\$ 39,120,410
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (520,242)	\$ 1,728,675	\$ (28,454)	\$ 1,179,979
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	1,885,641	185,301	-	2,070,942
(Increase) decrease in accounts receivable	467,431	(326,253)	7,315	148,493
(Increase) decrease in inventories	(42,266)	-	-	(42,266)
(Increase) decrease in prepaid items	(25,542)	(363,642)	-	(389,184)
Increase (decrease) in accounts payable and accrued liabilities	859,085	95,662	(197,165)	757,582
Increase (decrease) in deferred revenue	57,581	174,662	-	232,243
Total adjustments	3,201,930	(234,270)	(189,850)	3,166,994
Net cash provided by (used in) operating activities	\$ 2,681,688	\$ 1,494,405	\$ (218,304)	\$ 4,346,973

City of Hopewell, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 53,648
Total assets	<u>\$ 53,648</u>
Liabilities	
Amounts held for social services clients	\$ 53,648
Total liabilities	<u>\$ 53,648</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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 of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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.

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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 units 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.

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, 2010.

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, 2010.

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, i.e., the City Council must appropriate monies for this board to carry out its legal obligations. The CSA board has no power or authority to generate any revenue for its purposes required under state law, and therefore it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2010. The Comprehensive Services Act Board does not issue a separate financial report.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

C. Other Related Organizations

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 year 2010. 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 \$28,140, respectively, during fiscal year 2010 to these entities. The City also participates with six other localities in the Crater Youth Care Commission and provided funding in the amount of \$261,361.

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, 2010 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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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

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.

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 of 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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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

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 major governmental funds.

General Fund - 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.

Special Revenue Funds - 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 fund: Virginia Public Assistance and the following non-major 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.

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.

2. 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.

3. 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, 2010

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 inter-fund 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 un-collectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$924,001 at June 30, 2010 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.

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, 2010 was immaterial.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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.

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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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, 2010 in accordance with the terms of the bond. These assets, in the amount of \$18,627,479 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.
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, 2010.
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).

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

Expenditures and Appropriations

Expenditures did not exceed appropriations in any governmental fund for the year ended June 30, 2010.

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).

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2010 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					
	<u>AAA</u>	<u>AAAm</u>	<u>AA</u>	<u>AA+</u>	<u>AA-</u>	<u>Unrated</u>
Local Government Investment Pool	\$ -	\$ 23,001,574	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	4,767,296	-	-	-	-
Municipal/Public Bonds	2,408,172	-	402,192	276,259	-	1,424,788
Corporate Bonds	409,564	-	-	-	50,472	-
Repurchase Agreements - Underlying:						
Municipal/Public Bonds	1,775,770	-	-	-	-	-
Discount Notes	-	-	-	-	-	17,229,217
Total	<u>\$ 4,593,506</u>	<u>\$ 27,768,870</u>	<u>\$ 402,192</u>	<u>\$ 276,259</u>	<u>\$ 50,472</u>	<u>\$ 18,654,005</u>

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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than</u>	
		<u>1 Year</u>	<u>1-5 Years</u>
Municipal/Public Bonds	\$ 4,511,411	\$ 3,360,218	\$ 1,151,193
Corporate Debt	460,036	460,036	-
Repurchase Agreements – Underling:			
Municipal/Public Bonds	1,775,770	1,775,770	-
Discount Notes	17,229,217	17,229,217	-
Total	<u>\$ 23,976,434</u>	<u>\$ 22,825,241</u>	<u>\$ 1,151,193</u>

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.

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

Note 4—Due from Other Governments

At June 30, 2010, the City had receivables from other governments as follows:

	Primary <u>Government</u>	Component Unit <u>School</u> Board	Component Unit Comprehensive Services Act Board
Other Local Governments:			
City of Hopewell Comprehensive Services Act Board	\$ 397,962	\$ -	\$ -
Commonwealth of Virginia:			
Local sales tax	296,992	-	-
Communications tax	149,046	-	-
E-911 wireless funds	6,956	-	-
VPA funds	101,882	-	-
Victim witness	30,257	-	-
State Sales tax	-	501,265	-
Constitutional officer reimbursements	94,874	-	-
Comprehensives service	-	-	682,867
Federal Government:			
School fund grants	-	604,665	-
School fund grants	-	96,862	-
Community Development Block Grant	49,083	-	-
VPA funds	185,026	-	-
Public service grant	106,811	-	-
Total due from other governments	<u>\$ 1,418,889</u>	<u>\$ 1,202,792</u>	<u>\$ 682,867</u>

Amounts due to other governments are as follow:

Other Local Governments:			
City of Hopewell	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 397,962</u>

CITY OF HOPEWELL, VIRGINIA

**Notes to Financial Statements
As of June 30, 2010**

Note 5—Interfund Obligations

Details of the Primary Government's inter-fund receivables and payables as of June 30, 2010 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 482,747	\$ -
Virginia Public Assistance	-	191,838
Capital Projects Fund		251,382
Other Governmental Funds	-	39,527
	<u>\$ 482,747</u>	<u>\$ 482,747</u>

Details of the Component Unit School Board's inter-fund receivables and payables as of June 30, 2010 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Building and Bus Replacement	\$ 1,374,951	\$ -
School Operating	-	1,374,951
	<u>\$ 1,374,951</u>	<u>\$ 1,374,951</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) inter-fund 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, 2010

Note 6—Capital Assets

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2010:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Government activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,838,959	\$ -	\$ 517,574	\$ 6,321,385
Work in progress	-	1,014,410	-	1,014,410
Total capital assets not subject to depreciation	\$ 6,838,959	\$ 1,014,410	\$ 517,574	\$ 7,335,795
Capital assets subject to depreciation:				
Buildings and system	\$ 31,965,329	\$ 298,549	\$ 2,994,519	\$ 29,269,359
Machinery and equipment	6,604,909	889,357	-	7,494,266
Jointly owned assets	15,185,675	2,794,631	-	17,980,306
Total capital assets being depreciated	\$ 53,755,913	\$ 3,982,537	\$ 2,994,519	\$ 54,743,931
Less accumulated depreciation for:				
Buildings and system	\$ (12,111,069)	\$ (854,929)	\$ (2,737,797)	\$ (10,228,201)
Machinery and equipment	(4,908,336)	(414,681)	-	(5,323,017)
Jointly owned assets	(4,412,160)	(382,209)	803,593	(5,597,962)
Total accumulated depreciation	\$ (21,431,565)	\$ (1,651,819)	\$ (1,934,204)	\$ (21,149,180)
Total capital assets being depreciated, net	\$ 32,324,348	\$ 2,330,718	\$ 1,060,315	\$ 33,594,751
Government capital assets, net	\$ 39,163,307	\$ 3,345,128	\$ 1,577,889	\$ 40,930,546
Component Unit - School Board				
	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Government activities:				
Capital assets not subject to depreciation:				
Land	398,728			398,728
Work in progress	-	4,505,576	-	4,505,576
Land	\$ 398,728	\$ 4,505,576	\$ -	\$ 4,904,304
Capital assets subject to depreciation:				
Machinery and equipment	\$ 3,612,188	\$ 987,070	\$ 58,700	\$ 4,540,558
Jointly owned assets	22,422,545	60,415	2,794,631	19,688,329
Total capital assets being depreciated	\$ 26,034,733	\$ 1,047,485	\$ 2,853,331	\$ 24,228,887
Less accumulated depreciation for:				
Machinery and equipment	\$ (1,855,445)	\$ (759,284)	\$ (57,200)	\$ (2,557,529)
Jointly owned assets	(6,514,812)	(418,516)	(803,593)	(6,129,735)
Total accumulated depreciation	\$ (8,370,257)	\$ (1,177,800)	\$ (860,793)	\$ (8,687,264)
Total capital assets being depreciated, net	\$ 17,664,476	\$ (130,315)	\$ 1,992,538	\$ 15,541,623
Government capital assets, net	\$ 18,063,204	\$ 4,375,261	\$ 1,992,538	\$ 20,445,927

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

Note 6—Capital Assets (Continued)

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

Government activities:

General government administration	\$	159,252
Judicial administration		219,782
Public safety		317,275
Public works		249,417
Health and welfare		15,437
Education		382,209
Parks, recreation and cultural		308,447
Total governmental activities	\$	<u>1,651,819</u>

Enterprise activities:

Hopewell Regional Wasterwater Treatmetn Facilities	\$	1,885,641
Sewer		<u>165,245</u>
Total Enterprise activities	\$	<u>2,050,886</u>

Component Unit School board	\$	<u>1,177,800</u>
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Legislation enacted during the year ended June 30, 2002, Section 15 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, 2010, is that school financed assets in the amount of \$12,382,344 are reported in the Primary Government for financial reporting purposes.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Note 6—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2010 follows:

Primary Government:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Enterprise activities:				
Sewer Service Fund:				
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Construction in progress	-	2,728,280	-	2,728,280
Total capital assets not subject to depreciation	\$ 97,920	\$ 2,728,280	\$ -	\$ 2,826,200
Capital assets subject to depreciation:				
Utility plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and Equipment	892,242	-	-	892,242
Sewer Main Improvements	5,613,174	603,950	-	6,217,124
Total capital assets being depreciated	\$ 7,007,294	\$ 603,950	\$ -	\$ 7,611,244
Less accumulated depreciation for:				
Utility plant in service	\$ (469,382)	\$ (8,067)	\$ -	\$ (477,449)
Machinery and Equipment	(588,830)	(50,208)	-	(639,038)
Sewer Main Improvements	(3,276,694)	(127,025)	-	(3,403,719)
Total accumulated depreciation	\$ (4,334,906)	\$ (185,300)	\$ -	\$ (4,520,206)
Total capital assets being depreciated, net	\$ 2,672,388	\$ 418,650	\$ -	\$ 3,091,038
Enterprise capital assets, net	\$ 2,770,308	\$ 418,650	\$ -	\$ 5,917,238
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	\$ 216,026	-	-	\$ 216,026
Capital assets subject to depreciation:				
Utility plant in service	\$ 9,209,715	\$ 726,405	\$ -	\$ 9,936,120
Machinery and equipment	52,586,424	603,065	-	53,189,489
Total capital assets being depreciated	\$ 61,796,139	\$ 1,329,470	\$ -	\$ 63,125,609
Less accumulated depreciation for:				
Utility plant in service	\$ (7,721,800)	\$ (309,188)	\$ -	\$ (8,030,988)
Machinery and equipment	(47,095,310)	(1,576,453)	-	(48,671,763)
Total accumulated depreciation	\$ (54,817,110)	\$ (1,885,641)	\$ -	\$ (56,702,751)
Total capital assets being depreciated, net	\$ 6,979,029	\$ (556,171)	\$ -	\$ 6,422,858
Enterprise capital assets, net	\$ 7,195,055	\$ (556,171)	\$ -	\$ 6,638,884

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2010

Note 7— Inter-fund Transfers

Inter-fund transfers for the year ended June 30, 2010 consisted of the following:

Primary Government:

General	\$	-	\$	6,199,463
Capital Projects		4,235,679		-
Virginia Public Assistance		589,823		-
Recreation		1,373,961		-

Total

\$ 6,199,463 \$ 6,199,463

Component Unit:

School operating	\$	456,333	\$	1,935,698
Building and Bus Replacement		1,831,284		456,333
Textbook		104,414		-

Total

\$ 2,392,031 \$ 2,392,031

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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Note 8—Long-Term Obligations

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

	Amounts Payable at July 1, 2009			Increases		Decreases		Amounts Payable at June 30, 2010	Amounts Due Within One Year
Primary Government									
Governmental Obligations:									
Incurred by City									
Compensated absences payable	\$ 965,241	\$ 1,161,196	\$ 1,122,520	\$ 1,003,917	\$ 761,356				
General obligation bonds	33,508,000	-	199,000	33,309,000	488,000				
Landfill closure liability	308,511	-	202,501	106,010	-				
OPEB liability	1,820,138	1,515,744	544,574	2,791,308	-				
Add deferred amount:	-	-	-	-	-				
For issuance premium	303,340	-	12,134	291,206	-				
Total incurred by City	\$ 36,905,230	\$ 2,676,940	\$ 2,080,729	\$ 37,501,441	\$ 1,249,356				
Incurred by School Board:									
State Literary Fund Loans payable	\$ 5,821,300	\$ -	\$ 727,700	\$ 5,093,600	\$ 649,200				
General obligation bonds payable	4,952,216	2,800,000	463,472	7,288,744	657,242				
Total incurred by School Board	\$ 10,773,516	\$ 2,800,000	\$ 1,191,172	\$ 12,382,344	\$ 1,306,442				
Total Governmental Obligations	\$ 47,678,746	\$ 5,476,940	\$ 3,271,901	\$ 49,883,785	\$ 2,555,798				
Enterprise Obligations:									
Compensated absences payable	\$ 232,566	\$ 336,113	\$ 329,599	\$ 239,080	\$ 204,509				
Revenue bonds payable	11,245,000	17,845,000	510,000	28,580,000	535,000				
OPEB liability	416,014	324,056	116,426	623,644	-				
Add deferred amount:	-	-	-	-	-				
For issuance premium	-	820,870	159,767	661,103	-				
Total Enterprise Obligations	\$ 11,893,580	\$ 19,326,039	\$ 1,115,792	\$ 30,103,827	\$ 739,509				

