

CITY OF HOPEWELL VIRGINIA



**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

INTRODUCTORY SECTION

CITY OF HOPEWELL, VIRGINIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2007

PREPARED BY:

Department of Finance

Elesteen Hager, Director

CITY OF HOPEWELL, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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CITY OF HOPEWELL, VIRGINIA

Members of the City Council

Stephen R. Taylor, Mayor
Brenda S. Pelham, Vice-Mayor

Curtis W. Harris
E. Randy Sealy

N. Gregory Cuffey
Christina J. Luman-Bailey

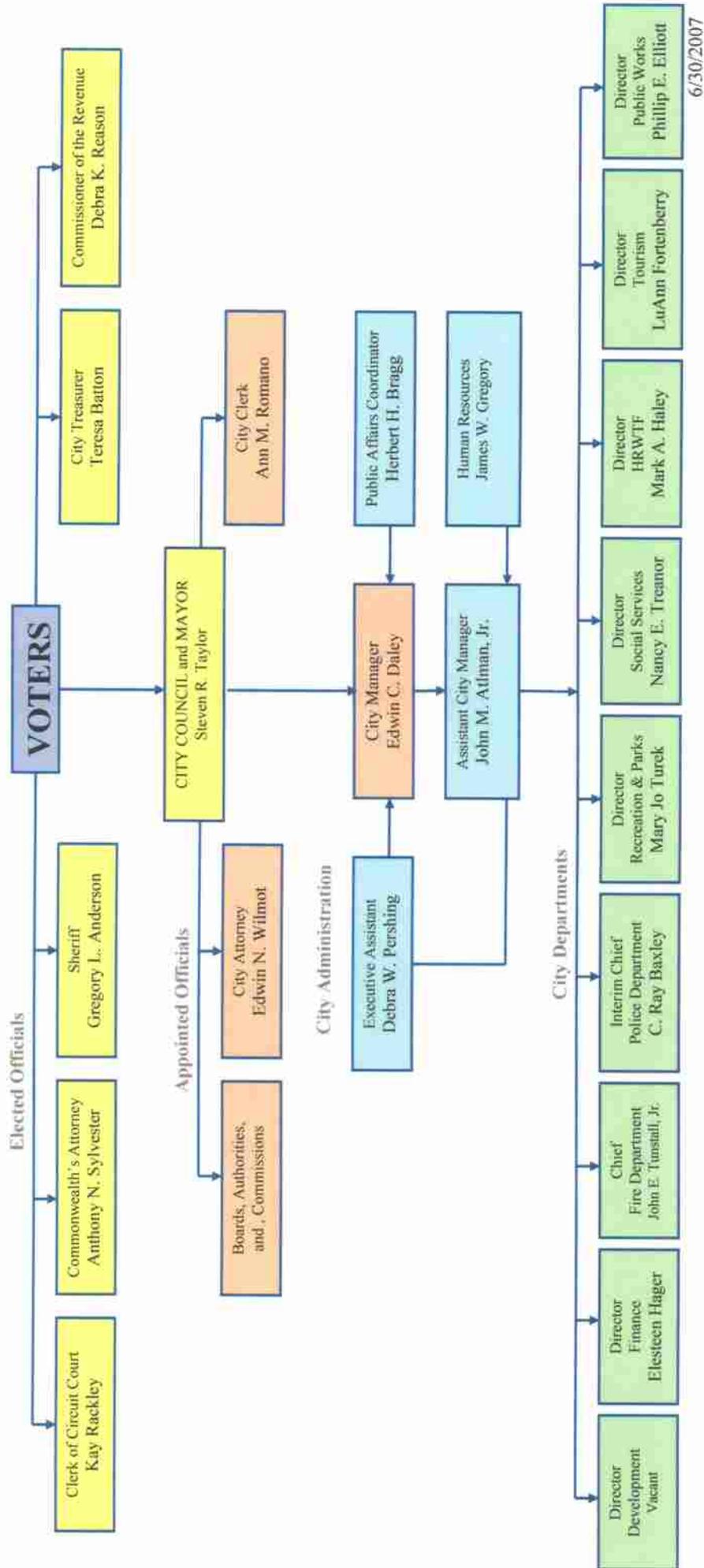
Kenneth B. Emerson

City Officials

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



Organizational Chart 2007



6/30/2007

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, 2006

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



President

Executive Director



December 26, 2007

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, 2007 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 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.

The Development Department coordinated and assisted in moving ahead with the city's Downtown Revitalization Plan by completing the construction of the new Appomattox Regional Library Headquarters Building, completing the major study on the Housing Revitalization Plan.

Major new business expansions included: Best Western Motel, Stay Over Suites Motel, approval on two new subdivisions with approximately 270 lots.

SIGNIFICANT EVENTS AND ACCOMPLISHMENTS

The list below highlights some of the City's achievements/events for 2007:

- | | |
|---|---|
| Fire Dept.- | Fire department implemented a Fire Recruit Training School; started a Carbon Monoxide (CO) alarm program that will provide a free battery operated CO alarm to citizens and with financial assistance from the John Randolph Foundation installed PharmGuard climate control units on city ambulances for medications requiring temperature controlled storage. |
| Police Dept.- | Police department received a total of \$331,712 in grant funds; started a HEAT(Hopewell Enforcement Action Team) as an aggressive plan of action to deter crime and strictly enforce laws which include canine patrols and warrant service teams; hired a crime analyst and implemented a Most Wanted flyer and weekly crime map. |
| City Treasurer/
Commissioner of
Revenue - | Interest income totaled \$2.150 million. City Treasurer and Commissioner of Revenue joined forces to become a Virginia Department of Motor Vehicles Select Office Site for providing DMV services to citizens. This action will generate revenues to the city based on a commission paid by DMV. |

Recreation Dept.- Recreation Department hosted, coordinated and sponsored numerous community events and activities to provide citizens with both recreational activities and entertainment opportunities.

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.ci.hopewell.va.us>.

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, 2007 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 \$89,346,228 in 2007. This represents an increase of \$3,411,247 or 4% from 2006. Property taxes and intergovernmental revenues accounted for over 70% of revenues in the governmental funds.

Assessed real property valuations of \$1,122 million represent an increase of \$193 million over the preceding year. This increase in assessed valuation reflects new construction and property reassessment values. Property tax collections were 88.32% of the tax levy, a decrease of 2.09% from last year. The ratio of total collections (current and delinquent) to the current tax levy was 97%, a decrease of 2.3% from last year.

Total expenditures from governmental funds, which include General, Special Revenue, and Capital Projects plus the School Board and Comprehensive Services Act Board component units, total \$96,642,179 in 2007. This represents an increase of \$6,278,228 or 6% over 2006.

Further detailed analysis of revenues and expenditures can be found in the Management Discussion and Analysis section beginning on page 3.

Fund Balances

Fund balances in the major operating funds were maintained at adequate levels. The General Fund balance did see an increase this year. The unreserved undesignated fund balance for the General Fund was \$6,960,689 on June 30, 2007. This represents an increase of \$525,085 or 5.4% from June 30, 2006. Unreserved designated balances include: \$613,635 for fire equipment replacement, \$144,946 for youth care commission, \$45,288 for tourism office and \$2,917,436 for the City's self-insurance fund.

Other Governmental Funds unreserved undesignated fund balance was \$221,901, a decrease of \$182,943 over last year.

Capital Projects Fund expenditures amounted to \$14,624,539 of which \$10,846,799 was spent on community development and infrastructure improvements and \$3,777,740 was for long-term debt service.

The Capital Projects Fund undesignated fund balance at June 30, 2007 was \$10,842,304.

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 net income of \$1,658,689 for the year ended June 30, 2007, excluding depreciation expense of \$2,801,320. The Sewer Service Fund had net income of \$1,299,982 with an unrestricted balance of \$14,856,063 as of June 30, 2007. The Solid Waste Fund had net income of \$52,405, leaving an unrestricted balance to \$2,076,417.

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 2007 fiscal year were as follows:

	<u>Amount</u>	<u>Ratio of debt to assessed value</u>	<u>Debt per capita</u>
Bonded Debt	\$ 42,204,452	3.76%	\$ 1,888

Of the G O bonded debt outstanding at June 30, 2007, \$6,210,452 was School bonds, \$7,390,000 was School literary loans, and \$28,604,000 represented City public improvement bonds. In addition to the bonded debt, general long-term obligations of the City at June 30, 2007 include \$897,604 for compensated absences and \$440,897 for landfill closure maintenance costs.

Cash Management

Cash temporarily idle during the year was invested in repurchase agreements and certificates of deposit. Interest income for the fiscal year 2007 was \$2,164,165.

Risk Management

The City joined the Virginia Municipal League Insurance pool for the FY 01-02 to obtain insurance coverage for automobile liability, general liability, law enforcement liability, property and causality coverage, professional liability and excess liability coverage. As of June 30, 2007 the City had a General Fund balance reserve of \$2,917,436 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 \$105,942,684 for its general governmental funds (General Fund, Special Revenue Funds, Component Units, and Capital Projects Funds) and Business-Type Funds for fiscal year 2007/08.

OTHER INFORMATION

Independent Audit

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

Certificate of Achievement

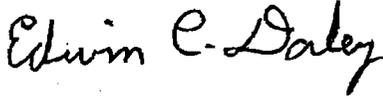
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Hopewell for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the twenty-first consecutive year the City received this award.

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

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

ACKNOWLEDGMENTS

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



Edwin C. Daley
City Manager



Elesteen Hager
Director of Finance

FINANCIAL SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2007, on our consideration of the City of Hopewell, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

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

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

Robert J. Cox Associates

Richmond, Virginia
December 26, 2007

The Honorable Members of City Council
City of Hopewell, Virginia

TO THE HONORABLE MEMBERS OF CITY COUNCIL:

This section of the City of Hopewell, Virginia's annual financial report presents our management discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2007. 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

- The City's net assets were \$54.6 million for the City's primary government. Of this total, \$23 million were for our business-type activities.
- The School Board Component unit total net assets for this year was \$18.5 million.
- In the city's business-type activities, operating and non-operating revenues equaled \$17.2 million while expenses were \$17 million.
- The total cost of all the City's programs and services was \$96.6 million.
- During this year, the City's general fund balance increased by \$525,025.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Figure A-1

Major Features of City of Hopewell Government-wide and Fund Financial Statements

	Fund Statements			
	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 its employees' 457 Deferred Compensation Plan and the Special Welfare Fund. It is responsible for these assets because of a trust arrangement; they can be used only for the trust beneficiaries. All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets and statement of changes in fiduciary net assets. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

The following table summarizes the City's Statement of Net Assets:

Table A-1

**City of Hopewell, Virginia
Summary of Net Assets
As of June 30, 2007**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Total Percentage Change 2006-2007</u>
	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	
Current and other assets	\$ 46,901,699	\$ 38,586,022	\$ 21,240,335	\$ 23,470,277	\$ 68,142,034	\$ 62,056,299	-8.93%
Capital assets	<u>31,408,074</u>	<u>40,162,170</u>	<u>16,854,665</u>	<u>14,201,382</u>	<u>48,262,739</u>	<u>54,363,552</u>	12.64%
Total assets	\$ 78,309,773	\$ 78,748,192	\$ 38,095,000	\$ 37,671,659	\$ 116,404,773	\$ 116,419,851	
Other Liabilities	\$ 3,786,136	\$ 3,285,338	\$ 1,880,819	\$ 2,233,001	\$ 5,666,955	\$ 5,518,339	-2.62%
Long-term debt outstanding	<u>47,644,584</u>	<u>43,802,438</u>	<u>12,983,286</u>	<u>12,450,961</u>	<u>60,627,870</u>	<u>56,253,399</u>	-7.22%
Total Liabilities	\$ 51,430,720	\$ 47,087,776	\$ 14,864,105	\$ 14,683,962	\$ 66,294,825	\$ 61,771,738	
Net assets-							
Invested in capital assets							
Net of related debt	\$ (5,034,392)	\$ 1,080,979	\$ 4,169,665	\$ 2,001,382	\$ (864,727)	\$ 3,082,361	-456.45%
Restricted	6,623,230	1,238,289	395,641	395,641	7,018,871	1,633,930	-76.72%
Unrestricted	<u>25,290,215</u>	<u>29,341,148</u>	<u>18,665,589</u>	<u>20,590,674</u>	<u>43,955,804</u>	<u>49,931,822</u>	13.60%
Total net assets	\$ 26,879,053	\$ 31,660,416	\$ 23,230,895	\$ 22,987,697	\$ 50,109,948	\$ 54,648,113	

Net assets increased \$4.8 million during the current fiscal year for the City's governmental activities. This increase in government net assets was affected by three particular features of the City's recent financial activity:

- Capital Expenditures
- Delinquent machinery and tools tax collections
- General Fund expenditures less than budgeted amount.

Net assets decreased 1 percent 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.

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 5.5 percent over 2006. At the same time, expenditures increased by 4.0 percent over 2006. The combined revenue and expenditures increase created additional net assets of \$805,456.

Business-type Activities

Charges for services revenues of the City's business-type activities increased 11 percent, and expenses increased .4 percent. (Refer to Table A-2). Factors contributing to these results include:

- Increased utility costs
- Higher employee wages and benefits.

Table A-2

City of Hopewell, Virginia Changes in Net Assets As of June 30, 2007

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2006	2007	2006	2007	2006	2007	2006-2007
Revenues							
Program revenues:							
Charges for services	\$ 771,174	\$ 773,609	\$ 14,567,448	\$ 16,219,446	\$ 15,338,622	\$ 16,993,055	10.79%
Federal/state grants and entitlements	11,331,922	9,801,482	160,762	-	11,492,684	9,801,482	-14.72%
General revenues:							
Property taxes	21,436,449	23,466,018	-	-	21,436,449	23,466,018	9.47%
Other taxes	7,591,154	7,627,538	-	-	7,591,154	7,627,538	0.48%
Other	<u>2,287,753</u>	<u>4,101,731</u>	<u>798,307</u>	<u>951,842</u>	<u>3,086,060</u>	<u>5,053,573</u>	63.75%
Total revenues	\$ 43,418,452	\$ 45,770,378	\$ 15,526,517	\$ 17,171,288	\$ 58,944,969	\$ 62,941,666	
Expenses							
General government	\$ 2,912,135	\$ 3,375,486	\$ -	\$ -	\$ 2,912,135	\$ 3,375,486	15.91%
Judicial	1,677,436	1,778,649	-	-	1,677,436	1,778,649	6.03%
Public safety	11,047,707	12,332,692	-	-	11,047,707	12,332,692	11.63%
Public works	2,887,052	1,772,710	-	-	2,887,052	1,772,710	-38.60%
Health & welfare	5,264,756	5,322,346	-	-	5,264,756	5,322,346	1.09%
Education	11,543,304	12,264,674	-	-	11,543,304	12,264,674	6.25%
Parks, recreation, and cultural	1,896,638	2,342,189	-	-	1,896,638	2,342,189	23.49%
Community development	1,074,519	947,666	-	-	1,074,519	947,666	-11.81%
Interest on long-term debt	2,097,330	1,810,935	-	-	2,097,330	1,810,935	-13.66%
Public utilities	-	-	<u>16,272,912</u>	<u>16,961,532</u>	<u>16,272,912</u>	<u>16,961,532</u>	4.23%
Total expenses	\$40,400,877	\$41,947,347	\$16,272,912	\$16,961,532	\$56,673,789	\$58,908,879	
Excess (deficiency) before							
Special items and transfers	<u>\$ 3,017,575</u>	<u>\$ 3,823,031</u>	<u>(746,395)</u>	<u>\$ 209,756</u>	<u>\$ 2,271,180</u>	<u>\$ 4,032,787</u>	
Increase(decrease) in net assets	\$3,017,575	\$3,823,031	(746,395)	\$209,756	\$2,271,180	\$4,032,787	

Table A-3 presents the cost of the City's larger programs—public safety, public works, education, health & welfare—as well as each program's net cost (total cost 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 cost of these governmental activities this year was \$41.9 million.

- However, the amount that our taxpayers paid for these activities was \$31.4 million. Some of the cost was 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 \$31.4 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, 2007

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2006	2007	2006-2007	2006	2007	2006-2007
Public Safety	\$ 11,047,707	\$ 12,332,692	11.63%	\$ 8,707,423	\$ 9,570,143	9.91%
Public Works	2,887,052	1,772,710	-38.60%	133,422	(1,088,837)	-916.09%
Education	11,543,304	12,264,674	6.25%	11,263,915	12,229,104	8.57%
Health & Welfare	5,264,756	5,322,346	1.09%	1,777,710	1,752,553	-1.42%
Other	9,658,058	10,254,925	6.18%	8,193,142	8,909,293	8.74%
Total	\$ 40,400,877	\$ 41,947,347		\$ 30,075,612	\$ 31,372,256	

FINANCIAL ANALYSIS OF THE CITY'S GENERAL FUND

The City finished this year with its general fund reporting an unrestricted fund balance of \$6.96 million, \$525,085 above last year. This increase resulted from two primary sources: major tax payer paying delinquent taxes and General Fund actual expenditures less than budgeted expenditures.

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 expenditure 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 expenditures were \$2.1 million below final budget amounts. The most significant positive budget variance resulted from:

- Public Works Dept. \$ 554,224
- Public Safety 695,280
- Non-departmental 404,190

Resources available for appropriation were \$398,507 above the final budgeted amount. As noted previously:

- Revenue from use of money and property were higher than estimated
- Other local tax collections were higher than estimated
- Revenues from the Commonwealth of Virginia higher than estimated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the City had invested \$54 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, over the last year.

Table A-4

City of Hopewell, Virginia Capital Assets net of Depreciation At June 30, 2007

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2006	2007	2006	2007	2006	2007	Change
Land	\$ 3,521,078	\$ 6,671,459	\$ 313,946	\$ 313,946	\$ 3,835,024	\$ 6,985,405	82.15%
Buildings & improvements	20,423,022	27,499,913	3,930,126	4,000,363	24,353,148	31,500,276	29.35%
Equipment	1,970,311	1,820,855	12,564,977	9,867,573	14,535,288	11,688,428	-19.59%
Construction in Progress	<u>6,451,989</u>	<u>4,169,943</u>	<u>45,616</u>	<u>19,500</u>	<u>6,497,605</u>	<u>4,189,443</u>	-35.52%
Total	\$32,366,400	\$40,162,170	\$16,854,665	\$14,201,382	\$49,221,065	\$54,363,552	

This year's major capital asset additions included:

- Competed construction of new library building
- Purchase of an apartment complex for redevelopment.

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

The City's fiscal year 2008 capital projects budget is \$8.1 million of which \$3.5 million is for debt service. The City plans to use bond funds, along with cash, to undertake phase I of the Downtown Redevelopment Plan which is a multiphase plan covering 5-10 years.

LONG-TERM DEBT

At year-end the City had \$42.2 million in bonds and literary loans outstanding—a decrease of 5.0 percent over last year—as shown in Table A-5. More detailed information about the City's long-term liabilities is presented in Note 8 to the financial statements.

Table A-5

City of Hopewell, Virginia Schedule of Outstanding Debt At June 30, 2007

	Governmental		Business-type		Total		Total
	Activities		Activities				Percentage
	2006	2007	2006	2007	2006	2007	Change
General obligation bonds	\$ 36,363,368	\$ 34,814,452	\$ -	\$ -	\$ 36,363,368	\$ 34,814,452	-4.26%
Literary loans	8,221,000	7,390,000	-	-	8,221,000	7,390,000	-10.11%
Revenue bonds	-	-	<u>12,685,000</u>	<u>12,200,000</u>	<u>12,685,000</u>	<u>12,200,000</u>	-3.82%
Total	\$44,584,368	\$42,204,452	\$12,685,000	\$12,200,000	\$57,269,368	\$54,404,452	

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Unemployment in the City at June 30, 2007 stood at 4.5 percent versus 5.7 percent a year ago.
- Inflation in the tri-cities metropolitan areas continues to follow the national consumer price index due in part to the residential housing market and to lower energy costs.
 - The South-urban CPI index change was 2.7 percent for June, 2007.
 - The national CPI index change was 2.7 percent for June, 2007.

These indicators and other goals were taken into account when adopting the general fund budget for 2008. Amounts available for appropriation in the general fund budget are \$40.3 million, an increase of 7.0 percent. Property taxes and public service taxes are expected to lead this increase.

Budgeted expenditures are expected to rise to \$40.3 million. The largest increments are increased wages and health insurance contributions.

If these estimates are realized, the City's general fund balance is expected to increase modestly by the close of 2008. As for the City's business-type activities, we expect the 2008 results to improve the financial position in a modest amount.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

City of Hopewell, Virginia
Statement of Net Assets
June 30, 2007

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
ASSETS					
Cash and investments	\$ 27,988,754	\$ 21,113,046	\$ 49,101,800	\$ 6,025,784	\$ -
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,394,746	-	4,394,746	-	-
Accounts receivable	348,976	901,741	1,250,717	112,584	-
Interest receivable	-	94,128	94,128	-	-
Due from other governmental units	1,526,768	-	1,526,768	1,090,133	745,346
Inventories	75,241	965,721	1,040,962	29,816	-
Prepaid expenses	427,894	-	427,894	-	-
Restricted assets:					
Temporarily restricted:					
Cash and investments (in custody of others)	3,823,643	395,641	4,219,284	-	-
Capital assets (net of accumulated depreciation):					
Land	6,671,459	313,946	6,985,405	398,728	-
Buildings and system	27,499,913	2,042,200	29,542,113	14,257,884	-
Machinery and equipment	1,820,855	9,867,573	11,688,428	1,270,072	-
Sewer main improvements	-	1,958,163	1,958,163	-	-
Construction in progress	4,169,943	19,500	4,189,443	-	-
Total assets	<u>\$ 78,748,192</u>	<u>\$ 37,671,659</u>	<u>\$ 116,419,851</u>	<u>\$ 23,185,001</u>	<u>\$ 745,346</u>
LIABILITIES					
Accounts payable	\$ 1,646,905	779,219	\$ 2,426,124	\$ 271,305	200,954
Accrued liabilities	642,324	1,159,765	1,802,089	3,709,806	2,180
Retainage payable	207,773	-	207,773	-	-
Accrued interest payable	770,439	-	770,439	-	-
Due to other governmental units	-	-	-	-	540,593
Unearned revenue	17,897	294,017	311,914	-	-
Long-term liabilities:					
Due within one year	4,124,519	633,393	4,757,912	236,927	-
Due in more than one year	39,677,919	11,817,568	51,495,487	473,855	-
Total liabilities	<u>\$ 47,087,776</u>	<u>\$ 14,683,962</u>	<u>\$ 61,771,738</u>	<u>\$ 4,691,893</u>	<u>\$ 743,727</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 1,080,979	\$ 2,001,382	\$ 3,082,361	\$ 15,926,684	\$ -
Restricted for:					
Debt service and bond covenants	-	395,641	395,641	-	-
Perpetual care:					
Expendable	1,238,289	-	1,238,289	-	-
Unrestricted (deficit)	29,341,148	20,590,674	49,931,822	2,566,424	1,619
Total net assets	<u>\$ 31,660,416</u>	<u>\$ 22,987,697</u>	<u>\$ 54,648,113</u>	<u>\$ 18,493,108</u>	<u>\$ 1,619</u>

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

City of Hopewell, Virginia
Statement of Activities
For the Year Ended June 30, 2007

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	School Board	Comprehensive Services Act Board
PRIMARY GOVERNMENT:									
Governmental activities:									
General government administration	\$ 3,375,486	\$ -	\$ 486,429	\$ -	\$ (2,889,057)	\$ -	\$ (2,889,057)	\$ -	\$ -
Judicial administration	1,778,649	82,948	453,630	-	(1,242,071)	-	(1,242,071)	-	-
Public safety	12,332,692	549,021	2,213,528	-	(9,570,143)	-	(9,570,143)	-	-
Public works	1,772,710	-	2,861,547	-	1,088,837	-	1,088,837	-	-
Health and welfare	5,322,346	-	3,569,793	-	(1,752,553)	-	(1,752,553)	-	-
Education	12,264,674	-	35,570	-	(12,229,104)	-	(12,229,104)	-	-
Parks, recreation, and cultural	2,342,189	141,640	4,150	-	(2,196,399)	-	(2,196,399)	-	-
Community development	947,666	-	176,835	-	(770,831)	-	(770,831)	-	-
Interest on long-term debt	1,810,935	-	-	-	(1,810,935)	-	(1,810,935)	-	-
Total governmental activities	\$ 41,947,347	\$ 773,609	\$ 9,801,482	\$ -	\$ (31,372,256)	\$ -	\$ (31,372,256)	\$ -	\$ -
Business-type activities:									
Public utilities	\$ 16,961,532	\$ 16,219,446	\$ -	\$ -	\$ -	\$ (742,086)	\$ (742,086)	\$ -	\$ -
Total business-type activities	\$ 16,961,532	\$ 16,219,446	\$ -	\$ -	\$ -	\$ (742,086)	\$ (742,086)	\$ -	\$ -
Total primary government	\$ 58,908,879	\$ 16,993,055	\$ 9,801,482	\$ -	\$ (31,372,256)	\$ (742,086)	\$ (32,114,342)	\$ -	\$ -
COMPONENT UNITS:									
School Board	\$ 39,660,527	\$ 894,610	\$ 29,515,685	\$ -	\$ -	\$ -	\$ (9,250,232)	\$ -	\$ -
Comprehensive Services Act Board	2,532,549	-	2,419,715	-	-	-	-	-	(112,834)
Total component units	\$ 42,193,076	\$ 894,610	\$ 31,935,400	\$ -	\$ -	\$ -	\$ (9,250,232)	\$ -	\$ (112,834)
General revenues:									
General property taxes					\$ 23,466,018	\$ -	\$ 23,466,018	\$ -	\$ -
Local sales tax					1,992,012	-	1,992,012	-	-
Business license tax					1,537,086	-	1,537,086	-	-
Consumer's utility tax					914,129	-	914,129	-	-
Restaurant food taxes					1,240,794	-	1,240,794	-	-
Other local taxes					1,943,517	-	1,943,517	-	-
Unrestricted revenues from use of money and property					2,033,562	951,842	2,985,404	76,676	112,164
Miscellaneous					266,383	-	266,383	82,003	-
Grants and contributions not restricted to specific programs					1,801,786	-	1,801,786	-	-
Payment from the City of Hopewell					-	-	-	10,850,864	-
Total general revenues					\$ 35,195,287	\$ 951,842	\$ 36,147,129	\$ 11,009,543	\$ 112,164
Change in net assets					\$ 3,823,031	\$ 209,756	\$ 4,032,787	\$ 1,759,311	\$ (670)
Net assets - beginning - as adjusted					27,837,385	22,777,941	50,615,326	16,733,797	2,289
Net assets - ending					\$ 31,660,416	\$ 22,987,697	\$ 54,648,113	\$ 18,493,108	\$ 1,619

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

FUND FINANCIAL STATEMENTS

City of Hopewell, Virginia
Balance Sheet
Governmental Funds
June 30, 2007

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 12,095,066	\$ -	\$ 15,467,156	\$ 426,532	\$ 27,988,754
Receivables (net of allowance for uncollectibles):					
Taxes receivable	4,394,746	-	-	-	4,394,746
Accounts receivable	160,581	14,389	173,389	617	348,976
Due from other funds	296,345	-	-	-	296,345
Due from other governmental units	1,189,443	272,151	-	65,174	1,526,768
Inventories	75,241	-	-	-	75,241
Prepaid items	427,894	-	-	-	427,894
Restricted assets:					
Temporarily restricted:					
Cash and investments	-	-	3,823,643	-	3,823,643
Total assets	<u>\$ 18,639,316</u>	<u>\$ 286,540</u>	<u>\$ 19,464,188</u>	<u>\$ 492,323</u>	<u>\$ 38,882,367</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,202,096	\$ 2,515	\$ 403,591	\$ 38,703	\$ 1,646,905
Accrued liabilities	469,455	50,801	-	122,068	642,324
Retainage payable	-	-	207,773	-	207,773
Due to other funds	-	233,224	-	63,121	296,345
Deferred revenue	4,140,504	-	3,874	-	4,144,378
Total liabilities	<u>\$ 5,812,055</u>	<u>\$ 286,540</u>	<u>\$ 615,238</u>	<u>\$ 223,892</u>	<u>\$ 6,937,725</u>
Fund balances:					
Reserved for:					
Inventories	\$ 75,241	\$ -	\$ -	\$ -	\$ 75,241
Prepaid items	427,894	-	-	-	427,894
Encumbrances	404,553	-	3,506,646	46,530	3,957,729
E-911	-	-	-	-	-
Self insurance	-	-	-	-	-
Youth Care Commission	-	-	-	-	-
Perpetual care	1,238,289	-	-	-	1,238,289
Unreserved:					
Designated:					
Bond coverage reserve	-	-	4,500,000	-	4,500,000
Tourism office	45,288	-	-	-	45,288
ACIS system	-	-	-	-	-
Self insurance	2,917,436	-	-	-	2,917,436
Youth Care Commission	144,946	-	-	-	144,946
Fire department equipment	613,635	-	-	-	613,635
Reported in:					
General fund	6,959,979	-	-	-	6,959,979
Special revenue funds	-	-	-	221,901	221,901
Debt service funds	-	-	-	-	-
Capital projects funds	-	-	10,842,304	-	10,842,304
Permanent fund	-	-	-	-	-
Unrestricted (deficit)	-	-	-	-	-
Total fund balances	<u>\$ 12,827,261</u>	<u>\$ -</u>	<u>\$ 18,848,950</u>	<u>\$ 268,431</u>	<u>\$ 31,944,642</u>
Total liabilities and fund balances	<u>\$ 18,639,316</u>	<u>\$ 286,540</u>	<u>\$ 19,464,188</u>	<u>\$ 492,323</u>	<u>\$ 38,882,367</u>

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

City of Hopewell, Virginia
Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Assets
June 30, 2007

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$ 31,944,642
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	40,162,170
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	4,126,481
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	(42,463,937)
Landfill closure liability	(440,897)
Accrued interest payable	(770,439)
Compensated absences	(897,604)
	<u>(44,572,877)</u>
Net assets of governmental activities	<u>\$ 31,660,416</u>