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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
2011	\$ 488,000	\$ 1,623,430
2012	502,000	1,605,232
2013	1,179,000	1,574,463
2014	1,230,000	1,523,172
2015	1,301,000	1,468,370
2016	1,383,000	1,410,221
2017	1,106,000	1,355,693
2018	1,355,000	1,296,676
2019	1,530,000	1,233,261
2020	1,620,000	1,159,016
2021	1,050,000	1,094,348
2022	1,105,000	1,042,080
2023	1,155,000	988,065
2024	1,210,000	930,956
2025	1,270,000	870,553
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>33,309,000</u>	\$ <u>23,569,244</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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	General Obligation	
	Loans		Bonds Payable	
	Principal	Interest	Principal	Interest
2011	\$ 649,200	\$ 103,622	\$ 657,242	\$ 264,581
2012	474,200	88,888	675,074	236,100
2013	474,200	79,404	648,573	206,924
2014	474,200	69,920	471,557	183,512
2015	474,200	60,436	478,945	165,481
2016	474,200	50,952	486,822	146,955
2017	474,200	41,468	495,110	128,020
2018	474,200	31,984	503,832	108,650
2019	375,000	22,500	513,011	88,825
2020	375,000	15,000	522,669	68,519
2021	375,000	7,500	529,798	50,743
2022	-	-	537,301	32,594
2023	-	-	236,807	18,958
2024	-	-	238,170	13,079
2025	-	-	239,537	7,196
2026	-	-	54,296	1,249
Total	\$ <u>5,093,600</u>	\$ <u>571,674</u>	\$ <u>7,288,744</u>	\$ <u>1,721,386</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2010

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
2011	\$ 535,000	\$ 1,278,592
2012	550,000	1,208,476
2013	18,420,000	1,062,931
2014	610,000	439,654
2015	635,000	409,570
2016	670,000	377,772
2017	700,000	343,712
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	102,456
2024	580,000	74,932
2025	610,000	46,075
2026	645,000	15,641
Total	\$ <u>28,580,000</u>	\$ <u>6,489,680</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2010

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 general obligation public improvement bonds series 1999, payable in various annual installments through July 15, 2015, interest payable semi-annually at 4.00% - 5.10%	\$ 1,525,000
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\$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
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\$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
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\$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%	1,419,000
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\$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	10,000,000
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\$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.	<u>2,155,000</u>
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Total General Obligation Bonds	\$ 33,309,000
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Landfill closure liability (payable from the General Fund)	106,010
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Compensated absences (payable from the General Fund)	1,003,917
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OPEB liability (payable from the General Fund)	<u>2,791,308</u>
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Total Incurred by City	<u>\$ 37,210,235</u>
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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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 3.00%	\$ 75,000
\$209,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$10,450 through 2017; interest payable at 2.00%.	83,600
\$939,000 State Literary Fund Loan issued September 26, 1997, due in annual installments of \$46,950 through 2017; interest payable annually at 2.00%	375,600
\$239,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$11,950 through 2017; interest payable annually at 2.00%.	95,600
\$597,000 State Literary Fund Loan issued September 26, 1997, due in annual principal installments of \$29,850 through 2017; interest payable annually at 2.00%	238,800
\$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 2.00%.	<u>4,125,000</u>
Total State Literary Fund Loans	<u>\$ 5,093,600</u>

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% - 6.00%	\$ 529,262
\$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%.	75,000
\$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%.	3,165,816
\$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 4.00% - 5.35%.	718,666
\$2,800,000 General Obligation Qualified Zone Academy Bond issued in 2009, due in annual installments of varying amounts through 2024; interest payable annually at 1.83%.	<u>2,800,000</u>
Total Virginia Public Authority and Other Bonds	<u>7,288,744</u>
Total Incurred on behalf of School Board	<u>\$ 12,382,344</u>

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 3.64% - 4.85%.	\$ 7,410,000
\$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 4.00% - 5.10%.	3,325,000

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

\$17,845,000 revenue bond issued December 22, 2009, payable in various annual installments through October 1, 2021 interest payable semi-annually at varying rates up to 4.50%.

	17,845,000
Total revenue bond obligations	\$ 28,580,000
Compensated absences (Payable from the Enterprise Funds)	239,080
OPEB liability (payable from the Enterprise Funds)	623,644
Total enterprise obligations	\$ 29,442,724

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, 2010:

	Amounts Payable at July 1, 2009	Increases	Decreases	Amounts Payable at June 30, 2010	Amounts Due Within One Year
Compensated absences payable	\$ 764,768	\$ 78,283	\$ 45,867	\$ 797,184	\$ 265,728
OPEB liability (payable from the School Fund)	156,539	269,200	176,500	249,239	-
Total Component Unit School Board	\$ 921,307	\$ 347,483	\$ 222,367	\$ 1,046,423	\$ 265,728

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 \$106,010. 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 \$1,490,112 reported in governmental funds, \$348,122 in proprietary funds and \$32,469 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 \$992,424 at June 30, 2010.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Prepaid Property Taxes and other Revenue: Property taxes due subsequent to June 30, 2010, but paid in advance by the tax payers totaled \$487,860 at June 30, 2010. Deferred revenue representing unspent grants and donation funds totaled \$8,017 at June 30, 2010.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$1,811 at June 30, 2010.

Other Deferred Revenue: Deferred revenue representing uncollected state and federal grants not available for funding of current expenditures totaled \$32,468 at June 30, 2010 and is reported in the component unit. Deferred revenue totaling \$348,122 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 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.

Note 12—Litigation

At June 30, 2010, 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—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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements

As of June 30, 2010

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/2009AnnuRept.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 2010 were 8.26% and 9.34% of annual covered payroll, respectively.

The School Board's professional employees contributed, \$1,473,251, \$1,958,660, and \$2,160,844 to the teacher cost-sharing pool for the fiscal years ended June 30, 2010, 2009, and 2008 respectively and these contributions represented 6.64%, 8.81%, and 10.30%, respectively, of current covered payroll.

C. Annual Pension Cost

For fiscal year 2010, the City's annual pension cost of \$1,241,404 was equal to the City's required and actual contributions.

For fiscal year 2010, the City School Board's annual pension cost for the Board's non-professional employees was \$165,227 which was equal to the Board's required and actual contributions.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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, 2010	\$ 1,241,404	100.00%	\$ -
June 30, 2009	1,246,158	100.00%	-
June 30, 2008	1,423,442	100.00%	-
School Board:			
June 30, 2010	\$ 165,227	100.00%	\$ -
June 30, 2009	159,594	100.00%	-
June 30, 2008	206,148	100.00%	-

(1) Employer portion only

The required contribution was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at June 30, 2009 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 2.60%. 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 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.

D. Funded Status and Funding Progress

As of June 30, 2009, the most recent actuarial valuation date, the City plan was 87.78% funded. The actuarial accrued liability for benefits was \$82,610,742, and the actuarial value of assets was \$72,512,633 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,098,109. The covered payroll (annual payroll of active employees covered by the plan) was \$15,018,566 and ratio of the UAAL to the covered payroll was 67.24%.

As of June 30, 2009, the most recent actuarial valuation date, the School Board Non-Professional plan was 86.80% funded. The actuarial accrued liability for benefits was \$7,026,534, and the actuarial value of assets was \$6,099,049, resulting in an unfunded actuarial accrued liability (UAAL) of \$927,485. The covered payroll (annual payroll of active employees covered by the plan) was \$1,838,339 and ratio of the UAAL to the covered payroll was 50.45%.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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 14—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 Elesteen 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

Note 15—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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

<u>Group</u>	<u>City Contribution</u>		<u>Notes</u>
	<u>Retiree Only</u>	<u>Retiree and Spouse</u>	
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 services. See table below.

<u>Years of Service</u>	<u>Percentage of Premium</u>
0-10	0%
11	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.

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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

Note 15—Postemployment Benefits Other Than Pensions (Continued):

The Schools currently have 57 retirees without spouse coverage, 23 retirees with spouse coverage and 3 surviving spouses on their plan. The City has 55 retirees without spouse coverage and 32 retirees with spouse coverage and 1 surviving spouse 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.

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:

	Primary Government	Component Unit School Board
Annual required contribution	\$ 1,839,800	\$ 269,200
Interest on net OPEB obligation	-	-
Adjustment to annual required contribution	-	-
Annual OPEB cost (expense)	\$ 1,839,800	\$ 269,200
Estimated Contributions made	(661,000)	(176,500)
Increase in net OPEB obligation	\$ 1,178,800	\$ 92,700
Net OPEB obligation-beginning of year	2,236,152	156,539
Net OPEB obligation-end of year	\$ 3,414,952	\$ 249,239

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City:			
June 30, 2010	\$ 1,839,800	35.93%	\$ 3,414,952
School Board:			
June 30, 2010	269,200	65.56%	249,239

Funded Status and Funding Progress

As of July 1, 2009, 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 \$15,018,566, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 139.77 percent.

As of July 1, 2009, 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 \$22,913,161, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 15.22 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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements As of June 30, 2010

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.

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, 2010 was thirty years.

Note 16—Prior Period Adjustment

A prior period adjustment of \$601,641 was made to beginning net assets of the Sewer Service Fund to capitalize costs to sewer main improvements that were expensed in the prior year.

Note 17—Subsequent Event

Subsequent to year end, the City issued general obligation bonds in the amount of \$7,635,000 to fund renovations to Hopewell High School.

REQUIRED SUPPLEMENTARY INFORMATION

City of Hopewell, Virginia
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
General property taxes	\$ 25,227,700	\$ 25,227,700	\$ 27,157,780	\$ 1,930,080
Other local taxes	5,749,876	5,749,876	6,169,817	419,941
Permits, privilege fees, and regulatory licenses	152,000	152,000	352,348	200,348
Fines and forfeitures	201,000	241,000	714,594	473,594
Revenue from the use of money and property	292,680	292,680	74,141	(218,539)
Charges for services	334,100	352,973	443,097	90,124
Miscellaneous	-	25,414	198,187	172,773
Recovered costs	872,000	872,000	872,000	-
Intergovernmental revenues:				
Commonwealth	6,526,805	6,379,586	7,718,394	1,338,808
Federal	115,000	870,818	444,994	(425,824)
Total revenues	\$ 39,471,161	\$ 40,164,047	\$ 44,145,352	\$ 3,981,305
EXPENDITURES				
Current:				
General government administration	\$ 3,695,022	\$ 3,712,572	\$ 3,529,854	\$ 182,718
Judicial administration	1,735,768	1,878,010	1,765,448	112,562
Public safety	12,732,425	14,256,573	12,864,356	1,392,217
Public works	4,308,094	4,382,270	3,950,201	432,069
Health and welfare	1,312,413	1,312,413	1,340,113	(27,700)
Education	9,951,161	9,806,884	9,806,884	-
Parks, recreation, and cultural	562,357	562,357	562,357	-
Community development	746,033	746,033	660,205	85,828
Nondepartmental	1,575,550	1,591,173	1,025,073	566,100
Debt service:				
Principal retirement	1,191,172	1,191,172	1,191,172	-
Interest and other fiscal charges	360,667	504,944	504,944	-
Total expenditures	\$ 38,170,662	\$ 39,944,401	\$ 37,200,607	\$ 2,743,794
Excess (deficiency) of revenues over (under) expenditures	\$ 1,300,499	\$ 219,646	\$ 6,944,745	\$ 6,725,099
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,481,789	\$ 1,481,789	\$ -	\$ (1,481,789)
Transfers out	(3,301,372)	(3,301,372)	(6,199,463)	(2,898,091)
Total other financing sources (uses)	\$ (1,819,583)	\$ (1,819,583)	\$ (6,199,463)	\$ (4,379,860)
Net change in fund balances	\$ (519,084)	\$ (1,599,937)	745,282	\$ 2,345,219
Fund balances- beginning	519,084	1,599,937	10,569,394	8,969,457
Fund balances- ending	\$ -	\$ -	\$ 11,314,676	\$ 11,314,676

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, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 1,723,555	\$ 1,477,295	\$ 1,373,873	\$ (103,422)
Federal	2,733,776	2,283,643	2,166,831	(116,812)
Total revenues	<u>\$ 4,457,331</u>	<u>\$ 3,760,938</u>	<u>\$ 3,540,704</u>	<u>\$ (220,234)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 5,143,227	\$ 4,425,358	\$ 4,130,528	\$ 294,830
Total expenditures	<u>\$ 5,143,227</u>	<u>\$ 4,425,358</u>	<u>\$ 4,130,528</u>	<u>\$ 294,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (685,896)</u>	<u>\$ (664,420)</u>	<u>\$ (589,824)</u>	<u>\$ 74,596</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 664,420	\$ 664,420	\$ 589,823	\$ (74,597)
Total other financing sources (uses)	<u>\$ 664,420</u>	<u>\$ 664,420</u>	<u>\$ 589,823</u>	<u>\$ (74,597)</u>
Net change in fund balances	\$ (21,476)	\$ -	(1)	\$ (1)
Fund balances- beginning	21,476	-	87,962	87,962
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,961</u>	<u>\$ 87,961</u>

City of Hopewell, Virginia
Schedule of Pension Funding Progress
For the Year Ended June 30, 2010

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:

6/30/2009	\$ 72,512,633	\$ 82,610,742	\$ 10,098,109	87.78%	\$ 15,018,566	67.24%
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%

Discretely Presented Component Unit:

School Board Non-Professionals Retirement Plan:

6/30/2009	\$ 6,099,049	\$ 7,026,534	\$ 927,485	86.80%	\$ 1,838,339	50.45%
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	4,664,894	6,286,427	1,621,533	74.21%	1,529,553	106.01%
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%

City of Hopewell, Virginia
Schedule of Funding Progress for Retiree Health Insurance Plan
For the Year Ended June 30, 2010

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 Health Plan:

6/30/2009	\$	-	\$ 20,991,293	\$	20,991,293	0.00%	\$	15,018,566	139.77%
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Discretely Presented Component Unit:

School Health Plan

6/30/2009	\$	-	\$ 3,377,368	\$	3,377,368	0.00%	\$	22,193,161	15.22%
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City of Hopewell, Virginia

Note to Required Supplementary Information Year Ended June 30, 2011

Budgetary Data

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.
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. 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).

SUPPLEMENTARY INFORMATION

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, 2010

	Original Budget	Actual	Actual	Variance With Final Positive (Negative)
REVENUES				
Other local taxes	\$ 2,243,820	\$ 2,243,820	\$ 2,235,216	\$ (8,604)
Revenue from the use of money and property	206,240	206,240	53,341	(152,899)
Miscellaneous	125,000	125,000	225,665	100,665
Total revenues	<u>\$ 2,575,060</u>	<u>\$ 2,575,060</u>	<u>\$ 2,514,222</u>	<u>\$ (60,838)</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 5,000,000	\$ 5,884,638	\$ (884,638)
Capital projects	25,000	6,337,960	1,098,458	5,239,502
Debt service:				
Principal retirement	1,079,000	1,079,000	199,000	880,000
Interest and other fiscal charges	2,210,385	2,210,385	1,288,345	922,040
Total expenditures	<u>\$ 3,314,385</u>	<u>\$ 14,627,345</u>	<u>\$ 8,470,441</u>	<u>\$ 6,156,904</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (739,325)	\$ (12,052,285)	\$ (5,956,219)	\$ 6,096,066
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,252,279	\$ 3,802,279	\$ 4,235,679	\$ 433,400
Transfers out	(1,351,910)	(1,351,910)	-	1,351,910
Issuance of bonds	-	-	2,801,771	2,801,771
Total other financing sources (uses)	<u>\$ (99,631)</u>	<u>\$ 2,450,369</u>	<u>\$ 7,037,450</u>	<u>\$ 4,587,081</u>
Net change in fund balances	\$ (838,956)	\$ (9,601,916)	\$ 1,081,231	\$ 10,683,147
Fund balances- beginning	838,956	9,601,916	21,050,315	11,448,399
Fund balances- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,131,546</u>	<u>\$ 22,131,546</u>

City of Hopewell, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
Assets				
Cash and investments	\$ 418,307	\$ -	\$ 11,764	\$ 430,071
Receivables (net of allowance for uncollectibles)				
Accounts receivable	50	-	-	50
Due from other governmental units	-	49,083	-	49,083
Total assets	<u>\$ 418,357</u>	<u>\$ 49,083</u>	<u>\$ 11,764</u>	<u>\$ 479,204</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 25,211	\$ 42,342	\$ 16	\$ 67,569
Accrued liabilities	77,803	35	-	77,838
Due to other funds	-	39,527	-	39,527
Total liabilities	<u>\$ 103,014</u>	<u>\$ 81,904</u>	<u>\$ 16</u>	<u>\$ 184,934</u>
Fund balances:				
Reserved for:				
Encumbrances	-	35,436	-	35,436
Unreserved:				
Undesignated	\$ 315,343	\$ (68,257)	\$ 11,748	\$ 258,834
Total fund balances	<u>\$ 315,343</u>	<u>\$ (32,821)</u>	<u>\$ 11,748</u>	<u>\$ 294,270</u>
Total liabilities and fund balances	<u>\$ 418,357</u>	<u>\$ 49,083</u>	<u>\$ 11,764</u>	<u>\$ 479,204</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, 2010

	Recreation Fund	Community Development Block Grant Fund	Anti-Litter Fund	Total
REVENUES				
Revenue from the use of money and property	\$ 221,676	\$ (3)	\$ 13	\$ 221,686
Charges for services	93,573	-	-	93,573
Miscellaneous	47,547	-	-	47,547
Intergovernmental revenues:				
Commonwealth	-	-	3,778	3,778
Federal	8,186	380,537	-	388,723
Total revenues	<u>\$ 370,982</u>	<u>\$ 380,534</u>	<u>\$ 3,791</u>	<u>\$ 755,307</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 2,938	\$ 2,938
Parks, recreation, and cultural	1,520,969	-	-	1,520,969
Community development	-	380,537	-	380,537
Total expenditures	<u>\$ 1,520,969</u>	<u>\$ 380,537</u>	<u>\$ 2,938</u>	<u>\$ 1,904,444</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,149,987)</u>	<u>\$ (3)</u>	<u>\$ 853</u>	<u>\$ (1,149,137)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,373,961	\$ -	\$ -	\$ 1,373,961
Total other financing sources (uses)	<u>\$ 1,373,961</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,373,961</u>
Net change in fund balances	\$ 223,974	\$ (3)	\$ 853	\$ 224,824
Fund balance - beginning	91,369	(32,818)	10,895	69,446
Fund balance - ending	<u>\$ 315,343</u>	<u>\$ (32,821)</u>	<u>\$ 11,748</u>	<u>\$ 294,270</u>

City of Hopewell, Virginia
Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 246,342	\$ 246,342	\$ 221,676	\$ (24,666)
Charges for services	130,500	130,500	93,573	(36,927)
Miscellaneous	53,043	63,968	47,547	(16,421)
Intergovernmental revenues:				
Federal	6,000	6,000	8,186	2,186
Total revenues	<u>\$ 435,885</u>	<u>\$ 446,810</u>	<u>\$ 370,982</u>	<u>\$ (75,828)</u>
EXPENDITURES				
Current:				
Parks, recreation, and cultural	\$ 1,806,842	\$ 1,820,771	\$ 1,520,969	\$ 299,802
Total expenditures	<u>1,806,842</u>	<u>\$ 1,820,771</u>	<u>\$ 1,520,969</u>	<u>\$ 299,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,370,957)</u>	<u>\$ (1,373,961)</u>	<u>\$ (1,149,987)</u>	<u>\$ 223,974</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,373,961	\$ 1,373,961	\$ 1,373,961	\$ -
Total other financing sources (uses)	<u>\$ 1,373,961</u>	<u>\$ 1,373,961</u>	<u>\$ 1,373,961</u>	<u>\$ -</u>
Net change in fund balances	\$ 3,004	\$ -	\$ 223,974	\$ 223,974
Fund balances- beginning	-	37,738	91,369	53,631
Fund balances- ending	<u>\$ 3,004</u>	<u>\$ 37,738</u>	<u>\$ 315,343</u>	<u>\$ 277,605</u>

City of Hopewell, Virginia
Community Development Block Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ (3)	\$ (3)
Intergovernmental revenues:				
Federal	-	612,910	380,537	(232,373)
Total revenues	\$ -	\$ 612,910	\$ 380,534	\$ (232,376)
EXPENDITURES				
Current:				
Community development	-	612,910	380,537	232,373
Total expenditures	\$ -	\$ 612,910	\$ 380,537	\$ 232,373
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ (3)	\$ (3)
Net change in fund balances	\$ -	\$ -	\$ (3)	\$ (3)
Fund balances- beginning	-	-	(32,818)	
Fund balances- ending	\$ -	\$ -	\$ (32,821)	\$ (3)

City of Hopewell, Virginia
Anti-Litter Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 13	\$ 13
Intergovernmental revenues:				
Commonwealth	-	3,778	3,778	-
Total revenues	\$ -	\$ 3,778	\$ 3,791	\$ 13
EXPENDITURES				
Current:				
Public works	\$ -	\$ 3,778	\$ 2,938	840
Total expenditures	\$ -	\$ 3,778	\$ 2,938	\$ 840
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ 853	\$ 853
Net change in fund balances	\$ -	\$ -	\$ 853	\$ 853
Fund balances- beginning	-	-	10,895	10,895
Fund balances- ending	\$ -	\$ -	\$ 11,748	\$ 11,748

City of Hopewell, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<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	\$ 32,986	\$ 79,411	\$ 58,749	\$ 53,648
Total assets	<u>\$ 32,986</u>	<u>\$ 79,411</u>	<u>\$ 58,749</u>	<u>\$ 53,648</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 32,986</u>	<u>\$ 79,411</u>	<u>\$ 58,749</u>	<u>\$ 53,648</u>

City of Hopewell, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2010

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 4,377,377	\$ 942,476	\$ 903,504	\$ 332,452	\$ 6,555,809
Receivables (net of allowance for uncollectibles):					
Accounts receivable	91,019	-	-	-	91,019
Due from other funds	-	-	-	1,374,951	1,374,951
Due from other governmental units	1,105,931	96,862	-	-	1,202,793
Inventories	-	34,074	-	-	34,074
Total assets	<u>\$ 5,574,327</u>	<u>\$ 1,073,412</u>	<u>\$ 903,504</u>	<u>\$ 1,707,403</u>	<u>\$ 9,258,646</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	90,964	411	-	2	\$ 91,377
Accrued liabilities	4,096,185	94,824	-	-	4,191,009
Due to other funds	1,374,951	-	-	-	1,374,951
Deferred revenue	12,227	20,242	-	-	32,469
Total liabilities	<u>\$ 5,574,327</u>	<u>\$ 115,477</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ 5,689,806</u>
Fund balances:					
Reserved for:					
Inventories	-	34,074	-	-	\$ 34,074
Unreserved					
Undesignated	-	923,861	903,504	1,707,401	3,534,766
Total fund balances	<u>\$ -</u>	<u>\$ 957,935</u>	<u>\$ 903,504</u>	<u>\$ 1,707,401</u>	<u>\$ 3,568,840</u>
Total liabilities and fund balances	<u>\$ 5,574,327</u>	<u>\$ 1,073,412</u>	<u>\$ 903,504</u>	<u>\$ 1,707,403</u>	<u>\$ 9,258,646</u>

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

Total fund balances per above	\$ 3,568,840
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital outlay	\$ 29,133,191	
Less: accumulated depreciation	<u>(8,687,264)</u>	20,445,927

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	(797,184)	
OPEB liability	<u>(249,239)</u>	(1,046,423)

Net assets of governmental activities	<u>\$ 22,968,344</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, 2010

	School Operating Fund	School Cafeteria Fund	Textbook Fund	Building and Bus Replacement Fund	Total
REVENUES					
Revenue from the use of money and property	\$ 680	\$ 520	\$ 1,003	\$ 275	\$ 2,478
Charges for services	284,614	551,863	-	-	836,477
Revenue from local contribution	-	-	-	4,676,378	4,676,378
Miscellaneous	87,261	-	1,022	-	88,283
Recovered costs	97,832	-	-	-	97,832
Intergovernmental revenues:					
Local government	11,043,667	-	-	-	11,043,667
Commonwealth	23,514,416	77,399	-	-	23,591,815
Federal	6,826,482	1,592,599	-	-	8,419,081
Total revenues	<u>\$ 41,854,952</u>	<u>\$ 2,222,381</u>	<u>\$ 2,025</u>	<u>\$ 4,676,651</u>	<u>\$ 48,756,009</u>
EXPENDITURES					
Current:					
Education	\$ 40,375,587	\$ 2,063,394	\$ 284,042	\$ 173,200	\$ 42,896,223
Capital projects	-	-	-	4,505,576	4,505,576
Total expenditures	<u>\$ 40,375,587</u>	<u>\$ 2,063,394</u>	<u>\$ 284,042</u>	<u>\$ 4,678,776</u>	<u>\$ 47,401,799</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,479,365	\$ 158,987	\$ (282,017)	\$ (2,125)	\$ 1,354,210
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 456,333	\$ -	\$ 104,414	\$ 1,831,284	\$ 2,392,031
Transfers out	(1,935,698)	-	-	(456,333)	(2,392,031)
Total other financing sources and uses	<u>\$ (1,479,365)</u>	<u>\$ -</u>	<u>\$ 104,414</u>	<u>\$ 1,374,951</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ 158,987	\$ (177,603)	\$ 1,372,826	\$ 1,354,210
Fund balances - beginning	-	798,948	1,081,107	334,575	2,214,630
Fund balances - ending	<u>\$ -</u>	<u>\$ 957,935</u>	<u>\$ 903,504</u>	<u>\$ 1,707,401</u>	<u>\$ 3,568,840</u>

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

Net change in fund balances - total governmental funds - per above \$ 1,354,210

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	2,756,931	
Depreciation expense	(374,207)	2,382,724

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	(287,338)	
(Increase) decrease in OPEB liability	(92,700)	(380,038)

Change in net assets of governmental activities \$ 3,356,896

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, 2010

School Operating Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 680	\$ (320)
Charges for services	283,739	363,739	284,614	(79,125)
Miscellaneous	172,288	402,793	87,261	(315,532)
Recovered costs	57,505	57,505	97,832	40,327
Intergovernmental revenues:				
Local government	12,491,090	12,635,367	11,043,667	(1,591,700)
Commonwealth	26,181,304	24,538,130	23,514,416	(1,023,714)
Federal	4,603,465	7,637,764	6,826,482	(811,282)
Total revenues	<u>\$ 43,790,391</u>	<u>\$ 45,636,298</u>	<u>\$ 41,854,952</u>	<u>\$ (3,781,346)</u>
EXPENDITURES				
Current:				
Education	\$ 42,241,384	\$ 43,943,014	\$ 40,375,587	\$ 3,567,427
Debt service	1,551,839	1,696,116	-	1,696,116
Capital projects	-	-	-	-
Total expenditures	<u>\$ 43,793,223</u>	<u>\$ 45,639,130</u>	<u>\$ 40,375,587</u>	<u>\$ 5,263,543</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,832)</u>	<u>\$ (2,832)</u>	<u>\$ 1,479,365</u>	<u>\$ 1,482,197</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 456,333	\$ 456,333	\$ 456,333	\$ -
Transfers out	(560,747)	(560,747)	(1,935,698)	1,374,951
Total other financing sources and uses	<u>\$ (104,414)</u>	<u>\$ (104,414)</u>	<u>\$ (1,479,365)</u>	<u>\$ 1,374,951</u>
Net change in fund balances	\$ (107,246)	\$ (107,246)	\$ -	\$ 107,246
Fund balances - beginning	107,246	107,246	-	(107,246)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2010