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

City of Hopewell, Virginia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2007

	<u>General</u>	<u>Virginia Public Assistance</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total</u>
REVENUES					
General property taxes	\$ 22,262,298	\$ -	\$ -	\$ -	\$ 22,262,298
Other local taxes	5,867,044	-	1,760,494	-	7,627,538
Permits, privilege fees, and regulatory licenses	204,618	-	-	-	204,618
Fines and forfeitures	69,921	-	-	-	69,921
Revenue from the use of money and property	632,440	-	1,274,020	127,102	2,033,562
Charges for services	357,430	-	-	141,640	499,070
Miscellaneous	53,233	-	125,003	93,000	271,236
Recovered costs	824,000	-	-	-	824,000
Intergovernmental revenues:					
Commonwealth	7,731,957	1,112,100	-	5,307	8,849,364
Federal	208,303	2,374,073	-	171,528	2,753,904
Total revenues	<u>\$ 38,211,244</u>	<u>\$ 3,486,173</u>	<u>\$ 3,159,517</u>	<u>\$ 538,577</u>	<u>\$ 45,395,511</u>
EXPENDITURES					
Current:					
General government administration	\$ 3,207,029	\$ -	\$ -	\$ -	\$ 3,207,029
Judicial administration	1,500,445	-	-	-	1,500,445
Public safety	11,715,197	-	-	-	11,715,197
Public works	3,680,647	-	-	1,873	3,682,520
Health and welfare	1,203,781	3,994,948	-	-	5,198,729
Education	8,408,431	-	1,391,699	-	9,800,130
Parks, recreation, and cultural	524,748	-	-	1,731,029	2,255,777
Community development	807,016	-	-	171,528	978,544
Nondepartmental	903,500	-	-	-	903,500
Capital projects	-	-	10,846,799	-	10,846,799
Debt service:					
Principal retirement	1,441,916	-	938,000	-	2,379,916
Interest and other fiscal charges	532,476	-	1,448,041	-	1,980,517
Total expenditures	<u>\$ 33,925,186</u>	<u>\$ 3,994,948</u>	<u>\$ 14,624,539</u>	<u>\$ 1,904,430</u>	<u>\$ 54,449,103</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,286,058</u>	<u>\$ (508,775)</u>	<u>\$ (11,465,022)</u>	<u>\$ (1,365,853)</u>	<u>\$ (9,053,592)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 304,481	\$ 508,775	\$ 2,362,378	\$ 1,194,301	\$ 4,369,935
Transfers out	(4,065,454)	-	(304,481)	-	(4,369,935)
Total other financing sources (uses)	<u>\$ (3,760,973)</u>	<u>\$ 508,775</u>	<u>\$ 2,057,897</u>	<u>\$ 1,194,301</u>	<u>\$ -</u>
Net change in fund balances	\$ 525,085	\$ -	\$ (9,407,125)	\$ (171,552)	\$ (9,053,592)
Fund balances - beginning	12,302,176	-	28,256,075	439,983	40,998,234
Fund balances - ending	<u>\$ 12,827,261</u>	<u>\$ -</u>	<u>\$ 18,848,950</u>	<u>\$ 268,431</u>	<u>\$ 31,944,642</u>

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

City of Hopewell, Virginia
Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2007

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

Net change in fund balances - total governmental funds		\$ (9,053,592)
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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 the capital outlays exceeded depreciation in the current period.

Capital outlay	9,031,682	
Depreciation expense	<u>(1,235,912)</u>	7,795,770

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		1,198,867
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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.

Amortization of bond premium	129,742	
Principal payments on debt	2,379,916	
Decrease in landfill closure liability	<u>1,248,658</u>	3,758,316

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.		123,670
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Change in net assets of governmental activities		<u><u>\$ 3,823,031</u></u>
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The notes to the financial statements are an integral part of this statement.

City of Hopewell, Virginia
Statement of Net Assets
Proprietary Funds
June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Hopewell			Totals
	Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	
ASSETS				
Current assets:				
Cash and investments	\$ 4,781,910	\$ 14,430,258	\$ 1,900,878	\$ 21,113,046
Interest receivable	4,975	86,234	2,919	94,128
Accounts receivables, net of allowances for uncollectibles	111,825	599,574	190,342	901,741
Inventories	965,721	-	-	965,721
Total current assets	<u>\$ 5,864,431</u>	<u>\$ 15,116,066</u>	<u>\$ 2,094,139</u>	<u>23,074,636</u>
Current assets:				
Restricted current assets:				
Cash and investments	\$ 395,641	\$ -	\$ -	\$ 395,641
Total restricted current assets	<u>\$ 395,641</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,641</u>
Capital assets:				
Utility plant in service	\$ 9,107,100	\$ 501,878	\$ -	\$ 9,608,978
Land	216,026	97,920	-	313,946
Machinery and equipment	52,434,773	779,421	-	53,214,194
Sewer main improvements	-	5,011,534	-	5,011,534
Construction in progress	19,500	-	-	19,500
Less accumulated depreciation	(49,949,172)	(4,017,598)	-	(53,966,770)
Total capital assets	<u>\$ 11,828,227</u>	<u>\$ 2,373,155</u>	<u>\$ -</u>	<u>\$ 14,201,382</u>
Total noncurrent assets	<u>\$ 12,223,868</u>	<u>\$ 2,373,155</u>	<u>\$ -</u>	<u>\$ 14,597,023</u>
Total assets	<u>\$ 18,088,299</u>	<u>\$ 17,489,221</u>	<u>\$ 2,094,139</u>	<u>37,671,659</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 553,386	\$ 215,888	\$ 9,945	\$ 779,219
Accrued liabilities	1,140,165	11,823	7,777	1,159,765
Compensated absences	146,253	22,140	-	168,393
Deferred revenue	294,017	-	-	294,017
Bonds payable - current portion	465,000	-	-	465,000
Total current liabilities	<u>\$ 2,598,821</u>	<u>\$ 249,851</u>	<u>\$ 17,722</u>	<u>\$ 2,866,394</u>
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 11,735,000	\$ -	\$ -	\$ 11,735,000
Compensated absences	72,416	10,152	-	82,568
Total noncurrent liabilities	<u>\$ 11,807,416</u>	<u>\$ 10,152</u>	<u>\$ -</u>	<u>\$ 11,817,568</u>
Total liabilities	<u>\$ 14,406,237</u>	<u>\$ 260,003</u>	<u>\$ 17,722</u>	<u>\$ 14,683,962</u>
NET ASSETS				
Invested in capital assets, net of related debt	\$ (371,773)	\$ 2,373,155	\$ -	\$ 2,001,382
Restricted for debt service and bond covenants	395,641	-	-	395,641
Unrestricted	3,658,194	14,856,063	2,076,417	20,590,674
Total net assets	<u>\$ 3,682,062</u>	<u>\$ 17,229,218</u>	<u>\$ 2,076,417</u>	<u>\$ 22,987,697</u>

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

City of Hopewell, Virginia
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Hopewell			Total
	Regional Wastewater Treatment Facilities Fund	Sewer Service Fund	Solid Waste Fund	
OPERATING REVENUES				
Charges for services:				
Wastewater treatment revenues	\$ 10,334,171	\$ -	\$ -	\$ 10,334,171
Sewer revenues	-	4,260,700	-	4,260,700
Refuse collection	-	-	1,624,575	1,624,575
Total operating revenues	<u>\$ 10,334,171</u>	<u>\$ 4,260,700</u>	<u>\$ 1,624,575</u>	<u>\$ 16,219,446</u>
OPERATING EXPENSES				
Personal services	\$ 2,580,583	\$ 263,683	\$ 59,238	\$ 2,903,504
Fringe benefits	845,297	102,251	29,184	976,732
Contractual services	780,843	1,280,616	961,768	3,023,227
Administrative services	86,454	433,437	488,540	1,008,431
Materials and supplies	248,270	54,029	1,329	303,628
Repairs and maintenance	1,012,990	1,227,066	49,477	2,289,533
Utilities	76,719	70,070	8,942	155,731
Fuel	1,841,074	12,925	3,188	1,857,187
Insurance	54,308	9,396	2,913	66,617
Chemicals	730,572	2,758	-	733,330
Miscellaneous	17,626	196	60,474	78,296
Depreciation	2,801,320	157,302	-	2,958,622
Total operating expenses	<u>\$ 11,076,056</u>	<u>\$ 3,613,729</u>	<u>\$ 1,665,053</u>	<u>\$ 16,354,838</u>
Operating income (loss)	<u>\$ (741,885)</u>	<u>\$ 646,971</u>	<u>\$ (40,478)</u>	<u>\$ (135,392)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	\$ 205,948	\$ 653,011	\$ 92,883	\$ 951,842
Interest expense	(606,694)	-	-	(606,694)
Total nonoperating revenues (expenses)	<u>\$ (400,746)</u>	<u>\$ 653,011</u>	<u>\$ 92,883</u>	<u>\$ 345,148</u>
Income before contributions and transfers	<u>\$ (1,142,631)</u>	<u>\$ 1,299,982</u>	<u>\$ 52,405</u>	<u>\$ 209,756</u>
Total net assets - beginning - as restated	4,824,693	15,929,236	2,024,012	22,777,941
Total net assets - ending	<u>\$ 3,682,062</u>	<u>\$ 17,229,218</u>	<u>\$ 2,076,417</u>	<u>\$ 22,987,697</u>

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

City of Hopewell, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds			
	Hopewell Regional Wastewater Treatment Facilities Fund	Sewer Service	Solid Waste	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 10,509,032	\$ 4,251,007	\$ 1,601,545	\$ 16,361,584
Payments to suppliers	(5,506,490)	(2,951,995)	(1,671,100)	(10,129,585)
Payments to employees	(2,601,350)	(258,046)	(63,099)	(2,922,495)
Net cash provided (used) by operating activities	<u>\$ 2,401,192</u>	<u>\$ 1,040,966</u>	<u>\$ (132,654)</u>	<u>\$ 3,309,504</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Additions to utility plant	\$ (673,202)	\$ (85,091)	\$ -	\$ (758,293)
Principal payments on bonds	(485,000)	-	-	(485,000)
Principal payments on lease obligations	(28,334)	-	-	(28,334)
Interest payments	(606,694)	-	-	(606,694)
Net cash provided (used) by capital and related financing activities	<u>\$ (1,793,230)</u>	<u>\$ (85,091)</u>	<u>\$ -</u>	<u>\$ (1,878,321)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	\$ 205,240	\$ 635,425	\$ 93,318	\$ 933,983
Net cash provided (used) by investing activities	<u>\$ 205,240</u>	<u>\$ 635,425</u>	<u>\$ 93,318</u>	<u>\$ 933,983</u>
Net increase (decrease) in cash and cash equivalents	\$ 813,202	\$ 1,591,300	\$ (39,336)	\$ 2,365,166
Cash and cash equivalents - beginning - including restricted	\$ 4,364,349	\$ 12,838,958	\$ 1,940,214	\$ 19,143,521
Cash and cash equivalents - ending - including restricted	<u>\$ 5,177,551</u>	<u>\$ 14,430,258</u>	<u>\$ 1,900,878</u>	<u>\$ 21,508,687</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (741,885)	\$ 646,971	\$ (40,478)	\$ (135,392)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	\$ 2,801,320	\$ 157,302	\$ -	\$ 2,958,622
(Increase) decrease in accounts receivable	44,491	(9,693)	(23,030)	11,768
(Increase) decrease in inventories	67,150	-	-	67,150
(Increase) decrease in prepaid expenses	-	74,165	-	74,165
Increase (decrease) in accounts payable and accrued liabilities	99,746	172,221	(69,146)	202,821
Increase (decrease) in deferred revenue	130,370	-	-	130,370
Total adjustments	<u>\$ 3,143,077</u>	<u>\$ 393,995</u>	<u>\$ (92,176)</u>	<u>\$ 3,444,896</u>
Net cash provided (used) by operating activities	<u>\$ 2,401,192</u>	<u>\$ 1,040,966</u>	<u>\$ (132,654)</u>	<u>\$ 3,309,504</u>

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

**City of Hopewell, Virginia
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 30,657
Total assets	\$ 30,657
 LIABILITIES	
Amounts held for social services clients	\$ 30,657
Total liabilities	\$ 30,657

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007

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

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

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

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

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

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

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

A. Financial Reporting Entity

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

B. Individual Component Unit Disclosures

Blended Component Unit. The City has no blended component units to be included for the fiscal year ended June 30, 2007.

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, 2007.

The Comprehensive Services Act Board is responsible for providing family and youth services to the citizens of the City in accordance with the State Comprehensive Services Act. The Board consists of members appointed by the City Council. The Board is fiscally dependent on the City, and therefore, it is included in the City's financial statements as a discrete presentation for the year ended June 30, 2007. The Comprehensive Services Act Board does not issue a separate financial report.

C. Other Related Organizations

Included in the City's Financial Report

None

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

The City is a participant with the City of Hopewell 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 \$501,148 to the Library for fiscal 2007. 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 the eight other localities in the District 19 Community Services Board. The City also participates with five other localities in Virginia's Gateway Regional, a regional economic development organization. The City provided funding of \$96,458 and \$29,620, respectively, during fiscal 2007 to these entities. The City also participates with six other localities in the Crater Youth Care Commission.

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

C. Other Related Organizations (continued)

Related Organizations - The City is also responsible for appointing members of the boards of two organizations, but the City's accountability for these organizations do not extend beyond making these appointments. Related organizations during the year ended June 30, 2007 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 provided have been met. Fiduciary funds financial statements are reported on the accrual basis of accounting to recognize receivables and payables, but do not have a measurement focus.

The government-wide statement of activities reflect 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.

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

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

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

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

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

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

1. Governmental Funds

Governmental Funds are those through which most governmental functions typically are financed. The City reports the General Fund as a major governmental 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.

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

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

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

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

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

Special Revenue Fund: Special Revenue Funds account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following major funds: Virginia Public Assistance and the following 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.

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.

Investments for the government, as well as for its component units, are reported at fair value.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

F. Investments

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

G. Receivables and payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The City calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$847,201 at June 30, 2007 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)	December 5
Lien Date	January 1	January 1

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

H. Capital Assets

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

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

H. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Interest attributable to capitalized assets as of June 30, 2007 was immaterial.

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

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

I. Compensated Absences

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

J. Retirement Plan

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

K. Use of Estimates

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

L. Fund Equity

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

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

M. Net Assets

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

N. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligation 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 is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Prepaid Items

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

P. Inventory

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

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 of 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.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

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

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, 2007.
6. Appropriation control is maintained at the function level within individual funds. Appropriations lapse at year end. Encumbrances and reserved fund balances outstanding at year end are re-appropriated in the succeeding year. Several supplemental appropriations were necessary during the fiscal year.
7. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

Expenditures and Appropriations

Expenditures did not exceed appropriations in any fund at June 30, 2007.

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 (a multiple financial institution collateral pool), Section 2.2-4400 et. seq. of the Code of Virginia or covered by federal depository insurance. Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50% of excess deposits to a collateral pool in the name of the State Treasury Board. Savings and Loan institutions are required to collateralize 100% of deposits in excess of FDIC limits. Deposits covered by the Act are considered insured since the Treasury Board is authorized to make additional assessments.

Investments

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 3—Deposits and Investments: (Continued)

Credit Risk of Debt Securities

The City's rated debt investments as of June 30, 2007 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.

Locality's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings						
	AAA	AAAm	AA	AA+	AA-	A-1+	Unrated
Local Government Investment Pool	\$ -	\$ 19,549,153	\$ -	\$ -	\$ -	\$ -	\$ -
Virginia State Non-Arbitrage Pool	-	3,823,644	-	-	-	-	-
Municipal/Public Bonds	4,742,780	-	-	-	-	-	-
Corporate Debt	503,035	-	446,486	100,063	591,293	-	-
Money Market Mutual Fund	-	9,108,056	-	-	-	-	-
Repurchase Agreements - Underlying:							
U.S. Agency Securities	499,456	-	-	-	-	-	11,840,774
Commercial Paper	-	-	-	-	-	6,874,879	-
Total	\$ 5,745,271	\$ 32,480,853	\$ 446,486	\$ 100,063	\$ 591,293	\$ 6,874,879	\$ 11,840,774

Interest Rate Risk

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

Investment Maturities (in years)

Investment Type	Fair Value	Less Than			Greater Than 10 Years
		1 Year	1-5 Years	6-10 Years	
Municipal/Public Bonds	\$ 5,330,663	\$ 2,168,646	\$ 3,162,016	\$ -	1
Corporate Debt	1,640,877	1,342,898	297,978	-	-
Money Market Mutual Funds	9,108,056	9,108,056	-	-	-
Repurchase Agreements - Underlying:					
U.S. Agency Securities	12,340,230	12,340,230	-	-	-
Commercial paper	6,874,879	6,874,879	-	-	-
Total	\$ 35,294,705	\$ 31,834,709	\$ 3,459,994	\$ -	1

External Investment Pools

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 4—Due from Other Governments:

At June 30, 2007, the City had receivables from other governments as follows:

	<u>Primary Government</u>	<u>Component Unit School Board</u>	<u>Component Unit Comprehensive Services Act Board</u>
Other Local Governments:			
City of Hopewell Comprehensive Services Act Board	\$ 540,593	\$ -	\$ -
Commonwealth of Virginia:			
Local sales tax	330,328	-	-
Communications tax	146,577	-	-
VPA funds	90,245	-	-
State Sales Tax	-	542,846	-
Constitutional officer reimbursements	94,901	-	-
Miscellaneous grants	77,044	-	-
Comprehensive service	-	-	745,346
Federal Government:			
School fund grants	-	547,287	-
Community Development Block Grant	65,174	-	-
VPA funds	181,906	-	-
	<u>181,906</u>	<u>-</u>	<u>-</u>
Total due from other governments	<u>\$ 1,526,768</u>	<u>\$ 1,090,133</u>	<u>\$ 745,346</u>

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 5—Interfund Obligations:

Details of the Primary Government's interfund receivables and payables as of June 30, 2007 are as follows:

Fund	Interfund Receivable	Interfund Payable
General	\$ 296,345	\$ -
Community Development Block Grant	-	63,121
Virginia Public Assistance	-	233,224
	<u>\$ 296,345</u>	<u>\$ 296,345</u>

Details of the Component Unit School Board's interfund receivables and payables as of June 30, 2007 are as follows:

Fund	Interfund Receivable	Interfund Payable
Building and Bus Replacement	\$ 660,816	\$ -
School Operating	-	660,816
	<u>\$ 660,816</u>	<u>\$ 660,816</u>

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 6—Capital Assets:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2007:

Primary Government:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,521,078	\$ 3,150,381	\$ -	\$ 6,671,459
Construction in progress (includes infrastructure)	<u>6,451,989</u>	<u>3,126,140</u>	<u>5,408,186</u>	<u>4,169,943</u>
Total capital assets not subject to depreciation	<u>\$ 9,973,067</u>	<u>\$ 6,276,521</u>	<u>\$ 5,408,186</u>	<u>\$ 10,841,402</u>
Capital assets subject to depreciation:				
Buildings	\$ 15,512,896	\$ 8,886,938	\$ 95,800	\$ 24,304,034
Equipment	6,246,252	336,324	16,750	6,565,826
Jointly owned assets	<u>19,582,224</u>	<u>-</u>	<u>1,420,352</u>	<u>18,161,872</u>
Total capital assets being depreciated	<u>\$ 41,341,372</u>	<u>\$ 9,223,262</u>	<u>\$ 1,532,902</u>	<u>\$ 49,031,732</u>
Less accumulated depreciation for:				
Buildings	\$ (10,132,241)	\$ (368,131)	\$ (95,800)	\$ (10,404,572)
Equipment	(4,275,941)	(485,780)	(16,750)	(4,744,971)
Jointly owned assets	<u>(4,539,857)</u>	<u>(382,001)</u>	<u>(360,437)</u>	<u>(4,561,421)</u>
Total accumulated depreciation	<u>\$ (18,948,039)</u>	<u>\$ (1,235,912)</u>	<u>\$ (472,987)</u>	<u>\$ (19,710,964)</u>
Total capital assets being depreciated, net	<u>\$ 22,393,333</u>	<u>\$ 7,987,350</u>	<u>\$ 1,059,915</u>	<u>\$ 29,320,768</u>
Governmental capital assets, net	<u>\$ 32,366,400</u>	<u>\$ 14,263,871</u>	<u>\$ 6,468,101</u>	<u>\$ 40,162,170</u>

Component Unit - School Board:

	Balance July 1, 2006	Increases	Decreases	Balance June 30, 2007
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 398,728	\$ -	\$ -	\$ 398,728
Capital assets subject to depreciation:				
Equipment	\$ 2,741,797	\$ 291,228	\$ 9,000	\$ 3,024,025
Jointly owned assets	<u>17,591,400</u>	<u>1,448,396</u>	<u>-</u>	<u>19,039,796</u>
Total capital assets being depreciated	<u>\$ 20,333,197</u>	<u>\$ 1,739,624</u>	<u>\$ 9,000</u>	<u>\$ 22,063,821</u>
Less accumulated depreciation for:				
Equipment	\$ (1,500,844)	\$ (262,109)	\$ (9,000)	\$ (1,753,953)
Jointly owned assets	<u>(4,078,311)</u>	<u>(703,601)</u>	<u>-</u>	<u>(4,781,912)</u>
Total accumulated depreciation	<u>\$ (5,579,155)</u>	<u>\$ (965,710)</u>	<u>\$ (9,000)</u>	<u>\$ (6,535,865)</u>
Total capital assets being depreciated, net	<u>\$ 14,754,042</u>	<u>\$ 773,914</u>	<u>\$ -</u>	<u>\$ 15,527,956</u>
Governmental capital assets, net	<u>\$ 15,152,770</u>	<u>\$ 773,914</u>	<u>\$ -</u>	<u>\$ 15,926,684</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 6—Capital Assets: (Continued)

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

Governmental activities:

General government	\$	86,530
Judicial administration		242,844
Public safety		371,635
Public works		99,499
Health and welfare		19,466
Education		382,001
Parks, recreation and cultural		<u>33,937</u>
Total Governmental activities	\$	<u><u>1,235,912</u></u>

Enterprise activities:

Hopewell Regional Wastewater Treatment Facilities	\$	2,801,320
Sewer		<u>157,302</u>
Total Enterprise activities	\$	<u><u>2,958,622</u></u>
Component Unit School Board	\$	<u><u>605,273</u></u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the City of Hopewell, Virginia for the year ended June 30, 2007, is that school financed assets in the amount of \$13,600,451 are reported in the Primary Government for financial reporting purposes

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 6—Capital Assets: (Continued)

A summary of changes in proprietary fund property, plant, and equipment for the year ended June 30, 2007 follows:

Primary Government:

	<u>Balance June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2007</u>
Enterprise activities:				
Sewer Service Fund:				
Capital assets not subject to depreciation:				
Land	\$ 97,920	\$ -	\$ -	\$ 97,920
Capital assets subject to depreciation:				
Plant in service	\$ 501,878	\$ -	\$ -	\$ 501,878
Machinery and equipment	694,330	85,091	-	779,421
Sewer main improvements	5,011,534	-	-	5,011,534
Total capital assets being depreciated	<u>\$ 6,207,742</u>	<u>\$ 85,091</u>	<u>\$ -</u>	<u>\$ 6,292,833</u>
Less accumulated depreciation for:				
Plant in service	\$ (445,182)	\$ (8,067)	\$ -	\$ (453,249)
Machinery and equipment	(478,096)	(32,882)	-	(510,978)
Sewer main improvements	<u>(2,937,018)</u>	<u>(116,353)</u>	<u>-</u>	<u>(3,053,371)</u>
Total accumulated depreciation	<u>\$ (3,860,296)</u>	<u>\$ (157,302)</u>	<u>\$ -</u>	<u>\$ (4,017,598)</u>
Total capital assets being depreciated, net	<u>\$ 2,347,446</u>	<u>\$ (72,211)</u>	<u>\$ -</u>	<u>\$ 2,275,235</u>
Enterprise capital assets, net	<u>\$ 2,445,366</u>	<u>\$ (72,211)</u>	<u>\$ -</u>	<u>\$ 2,373,155</u>
Hopewell Regional Wastewater Treatment Facilities Fund:				
Capital assets not subject to depreciation:				
Land	\$ 216,026	\$ -	\$ -	\$ 216,026
Construction in progress	45,616	19,500	45,616	19,500
Total capital assets not subject to depreciation	<u>\$ 261,642</u>	<u>\$ 19,500</u>	<u>\$ 45,616</u>	<u>\$ 235,526</u>
Capital assets subject to depreciation:				
Plant in service	\$ 8,611,799	\$ 495,301	\$ -	\$ 9,107,100
Machinery and equipment	52,274,005	204,017	43,249	52,434,773
Total capital assets being depreciated	<u>\$ 60,885,804</u>	<u>\$ 699,318</u>	<u>\$ 43,249</u>	<u>\$ 61,541,873</u>
Less accumulated depreciation for:				
Plant in service	\$ (6,812,885)	\$ (300,644)	\$ -	\$ (7,113,529)
Machinery and equipment	<u>(40,378,216)</u>	<u>(2,500,676)</u>	<u>(43,249)</u>	<u>(42,835,643)</u>
Total accumulated depreciation	<u>\$ (47,191,101)</u>	<u>\$ (2,801,320)</u>	<u>\$ (43,249)</u>	<u>\$ (49,949,172)</u>
Total capital assets being depreciated, net	<u>\$ 13,694,703</u>	<u>\$ (2,102,002)</u>	<u>\$ -</u>	<u>\$ 11,592,701</u>
Enterprise capital assets, net	<u>\$ 13,956,345</u>	<u>\$ (2,082,502)</u>	<u>\$ 45,616</u>	<u>\$ 11,828,227</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 7— Interfund Transfers:

Interfund transfers for the year ended June 30, 2007 consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
General Fund	\$ 304,481	\$ 4,065,454
Capital Projects	2,362,378	304,481
Virginia Public Assistance	508,775	-
Recreation	1,194,301	-
Total	\$ <u>4,369,935</u>	\$ <u>4,369,935</u>

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

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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations:

A summary of changes in long-term obligations and related interest are as follows:

	Amounts Payable at July 1, 2006	Increases	Decreases	Amounts Payable at June 30, 2007	Amounts Due Within One Year
Governmental Obligations:					
Incurred by City					
Claims, judgments and compensated absences payable	\$ 981,434	\$ 243,315	\$ 327,145	\$ 897,604	\$ 299,201
General obligation bonds	29,542,000	-	938,000	28,604,000	2,270,000
Add deferred amounts:					
For issuance premium	389,227	-	129,742	259,485	-
Landfill closure liability	1,689,555	-	1,248,658	440,897	97,977
Total incurred by City	<u>\$ 32,602,216</u>	<u>\$ 243,315</u>	<u>\$ 2,643,545</u>	<u>\$ 30,201,986</u>	<u>\$ 2,667,178</u>
Incurred by School Board:					
State Literary Fund Loans payable	\$ 8,221,000	-	\$ 831,000	\$ 7,390,000	\$ 626,341
General obligation bonds payable	6,821,368	-	610,916	6,210,452	831,000
Total incurred by School Board	<u>\$ 15,042,368</u>	<u>\$ -</u>	<u>\$ 1,441,916</u>	<u>\$ 13,600,452</u>	<u>\$ 1,457,341</u>
Total Governmental Obligations	<u>\$ 47,644,584</u>	<u>\$ 243,315</u>	<u>\$ 4,085,461</u>	<u>\$ 43,802,438</u>	<u>\$ 4,124,519</u>
Enterprise Obligations:					
Claims, judgments and compensated absences payable	\$ 269,952	\$ 159,930	\$ 178,921	\$ 250,961	\$ 168,393
Capital lease payable	28,334	-	28,334	-	-
Revenue bonds payable	12,685,000	-	485,000	12,200,000	465,000
Total Enterprise Obligations	<u>\$ 12,983,286</u>	<u>\$ 159,930</u>	<u>\$ 692,255</u>	<u>\$ 12,450,961</u>	<u>\$ 633,393</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	City Obligations	
	General Obligation Bonds Payable	
	Principal	Interest
2008	\$ 2,270,000	\$ 1,353,837
2009	1,065,000	1,294,896
2010	21,079,000	740,121
2011	693,000	192,217
2012	713,000	159,196
2013	584,000	115,163
2014	610,000	99,006
2015	641,000	68,432
2016	673,000	36,315
2017	276,000	13,363
Total	\$ <u>28,604,000</u>	\$ <u>4,072,546</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Year Ending June 30	School Obligations			
	State Literary Fund Loans		General Obligation Bonds Payable	
	Principal	Interest	Principal	Interest
2008	\$ 831,000	\$ 158,288	\$ 626,341	\$ 311,787
2009	737,700	138,100	631,895	274,693
2010	727,700	120,711	463,472	239,956
2011	649,200	103,622	470,575	214,480
2012	474,200	88,888	488,407	188,276
2013	474,200	79,404	461,906	162,517
2014	474,200	69,920	284,890	142,519
2015	474,200	60,436	292,278	127,902
2016	474,200	50,952	300,155	112,794
2017	474,200	41,468	308,443	97,276
2018	474,200	31,984	317,165	81,323
2019	375,000	22,500	326,344	64,914
2020	375,000	15,000	336,002	48,023
2021	375,000	7,500	343,131	33,662
2022	-	-	350,634	18,927
2023	-	-	50,140	8,710
2024	-	-	51,503	6,247
2025	-	-	52,870	3,780
2026	-	-	54,301	1,249
Total	\$ <u>7,390,000</u>	\$ <u>988,773</u>	\$ <u>6,210,452</u>	\$ <u>2,139,035</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (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
2008	\$ 465,000	\$ 583,885
2009	490,000	563,500
2010	510,000	541,903
2011	535,000	519,188
2012	550,000	494,676
2013	575,000	468,098
2014	610,000	439,654
2015	635,000	409,570
2016	670,000	377,772
2017	700,000	343,713
2018	735,000	307,466
2019	770,000	269,034
2020	810,000	228,329
2021	855,000	185,404
2022	900,000	139,636
2023	555,000	102,457
2024	580,000	74,932
2025	610,000	46,075
2026	645,000	15,641
Total	\$ <u>12,200,000</u>	\$ <u>6,110,933</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