School Cafeteria Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 520	\$ (7,480)
Charges for services	567,000	567,000	551,863	(15,137)
Intergovernmental revenues:				-
Commonwealth	35,909	35,909	77,399	41,490
Federal	1,190,000	1,190,000	1,592,599	402,599
Total revenues	<u>\$ 1,800,909</u>	<u>\$ 1,800,909</u>	<u>\$ 2,222,381</u>	<u>\$ 421,472</u>
EXPENDITURES				
Current:				-
Education	\$ 2,431,783	\$ 2,428,783	\$ 2,063,394	\$ 365,389
Capital projects	10,153	13,153	-	13,153
Total expenditures	<u>\$ 2,441,936</u>	<u>\$ 2,441,936</u>	<u>\$ 2,063,394</u>	<u>\$ 378,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (641,027)</u>	<u>\$ (641,027)</u>	<u>\$ 158,987</u>	<u>\$ 800,014</u>
Net change in fund balances	\$ (641,027)	\$ (641,027)	\$ 158,987	\$ 800,014
Fund balances - beginning	757,197	757,197	798,948	41,751
Fund balances - ending	<u>\$ 116,170</u>	<u>\$ 116,170</u>	<u>\$ 957,935</u>	<u>\$ 841,765</u>

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, 2010

	Textbook Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 8,000	\$ 8,000	\$ 1,003	\$ (6,997)
Miscellaneous	-	-	1,022	1,022
Intergovernmental revenues:				-
Commonwealth	352,409	352,409	-	(352,409)
Total revenues	\$ 360,409	\$ 360,409	\$ 2,025	\$ (358,384)
EXPENDITURES				
Current:				
Education	\$ 950,000	\$ 950,000	\$ 284,043	\$ 665,957
Total expenditures	\$ 950,000	\$ 950,000	\$ 284,043	\$ 665,957
Excess (deficiency) of revenues over (under) expenditures	\$ (589,591)	\$ (589,591)	\$ (282,018)	\$ 307,573
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 104,414	\$ 104,414	\$ 104,414	\$ -
Total other financing sources and uses	\$ 104,414	\$ 104,414	\$ 104,414	\$ -
Net change in fund balances	\$ (485,177)	\$ (485,177)	\$ (177,604)	\$ 307,573
Fund balances - beginning	676,031	676,031	1,081,107	405,076
Fund balances - ending	\$ 190,854	\$ 190,854	\$ 903,503	\$ 712,649

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, 2010

Building and Bus Replacement Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 1,000	\$ 1,000	\$ 275	\$ (725)
Intergovernmental revenues:				
Local government	-	7,744,000	4,676,376	(3,067,624)
Total revenues	\$ 1,000	\$ 7,745,000	\$ 4,676,651	\$ (3,068,349)
EXPENDITURES				
Current				
Education	\$ -	\$ 230,871	\$ 173,200	\$ 57,671
Capital projects	-	7,513,129	4,505,576	3,007,553
Total expenditures	\$ -	\$ 7,744,000	\$ 4,678,776	\$ 3,065,224
Excess (deficiency) of revenues over (under) expenditures	\$ 1,000	\$ 1,000	\$ (2,125)	\$ (3,125)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 456,333	\$ 456,333	\$ 1,831,284	\$ 1,374,951
Transfers out	(456,333)	(456,333)	(456,333)	-
Total other financing sources and uses	\$ -	\$ -	\$ 1,374,951	\$ 1,374,951
Net change in fund balances	\$ 1,000	\$ 1,000	\$ 1,372,826	\$ 1,371,826
Fund balances - beginning	114,479	114,479	334,575	220,096
Fund balances - ending	\$ 115,479	\$ 115,479	\$ 1,707,401	\$ 1,591,922

City of Hopewell, Virginia
Balance Sheet
Discretely Presented Component Unit - Comprehensive Services Act Board
June 30, 2010

ASSETS

Accounts receivable	\$ 9,729
Due from other governmental units	682,867
Total assets	<u>\$ 692,596</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 292,748
Accrued liabilities	267
Due to other governmental units	397,962
Total liabilities	<u>\$ 690,977</u>

Fund balances:

Unreserved:

Undesignated	\$ 1,619
Total fund balances	1,619
Total liabilities and fund balances	<u>\$ 692,596</u>

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, 2010

REVENUES

Miscellaneous	\$ 69,302
Intergovernmental revenues:	
Local government	872,617
Commonwealth	2,172,241
Total revenues	<u>\$ 3,114,160</u>

EXPENDITURES

Current:	
Health and welfare	\$ 3,114,160
Total expenditures	<u>\$ 3,114,160</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>
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Net change in fund balances	\$ -
Fund balances - beginning	1,619
Fund balances - ending	<u><u>\$ 1,619</u></u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 12,840,000	\$ 12,840,000	\$ 13,539,608	\$ 699,608
Real and personal public service corporation taxes	3,472,700	3,472,700	3,396,951	(75,749)
Personal property taxes	4,050,000	4,050,000	2,375,370	(1,674,630)
Machinery and tools taxes	4,115,000	4,115,000	7,534,302	3,419,302
Penalties	750,000	750,000	206,078	(543,922)
Interest	-	-	105,471	105,471
Total general property taxes	\$ 25,227,700	\$ 25,227,700	\$ 27,157,780	\$ 1,930,080
Other local taxes				
Local sales and use taxes	\$ 1,659,876	\$ 1,659,876	\$ 1,904,436	\$ 244,560
Consumers' utility taxes	-	-	350,230	350,230
Electric and natural gas consumption taxes	1,800,000	1,800,000	482,877	(1,317,123)
Communications tax	-	-	891,788	891,788
E-911 telephone taxes	60,000	60,000	35,262	(24,738)
Business license taxes	1,550,000	1,550,000	1,871,513	321,513
Cable TV and gas franchise tax	-	-	2,100	2,100
Motor vehicle licenses	350,000	350,000	360,975	10,975
Bank stock taxes	80,000	80,000	126,198	46,198
Taxes on recordation and wills	250,000	250,000	144,438	(105,562)
Total other taxes	\$ 5,749,876	\$ 5,749,876	\$ 6,169,817	\$ 419,941
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 4,500	\$ 4,500	\$ 5,679	\$ 1,179
Permits and other licenses	147,500	147,500	346,669	199,169
Total permits, privilege fees, and regulators licenses	\$ 152,000	\$ 152,000	\$ 352,348	\$ 200,348
Fines and forfeitures:				
Court fines and forfeitures	\$ 201,000	\$ 241,000	\$ 714,594	\$ 473,594
Revenue from use of money and property:				
Revenue from use of money	\$ 242,680	\$ 242,680	\$ 7,320	\$ (235,360)
Revenue from use of property	50,000	50,000	66,821	16,821
Total revenue from use of money and property	\$ 292,680	\$ 292,680	\$ 74,141	\$ (218,539)
Charges for services:				
Charges for law enforcement and traffic control	\$ 2,200	\$ 2,200	\$ 2,191	\$ (9)
Charges for courthouse maintenance	15,000	15,000	26,273	11,273
Charges for EMS	282,500	282,500	310,165	27,665
Charges for law library	-	18,873	-	(18,873)
Charges for courthouse security	29,400	29,400	102,477	73,077
Miscellaneous dog fees	5,000	5,000	1,991	(3,009)
Total charges for services	\$ 334,100	\$ 352,973	\$ 443,097	\$ 90,124
Miscellaneous revenue:				
Miscellaneous	\$ -	\$ 25,414	\$ 198,187	\$ 172,773
Total miscellaneous revenue	\$ -	\$ 25,414	\$ 198,187	\$ 172,773
Recovered costs:				
Administrative charge back solid waste	\$ 497,000	\$ 497,000	\$ 497,000	\$ -
Administrative charge back sewer service	375,000	375,000	375,000	-
Total recovered costs	\$ 872,000	\$ 872,000	\$ 872,000	\$ -
Total revenue from local sources	\$ 32,829,356	\$ 32,913,643	\$ 35,981,964	\$ 2,594,727

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 21,000	\$ 21,000	\$ 23,699	\$ 2,699
Mobile home titling tax	-	-	3,666	3,666
State recordation tax	80,000	80,000	23,609	(56,391)
Personal property tax relief funds	-	-	1,618,030	1,618,030
Total noncategorical aid	\$ 101,000	\$ 101,000	\$ 1,669,004	\$ 1,568,004
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 415,000	\$ 427,791	\$ 364,784	\$ (63,007)
Sheriff	345,000	345,000	324,105	(20,895)
Commissioner of revenue	122,500	122,500	111,096	(11,404)
Treasurer	125,300	125,300	113,514	(11,786)
Registrar/electoral board	50,000	50,000	43,008	(6,992)
Clerk of the Circuit Court	231,500	231,500	210,800	(20,700)
Total shared expenses	\$ 1,289,300	\$ 1,302,091	\$ 1,167,307	\$ (71,777)
Other categorical aid:				
Street and highway maintenance	\$ 3,300,000	\$ 3,198,592	\$ 3,198,592	\$ -
Emergency medical services- 4 for life	16,000	16,000	17,999	1,999
DMV	4,000	4,000	6,402	2,402
Other state aid	-	5,384	243	(5,141)
HB 599 police support	1,400,000	1,471,290	1,328,710	(142,580)
E-911 wireless grant	30,000	30,000	56,728	26,728
Arts and humanities grant	-	3,350	3,350	-
Emergency management	-	-	-	-
Victim-witness grant	102,800	111,744	72,444	(39,300)
VJCCA	143,300	136,135	136,155	20
Fire programs	-	-	61,460	61,460
Total other categorical aid	\$ 4,996,100	\$ 4,976,495	\$ 4,882,083	\$ (94,412)
Total categorical aid	\$ 6,285,400	\$ 6,278,586	\$ 6,049,390	\$ (229,196)
Total revenue from the Commonwealth	\$ 6,386,400	\$ 6,379,586	\$ 7,718,394	\$ 1,338,808
Revenue from the federal government:				
Categorical aid:				
Civil defense, emergency management	\$ 40,000	\$ 203,520	\$ 47,615	\$ (155,905)
Social services indirect cost allocation	75,000	75,000	78,830	3,830
OJP grant	-	375,335	150,037	(225,298)
Emergency management, homeland security	-	131,883	82,945	(48,938)
Fire grant	-	85,080	85,567	487
Total categorical aid	\$ 115,000	\$ 870,818	\$ 444,994	\$ (425,824)
Total revenue from the federal government	\$ 115,000	\$ 870,818	\$ 444,994	\$ (425,824)
Total General Fund	\$ 39,330,756	\$ 40,164,047	\$ 44,145,352	\$ 3,981,305

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
General Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund Expenditures:				
General government administration:				
Legislative:				
City council	\$ 227,500	\$ 226,500	\$ 202,894	\$ 23,606
City clerk	91,740	91,738	83,293	8,445
Total general government administration	\$ 319,240	\$ 318,238	\$ 286,187	\$ 32,051
General and financial administration:				
City manager	\$ 300,218	\$ 300,690	\$ 302,719	\$ (2,029)
City attorney	221,105	223,984	217,536	6,448
Information/Research department	121,437	121,437	96,848	24,589
Commissioner of revenue	393,300	393,333	373,844	19,489
Human resources department	236,550	236,551	224,215	12,336
Treasurer	367,500	367,467	357,059	10,408
Finance	1,573,672	1,573,672	1,524,349	49,323
Total general and financial administration	\$ 3,213,782	\$ 3,217,134	\$ 3,096,570	\$ 120,564
Board of elections				
Electoral board and officials	\$ 162,000	\$ 177,200	\$ 147,097	\$ 30,103
Total board of elections	\$ 162,000	\$ 177,200	\$ 147,097	\$ 30,103
Total general government administration	\$ 3,695,022	\$ 3,712,572	\$ 3,529,854	\$ 182,718
Judicial administration:				
Courts:				
Circuit Court	\$ 97,000	\$ 97,000	\$ 57,295	\$ 39,705
General district court	17,600	12,600	11,869	731
Sheriff	677,721	788,229	851,481	(63,252)
Clerk of the circuit court	331,400	331,400	292,789	38,611
Victim and witness assistance	102,857	111,801	64,870	46,931
Court services unit	8,500	8,500	4,397	4,103
Southside Legal Aid contribution	-	1,000	1,000	-
Total courts	\$ 1,235,078	\$ 1,350,530	\$ 1,283,701	\$ 66,829
Commonwealth's attorney				
Commonwealth's attorney	\$ 500,690	\$ 527,480	\$ 481,747	\$ 45,733
Total commonwealth's attorney	\$ 500,690	\$ 527,480	\$ 481,747	\$ 45,733
Total jurisdictional administration	\$ 1,735,768	\$ 1,878,010	\$ 1,765,448	\$ 112,562
Public Safety:				
Law enforcement and traffic control:				
Police department	\$ 6,031,687	\$ 6,412,415	\$ 5,819,280	\$ 593,135
Total law enforcement and traffic control	\$ 6,031,687	\$ 6,412,415	\$ 5,819,280	\$ 593,135
Fire and rescue services:				
Fire department	\$ 3,339,784	\$ 4,429,920	\$ 3,995,821	\$ 434,099
Total fire and rescue services	\$ 3,339,784	\$ 4,429,920	\$ 3,995,821	\$ 434,099
Public safety (Continued)				
Correction and detention:				
Crater Youth Care Commission	\$ 375,000	\$ 375,000	\$ 261,361	\$ 113,639
Riverside Regional Jail	2,100,000	2,100,000	2,009,054	90,946
VJCCCA grant	186,234	179,069	180,958	1,889
Total correction and detention	\$ 2,661,234	\$ 2,654,069	\$ 2,451,373	\$ 206,474