General Obligations:

Incurred by City:

General Obligation Bonds:

\$5,335,000 obligation payable in various annual installments through December 15, 2011, interest payable semi-annually at 3.20% - 3.90%	\$ 2,080,000
\$4,500,000 obligation payable in various annual installments through July 15, 2015, interest payable semi-annually at 4.05% - 5.10%	3,055,000
\$13,790,000 general obligation public improvement bonds series 2004A, interest payable semi-annually through July 15, 2009 at 5%, principal balloon payment due on July 15, 2009. Face amount of bonds outstanding, \$13,790,000 plus unamortized issuance premium of \$259,485.	14,049,485
\$6,210,000 general obligation public improvement bonds series 2004B, interest payable semi-annually through July 15, 2009 at 5.25%, principal balloon payment due on July 15, 2009	6,210,000
\$1,712,000 general obligation public improvement bond, series 2002A, payable in various annual installments through May 1, 2017, interest payable semi-annually at 4.16%	1,396,000
\$1,039,000 general obligation public improvement bond, series 2002B, payable in various annual installments through May 1, 2017, interest payable semi-annually at 5.87%	859,000
\$1,214,000 obligation payable, interest payable semi-annually through July 19, 2009 at 6.64%, principal balloon payment due on July 19, 2009	<u>1,214,000</u>
Total General Obligation Bonds	<u>\$ 28,863,485</u>
Landfill closure liability	<u>\$ 440,897</u>
Compensated absences (Payable from the General Fund)	<u>\$ 897,604</u>
Total Incurred by City	<u>\$ 30,201,986</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Incurred by School Board:

State Literary Fund Loans:

\$1,865,297 State Literary Fund loan issued September 1, 1989, due in annual principal installments of \$93,300 through 2007, interest payable annually at 3%	\$ 93,300
\$3,500,000 State Literary Fund loan issued June 1, 1990 due in annual principal installments of \$175,000 through 2011; interest payable annually at 3%	700,000
\$1,760,000 State Literary Fund Loan issued March 1, 1990, due in annual principal installments of \$88,500 through 2010; interest payable annually at 3%	255,500
\$209,000 State Literary Fund Loan issued October 1, 1998, due in annual principal installments of \$10,450 through 2017; interest payable at 2%	114,950
\$939,000 State Literary Fund Loan issued October 1, 1998, due in annual installments of \$46,950 through 2017; interest payable annually at 2%	516,450
\$239,000 State Literary Fund Loan issued October 1, 1998, due in annual principal installments of \$11,950 through 2017; interest payable annually at 2%	131,450
\$597,000 State Literary Fund Loan issued October 1, 1998, due in annual principal installments of \$29,850 through 2017; interest payable annually at 2%	328,350
\$7,500,000 State Literary Fund Loan issued July 1, 2000, due in annual principal installments of \$375,000 through 2021; interest payable annually at 2%	<u>5,250,000</u>
Total State Literary Fund Loans	<u>\$ 7,390,000</u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Incurred by School Board: (Continued)

Virginia Public Authority Subsidy and Other Bonds:

\$2,727,630 Virginia Public Authority Subsidy Bonds issued in 1992, due in annual installments of varying amounts through 2012; interest payable annually at varying rates 4.90% - 6.30%	\$ 998,218
\$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%	385,000
\$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%	3,825,919
\$858,896 Virginia Public Authority Subsidy Bonds issued in 2005, due in annual installments of varying amounts through 2026; interest payable annually at varying rates 4.60% - 5.10%	826,315
\$3,060,000 General Obligation Bonds issued in 1989, due in annual installments of varying amounts through 2009; interest payable annually at 6.40%	<u>175,000</u>
Total Virginia Public Authority and Other Bonds	\$ <u>6,210,452</u>
Total Incurred by School Board	\$ <u><u>13,600,452</u></u>

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 8—Long-Term Obligations: (Continued)

Primary Government: (Continued)

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

Enterprise Obligations:

Revenue Bond Obligations:

\$8,640,000 revenue bond issued December 1, 2005, payable in various annual installments through October 1, 2025 interest payable semi-annually at varying rates 3.6371% - 4.8500%	\$ 8,320,000
\$4,640,000 revenue bond issued October 1, 2000, payable in various annual installments through October 1, 2021 interest payable semi-annually at varying rates 4.70% - 5.10%	<u>3,880,000</u>
Total revenue bond obligations	\$ <u>12,200,000</u>
Compensated absences (Payable from the Enterprise Funds)	\$ <u>250,961</u>
Total enterprise obligations	\$ <u><u>12,450,961</u></u>

Component Unit School Board:

The following is a summary of long-term debt transactions of the Component unit School Board for the year ended June 30, 2007:

	<u>Amounts Payable at July 1, 2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Amounts Payable at June 30, 2007</u>	<u>Amounts Due Within one year</u>
Compensated absences payable	\$ <u>630,336</u>	\$ <u>153,424</u>	\$ <u>72,978</u>	\$ <u>710,782</u>	\$ <u>236,927</u>

Details of Long-Term Indebtedness:

Compensated Absences (Payable from the School Fund)	\$ <u>710,782</u>
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CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 9—Landfill Post closure Costs:

In October 1993, the City discontinued accepting solid waste at its landfill. In conjunction with the closing of the landfill, an environmental engineering firm was engaged to devise a closure plan in accordance with federal and state regulations. During fiscal year 2002, the City received a closing permit and is now responsible for maintaining the site for the next five years. Total estimated costs of maintaining the site for this period is \$440,897. The total current cost of landfill closure and 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 \$4,144,378 is comprised of the following:

Deferred Property Tax Revenue: Deferred revenue representing uncollected tax billings not available for funding of current expenditures totaled \$4,126,481 at June 30, 2007.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2007, but paid in advance by the tax payers totaled \$14,023 at June 30, 2007.

Deferred Other Tax Revenue: Deferred revenue representing uncollected other tax billings not available for funding of current expenditures totaled \$3,874 at June 30, 2007.

Note 11—Commitments and Contingencies:

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

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

The City was committed under the following construction contracts at June 30, 2007:

<u>Fund</u>	<u>Project</u>	<u>Contractor</u>	<u>Amount of Contract</u>	<u>Contract Outstanding at June 30, 2007</u>
Capital projects	Public works garage	Harlan Construction Co.	\$ 938,060	\$ 362,129
Capital projects	Downtown streets cape enhancement	Messer Contracting, LLC	3,934,597	1,804,963

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 12—Litigation:

At June 30, 2007, there were no matters of litigation involving the City or which would materially affect the City's financial position should any court decisions on pending matters not be favorable to such entities.

Note 13—Risk Management:

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

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

At June 30, 2007, the City has designated fund balance of \$2,917,436 to pay future insurance claims, if any. Changes in the reported liability since July 1, 2000 resulted from the following:

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

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 14—Defined Benefit Pension Plan:

A. Plan Description

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

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

All full-time, salaried permanent employees of participating employers must participate in the VRS. Benefits vest after five years of service. Employees are eligible for an unreduced retirement benefit at age 65 with 5 years of service (age 60 with 5 years of service for participating law enforcement officers and firefighters) and at age 50 with 30 years of service for participating employees (age 50 with 25 years of service for participating law enforcement officers and firefighters) payable monthly for life in an amount equal to 1.7 percent of their average final compensation (AFC) for each year of credited service. 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% per year. AFC is defined as the highest consecutive 36 months of reported compensation. Participating law enforcement officers and firefighters may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/2006AnnuRept.pdf> or obtained by writing to the System 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% of their reported compensation to the VRS. 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 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 non-professional employees' contribution rates (including member contribution) for the fiscal year ended 2007 were 14.79% and 18.02% of annual covered payroll, respectively.

The School Board's professional employees contributed (including member contribution) \$2,833,557, \$2,234,943, and \$2,040,767 to the teacher cost-sharing pool for the fiscal years ended June 30, 2007, 2006, and 2005 respectively and these contributions represented 14.20%, 11.62%, and 11.03% respectively, of current covered payroll.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 14—Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost

For fiscal 2007, the City’s annual pension cost of \$1,342,859 was equal to the City’s required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

For fiscal 2007, the City School Board’s annual pension cost for the Board’s non-professional employees was \$203,932 which was equal to the Board’s required and actual contributions. The required contributions were determined as a part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method.

This member contribution has been assumed by the employer.

	City	Non-Professional School Board Employees
Contribution rates:		
Employer	9.79%	13.02%
Plan Members	5%	5%
Annual pension cost	\$ 1,342,859	\$ 203,932
Contributions made	1,342,859	203,932
Valuation date	June 30, 2005	June 30, 2005
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level percent, open	Level percent, open
Payroll growth rate	3%	3%
Remaining amortization period	21 years	21 years
Asset valuation method	Modified market	Modified market
Actuarial assumptions:		
Investment rate of return ²	7.50%	7.50%
Projected salary increases: ²		
Non LEO Employees	3.50% to 5.73%	3.50% to 5.73%
LEO Employees	3.50% to 4.71%	3.50% to 4.71%
Cost-of-living adjustments	2.50%	2.50%

² Includes inflation at 2.50%

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 14—Defined Benefit Pension Plan (Continued):

C. Annual Pension Cost (continued)

Fiscal Year Ending	Annual Pension Cost (APC) (1)	Percentage of APC Contributed	Net Pension Obligation
City:			
June 30, 2007	\$ 1,342,859	100%	\$ -
June 30, 2006	1,142,443	100%	-
June 30, 2005	1,104,024	100%	-
School Board:			
Non-Professional:			
June 30, 2007	\$ 203,932	100%	\$ -
June 30, 2006	134,144	100%	-
June 30, 2005	129,849	100%	-

(1) Employer portion only

Note 15—Surety Bonds:

The following Surety bonds are maintained by the City:

	<u>Amount</u>
Fidelity and Deposit Company of Maryland - Surety	
Faithful Performance of Duty Schedule Position Bond:	
Commonwealth Funds	
Kay H. Rackley, Clerk of the Circuit Court	\$ 1,075,000
Teresa L. Batton, Treasurer and/or 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	
Winston Ogden 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 16—Other Post-Employment Benefits:

Pursuant to City personnel policies, the City provides health insurance benefits for persons who retire from City employment and meet certain other criteria. In fiscal 2007, 111 persons were enrolled in the program and the cost to the City was \$453,459.

CITY OF HOPEWELL, VIRGINIA

Notes to Financial Statements
As of June 30, 2007 (Continued)

Note 17—Adjustment to Beginning Net Assets:

The following adjustments were made to beginning net assets:

	<u>Governmental Activities</u>	<u>Business-type Activities Hopewell Regional WW Treatment Facilities Fund</u>
Net assets as previously reported at June 30, 2006	\$ 26,879,053	\$ 5,277,647
Adjustment to restate beginning net assets for an asset capitalized in the wrong fiscal year rather than the current year.	-	(452,954)
Adjustment to record land values not recorded in the prior year.	<u>958,332</u>	<u>-</u>
Net assets as adjusted at July 1, 2006	<u>\$ 27,837,385</u>	<u>\$ 4,824,693</u>

REQUIRED SUPPLEMENTARY INFORMATION

Note to Required Supplementary Information:

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

COMBINING AND INDIVIDUAL FUNDS STATEMENTS AND SCHEDULES

City of Hopewell, Virginia
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 22,444,632	\$ 22,551,476	\$ 22,262,298	\$ (289,178)
Other local taxes	5,653,145	5,653,145	5,867,044	213,899
Permits, privilege fees, and regulatory licenses	63,000	138,000	204,618	66,618
Fines and forfeitures	120,600	72,000	69,921	(2,079)
Revenue from the use of money and property	347,285	347,285	632,440	285,155
Charges for services	271,781	271,781	357,430	85,649
Miscellaneous	149,165	149,165	53,233	(95,932)
Recovered costs	824,000	824,000	824,000	-
Intergovernmental revenues:				
Commonwealth	7,630,485	7,630,485	7,731,957	101,472
Federal	175,400	175,400	208,303	32,903
Total revenues	<u>\$ 37,679,493</u>	<u>\$ 37,812,737</u>	<u>\$ 38,211,244</u>	<u>\$ 398,507</u>
EXPENDITURES				
Current:				
General government administration	\$ 3,162,180	\$ 3,425,402	\$ 3,207,029	\$ 218,373
Judicial administration	1,573,421	1,646,244	1,500,445	145,799
Public safety	11,364,553	12,410,477	11,715,197	695,280
Public works	3,926,825	4,234,871	3,680,647	554,224
Health and welfare	1,160,194	1,160,194	1,203,781	(43,587)
Education	8,411,292	8,410,992	8,408,431	2,561
Parks, recreation, and cultural	524,348	524,348	524,748	(400)
Community development	1,054,380	950,005	807,016	142,989
Nondepartmental	1,556,155	1,307,690	903,500	404,190
Debt service:				
Principal retirement	1,441,616	1,441,916	1,441,916	-
Interest and other fiscal charges	532,476	532,476	532,476	-
Total expenditures	<u>\$ 34,707,440</u>	<u>\$ 36,044,615</u>	<u>\$ 33,925,186</u>	<u>\$ 2,119,429</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,972,053</u>	<u>\$ 1,768,122</u>	<u>\$ 4,286,058</u>	<u>\$ 2,517,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 383,017	\$ 304,481	\$ 304,481	\$ -
Transfers out	(3,403,856)	(3,403,855)	(4,065,454)	(661,599)
Total other financing sources and uses	<u>\$ (3,020,839)</u>	<u>\$ (3,099,374)</u>	<u>\$ (3,760,973)</u>	<u>\$ (661,599)</u>
Net change in fund balances	\$ (48,786)	\$ (1,331,252)	\$ 525,085	\$ 1,856,337
Fund balances - beginning	308,708	1,331,252	12,302,176	10,970,924
Fund balances - ending	<u>\$ 259,922</u>	<u>\$ -</u>	<u>\$ 12,827,261</u>	<u>\$ 12,827,261</u>

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental revenues:				
Commonwealth	\$ 1,208,420	\$ 1,163,887	\$ 1,112,100	\$ (51,787)
Federal	2,826,259	2,639,449	2,374,073	(265,376)
Total revenues	<u>\$ 4,034,679</u>	<u>\$ 3,803,336</u>	<u>\$ 3,486,173</u>	<u>\$ (317,163)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 4,631,856	\$ 4,400,513	\$ 3,994,948	\$ 405,565
Total expenditures	<u>\$ 4,631,856</u>	<u>\$ 4,400,513</u>	<u>\$ 3,994,948</u>	<u>\$ 405,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (597,177)</u>	<u>\$ (597,177)</u>	<u>\$ (508,775)</u>	<u>\$ 88,402</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 597,177	\$ 597,177	\$ 508,775	\$ (88,402)
Total other financing sources and uses	<u>\$ 597,177</u>	<u>\$ 597,177</u>	<u>\$ 508,775</u>	<u>\$ (88,402)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Hopewell, Virginia
 Schedule of Pension Funding Progress
 For the Year Ended June 30, 2007

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:						
6/30/2006	\$ 59,832,526	\$ 66,044,668	6,212,142	90.59%	\$ 13,391,483	46.39%
6/30/2005	56,480,077	64,889,807	8,409,730	87.04%	13,017,627	64.60%
6/30/2004	55,148,704	59,368,261	4,219,557	92.89%	12,385,659	34.07%
6/30/2003	54,702,642	55,989,663	1,287,021	97.70%	12,687,512	10.14%
6/30/2002	54,668,531	53,114,303	(1,554,228)	102.93%	12,792,556	-12.15%
6/30/2001	52,875,793	49,747,009	(3,128,784)	106.29%	12,251,270	-25.54%
6/30/2000	47,984,520	45,594,272	(2,390,248)	105.24%	11,526,891	-20.74%
6/30/1999	41,346,952	43,632,480	2,285,528	94.76%	11,192,061	20.42%
6/30/1998	35,673,580	38,372,259	2,698,679	92.97%	10,842,436	24.89%
Discretely Presented Component Unit:						
School Board Non-Professionals Retirement Plan:						
6/30/2006	\$ 4,941,039	\$ 6,163,736	1,222,697	80.16%	\$ 1,498,902	81.57%
6/30/2005	4,661,894	6,286,427	1,624,533	74.16%	1,529,553	106.21%
6/30/2004	4,593,982	5,380,165	786,183	85.39%	1,456,175	53.99%
6/30/2003	4,593,503	5,210,111	616,608	88.17%	1,431,394	43.08%
6/30/2002	4,645,651	4,958,376	312,725	93.69%	1,424,368	21.96%
6/30/2001	4,555,060	4,633,682	78,622	98.30%	1,349,696	5.83%
6/30/2000	4,168,669	4,217,943	49,274	98.83%	1,202,495	4.10%
6/30/1999	3,650,932	4,294,395	643,463	85.02%	1,209,508	53.20%
6/30/1998	3,201,669	4,371,182	1,169,513	73.24%	1,198,958	97.54%

OTHER 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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 1,400,000	\$ 1,400,000	\$ 1,760,494	\$ 360,494
Revenue from the use of money and property	708,825	708,825	1,274,020	565,195
Miscellaneous	125,000	125,000	125,003	3
Intergovernmental revenues:				
Local government	500,000	-	-	-
Total revenues	<u>\$ 2,733,825</u>	<u>\$ 2,233,825</u>	<u>\$ 3,159,517</u>	<u>\$ 925,692</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 1,391,699	\$ (1,391,699)
Capital projects	1,837,527	11,035,568	10,846,799	188,769
Debt service:				
Principal retirement	1,928,578	1,928,578	938,000	990,578
Interest and other fiscal charges	1,849,888	1,849,888	1,448,041	401,847
Total expenditures	<u>\$ 5,615,993</u>	<u>\$ 14,814,034</u>	<u>\$ 14,624,539</u>	<u>\$ 189,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,882,168)</u>	<u>\$ (12,580,209)</u>	<u>\$ (11,465,022)</u>	<u>\$ 1,115,187</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,612,678	\$ 1,612,678	\$ 2,362,378	\$ 749,700
Transfers out	(304,481)	(304,481)	(304,481)	-
Total other financing sources and uses	<u>\$ 1,308,197</u>	<u>\$ 1,308,197</u>	<u>\$ 2,057,897</u>	<u>\$ 749,700</u>
Net change in fund balances	\$ (1,573,971)	\$ (11,272,012)	\$ (9,407,125)	\$ 1,864,887
Fund balances - beginning	1,573,971	11,272,012	28,256,075	16,984,063
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,848,950</u>	<u>\$ 18,848,950</u>

**City of Hopewell, Virginia
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007**

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 413,168	\$ -	\$ 13,364	\$ 426,532
Receivables (net of allowance for uncollectibles):				
Accounts receivable	597	-	20	617
Due from other governmental units	-	65,174	-	65,174
Total assets	<u>\$ 413,765</u>	<u>\$ 65,174</u>	<u>\$ 13,384</u>	<u>\$ 492,323</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 37,946	\$ 757	\$ -	\$ 38,703
Accrued liabilities	122,068	-	-	122,068
Due to other funds	-	63,121	-	63,121
Total liabilities	<u>\$ 160,014</u>	<u>\$ 63,878</u>	<u>\$ -</u>	<u>\$ 223,892</u>
Fund balances:				
Reserved for:				
Encumbrances	\$ 46,530	\$ -	\$ -	\$ 46,530
Unreserved:				
Designated for subsequent expenditure	35,000	-	-	35,000
Undesignated	172,221	1,296	13,384	186,901
Total fund balances	<u>\$ 253,751</u>	<u>\$ 1,296</u>	<u>\$ 13,384</u>	<u>\$ 268,431</u>
Total liabilities and fund balances	<u>\$ 413,765</u>	<u>\$ 65,174</u>	<u>\$ 13,384</u>	<u>\$ 492,323</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, 2007

	<u>Recreation Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Anti-Litter Fund</u>	<u>Total</u>
REVENUES				
Revenue from the use of money and property	\$ 126,610	\$ -	\$ 492	\$ 127,102
Charges for services	141,640	-	-	141,640
Miscellaneous	93,000	-	-	93,000
Intergovernmental revenues:				
Commonwealth	-	-	5,307	5,307
Federal	-	171,528	-	171,528
Total revenues	<u>\$ 361,250</u>	<u>\$ 171,528</u>	<u>\$ 5,799</u>	<u>\$ 538,577</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 1,873	\$ 1,873
Parks, recreation, and cultural	1,731,029	-	-	1,731,029
Community development	-	171,528	-	171,528
Total expenditures	<u>\$ 1,731,029</u>	<u>\$ 171,528</u>	<u>\$ 1,873</u>	<u>\$ 1,904,430</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,369,779)</u>	<u>\$ -</u>	<u>\$ 3,926</u>	<u>\$ (1,365,853)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,194,301	\$ -	\$ -	\$ 1,194,301
Total other financing sources and uses	<u>\$ 1,194,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,194,301</u>
Net change in fund balances	\$ (175,478)	\$ -	\$ 3,926	\$ (171,552)
Fund balances - beginning	429,229	1,296	9,458	439,983
Fund balances - ending	<u>\$ 253,751</u>	<u>\$ 1,296</u>	<u>\$ 13,384</u>	<u>\$ 268,431</u>

City of Hopewell, Virginia
 Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Special Revenue Funds
 For the Year Ended June 30, 2007

	Recreation Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 110,000	\$ 134,770	\$ 126,610	\$ (8,160)
Charges for services	343,408	217,397	141,640	(75,757)
Miscellaneous	10,000	69,340	93,000	23,660
Intergovernmental revenues:				
Commonwealth	-	-	-	-
Federal	-	-	-	-
Total revenues	<u>\$ 463,408</u>	<u>\$ 421,507</u>	<u>\$ 361,250</u>	<u>\$ (60,257)</u>
EXPENDITURES				
Current:				
Public works	-	-	-	-
Parks, recreation, and cultural	1,657,404	1,828,622	1,731,029	97,593
Community development	-	-	-	-
Total expenditures	<u>\$ 1,657,404</u>	<u>\$ 1,828,622</u>	<u>\$ 1,731,029</u>	<u>\$ 97,593</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,193,996)</u>	<u>\$ (1,407,115)</u>	<u>\$ (1,369,779)</u>	<u>\$ 37,336</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,194,301	\$ 1,194,301	\$ 1,194,301	-
Total other financing sources and uses	<u>\$ 1,194,301</u>	<u>\$ 1,194,301</u>	<u>\$ 1,194,301</u>	<u>\$ -</u>
Net change in fund balances	\$ 305	\$ (212,814)	\$ (175,478)	\$ 37,336
Fund balances - beginning	35,875	212,814	429,229	216,415
Fund balances - ending	<u>\$ 36,180</u>	<u>\$ -</u>	<u>\$ 253,751</u>	<u>\$ 253,751</u>

Community Development Block Grant Fund				Anti-Litter Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 492	\$ 492
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
221,824	221,824	171,528	(50,296)	5,000	5,307	5,307	-
\$ 221,824	\$ 221,824	\$ 171,528	\$ (50,296)	\$ 5,000	\$ 5,307	\$ 5,799	\$ 492
\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,307	\$ 1,873	\$ 3,434
-	-	-	-	-	-	-	-
221,824	531,361	171,528	359,833	-	-	-	-
\$ 221,824	\$ 531,361	\$ 171,528	\$ 359,833	\$ 5,000	\$ 5,307	\$ 1,873	\$ 3,434
\$ -	\$ (309,537)	\$ -	\$ 309,537	\$ -	\$ -	\$ 3,926	\$ 3,926
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ (309,537)	\$ -	\$ 309,537	\$ -	\$ -	\$ 3,926	\$ 3,926
-	309,537	1,296	(308,241)	-	-	9,458	9,458
\$ -	\$ -	\$ 1,296	\$ 1,296	\$ -	\$ -	\$ 13,384	\$ 13,384

City of Hopewell, Virginia
Fiduciary Funds
Statement of Changes in Assets and Liabilities - Agency Fund
For the year ended June 30, 2007

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
Special Welfare Fund:				
Assets:				
Cash	\$ 45,007	\$ 57,803	\$ 72,153	\$ 30,657
Total assets	<u>\$ 45,007</u>	<u>\$ 57,803</u>	<u>\$ 72,153</u>	<u>\$ 30,657</u>
Liabilities:				
Amounts held for social services clients	<u>\$ 45,007</u>	<u>\$ 57,803</u>	<u>\$ 72,153</u>	<u>\$ 30,657</u>

**DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD**

City of Hopewell, Virginia
Combining Balance Sheet
Discretely Presented Component Unit - School Board
June 30, 2007

	<u>School Operating Fund</u>	<u>School Cafeteria Fund</u>	<u>Building and Bus Replacement Fund</u>
ASSETS			
Cash and cash equivalents	\$ 3,760,257	\$ 880,236	\$ 985,174
Receivables (net of allowance for uncollectibles):			
Accounts receivable	109,853	2,731	-
Due from other funds	-	-	660,816
Due from other governmental units	1,029,960	60,173	-
Inventories	-	29,816	-
Total assets	<u>\$ 4,900,070</u>	<u>\$ 972,956</u>	<u>\$ 1,645,990</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 261,828	\$ 9,477	\$ -
Accrued liabilities	3,854,484	92,249	-
Due to other funds	660,816	-	-
Deferred revenue	122,942	15,546	-
Total liabilities	<u>\$ 4,900,070</u>	<u>\$ 117,272</u>	<u>\$ -</u>
Fund balances:			
Reserved for:			
Inventories	\$ -	\$ 29,816	\$ -
Unreserved:			
Undesignated	-	825,868	1,645,990
Total fund balances	<u>\$ -</u>	<u>\$ 855,684</u>	<u>\$ 1,645,990</u>
Total liabilities and fund balances	<u>\$ 4,900,070</u>	<u>\$ 972,956</u>	<u>\$ 1,645,990</u>

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

Total fund balances per above

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

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

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

Net assets of governmental activities

Exhibit 19

Total Nonmajor Governmental Fund		Total Governmental Funds	
\$	400,117	\$	6,025,784
	-		112,584
	-		660,816
	-		1,090,133
	-		29,816
<u>\$</u>	<u>400,117</u>	<u>\$</u>	<u>7,919,133</u>
\$	-	\$	271,305
	-		3,946,733
	-		660,816
	-		138,488
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>5,017,342</u>
\$	-	\$	29,816
	400,117		2,871,975
<u>\$</u>	<u>400,117</u>	<u>\$</u>	<u>2,901,791</u>
<u>\$</u>	<u>400,117</u>	<u>\$</u>	<u>7,919,133</u>
		\$	2,901,791
			15,926,684
			138,488
			(473,855)
		<u>\$</u>	<u>18,493,108</u>

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, 2007

	School Operating Fund	School Cafeteria Fund	Building and Bus Replacement Fund	Total Nonmajor Governmental Fund	Total Governmental Funds
REVENUES					
Revenue from the use of money and property	\$ 14,705	\$ 27,433	\$ 28,183	\$ 6,355	\$ 76,676
Charges for services	261,248	633,362	-	-	894,610
Miscellaneous	74,511	-	-	7,492	82,003
Recovered costs	76,669	-	-	-	76,669
Intergovernmental revenues:					
Local government	9,790,949	-	-	-	9,790,949
Commonwealth	23,555,159	28,629	159,819	290,987	24,034,594
Federal	4,046,273	1,357,811	-	-	5,404,084
Total revenues	<u>\$ 37,819,514</u>	<u>\$ 2,047,235</u>	<u>\$ 188,002</u>	<u>\$ 304,834</u>	<u>\$ 40,359,585</u>
EXPENDITURES					
Current:					
Education	\$ 37,271,121	\$ 1,895,150	\$ -	\$ 71,128	\$ 39,237,399
Capital projects	-	-	170,361	-	170,361
Total expenditures	<u>\$ 37,271,121</u>	<u>\$ 1,895,150</u>	<u>\$ 170,361</u>	<u>\$ 71,128</u>	<u>\$ 39,407,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 548,393</u>	<u>\$ 152,085</u>	<u>\$ 17,641</u>	<u>\$ 233,706</u>	<u>\$ 951,825</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ 483,796	\$ -	\$ 1,035,741	\$ 97,099	\$ 1,616,636
Transfers out	(1,132,840)	-	(483,796)	-	(1,616,636)
Total other financing sources and uses	<u>\$ (649,044)</u>	<u>\$ -</u>	<u>\$ 551,945</u>	<u>\$ 97,099</u>	<u>\$ -</u>
Net change in fund balances	\$ (100,651)	\$ 152,085	\$ 569,586	\$ 330,805	\$ 951,825
Fund balances - beginning	100,651	703,599	1,076,404	69,312	1,949,966
Fund balances - ending	<u>\$ -</u>	<u>\$ 855,684</u>	<u>\$ 1,645,990</u>	<u>\$ 400,117</u>	<u>\$ 2,901,791</u>

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

Net change in fund balances - total governmental funds - per above	\$ 951,825
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	1,739,624
Depreciation expense	<u>(965,710)</u>
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	77,007
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.	(43,435)
Change in net assets of governmental activities	<u>\$ 1,759,311</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, 2007

	School Operating Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 10,000	\$ 10,000	\$ 14,705	\$ 4,705
Charges for services	283,739	283,739	261,248	(22,491)
Miscellaneous	133,407	165,169	74,511	(90,658)
Recovered costs	57,505	57,505	76,669	19,164
Intergovernmental revenues:				
Local government	9,791,249	10,274,744	9,790,949	(483,795)
Commonwealth	23,787,609	23,915,379	23,555,159	(360,220)
Federal	5,066,666	5,152,672	4,046,273	(1,106,399)
Total revenues	<u>\$ 39,130,175</u>	<u>\$ 39,859,208</u>	<u>\$ 37,819,514</u>	<u>\$ (2,039,694)</u>
EXPENDITURES				
Current:				
Education	\$ 39,515,391	\$ 39,487,834	\$ 37,271,121	\$ 2,216,713
Capital projects	-	-	-	-
Total expenditures	<u>\$ 39,515,391</u>	<u>\$ 39,487,834</u>	<u>\$ 37,271,121</u>	<u>\$ 2,216,713</u>
Excess (deficiency) of revenues over (under) expenditures	\$ (385,216)	\$ 371,374	\$ 548,393	\$ 177,019
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 483,796	\$ -	\$ 483,796	\$ 483,796
Transfers out	(98,580)	(472,024)	(1,132,840)	(660,816)
Total other financing sources and uses	<u>\$ 385,216</u>	<u>\$ (472,024)</u>	<u>\$ (649,044)</u>	<u>\$ (177,020)</u>
Net change in fund balances	\$ -	\$ (100,650)	\$ (100,651)	\$ (1)
Fund balances - beginning	-	100,650	100,651	1
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