City of Hopewell, Virginia
 Schedule of Revenues and Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Inspections:				
Building	\$ 389,500	\$ 389,500	\$ 337,335	\$ 52,165
Total inspections	\$ 389,500	\$ 389,500	\$ 337,335	\$ 52,165
Other protection				
Animal control	\$ 195,347	\$ 245,796	\$ 121,467	\$ 124,329
Emergency and safety services	114,873	124,873	139,080	(14,207)
Total other protection	\$ 310,220	\$ 370,669	\$ 260,547	\$ 110,122
Total public safety	\$ 12,732,425	\$ 14,256,573	\$ 12,864,356	\$ 1,392,217
Public works:				
Maintenance of highways, streets, bridges and sidewalks				
General engineering	\$ 4,265,594	\$ 4,339,770	\$ 3,933,104	\$ 406,666
Total maintenance of highways, streets, bridges & sidewalks	\$ 4,265,594	\$ 4,339,770	\$ 3,933,104	\$ 406,666
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 42,500	\$ 42,500	\$ 17,097	\$ 25,403
Total maintenance of general buildings and grounds	\$ 42,500	\$ 42,500	\$ 17,097	\$ 25,403
Total public works	\$ 4,308,094	\$ 4,382,270	\$ 3,950,201	\$ 432,069
Health and welfare:				
Health				
Supplement of local health department	\$ 156,625	\$ 156,625	\$ 150,635	\$ 5,990
Total health	\$ 156,625	\$ 156,625	\$ 150,635	\$ 5,990
Mental health and mental retardation				
Community services board	\$ 105,288	\$ 105,288	\$ 105,288	\$ -
Total mental health and retardation	\$ 105,288	\$ 105,288	\$ 105,288	\$ -
Welfare:				
Contribution to Comprehensive Services Act Board	\$ 830,500	\$ 830,500	\$ 872,617	\$ (42,117)
Tax relief for the elderly	220,000	220,000	211,573	8,427
Total welfare	\$ 1,050,500	\$ 1,050,500	\$ 1,084,190	\$ (33,690)
Total health and welfare	\$ 1,312,413	\$ 1,312,413	\$ 1,340,113	\$ (27,700)
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 3,000	\$ 3,000	\$ 3,000	\$ -
Contribution to City School Board	9,803,884	9,803,884	9,803,884	-
Total education	\$ 9,806,884	\$ 9,806,884	\$ 9,806,884	\$ -
Parks, recreation, and cultural				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 4,000	\$ 4,000	\$ 4,000	\$ -
Arts and humanities	6,700	6,700	6,700	-
Total cultural enrichment	\$ 10,700	\$ 10,700	\$ 10,700	\$ -
Library:				
Contribution to regional library	\$ 551,657	\$ 551,657	\$ 551,657	\$ -
Total library	\$ 551,657	\$ 551,657	\$ 551,657	\$ -
Total parks, recreation, and cultural	\$ 562,357	\$ 562,357	\$ 562,357	\$ -

City of Hopewell, Virginia
 Schedule of Revenues and Expenditures - Budget and Actual
 General Fund
 For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
General Fund: (Continued)				
Community development:				
Planning and community development:				
Community development	\$ 491,302	\$ 491,302	\$ 447,475	\$ 43,827
Tourism and economic development	254,731	254,731	212,730	42,001
Total planning and community development	<u>\$ 746,033</u>	<u>\$ 746,033</u>	<u>\$ 660,205</u>	<u>85,828</u>
Total community development	<u>\$ 746,033</u>	<u>\$ 746,033</u>	<u>\$ 660,205</u>	<u>\$ 85,828</u>
Nondepartmental:				
Employee welfare and other benefits	\$ 527,501	\$ 527,501	\$ 371,646	\$ 155,855
Property and liability insurance	547,821	547,821	269,123	278,698
Other	129,384	160,007	46,810	113,197
Contingency	224,044	209,044	195,044	14,000
Contributions to civic organizations	146,800	146,800	142,450	4,350
Total nondepartmental	<u>\$ 1,575,550</u>	<u>\$ 1,591,173</u>	<u>\$ 1,025,073</u>	<u>566,100</u>
Debt service:				
Principal retirement	1,191,172	\$ 1,191,172	\$ 1,191,172	\$ -
Interest and other fiscal charges	360,667	504,944	504,944	-
Total debt service	<u>\$ 1,551,839</u>	<u>\$ 1,696,116</u>	<u>\$ 1,696,116</u>	<u>-</u>
Total General Fund	<u>\$ 38,026,385</u>	<u>\$ 39,944,401</u>	<u>\$ 37,200,607</u>	<u>2,743,794</u>

City of Hopewell, Virginia
Schedule of Revenues and Expenditures - Budget and Actual
Virginia Public Assistance Fund
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,723,555	\$ 1,477,295	\$ 1,373,873	\$ (103,422)
Total categorical aid	\$ 1,723,555	\$ 1,477,295	\$ 1,373,873	\$ (103,422)
Total revenue from the Commonwealth	\$ 1,723,555	\$ 1,477,295	\$ 1,373,873	\$ (103,422)
Revenue from the federal government				
Categorical aid:				
Public assistance and welfare administration	\$ 2,733,776	\$ 2,283,643	\$ 2,166,831	\$ (116,812)
Total categorical aid	\$ 2,733,776	\$ 2,283,643	\$ 2,166,831	\$ (116,812)
Total revenue from the federal government	\$ 2,733,776	\$ 2,283,643	\$ 2,166,831	\$ (116,812)
Total Virginia Public Assistance Fund	\$ 4,457,331	\$ 3,760,938	\$ 3,540,704	\$ (220,234)
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,881,105	\$ 2,682,117	\$ 2,504,271	\$ 177,846
Public assistance	639,212	644,213	612,200	32,013
Purchased services	1,622,910	1,098,928	1,014,057	84,871
Total welfare and social services	\$ 5,143,227	\$ 4,425,258	\$ 4,130,528	\$ 294,730
Total health and welfare	\$ 5,143,227	\$ 4,425,258	\$ 4,130,528	\$ 294,730
Total Virginia Public Assistance Fund	\$ 5,143,227	\$ 4,425,258	\$ 4,130,528	\$ 294,730

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Recreation Fund
For the Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance With Final Positive (Negative)
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 4,000	\$ 4,000	\$ 130	\$ (3,870)
Revenue from the use of property	242,342	242,342	221,546	(20,796)
Total revenue from use of money and property	\$ 246,342	\$ 246,342	\$ 221,676	\$ (24,666)
Charges for services				
Other charges for services	\$ 130,500	\$ 130,500	\$ 93,573	\$ (36,927)
Total charges for services	\$ 130,500	\$ 130,500	\$ 93,573	\$ (36,927)
Miscellaneous revenue				
Donations	\$ 61,464	\$ 61,464	\$ 63,303	\$ 1,839
Miscellaneous refunds and grants	2,400	2,400	(15,756)	(18,156)
Total miscellaneous revenue	\$ 63,864	\$ 63,864	\$ 47,547	\$ (16,317)
Total revenue from local sources	\$ 440,706	\$ 440,706	\$ 362,796	\$ (77,910)
Revenue from the federal government				
Categorical aid:				
Summer feeding program	\$ 6,000	\$ 6,000	\$ 8,186	\$ 2,186
Total categorical aid	\$ 6,000	\$ 6,000	\$ 8,186	\$ 2,186
Total revenue from the federal government	\$ 6,000	\$ 6,000	\$ 8,186	\$ 2,186
Total Revenues	\$ 446,706	\$ 446,706	\$ 370,982	\$ (75,724)
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and palygrounds	\$ 490,218	\$ 555,321	\$ 526,796	\$ 28,525
Community division	102,240	105,140	83,847	21,293
Athletics division	146,065	146,065	129,352	16,713
Seniors division	144,487	144,487	121,198	23,289
Pool center	247,775	247,775	217,631	30,144
Parks	495,995	495,995	360,520	135,475
Harbor patrol and marina operation	119,901	120,005	81,625	38,380
Total parks and recreation	\$ 1,746,681	\$ 1,814,788	\$ 1,520,969	\$ 293,819
Total expenditures	\$ 1,746,681	\$ 1,814,788	\$ 1,520,969	\$ 293,819

City of Hopewell, Virginia
 Schedule of Revenues and Expenditures- Budget and Actual
 Community Development Block Grant Fund
 For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ (3)	\$ (3)
Total revenue from the use of money	\$ -	\$ -	\$ (3)	\$ (3)
Revenue from the federal government				
Categorical aid:				
Community Development Block Grant funds	\$ -	\$ 612,910	\$ 380,537	\$ (232,373)
Total categorical aid	\$ -	\$ 612,910	\$ 380,537	\$ (232,373)
Total revenue from the federal government	\$ -	\$ 612,910	\$ 380,537	\$ (232,373)
Total revenues	\$ -	\$ 612,910	\$ 380,534	\$ (232,376)
Expenditures				
Community development:				
Planning and community development	\$ -	\$ 612,910	\$ 380,537	\$ 232,373
Community development:	\$ -	\$ 612,910	\$ 380,537	\$ 232,373

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Anti-Litter Fund
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from local sources:				
Revenue from use of money and property	\$ -	\$ -	\$ 13	\$ 13
Total revenue from use of money	\$ -	\$ -	\$ 13	\$ 13
Total revenue from local sources				
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	\$ -	\$ 3,778	\$ 3,778	\$ -
Total categorical aid	\$ -	\$ 3,778	\$ 3,778	\$ -
Total revenue from the Commonwealth	\$ -	\$ 3,778	\$ 3,778	\$ -
Total Anti-Litter Fund	\$ -	\$ 3,778	\$ 3,791	\$ 13
Expenditures				
Public works:				
Sanitation and waste removal	\$ 8,778	\$ 8,778	\$ 2,938	\$ 5,840
Anti-Litter program	\$ 8,778	\$ 8,778	\$ 2,938	\$ 5,840

City of Hopewell, Virginia
Schedule of Revenues and Expenditures- Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Positive (Negative)</u>
Revenues				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 616,748	\$ 616,748	\$ 649,559	\$ 32,811
Restaurant food taxes	1,627,072	1,627,072	1,585,657	(41,415)
Total other local taxes	<u>\$ 2,243,820</u>	<u>\$ 2,243,820</u>	<u>\$ 2,235,216</u>	<u>\$ (8,604)</u>
Revenue from use of money and property				
Revenue from the use of money	\$ 206,240	\$ 206,240	\$ 53,341	\$ (152,899)
Total revenue from use of money and property	<u>\$ 206,240</u>	<u>\$ 206,240</u>	<u>\$ 53,341</u>	<u>\$ (152,899)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 125,000	\$ 125,000	\$ 225,665	\$ 100,665
Total miscellaneous revenue	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 225,665</u>	<u>\$ 100,665</u>
Total revenue from local sources	<u>\$ 2,575,060</u>	<u>\$ 2,575,060</u>	<u>\$ 2,514,222</u>	<u>\$ (60,838)</u>
Total Capital Projects Fund	<u>\$ 2,575,060</u>	<u>\$ 2,575,060</u>	<u>\$ 2,514,222</u>	<u>\$ (60,838)</u>
Expenditures				
Education:				
Other instructional costs:				
Contribution to City School Board	\$ -	\$ 5,000,000	\$ 5,884,638	\$ 884,638
Capital projects expenditures:				
GIS mapping	-	54,524	9,216	45,308
Other projects	\$ -	1,667,839	8,513	1,659,326
Streets, curbs, and gutters	-	366,267	19,000	347,267
Information management system	\$ 25,000	25,000	24,735	265
Downtown development plan and program	-	200,000	3,295	196,705
Downtown construction street scape	-	54,330	8,700	45,630
Atwater Road project	-	390,000	6,870	383,130
Dinwiddie Avenue project	-	280,000	3,719	276,281
Human services building	-	3,300,000	1,014,410	2,285,590
Total capital projects	<u>\$ 25,000</u>	<u>\$ 6,337,960</u>	<u>\$ 1,098,458</u>	<u>\$ 5,239,502</u>
Debt Service:				
Principal retirement	\$ 1,079,000	1,079,000	199,000	880,000
Interest and other fiscal charges	2,204,885	2,204,885	1,221,310	983,575
Bond agent fees	5,500	5,500	57,053	(51,553)
Bond issuance costs	-	-	9,982	(9,982)
Total debt service	<u>\$ 3,289,385</u>	<u>\$ 3,289,385</u>	<u>\$ 1,487,345</u>	<u>\$ 1,802,040</u>
Total Expenditures	<u>3,314,385</u>	<u>14,627,345</u>	<u>8,470,441</u>	<u>7,926,180</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Component Unit School Board
For the Year Ended June 30, 2010