School Cafeteria Fund				Building and Bus Replacement Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ 3,000	\$ 3,000	\$ 27,433	\$ 24,433	\$ -	\$ -	\$ 28,183	\$ 28,183
567,000	567,000	633,362	66,362	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
29,798	29,798	28,629	(1,169)	159,485	159,819	159,819	-
918,000	918,000	1,357,811	439,811	-	-	-	-
1,517,798	1,517,798	2,047,235	529,437	\$ 159,485	\$ 159,819	\$ 188,002	\$ 28,183
\$ 2,025,498	\$ 2,268,172	\$ 1,895,150	\$ 373,022	\$ -	\$ -	\$ -	\$ -
-	-	-	-	120,000	734,220	170,361	563,859
\$ 2,025,498	\$ 2,268,172	\$ 1,895,150	\$ 373,022	\$ 120,000	\$ 734,220	\$ 170,361	\$ 563,859
\$ (507,700)	\$ (750,374)	\$ 152,085	\$ 902,459	\$ 39,485	\$ (574,401)	\$ 17,641	\$ 592,042
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 374,925	\$ 1,035,741	\$ 660,816
-	-	-	-	(483,796)	(483,796)	(483,796)	-
\$ -	\$ -	\$ -	\$ -	\$ (483,796)	\$ (108,871)	\$ 551,945	\$ 660,816
\$ (507,700)	\$ (750,374)	\$ 152,085	\$ 902,459	\$ (444,311)	\$ (683,272)	\$ 569,586	\$ 1,252,858
507,197	507,197	703,599	196,402	895,592	1,009,478	1,076,404	66,926
\$ (503)	\$ (243,177)	\$ 855,684	\$ 1,098,861	\$ 451,281	\$ 326,206	\$ 1,645,990	\$ 1,319,784

City of Hopewell, Virginia
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2007

	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	\$ 6,355	\$ (1,645)
Miscellaneous	-	-	7,492	7,492
Intergovernmental revenues:				
Commonwealth	293,388	293,388	290,987	(2,401)
Total revenues	\$ 301,388	\$ 301,388	\$ 304,834	\$ 3,446
EXPENDITURES				
Current:				
Education	\$ 540,000	\$ 540,000	\$ 71,128	\$ 468,872
Total expenditures	\$ 540,000	\$ 540,000	\$ 71,128	\$ 468,872
Excess (deficiency) of revenues over (under) expenditures	\$ (238,612)	\$ (238,612)	\$ 233,706	\$ 472,318
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 98,580	\$ 97,099	\$ 97,099	\$ -
Total other financing sources and uses	\$ 98,580	\$ 97,099	\$ 97,099	\$ -
Net change in fund balances	\$ (140,032)	\$ (141,513)	\$ 330,805	\$ 472,318
Fund balances - beginning	332,798	332,798	69,312	(263,486)
Fund balances - ending	\$ 192,766	\$ 191,285	\$ 400,117	\$ 208,832

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

**City of Hopewell, Virginia
Balance Sheet
Discretely Presented Component Unit - Comprehensive Services Act Board
June 30, 2007**

ASSETS

Due from other governmental units	\$	745,346
Total assets	\$	<u>745,346</u>

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$	200,954
Accrued liabilities		2,180
Due to other governmental units		<u>540,593</u>
Total liabilities	\$	<u>743,727</u>

Fund balances:

Unreserved:

Undesignated	\$	1,619
Total fund balances	\$	<u>1,619</u>
Total liabilities and fund balances	\$	<u>745,346</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, 2007

REVENUES

Miscellaneous	\$	112,164
Intergovernmental revenues:		
Local government		761,650
Commonwealth		1,658,065
Total revenues	<u>\$</u>	<u>2,531,879</u>

EXPENDITURES

Current:		
Health and welfare	\$	2,532,549
Total expenditures	<u>\$</u>	<u>2,532,549</u>

Excess (deficiency) of revenues over (under) expenditures	<u>\$</u>	<u>(670)</u>
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Net change in fund balances	\$	(670)
Fund balances - beginning		2,289
Fund balances - ending	<u>\$</u>	<u>1,619</u>

SUPPORTING SCHEDULES

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 11,703,675	\$ 11,810,519	\$ 12,031,606	\$ 221,087
Real and personal public service corporation taxes	4,000,363	4,000,363	3,760,085	(240,278)
Personal property taxes	2,184,242	2,184,242	2,228,136	43,894
Machinery and tools taxes	4,156,352	4,156,352	3,501,383	(654,969)
Penalties	400,000	400,000	292,854	(107,146)
Interest	-	-	448,234	448,234
Total general property taxes	<u>\$ 22,444,632</u>	<u>\$ 22,551,476</u>	<u>\$ 22,262,298</u>	<u>\$ (289,178)</u>
Other local taxes:				
Local sales and use taxes	\$ 1,818,145	\$ 1,818,145	\$ 1,992,012	\$ 173,867
Consumers' utility taxes	1,330,000	1,330,000	914,129	(415,871)
Electric and natural gas consumption taxes	-	-	170,997	170,997
Communications tax	-	-	415,013	415,013
E-911 telephone taxes	290,000	290,000	115,975	(174,025)
Business license taxes	1,400,000	1,400,000	1,537,086	137,086
Cable TV and gas franchise tax	125,000	125,000	82,746	(42,254)
Motor vehicle licenses	390,000	390,000	325,426	(64,574)
Bank stock taxes	100,000	100,000	87,538	(12,462)
Taxes on recordation and wills	200,000	200,000	226,122	26,122
Total other local taxes	<u>\$ 5,653,145</u>	<u>\$ 5,653,145</u>	<u>\$ 5,867,044</u>	<u>\$ 213,899</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 3,000	\$ 3,000	\$ 2,823	\$ (177)
Permits and other licenses	60,000	135,000	201,795	66,795
Total permits, privilege fees, and regulatory licenses	<u>\$ 63,000</u>	<u>\$ 138,000</u>	<u>\$ 204,618</u>	<u>\$ 66,618</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 120,600	\$ 72,000	\$ 69,921	\$ (2,079)
Revenue from use of money and property:				
Revenue from use of money	\$ 287,285	\$ 287,285	\$ 579,926	\$ 292,641
Revenue from use of property	60,000	60,000	52,514	(7,486)
Total revenue from use of money and property	<u>\$ 347,285</u>	<u>\$ 347,285</u>	<u>\$ 632,440</u>	<u>\$ 285,155</u>
Charges for services:				
Charges for law enforcement and traffic control	\$ 10,300	\$ 10,300	\$ 11,535	\$ 1,235
Charges for courthouse maintenance	16,000	16,000	13,027	(2,973)
Charges for EMS	215,000	215,000	315,546	100,546
Charges for law library	15,481	15,481	-	(15,481)
Charges for courthouse security	10,000	10,000	12,134	2,134
Miscellaneous dog fees	5,000	5,000	5,188	188
Total charges for services	<u>\$ 271,781</u>	<u>\$ 271,781</u>	<u>\$ 357,430</u>	<u>\$ 85,649</u>
Miscellaneous revenue:				
Miscellaneous	\$ 149,165	\$ 149,165	\$ (16,581)	\$ (165,746)
Payment in lieu of taxes	-	-	69,814	69,814
Total miscellaneous revenue	<u>\$ 149,165</u>	<u>\$ 149,165</u>	<u>\$ 53,233</u>	<u>\$ (95,932)</u>
Recovered costs:				
Administrative charge back solid waste	\$ 460,000	\$ 460,000	\$ 460,000	\$ -
Administrative charge back sewer service	364,000	364,000	364,000	-
Total recovered costs	<u>\$ 824,000</u>	<u>\$ 824,000</u>	<u>\$ 824,000</u>	<u>\$ -</u>
Total revenue from local sources	<u>\$ 29,873,608</u>	<u>\$ 30,006,852</u>	<u>\$ 30,270,984</u>	<u>\$ 264,132</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Revenue from the Commonwealth:				
Noncategorical aid:				
ABC profits	\$ 13,000	\$ 13,000	\$ 13,060	\$ 60
Wine taxes	13,700	13,700	13,689	(11)
Motor vehicle carriers' tax	20,000	20,000	18,421	(1,579)
Mobile home titling tax	-	-	660	660
State recordation tax	25,000	25,000	93,993	68,993
Personal property tax relief funds	1,629,223	1,629,223	1,661,963	32,740
Total noncategorical aid	<u>\$ 1,700,923</u>	<u>\$ 1,700,923</u>	<u>\$ 1,801,786</u>	<u>\$ 100,863</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 400,885	\$ 400,885	\$ 368,450	\$ (32,435)
Sheriff	342,245	342,245	350,770	8,525
Commissioner of revenue	107,552	107,552	115,294	7,742
Treasurer	109,677	109,677	111,425	1,748
Registrar/electoral board	50,000	50,000	49,880	(120)
Clerk of the Circuit Court	223,038	223,038	209,830	(13,208)
Total shared expenses	<u>\$ 1,233,397</u>	<u>\$ 1,233,397</u>	<u>\$ 1,205,649</u>	<u>\$ (27,748)</u>
Other categorical aid:				
Street and highway maintenance	\$ 2,800,000	\$ 2,800,000	\$ 2,861,547	\$ 61,547
Emergency medical services - 4 for life	15,000	15,000	15,268	268
DMV	3,000	3,000	4,493	1,493
Other state aid	77,540	77,540	474	(77,066)
HB 599 police support	1,400,000	1,400,000	1,499,484	99,484
E-911 wireless grant	30,000	30,000	15,818	(14,182)
Arts and humanities grant	4,100	4,100	4,150	50
School resource officer	57,258	57,258	35,570	(21,688)
Victim-witness grant	111,801	111,801	85,180	(26,621)
VJCCA	146,996	146,996	148,504	1,508
Fire programs	50,470	50,470	54,034	3,564
Total other categorical aid	<u>\$ 4,696,165</u>	<u>\$ 4,696,165</u>	<u>\$ 4,724,522</u>	<u>\$ 28,357</u>
Total categorical aid	<u>\$ 5,929,562</u>	<u>\$ 5,929,562</u>	<u>\$ 5,930,171</u>	<u>\$ 609</u>
Total revenue from the Commonwealth	<u>\$ 7,630,485</u>	<u>\$ 7,630,485</u>	<u>\$ 7,731,957</u>	<u>\$ 101,472</u>
Revenue from the federal government:				
Categorical aid:				
Police grant	\$ 45,727	\$ 45,727	\$ 12,152	\$ (33,575)
Civil defense, emergency management	38,000	38,000	42,959	4,959
Social services indirect cost allocation	70,000	70,000	83,620	13,620
DCJS grant	-	-	19,291	19,291
Emergency management, homeland security	21,673	21,673	50,281	28,608
Total categorical aid	<u>\$ 175,400</u>	<u>\$ 175,400</u>	<u>\$ 208,303</u>	<u>\$ 32,903</u>
Total revenue from the federal government	<u>\$ 175,400</u>	<u>\$ 175,400</u>	<u>\$ 208,303</u>	<u>\$ 32,903</u>
Total General Fund	<u>\$ 37,679,493</u>	<u>\$ 37,812,737</u>	<u>\$ 38,211,244</u>	<u>\$ 398,507</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,208,420	\$ 1,163,887	\$ 1,112,100	\$ (51,787)
Total categorical aid	<u>\$ 1,208,420</u>	<u>\$ 1,163,887</u>	<u>\$ 1,112,100</u>	<u>\$ (51,787)</u>
Total revenue from the Commonwealth	<u>\$ 1,208,420</u>	<u>\$ 1,163,887</u>	<u>\$ 1,112,100</u>	<u>\$ (51,787)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,826,259	\$ 2,639,449	\$ 2,374,073	\$ (265,376)
Total categorical aid	<u>\$ 2,826,259</u>	<u>\$ 2,639,449</u>	<u>\$ 2,374,073</u>	<u>\$ (265,376)</u>
Total revenue from the federal government	<u>\$ 2,826,259</u>	<u>\$ 2,639,449</u>	<u>\$ 2,374,073</u>	<u>\$ (265,376)</u>
Total Virginia Public Assistance Fund	<u>\$ 4,034,679</u>	<u>\$ 3,803,336</u>	<u>\$ 3,486,173</u>	<u>\$ (317,163)</u>
Recreation Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 500	\$ 17,751	\$ 17,251
Revenue from the use of property	110,000	134,270	108,859	(25,411)
Total revenue from use of money and property	<u>\$ 110,000</u>	<u>\$ 134,770</u>	<u>\$ 126,610</u>	<u>\$ (8,160)</u>
Charges for services:				
Other charges for services	\$ 343,408	\$ 217,397	\$ 141,640	\$ (75,757)
Total charges for services	<u>\$ 343,408</u>	<u>\$ 217,397</u>	<u>\$ 141,640</u>	<u>\$ (75,757)</u>
Miscellaneous revenue:				
Donations	\$ -	\$ 45,999	\$ 59,463	\$ 13,464
Miscellaneous refunds and grants	10,000	23,341	33,537	10,196
Total miscellaneous revenue	<u>\$ 10,000</u>	<u>\$ 69,340</u>	<u>\$ 93,000</u>	<u>\$ 23,660</u>
Total revenue from local sources	<u>\$ 463,408</u>	<u>\$ 421,507</u>	<u>\$ 361,250</u>	<u>\$ (60,257)</u>
Total Recreation Fund	<u>\$ 463,408</u>	<u>\$ 421,507</u>	<u>\$ 361,250</u>	<u>\$ (60,257)</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Community Development Block Grant Fund:				
Revenue from the federal government:				
Categorical aid:				
Community Development Block Grant funds	\$ 221,824	\$ 221,824	\$ 171,528	\$ (50,296)
Total categorical aid	<u>\$ 221,824</u>	<u>\$ 221,824</u>	<u>\$ 171,528</u>	<u>\$ (50,296)</u>
Total revenue from the federal government	<u>\$ 221,824</u>	<u>\$ 221,824</u>	<u>\$ 171,528</u>	<u>\$ (50,296)</u>
Total Community Development Block Grant Fund	<u>\$ 221,824</u>	<u>\$ 221,824</u>	<u>\$ 171,528</u>	<u>\$ (50,296)</u>
Anti-Litter Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 492	\$ 492
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 492</u>
Total revenue from local sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 492</u>
Revenue from the Commonwealth:				
Categorical aid:				
Anti-litter grant	\$ 5,000	\$ 5,307	\$ 5,307	\$ -
Total categorical aid	<u>\$ 5,000</u>	<u>\$ 5,307</u>	<u>\$ 5,307</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 5,000</u>	<u>\$ 5,307</u>	<u>\$ 5,307</u>	<u>\$ -</u>
Total Anti-Litter Fund	<u>\$ 5,000</u>	<u>\$ 5,307</u>	<u>\$ 5,799</u>	<u>\$ 492</u>
Capital Projects Fund:				
Capital Projects Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 400,000	\$ 400,000	\$ 519,700	\$ 119,700
Restaurant food taxes	1,000,000	1,000,000	1,240,794	240,794
Total other local taxes	<u>\$ 1,400,000</u>	<u>\$ 1,400,000</u>	<u>\$ 1,760,494</u>	<u>\$ 360,494</u>
Revenue from use of money and property:				
Revenue from the use of money	\$ 708,825	\$ 708,825	\$ 1,274,020	\$ 565,195
Total revenue from use of money and property	<u>\$ 708,825</u>	<u>\$ 708,825</u>	<u>\$ 1,274,020</u>	<u>\$ 565,195</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 125,000	\$ 125,000	\$ 125,003	\$ 3
Total miscellaneous revenue	<u>\$ 125,000</u>	<u>\$ 125,000</u>	<u>\$ 125,003</u>	<u>\$ 3</u>
Total revenue from local sources	<u>\$ 2,233,825</u>	<u>\$ 2,233,825</u>	<u>\$ 3,159,517</u>	<u>\$ 925,692</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell School Board	\$ 500,000	\$ -	\$ -	\$ -
Total revenues from local governments	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Capital Projects Fund	<u>\$ 2,733,825</u>	<u>\$ 2,233,825</u>	<u>\$ 3,159,517</u>	<u>\$ 925,692</u>
Total Primary Government	<u>\$ 45,138,229</u>	<u>\$ 44,498,536</u>	<u>\$ 45,395,511</u>	<u>\$ 896,975</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board:				
Special Revenue Funds:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 10,000	\$ 10,000	\$ 14,705	\$ 4,705
Total revenue from use of money and property	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 14,705</u>	<u>\$ 4,705</u>
Charges for services:				
Charges for education	\$ 283,739	\$ 283,739	\$ 261,248	\$ (22,491)
Total charges for services	<u>\$ 283,739</u>	<u>\$ 283,739</u>	<u>\$ 261,248</u>	<u>\$ (22,491)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ 133,407	\$ 165,169	\$ 74,511	\$ (90,658)
Total miscellaneous revenue	<u>\$ 133,407</u>	<u>\$ 165,169</u>	<u>\$ 74,511</u>	<u>\$ (90,658)</u>
Recovered costs:				
E-rate funds	\$ 57,505	\$ 57,505	\$ 76,669	\$ 19,164
Total recovered costs	<u>\$ 57,505</u>	<u>\$ 57,505</u>	<u>\$ 76,669</u>	<u>\$ 19,164</u>
Total revenue from local sources	<u>\$ 484,651</u>	<u>\$ 516,413</u>	<u>\$ 427,133</u>	<u>\$ (89,280)</u>
Intergovernmental revenues:				
Revenues from local governments:				
Contribution from the City of Hopewell, Virginia	\$ 9,791,249	\$ 10,274,744	\$ 9,790,949	\$ (483,795)
Total revenues from local governments	<u>\$ 9,791,249</u>	<u>\$ 10,274,744</u>	<u>\$ 9,790,949</u>	<u>\$ (483,795)</u>
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 3,659,643	\$ 3,391,922	\$ 3,365,329	\$ (26,593)
Basic school aid	12,467,620	12,783,040	12,779,601	(3,439)
ISAEP	15,717	15,717	15,717	-
Remedial summer education	94,041	93,748	93,748	-
Regular foster care	27,279	27,279	5,634	(21,645)
Homebound education	63,952	48,475	48,475	-
Gifted and talented	118,151	118,972	118,972	-
Remedial education	512,947	516,512	516,512	-
Salary supplement	262,237	327,898	327,898	-
Special education	1,547,486	1,558,242	1,574,647	16,405
School leadership grant	30,000	134,932	37,875	(97,057)
Vocational standards of quality payments	340,047	343,306	338,103	(5,203)
Social security fringe benefits	703,141	708,028	708,027	(1)
Retirement fringe benefits	896,216	896,642	896,641	(1)
Group life insurance benefits	46,108	40,625	40,625	-
Enrollment loss	7,706	-	-	-
State lottery payments	670,952	672,453	672,655	202
Early reading intervention	82,212	69,880	69,880	-
At risk payments	722,081	724,364	724,364	-
Primary class size	765,950	741,183	741,183	-
At risk four-year olds	335,478	354,115	354,115	-
Education technology	232,000	232,000	-	(232,000)
Standards of Learning algebra readiness	73,742	65,220	65,220	-
Mentor teacher program	42,601	-	11,294	11,294
English as a second language	70,302	48,644	48,644	-
Other state funds	-	2,182	-	(2,182)
Total categorical aid	<u>\$ 23,787,609</u>	<u>\$ 23,915,379</u>	<u>\$ 23,555,159</u>	<u>\$ (360,220)</u>
Total revenue from the Commonwealth	<u>\$ 23,787,609</u>	<u>\$ 23,915,379</u>	<u>\$ 23,555,159</u>	<u>\$ (360,220)</u>