<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	\$ 1,000	\$ 1,000	\$ 680	\$ (320)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 680	\$ (320)
Charges for services:				
Charges for education	\$ 283,739	\$ 363,739	\$ 284,614	\$ (79,125)
Total charges for services	\$ 283,739	\$ 363,739	\$ 284,614	\$ (79,125)
Miscellaneous revenue:				
Other miscellaneous	\$ 172,288	\$ 402,793	\$ 87,261	\$ (315,532)
Total miscellaneous revenue	\$ 172,288	\$ 402,793	\$ 87,261	\$ (315,532)
Recovered costs:				
E-rate funds	\$ 57,505	\$ 57,505	\$ 97,832	\$ 40,327
Total recovered costs	\$ 57,505	\$ 57,505	\$ 97,832	\$ 40,327
Total revenue from local sources	\$ 514,532	\$ 825,037	\$ 470,387	\$ (354,650)
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	\$ 12,491,090	\$ 12,635,367	\$ 11,043,667	\$ (1,591,700)
Total revenues from local governments	\$ 12,491,090	\$ 12,635,367	\$ 11,043,667	\$ (1,591,700)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 2,988,402	\$ 2,988,402	\$ 2,851,871	\$ (136,531)
Basic school aid	13,956,294	13,956,294	13,190,684	(765,610)
ISAEF	15,717	15,717	15,717	-
Remedial summer education	146,530	146,530	106,008	(40,522)
Regular foster care	25,619	25,619	13,921	(11,698)
Special education foster care	-	-	10,266	10,266
Homebound education	60,374	60,374	27,984	(32,390)
Gifted and talented	136,777	136,777	139,957	3,180
Remedial education	609,551	609,551	623,720	14,169
Special education	1,659,167	1,659,167	1,697,737	38,570
Vocational	15,012	15,012	8,729	(6,283)
Vocational adult	6,684	6,684	1,325	(5,359)
Vocational education	273,554	273,554	279,914	6,360
Social security fringe benefits	793,903	793,903	812,358	18,455
Retirement fringe benefits	1,022,856	1,022,856	784,975	(237,881)
Group life insurance benefits	26,761	26,761	21,298	(5,463)
Enrollment loss	22,320	22,320	-	(22,320)
State lottery payments	270,194	270,194	351,261	81,067
Early reading intervention and smart beginnings grant	104,811	104,811	104,811	-
At risk payments	801,277	801,277	804,452	3,175
Primary class size	772,415	772,415	781,105	8,690
At risk four year olds	447,206	447,206	503,107	55,901
Education technology	206,000	206,000	232,000	26,000

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Component Unit School Board
 For the Year Ended June 30, 2010

<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>
Standards of Learning algebra readiness	72,993	72,993	72,891	(102)
National board certified teacher	5,000	5,000	5,000	-
Mentor teacher program	5,120	5,120	13,094	7,974
English as a second language	93,593	93,593	51,457	(42,136)
Industry certification cost	-	-	8,774	8,774
Other state funds	1,643,174			-
Total categorical aid	\$ 26,181,304	\$ 24,538,130	\$ 23,514,416	\$ (1,023,714)
Total revenue from the Commonwealth	\$ 26,181,304	\$ 24,538,130	\$ 23,514,416	\$ (1,023,714)
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,685,139	\$ 1,687,748	\$ 1,200,848	\$ (486,900)
Title VI-B, special education	902,549	902,549	901,903	(646)
Vocational education	102,578	102,578	74,274	(28,304)
21st Century learning grant	276,103	126,576	140,385	13,809
Title IID	13,165	13,207	16,836	3,629
Title III	25,221	29,403	20,777	(8,626)
Title II	286,010	286,010	317,317	31,307
Title V	-	1,486	2,318	832
Impact aid	38,640	38,640	23,074	(15,566)
Special projects	10,000	10,000	-	(10,000)
Gear up	49,900	49,900	31,682	(18,218)
Drug free school	24,861	24,861	18,067	(6,794)
Jr ROTC	49,500	49,500	59,521	10,021
Headstart	1,139,799	1,139,799	1,281,924	142,125
DODEA Grant	-	159,236	96,925	(62,311)
Total categorical aid	\$ 4,603,465	\$ 4,621,493	\$ 4,185,851	\$ (435,642)
ARRA funding:				
State Fiscal Stabilization	\$ -	\$ 1,643,174	\$ 1,693,882	50,708
Title I	-	779,568	767,551	(12,017)
Other	-	593,529	179,198	(414,331)
Total ARRA funding	\$ -	\$ 3,016,271	\$ 2,640,631	\$ (375,640)
Total revenue from the federal government	\$ 4,603,465	\$ 7,637,764	\$ 6,826,482	\$ (811,282)
Total School Operating Fund	\$ 43,790,391	\$ 45,636,298	\$ 41,854,952	\$ (3,781,346)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 520	\$ (7,480)
Charges for services:				
Cafeteria sales	\$ 567,000	\$ 567,000	\$ 551,863	\$ (15,137)
Total revenue from local sources	\$ 575,000	\$ 575,000	\$ 552,383	\$ (22,617)
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 35,909	\$ 35,909	\$ 77,399	\$ 41,490

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Component Unit School Board
 For the Year Ended June 30, 2010

<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>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,190,000	\$ 1,190,000	\$ 1,520,441	\$ 330,441
USDA commodities	-	-	72,158	72,158
Total categorical aid	\$ 1,190,000	\$ 1,190,000	\$ 1,592,599	\$ 402,599
Total revenue from the federal government	\$ 1,190,000	\$ 1,190,000	\$ 1,592,599	\$ 402,599
Total School Cafeteria Fund	\$ 1,800,909	\$ 1,800,909	\$ 2,222,381	\$ 421,472
School Textbook Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 8,000	\$ 8,000	\$ 1,003	\$ (6,997)
Total revenue from use of money and property	\$ 8,000	\$ 8,000	\$ 1,003	\$ (6,997)
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 1,022	\$ 1,022
Total miscellaneous revenue	\$ -	\$ -	\$ 1,022	\$ 1,022
Intergovernmental revenues:				
Revenues from the Commonwealth:				
Categorical aid:				
Textbook funds	\$ 352,409	\$ 352,409	\$ -	\$ (352,409)
Total revenue from the Commonwealth	\$ 352,409	\$ 352,409	\$ -	\$ (352,409)
Total School Textbook Fund	\$ 360,409	\$ 360,409	\$ 2,025	\$ (358,384)
Discretely Presented Component Unit - School Board:				
Capital Projects Fund				
Building and Bus Replacement Fund				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,000	\$ 1,000	\$ 275	\$ (725)
Total revenue from use of money and property	\$ 1,000	\$ 1,000	\$ 275	\$ (725)
Revenue from local contribution:				
Revenue from local bond issue	\$ -	\$ 7,744,000	\$ 4,676,376	\$ (3,067,624)
Total miscellaneous revenue	\$ -	\$ 7,744,000	\$ 4,676,376	\$ (3,067,624)
Total Building and Bus Replacement Fund	\$ 1,000	\$ 7,745,000	\$ 4,676,651	\$ (3,068,349)
Total Discretely Presented Component Unit- School Board	45,952,709	55,542,616	48,756,009	(6,786,607)

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
Component Unit - School Board
For the Year Ended June 30, 2010

<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				
Education:				
Administration of schools:				
Administration	\$ 1,376,204	\$ 1,375,204	\$ 1,168,609	\$ 206,595
Total administration of schools	\$ 1,376,204	\$ 1,375,204	\$ 1,168,609	\$ 206,595
Instruction costs:				
Compensation	\$ 31,503,144	\$ 31,721,398	\$ 29,563,842	\$ 2,157,556
Supplies	1,059,737	2,147,598	1,990,676	156,922
Equipment	560,277	635,199	556,019	79,180
Purchased services	1,363,791	1,683,384	1,453,021	230,363
Total instruction costs	\$ 34,486,949	\$ 36,187,579	\$ 33,563,558	\$ 2,624,021
Operating costs:				
Attendance and health services	\$ 833,131	\$ 831,131	\$ 742,916	\$ 88,215
Pupil transportation	1,010,332	1,014,332	995,643	18,689
Operation and maintenance of school plant	4,534,768	4,534,768	3,904,861	629,907
Total operating costs	\$ 6,378,231	\$ 6,380,231	\$ 5,643,420	\$ 736,811
Total education	\$ 42,241,384	\$ 43,943,014	\$ 40,375,587	\$ 3,567,427
Operating costs:				
Debt service	\$ 1,551,839	\$ 1,696,116	\$ -	\$ 1,696,116
Total School Operating Fund	\$ 43,793,223	\$ 45,639,130	\$ 40,375,587	\$ 5,263,543
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,431,783	\$ 2,428,783	\$ 2,063,394	\$ 365,389
Total education	\$ 2,431,783	\$ 2,428,783	\$ 2,063,394	\$ 365,389
Capital project expenditures:				
Capital projects	\$ 10,153	\$ 13,153	\$ -	\$ 13,153
Total capital projects	\$ 10,153	\$ 13,153	\$ -	\$ 13,153
Total School Cafeteria Fund	\$ 2,441,936	\$ 2,441,936	\$ 2,063,394	\$ 378,542
School Textbook Fund:				
Education:				
Instruction	\$ 950,000	\$ 950,000	\$ 284,042	\$ 665,958
Total education	\$ 950,000	\$ 950,000	\$ 284,042	\$ 665,958
Total School Textbook Fund	\$ 950,000	\$ 950,000	\$ 284,042	\$ 665,958
Capital Projects Fund:				
Building and Bus Replacement Fund				
Education:				
Other instructional costs:				
Miscellaneous	\$ -	\$ 230,871	\$ 173,200	\$ 57,671
Capital project expenditures:				
Capital projects	\$ -	\$ 7,513,129	\$ 4,505,576	\$ 3,007,553
Total capital projects	\$ -	\$ 7,513,129	\$ 4,505,576	\$ 3,007,553
Total Building and Bus Replacement Fund	\$ -	\$ 7,744,000	\$ 4,678,776	\$ 3,065,224
Total Discretely Presented Component Unit- School Board	\$ 47,185,159	\$ 56,775,066	\$ 47,401,799	\$ 9,373,267

STATISTICAL SECTION

STATISTICAL SECTION

The Statistical Section of the City of Hopewell Comprehensive Annual Financial Report provides readers with additional detailed information as a context to assist in understanding what the information in the financial statements, accompanying notes, and required supplementary information indicates about the City's economic condition over a extended period of time. Information is presented in the following five categories:

	<u>Pages</u>
Financial trends information	102-106
Financial trends information is intended to help the reader understand and assess how the City of Hopewell's financial position has changed over time.	
Revenue capacity information	107-110
Revenue capacity information is intended to help the reader understand and access the City of Hopewell's ability to generate its most significant local revenue source, the property tax.	
Debt capacity information	111-113
Debt capacity information is intended to help the reader understand and assess the affordability of the City of Hopewell's current levels of outstanding debt and the City of Hopewell's ability to issue additional debt in the future.	
Demographic and economic information	114-116
Demographic and economic information is intended to help the reader understand the socioeconomic environment within the City of Hopewell's financial activities take place.	
Operating information	117-118
Operating information is intended to provide information about the City of Hopewell's services and capital asset resources to help the reader understand how the information in the financial report relates to the services the City of Hopewell provides and the activities it performs.	

Table 1

City of Hopewell, Virginia

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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)	\$ 2,462,560
Restricted	1,064,242	5,586,904	16,720,846	6,623,230	1,238,289	983,265	11,016,079	1,054,321
Unrestricted	23,956,694	20,887,012	10,044,891	25,290,215	29,341,147	25,589,865	20,864,117	22,001,951
Total governmental activities net assets	<u>\$ 24,502,624</u>	<u>\$ 25,773,879</u>	<u>\$ 23,861,478</u>	<u>\$ 26,879,053</u>	<u>\$ 31,660,416</u>	<u>\$ 29,419,309</u>	<u>\$ 26,458,647</u>	<u>\$ 25,518,832</u>
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)	\$ 833,056
Restricted	1,167,481	1,167,481	1,167,481	395,641	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	20,822,720
Total business-type activities net assets	<u>\$ 32,799,618</u>	<u>\$ 30,713,526</u>	<u>\$ 23,977,290</u>	<u>\$ 23,230,895</u>	<u>\$ 22,987,697</u>	<u>\$ 22,185,400</u>	<u>\$ 20,209,847</u>	<u>\$ 22,051,417</u>
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)	\$ 3,295,616
Restricted	2,231,723	6,754,385	17,888,327	7,018,871	1,633,930	1,378,906	11,411,720	1,449,962
Unrestricted	38,670,251	36,759,956	27,273,768	43,955,804	49,931,821	47,000,516	42,559,600	42,824,671
Total primary governmental net assets	<u>\$ 57,302,242</u>	<u>\$ 56,487,405</u>	<u>\$ 47,838,768</u>	<u>\$ 50,109,948</u>	<u>\$ 54,648,113</u>	<u>\$ 51,604,709</u>	<u>\$ 46,668,494</u>	<u>\$ 47,570,249</u>

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

City of Hopewell, Virginia

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

Expenses	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Government activities:								
General government	\$ 3,341,970	\$ 3,443,925	\$ 2,945,790	\$ 2,912,135	\$ 3,375,486	\$ 3,355,309	\$ 3,005,250	\$ 4,460,353
Judicial administration	1,463,565	1,495,967	1,574,921	1,677,436	1,778,649	1,959,936	2,115,285	2,084,915
Public safety	9,008,687	9,486,916	10,565,072	11,047,707	12,332,692	12,594,747	13,815,831	12,847,039
Public works	4,192,242	3,737,248	3,485,748	2,887,052	1,772,710	4,720,713	5,032,124	4,705,675
Health and welfare	4,715,320	5,194,978	5,342,722	5,264,756	5,322,346	5,764,789	6,082,016	5,486,078
Education	10,899,729	10,928,447	11,179,266	11,543,304	12,264,674	12,419,569	12,641,913	14,587,637
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	2,396,107
Community development	4,845,934	1,992,171	2,030,064	1,074,519	947,666	1,097,051	1,426,189	1,499,806
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	1,624,907
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	\$ 49,692,517
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	\$ 17,709,774
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	\$ 17,709,774
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	\$ 67,402,291
Program Revenues								
Government activities:								
Charges for services:								
General government administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,555	\$ -	\$ 1,991
Judicial administration	183,867	61,411	198,943	99,974	82,948	200,543	362,032	26,273
Public Safety	11,985	408,843	224,206	439,608	549,021	293,746	454,764	414,833
Parks, recreation and cultural	185,600	150,713	103,291	231,592	141,640	177,568	102,269	308,350
Community development	-	-	-	-	-	-	-	78,193
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	10,089,840
Capital grants and contributions	264,598	271,737	-	-	-	262,809	197,033	380,537
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	\$ 11,300,017
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	\$ 18,400,410
Operating grants and contributions	1,816,943	1,170,323	1,174,420	160,762	-	33,661	-	-
Capital grants and contributions	-	-	-	-	-	-	-	513,084
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	\$ 18,913,494
Total primary governmental program revenues	\$ 23,277,116	\$ 24,471,750	\$ 25,571,566	\$ 25,053,475	\$ 26,794,537	\$ 27,358,107	\$ 30,850,509	\$ 30,213,511
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)	\$ (38,392,500)
Business-type activities	(1,577,513)	(1,982,835)	(816,176)	(1,544,702)	(742,086)	(1,645,815)	(2,380,137)	1,203,720
Total primary government net revenue	\$ (33,821,979)	\$ (31,335,928)	\$ (32,136,660)	\$ (31,620,314)	\$ (32,114,342)	\$ (36,768,166)	\$ (39,170,216)	\$ (37,188,780)

City of Hopewell, Virginia

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 24,953,126
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	1,904,436
Consumer utility taxes	1,334,789	1,406,368	1,138,794	1,141,121	914,129	665,210	349,751	350,230
Business licenses taxes	1,299,019	1,317,942	1,411,667	1,541,460	1,537,086	1,621,535	1,671,362	1,871,513
Other local taxes	2,499,514	6,778,505	2,672,065	3,017,610	3,184,311	3,970,017	4,212,375	5,345,796
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	1,618,030
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	127,687
Gain on disposal of capital assets	-	-	-	-	-	1,000,000	-	-
Miscellaneous	314,115	890,576	147,042	550,795	266,383	266,593	167,241	1,281,867
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	\$ 37,452,685
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	\$ 36,210
Total business-type activities	\$ 19,015	\$ (103,257)	\$ 64,166	\$ 798,307	\$ 951,842	\$ 843,518	\$ 404,584	\$ 36,210
Total primary government	\$ 28,681,500	\$ 30,521,091	\$ 32,455,138	\$ 33,891,494	\$ 36,147,129	\$ 34,419,662	\$ 34,234,001	\$ 37,488,895
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)	\$ (939,815)
Business-type activities	\$ (1,558,498)	\$ (2,086,092)	\$ (752,010)	\$ (746,395)	\$ 209,756	\$ (802,297)	\$ (1,975,553)	\$ 1,239,930
Total primary government	\$ (5,140,479)	\$ (814,837)	\$ 318,478	\$ 2,271,180	\$ 4,032,787	\$ (2,348,504)	\$ (4,936,215)	\$ 300,115

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

City of Hopewell, Virginia

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund:										
Reserved	\$ 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	\$ 1,146,496
Unreserved	3,546,836	3,205,324	6,946,757	7,777,384	8,604,101	10,815,318	10,681,284	10,508,586	9,484,371	10,168,180
Total general fund	\$ 10,645,924	\$ 8,661,808	\$ 8,624,250	\$ 9,261,276	\$ 9,876,959	\$ 12,302,176	\$ 12,827,261	\$ 11,813,971	\$ 10,569,394	\$ 11,314,676
All other governmental funds:										
Reserved	\$ 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	\$ 35,436
Unreserved, reported in:										
Special revenue funds	577,764	638,254	780,932	1,090,129	503,031	405,094	221,901	228,810	157,004	346,795
Capital projects funds	5,688,808	5,097,288	8,170,048	10,400,891	18,250,454	12,850,203	15,342,304	12,321,255	20,995,610	22,131,546
Total all other governmental funds	\$ 17,107,884	\$ 16,003,556	\$ 16,182,044	\$ 15,658,194	\$ 34,257,326	\$ 28,696,058	\$ 19,117,381	\$ 13,666,703	\$ 21,207,723	\$ 22,513,777

City of Hopewell, Virginia

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues										
General property taxes	\$ 19,795,128	\$ 18,884,937	\$ 18,667,154	\$ 20,092,804	\$ 21,098,729	\$ 22,011,460	\$ 22,262,298	\$ 24,259,295	\$ 22,831,071	\$ 27,157,780
Other local taxes	6,371,934	6,460,305	6,765,497	6,778,505	6,932,533	7,591,154	7,627,538	8,129,734	7,985,593	8,405,033
Permits, privilege fees/regulatory licenses	81,277	60,406	94,530	82,108	93,462	179,406	204,618	206,454	135,509	352,348
Fines and Forfeitures	126,579	69,658	65,830	61,411	79,376	74,318	69,921	155,217	282,130	714,594
Revenue from use of money and property	2,204,478	866,706	614,596	383,429	992,484	1,736,958	2,033,562	1,407,833	593,272	349,168
Charges for services	212,132	284,368	221,092	477,448	353,602	517,450	499,070	511,741	501,426	536,670
Miscellaneous	209,227	846,622	314,115	890,576	143,552	549,450	271,236	266,593	167,241	471,399
Recovered costs	266,793	267,922	-	-	-	996,392	824,000	823,000	872,000	872,000
Intergovernmental	8,756,960	9,247,495	10,480,710	11,400,349	11,266,690	11,331,922	11,603,268	10,583,403	12,657,438	12,096,593
Total revenues	\$ 38,024,508	\$ 36,788,419	\$ 37,223,524	\$ 40,166,630	\$ 40,960,428	\$ 44,988,510	\$ 45,395,511	\$ 46,343,270	\$ 46,025,680	\$ 50,955,585
Expenditures										
General government administration	\$ 2,999,608	\$ 3,113,930	\$ 2,640,778	\$ 2,666,849	\$ 2,725,084	\$ 2,869,051	\$ 3,207,029	\$ 3,471,465	\$ 3,555,998	\$ 3,529,854
Judicial administration	1,129,005	1,204,103	1,292,301	1,291,736	1,331,479	1,436,093	1,500,445	1,707,438	1,724,389	1,765,448
Public safety	9,717,419	10,701,825	9,224,023	9,406,283	10,307,147	10,594,210	11,715,197	12,235,866	12,549,248	12,864,356
Public works	3,477,659	3,391,620	3,280,814	3,428,681	3,339,381	3,736,617	3,682,520	4,161,179	4,248,535	3,953,139
Health and welfare	3,848,489	3,938,094	4,671,981	4,990,898	5,218,907	5,143,541	5,198,729	5,577,319	5,673,538	5,470,641
Education	-	-	9,535,795	9,548,805	9,564,280	9,708,817	9,800,130	10,507,034	11,045,621	15,691,522
Parks, recreation and cultural	1,613,054	2,038,146	1,793,430	1,972,933	2,216,435	2,283,280	2,255,777	2,302,038	2,300,336	2,083,326
Community development	325,337	778,150	1,130,602	1,113,053	1,308,672	1,164,345	978,544	1,078,552	1,003,857	1,040,742
Nondepartmental	595,837	875,976	608,575	1,275,270	864,169	746,960	903,500	968,612	864,074	1,025,073
Capital projects	1,904,827	788,704	3,886,805	1,252,346	1,511,459	6,254,211	10,846,799	3,823,661	1,837,201	1,098,458
Debt service: (1)	-	-	-	-	-	-	-	-	-	-
Principle	1,006,897	1,289,767	2,230,299	2,119,642	2,388,320	3,427,039	2,379,916	2,513,941	3,648,595	1,390,172
Interest	-	-	1,233,136	1,192,075	1,893,991	2,168,868	1,980,517	2,975,833	1,610,185	1,793,289
Total expenditures	\$ 26,617,932	\$ 28,120,315	\$ 41,528,539	\$ 40,258,571	\$ 42,669,324	\$ 49,533,032	\$ 54,449,103	\$ 51,322,938	\$ 50,061,577	\$ 51,706,020
Excess of revenues over (under) expenditures	\$ 11,406,576	\$ 8,668,104	\$ (4,305,015)	\$ (91,941)	\$ (1,708,896)	\$ (4,544,522)	\$ (9,053,592)	\$ (4,979,668)	\$ (4,035,897)	\$ (750,435)
Other financing sources (uses)										
Transfer in	-	-	-	-	-	-	-	-	-	-
Transfer out	\$ 3,070,857	\$ 3,832,858	\$ 4,649,024	\$ 3,808,160	\$ 4,236,279	\$ 4,394,863	\$ 4,369,935	\$ 3,636,893	\$ 3,401,401	\$ 6,199,463
Refunding bonds issued	(15,681,892)	(15,721,311)	(4,434,756)	(3,603,043)	(3,961,279)	(4,394,863)	(4,369,935)	(3,636,893)	(3,401,401)	(6,199,463)
Bonds issued	-	-	-	-	-	-	-	18,210,000	2,155,000	-
Premium on bonds issued	-	-	3,965,000	-	20,000,000	858,896	-	-	10,000,000	-
Refunded bonds redeemed	-	-	-	-	648,711	-	-	-	303,340	2,801,771
Sale of capital assets	-	-	-	-	-	-	-	(20,000,000)	(2,126,000)	-
Total other financing sources (uses)	\$ (12,611,035)	\$ (11,888,453)	\$ 4,179,268	\$ 205,117	\$ 20,923,711	\$ 858,896	\$ -	\$ (790,000)	\$ 10,332,340	\$ 2,801,771
Net change in fund balances	\$ (1,204,459)	\$ (3,220,349)	\$ (125,747)	\$ 113,176	\$ 19,214,815	\$ (3,685,626)	\$ (9,053,592)	\$ (5,769,668)	\$ 6,296,443	\$ 2,051,336
Debt service as a percentage of noncapital expenditures	4.07%	4.72%	8.51%	8.26%	10.35%	13.06%	9.60%	11.10%	10.61%	6.29%

(1) For fiscal years 2000-2002 all principle and interest payments are listed as principle payments, as a principal and interest breakdown is not available for these years.

Table 5

City of Hopewell, Virginia

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
2010	\$ 1,357,143,000	\$ 128,089,039	\$ 142,657,508	344,073,128	1,971,962,675	1,932,523,422	102.04%
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%

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**

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property(2)</u>	<u>Machinery and Tools</u>	<u>Public Utility</u>	
				<u>Real Estate</u>	<u>Personal Property</u>
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
2010	0.99	3.50	3.05	0.96	3.50

(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 2010</u>		<u>Fiscal Year 2001</u>	
	<u>2010 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>	<u>2001 Assessed Valuation</u>	<u>% of Total Assessed Valuation</u>
Hopewell Cogentric Limited Partnership	\$119,371,131	6.1%	\$46,083,922	3.8%
Dominion Virginia Power	79,077,765	4.0%	44,645,264	3.7%
Allied Signal Corporation/Honeywell	78,187,642	4.0%	133,140,816	10.9%
Stone Container Inc.	67,314,141	3.4%	67,552,913	5.5%
James River Cogeneration Company	41,458,598	2.1%	28,259,236	2.3%
Columbia HCA/John Randolph Hospital	32,716,031	1.7%	34,038,397	2.8%
Virginia American Water Company	29,539,273	1.5%	22,022,231	1.8%
Aqualon Company	23,931,192	1.2%	32,143,231	2.6%
Verizon Virginia Inc.	<u>9,463,576</u>	<u>0.5%</u>	<u>13,700,491</u>	<u>1.1%</u>
	<u>\$481,059,349</u>	<u>24.6%</u>	<u>\$421,586,501</u>	<u>34.6%</u>

Source: Municipal Tax Assessor

Table 8

City of Hopewell, Virginia

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
2010	\$25,365,543	\$24,277,032	95.71%	\$ -	\$24,277,032	95.71%
2009	25,394,983	21,359,404	84.11%	2,807,525	24,166,929	95.16%
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	16,633,585	93.02%	625,676	17,259,261	96.52%
2001	19,768,008	18,636,237	94.27%	938,329	19,574,566	99.02%

Source: Municipal Tax Assessor

City of Hopewell, Virginia
Table 9

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				
2010	\$ 40,597,744	\$ 5,093,600	\$ -	\$ -	\$ 28,580,000	\$ -	\$ 74,271,344	n/a	n/a	n/a
2009	39,329,300	5,821,300	-	-	11,245,000	-	56,395,600	7.73%	2,523	2,523
2008	31,342,111	6,559,000	-	-	11,735,000	-	49,636,111	7.22%	2,220	2,220
2007	34,814,452	7,390,000	-	-	12,200,000	-	54,404,452	8.15%	2,434	2,434
2006	36,363,368	8,221,000	-	-	12,685,000	28,334	57,297,702	8.84%	2,563	2,563
2005	37,000,511	9,052,000	1,100,000	-	13,305,000	56,667	60,514,178	10.84%	2,707	2,707
2004	18,557,831	9,883,000	1,100,000	-	13,665,000	-	43,205,831	7.98%	1,933	1,933
2003	19,846,473	10,714,000	1,100,000	-	14,010,000	-	45,670,473	8.69%	2,043	2,043
2002	18,249,408	11,545,000	131,364	-	14,340,000	-	44,265,772	8.66%	1,980	1,980
2001	13,327,497	12,376,000	256,783	-	14,530,000	127,196	40,617,476	8.06%	1,817	1,817

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.

Table 10

City of Hopewell, Virginia

Ratio of Net General Bonded Debt to
Assessed Value and Net Bonded Debt Per Capital
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)
2010	\$ 45,691,344	\$ 4,500,000	\$ 41,191,344	2.09%	\$ 1,843
2009	45,150,600	4,500,000	40,650,600	1.96%	1,321
2008	37,901,111	4,500,000	33,401,111	2.22%	1,085
2007	42,204,452	4,500,000	37,704,452	2.36%	1,687
2006	44,584,368	4,500,000	40,084,368	2.67%	1,793
2005	46,052,511	4,500,000	41,552,511	1.60%	1,859
2004	28,440,831	4,500,000	23,940,831	2.17%	1,071
2003	30,560,473	-	30,560,473	2.06%	1,367
2002	28,694,408	-	28,694,408	1.09%	1,284
2001	13,327,497	-	13,327,497	1.61%	596

(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, Literay fund Loans, excludes revenue bonds, capital lease, and compensated absences.

Table 11

City of Hopewell, Virginia
Legal Debt Margin Information
Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 82,775,930	\$ 80,058,661	\$ 84,583,220	\$ 84,924,467	\$ 92,660,208	\$ 92,919,480	\$ 112,210,800	\$ 114,528,366	\$ 135,714,300	\$ 90,022,956
Total net debt applicable to limit	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	\$ 45,691,344
Legal debt margin	\$ 57,072,433	\$ 50,132,889	\$ 52,922,747	\$ 55,383,636	\$ 45,507,697	\$ 45,766,969	\$ 70,006,348	\$ 76,627,255	\$ 90,563,700	\$ 44,331,612
Total net debt applicable to the limit as a percentage of debt limit	31.05%	37.38%	37.43%	34.78%	50.89%	50.75%	37.61%	33.09%	33.27%	50.76%

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 2010

Assessed value	\$ 1,357,143,000
Add back: exempt real property	-
Total assessed value	\$ 1,357,143,000
Debt limit (10% of total assessed value) (a)	\$ 135,714,300
Net debt applicable to limit	45,691,344
Legal debt margin	\$ 90,022,956

Table 12

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>
2010	22,354	\$762,550,318	\$34,113	10.90%
2009	22,354	\$755,000,314	\$33,775	11.40%
2008	22,354	733,010,014	32,791	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.
- n/a - Information not currently available.

Table 13

City of Hopewell, Virginia

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2010		Fiscal Year 2001		% 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			
Shaw Services LLC	100-249	9	n/a	n/a	0.00%
Hopewell Opeartions LLC	100-249	10	n/a	n/a	0.00%

Source: Virginia Employment Commission

n/a - Information not currently available

Table 14

City of Hopewell, Virginia

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

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	3	6	6	6
Finance department	14	14	14	14	14	14	18	15	15	15
City treasurer	5	5	5	6	6	6	6	5	5	5
Commissioner of revenue	6	6	6	6	6	6	6	7	7	7
Voter registrar	1	1	1	2	2	2	2	2	2	2
Judicial administration-										
Clerk of circuit court	6	6	6	6	6	6	6	5	5	5
Commonwealth Attorney	5	6	6	6	7	7	7	9	9	7
Court services	4	4	4	4	3	4	4	4	2	2
Public safety-										
Sheriff department	7	7	7	9	9	9	9	9	9	9
Fire & rescue	37	37	37	37	40	42	42	42	42	45
Building inspections	3	3	3	4	5	5	7	7	7	6
Police department	68	70	73	73	73	73	73	73	72	72
Animal control	3	3	3	3	3	3	3	3	3	1
Emergency services	1	1	1	1	1	1	1	1	1	1
Public Works-										
General maintenance	39	39	39	39	39	39	39	36	36	34
Landfill	2	2	2	2	2	2	2	2	2	2
Engineering	4	4	4	4	4	4	4	4	4	3
Sewer services	67	67	67	67	63	63	63	63	64	60
Health & welfare-										
Department of Social Services	39	39	40	40	41	41	41	41	41	40
Community Services Act	2	2	2	2	2	1	1	1	1	1
Culture and recreation-										
Parks and recreation	15	15	15	16	17	17	17	17	17	15
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	2	2	2	2	2	1
Totals	343	346	350	356	359	361	363	361	359	346

Source: Full-time city government employee positions authorized as part of the annual budget approval by City Council.

Table 15

City of Hopewell, Virginia

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Years									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public safety										
Police department:										
E911 calls answered		16,326	16,889	19,354	17,733		22,906	22,381	19,764	14,101
Animal calls answered	1,825	2,232	2,142	2,116	1,539	1,805	1,847	1,912	1,361	1,856
Physical arrests	1,514	1,408	1,241	1,334	1,733	1,154	1,362		1,048	1,412
Civil papers										
Fire and rescue:										
Fire calls	1,311	1,165	1,206	1,394	1,104	1,117	1,225	1,232	1,164	3,130
EMS calls	2,024	2,312	2,549	2,285	1,517	1,623	1,993	2,046	1,944	3,557
Building inspections:										
Permits issued(all)	1,261	1,554	1,274	1,233	1,277	1,270	1,535	1,482	2,568	1,783
Inspections done(all)		425	1,110	1,152	1,266	915	1,264	1,174	2,895	4,607
Public works										
General maintenance:										
Work orders issued								2,720	2,002	1,898
Health and welfare										
Department of Social Services:										
Caseload*	4,698	4,670	5,001	6,835	8,425	8,336	8,600	8,436	9,087	10,378
Culture and recreation										
Parks and recreation:										
Community center visits		36,742	43,536	37,564	40,672	44,099	43,369	55,066	55,046	45,253
Summer program participants	32,642	194	177	120	597	452	421	425	320	1,058
Youth sports participants								4,039	4,627	5,314
Community development										
Planning:	585	646	678	743	884	989	1,142	1,346	1,376	496
Zoning permits issued										

Table 16

City of Hopewell, Virginia

Capital asset Statistics by function
Last Ten Fiscal Years

Function	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	4	6	6	6	6
Public Works										
Vehicles							43	43	43	43
Public safety										
Police department:										
Vehicles							61	60	60	60
Sheriff department:										
Vehicles							11	13	14	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	6	6	6	7	8	8	8	8	8	8
Building inspectors:										
Vehicles	6	6	6	6	6	7	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	12	12	12	12	12	12
Parks acreage	139	161	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	20	20	20	20	20	20	20	20	20
Soccerfields	7	8	8	8	8	8	8	8	8	8

COMPLIANCE SECTION



**Independent Auditors' 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 City Council
City Hopewell, Virginia

We have audited the financial statements of the City of Hopewell, Virginia (the "City") as of and for the year ended June 30, 2010, and have issued our report thereon dated January 31, 2011. 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.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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

Cherry, Bekaert & Holland, L.L.P.

Richmond, Virginia
January 31, 2011



**Independent Auditors' Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133**

To the Honorable Members of City Council
City Hopewell, Virginia

Compliance

We have audited the compliance of the City of Hopewell, Virginia, (the "City"), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City'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's management. Our responsibility is to express an opinion on the City'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'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's compliance with those requirements.

In our opinion, the City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the City 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'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

A deficiency in 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 material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a possibility material compliance with a type of compliance requirement of a federal program will not be prevented detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might deficiencies, 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 for the information of City Council, management, 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.

Cherry, Bekant & Holland, L.L.P.

Richmond, Virginia
January 31, 2011

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

	<u>Federal Catalogue Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>		
<u>Pass Through Payments:</u>		
Nutrition cluster		
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	447,282
National school lunch program	10.555	1,073,159
Summer food service program for children	10.559	7,396
Department of Social Services		
State Admin Matching Grants for Supplemental Nutrition Assistance Programs	10.561	412,979
Total Department of Agriculture		<u>2,064,502</u>
<u>Department of Defense</u>		
<u>Direct Payment</u>		
JROTC	12.000	59,521
Department of Defense Education Activity	12.000	96,925
Total Department of Defense		<u>156,446</u>
<u>Department of Housing and Urban Development</u>		
<u>Direct Payments:</u>		
Community Development Block Grant	14.228	380,537
<u>Department of Justice</u>		
<u>Pass Through Payments:</u>		
Public Safety Partnership and Community Policing Grant	16.710	17,187
Office of Justice Program	16.000	132,850
<u>Department of Criminal Justice Services</u>		
Equipment Grant	16.000	4,656
Total Department of Justice		<u>154,693</u>
<u>Department of Transportation</u>		
<u>Pass Through Payments:</u>		
Dept of Motor Vehicles		
State and Community Highway Safety Program - Sheriff	20.600	5,920
State and Community Highway Safety Program - Police	20.600	8,025
Interagency Hazardous Materials Public Sector Training & Planning	20.703	7,000
Total Department of Transportation		<u>20,945</u>
<u>Environmental Protection Agency</u>		
<u>Direct Payment</u>		
Clean Water State Revolving Funds - ARRA	66.458	513,083

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

	Federal Catalogue Number	Expenditures
<u>Department of Education</u>		
<u>Direct Payments:</u>		
Impact Aid	84.041	\$ 23,074
<u>Pass Through Payments:</u>		
Title I cluster		
Title I: Grants to local educational agencies	84.010	1,200,840
Title I: Grants to local educational agencies - ARRA	84.389	767,551
Special education cluster:		
Special education grants to states	84.027	878,375
Special education grants to states - ARRA	84.391	104,472
Preschool Handicapped	84.027	23,528
Career and Technical Education: National Programs	84.048	74,274
Safe and Drug free schools and communities	84.166	18,067
Title V: Improving school programs state block grant	84.298	2,318
21st Century Community Learning Centers	84.287	140,385
Gaining Early awareness and readiness for undergraduate programs	84.334	31,682
Education Technology State Grants (Title II D)	84.318	16,836
Education Technology State Grants (Title II D) - ARRA	84.386	26,663
English Language Acquisition Grants (Title III)	84.365	20,777
Improving Teacher Quality State (Title II A)	84.367	317,317
State Fiscal Stabilization - ARRA	84.394	1,294,195
State Fiscal Stabilization - Basic Aid - ARRA	84.394	399,687
Total Department of Education		5,340,041
<u>Department of Health and Human Services</u>		
<u>Direct Payments:</u>		
Administration for Children, Youth and Families (Head Start and Day Care Grant)	93.600	1,281,924
Administration for Children, Youth and Families (Head Start and Day Care Grant - ARRA)	93.600	48,063
<u>Pass Through Payments:</u>		
Promoting Safe and Stable Families	93.556	8,498
Temporary Assistance for Needy Families (TANF)	93.558	396,763
Refugee and Entrant Assistance - State Administered Programs	93.566	906
Low Income Home Energy Assistance	93.568	23,096
Child Care and Development Block Grants	93.575	389,380
Child Care Mandatory & Matching Funds of the Child Care & Development Fund	93.596	235,301
Chafee Education and Training Vouchers Program	93.599	1,160
Child Welfare Services - State Grants	93.645	1,187
Foster Care - Title IV-E	93.658	217,729
Foster Care - Title IV-E - ARRA	93.658	93,021
Adoption Assistance	93.659	69,700
Social Services Block Grant	93.667	129,760
Chafee Foster Care Independence Program	93.674	7,392
State Children's Insurance Program	93.767	18,016
Medical Assistance Program	93.778	239,978
Total Department Health and Human Services		3,161,874

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

	<u>Federal Catalog Number</u>	<u>Expenditures</u>
<u>Department of Homeland Security</u>		
<u>Pass Through Payments:</u>		
<u>Dept of Emergency Services</u>		
Urban Areas Security Initiative	97.008	\$ 23,500
Emergency Management Performance Grants	97.042	42,959
Assistance to Firefighters Grant	97.044	85,567
State Homeland Security Program (SHSP)	97.073	<u>38,500</u>
Total Department of Homeland Security		<u>190,526</u>
Total federal expenditures		<u>\$ 11,982,647</u>

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards present the activity of all federally assisted programs of the City of Hopewell, Virginia. The City's reporting entity is defined in Note 1 of 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 in 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 the 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	\$ 444,994
Special revenue funds:	
Virginia Public Assistance Fund	2,166,831
Recreation Fund	8,186
Community Development Block Grant Fund	380,537
Enterprise funds:	
Hopewell Regional Wastewater Treatment Facility Fund	513,083
Total primary government	<u>3,513,631</u>

Component Unit - School Board:

School Operating Fund	6,826,482
School Cafeteria Fund	1,592,599
Total component unit school board	<u>8,419,081</u>
Total federal revenues per basic financial statements	11,932,712
Reconciliation for school food commodities	<u>49,935</u>

Total federal expenditures per the Schedule of Expenditures of Federal Awards	<u><u>\$ 11,982,647</u></u>
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CITY OF HOPEWELL
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

A. Summary of Auditors' Results

1. The type of report issued on the basic financial statements: **UNQUALIFIED OPINION**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **NONE REPORTED**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **NO**
4. Noncompliance, which is material to the financial statements: **NO**
5. Significant deficiencies in internal control over major programs: **NONE REPORTED**
6. Material weaknesses in internal control over major programs: **NO**
7. The type of report issued on compliance for major programs: **UNQUALIFIED OPINION**
8. Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: **NO**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.228	Community Development Block Grant
66.458	Capitalization Grants for Clean Water State Revolving Funds
84.010/84.389	Title I, Part A Cluster
84.027/84.173/84.391	Special Education Cluster
84.394	ARRA - State Fiscal Stabilization Fund
93.558	Temporary Assistance for Needy Families (TANF)
93.575/93.596	CCDF Cluster
93.600	Head Start
93.658	Foster Care

10. Dollar threshold used to distinguish between type A and type B programs: \$359,479
11. City of Hopewell was determined to be a low risk auditee.

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*: None Noted

CITY OF HOPEWELL
Schedule of Findings and Questioned Costs
Year ended June 30, 2010

- C. Findings and Questioned Costs Relating to Federal Awards: None Noted**

- D. Resolution of Prior Year's Findings: There were no findings reported in the prior year.**