City of Hopewell, Virginia
Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2007

Schedule 1
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Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Operating Fund: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,473,704	\$ 1,520,192	\$ 1,256,954	\$ (263,238)
Title VI-B, special education	1,106,339	1,112,369	940,473	(171,896)
Vocational education	102,578	102,578	79,840	(22,738)
21st Century learning grant	252,020	278,255	201,011	(77,244)
Title IID	30,066	12,457	6,810	(5,647)
Title V	50,509	50,510	9,098	(41,412)
Title II	363,212	363,212	257,566	(105,646)
Title VI	(7,386)	-	-	-
Impact aid	38,640	56,955	46,339	(10,616)
Special projects	16,500	16,500	-	(16,500)
Gear up	-	31,760	5,875	(25,885)
Drug free school	63,823	31,223	30,944	(279)
Jr ROTC	49,500	49,500	49,527	27
Headstart	1,527,161	1,527,161	1,161,836	(365,325)
Total categorical aid	<u>\$ 5,066,666</u>	<u>\$ 5,152,672</u>	<u>\$ 4,046,273</u>	<u>\$ (1,106,399)</u>
Total revenue from the federal government	<u>\$ 5,066,666</u>	<u>\$ 5,152,672</u>	<u>\$ 4,046,273</u>	<u>\$ (1,106,399)</u>
Total School Operating Fund	<u>\$ 39,130,175</u>	<u>\$ 39,859,208</u>	<u>\$ 37,819,514</u>	<u>\$ (2,039,694)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	<u>\$ 3,000</u>	<u>\$ 3,000</u>	<u>\$ 27,433</u>	<u>\$ 24,433</u>
Charges for services:				
Cafeteria sales	<u>\$ 567,000</u>	<u>\$ 567,000</u>	<u>\$ 633,362</u>	<u>\$ 66,362</u>
Total revenue from local sources	<u>\$ 570,000</u>	<u>\$ 570,000</u>	<u>\$ 660,795</u>	<u>\$ 90,795</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	<u>\$ 29,798</u>	<u>\$ 29,798</u>	<u>\$ 28,629</u>	<u>\$ (1,169)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 918,000	\$ 918,000	\$ 1,259,345	\$ 341,345
USDA commodities	-	-	98,466	98,466
Total categorical aid	<u>\$ 918,000</u>	<u>\$ 918,000</u>	<u>\$ 1,357,811</u>	<u>\$ 439,811</u>
Total revenue from the federal government	<u>\$ 918,000</u>	<u>\$ 918,000</u>	<u>\$ 1,357,811</u>	<u>\$ 439,811</u>
Total School Cafeteria Fund	<u>\$ 1,517,798</u>	<u>\$ 1,517,798</u>	<u>\$ 2,047,235</u>	<u>\$ 529,437</u>

City of Hopewell, Virginia
 Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2007

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board: (Continued)				
Special Revenue Funds: (Continued)				
School Textbook Fund:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 8,000	\$ 8,000	\$ 6,355	\$ (1,645)
Total revenue from use of money and property	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 6,355</u>	<u>\$ (1,645)</u>
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 7,492	\$ 7,492
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,492</u>	<u>\$ 7,492</u>
Total revenue from local sources	<u>\$ 8,000</u>	<u>\$ 8,000</u>	<u>\$ 13,847</u>	<u>\$ 5,847</u>
Intergovernmental revenues:				
Revenue from the Commonwealth:				
Categorical aid:				
Textbook funds	\$ 293,388	\$ 293,388	\$ 290,987	\$ (2,401)
Total categorical aid	<u>\$ 293,388</u>	<u>\$ 293,388</u>	<u>\$ 290,987</u>	<u>\$ (2,401)</u>
Total revenue from the Commonwealth	<u>\$ 293,388</u>	<u>\$ 293,388</u>	<u>\$ 290,987</u>	<u>\$ (2,401)</u>
Total School Textbook Fund	<u>\$ 301,388</u>	<u>\$ 301,388</u>	<u>\$ 304,834</u>	<u>\$ 3,446</u>
Capital Projects Fund:				
Building and Bus Replacement Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 28,183	\$ 28,183
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,183</u>	<u>\$ 28,183</u>
Revenue from the Commonwealth:				
Categorical aid:				
State construction funds	\$ 159,485	\$ 159,819	\$ 159,819	\$ -
Total categorical aid	<u>\$ 159,485</u>	<u>\$ 159,819</u>	<u>\$ 159,819</u>	<u>\$ -</u>
Total revenue from the Commonwealth	<u>\$ 159,485</u>	<u>\$ 159,819</u>	<u>\$ 159,819</u>	<u>\$ -</u>
Total Building and Bus Replacement Fund	<u>\$ 159,485</u>	<u>\$ 159,819</u>	<u>\$ 188,002</u>	<u>\$ 28,183</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 41,108,846</u>	<u>\$ 41,838,213</u>	<u>\$ 40,359,585</u>	<u>\$ (1,478,628)</u>

City of Hopewell, Virginia
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund:				
General government administration:				
Legislative:				
City council	\$ 121,346	\$ 144,096	\$ 141,174	\$ 2,922
City clerk	74,167	76,472	71,293	5,179
Total general government administration	<u>\$ 195,513</u>	<u>\$ 220,568</u>	<u>\$ 212,467</u>	<u>\$ 8,101</u>
General and financial administration:				
City manager	\$ 214,464	\$ 424,334	\$ 428,363	\$ (4,029)
City attorney	202,802	209,125	187,146	21,979
Information/Research department	105,745	93,854	73,239	20,615
Commissioner of revenue	324,543	332,869	332,686	183
Personnel office	336,065	238,134	230,426	7,708
Treasurer	325,679	366,194	332,924	33,270
Finance	1,311,660	1,388,466	1,278,357	110,109
Total general and financial administration	<u>\$ 2,820,958</u>	<u>\$ 3,052,976</u>	<u>\$ 2,863,141</u>	<u>\$ 189,835</u>
Board of elections:				
Electoral board and officials	\$ 145,709	\$ 151,858	\$ 131,421	\$ 20,437
Total board of elections	<u>\$ 145,709</u>	<u>\$ 151,858</u>	<u>\$ 131,421</u>	<u>\$ 20,437</u>
Total general government administration	<u>\$ 3,162,180</u>	<u>\$ 3,425,402</u>	<u>\$ 3,207,029</u>	<u>\$ 218,373</u>
Judicial administration:				
Courts:				
Circuit court	\$ 47,415	\$ 47,415	\$ 38,612	\$ 8,803
General district court	18,450	18,450	10,569	7,881
Sheriff	559,673	594,102	592,983	1,119
Law library	-	15,481	-	15,481
Clerk of the circuit court	310,625	315,193	300,398	14,795
Victim and witness assistance	112,616	112,174	91,234	20,940
Court services unit	13,200	13,200	8,066	5,134
Southside Legal Aid contribution	9,471	9,471	9,471	-
Total courts	<u>\$ 1,071,450</u>	<u>\$ 1,125,486</u>	<u>\$ 1,051,333</u>	<u>\$ 74,153</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 501,971	\$ 520,758	\$ 449,112	\$ 71,646
Total commonwealth's attorney	<u>\$ 501,971</u>	<u>\$ 520,758</u>	<u>\$ 449,112</u>	<u>\$ 71,646</u>
Total judicial administration	<u>\$ 1,573,421</u>	<u>\$ 1,646,244</u>	<u>\$ 1,500,445</u>	<u>\$ 145,799</u>
Public safety:				
Law enforcement and traffic control:				
Police department	\$ 4,889,783	\$ 5,749,650	\$ 5,503,469	\$ 246,181
Total law enforcement and traffic control	<u>\$ 4,889,783</u>	<u>\$ 5,749,650</u>	<u>\$ 5,503,469</u>	<u>\$ 246,181</u>
Fire and rescue services:				
Fire department	\$ 3,185,460	\$ 3,328,231	\$ 2,789,173	\$ 539,058
Total fire and rescue services	<u>\$ 3,185,460</u>	<u>\$ 3,328,231</u>	<u>\$ 2,789,173</u>	<u>\$ 539,058</u>

City of Hopewell, Virginia
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Public safety: (Continued)				
Correction and detention:				
Crater Youth Care Commission	\$ 375,000	\$ 375,000	\$ 462,030	\$ (87,030)
Riverside Regional Jail	2,100,000	2,100,000	2,175,082	(75,082)
VJCCCA grant	189,909	191,676	193,001	(1,325)
Total correction and detention	<u>\$ 2,664,909</u>	<u>\$ 2,666,676</u>	<u>\$ 2,830,113</u>	<u>\$ (163,437)</u>
Inspections:				
Building	\$ 319,214	\$ 327,670	\$ 323,625	\$ 4,045
Total inspections	<u>\$ 319,214</u>	<u>\$ 327,670</u>	<u>\$ 323,625</u>	<u>\$ 4,045</u>
Other protection:				
Animal control	\$ 207,897	\$ 212,080	\$ 178,440	\$ 33,640
Emergency and safety services	97,290	126,170	90,377	35,793
Total other protection	<u>\$ 305,187</u>	<u>\$ 338,250</u>	<u>\$ 268,817</u>	<u>\$ 69,433</u>
Total public safety	<u>\$ 11,364,553</u>	<u>\$ 12,410,477</u>	<u>\$ 11,715,197</u>	<u>\$ 695,280</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 3,860,205	\$ 4,168,251	\$ 3,652,684	\$ 515,567
Total maintenance of highways, streets, bridges & sidewalks	<u>\$ 3,860,205</u>	<u>\$ 4,168,251</u>	<u>\$ 3,652,684</u>	<u>\$ 515,567</u>
Maintenance of general buildings and grounds:				
Cemetery perpetual care	\$ 66,620	\$ 66,620	\$ 27,963	\$ 38,657
Total maintenance of general buildings and grounds	<u>\$ 66,620</u>	<u>\$ 66,620</u>	<u>\$ 27,963</u>	<u>\$ 38,657</u>
Total public works	<u>\$ 3,926,825</u>	<u>\$ 4,234,871</u>	<u>\$ 3,680,647</u>	<u>\$ 554,224</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 168,736	\$ 168,736	\$ 165,896	\$ 2,840
Total health	<u>\$ 168,736</u>	<u>\$ 168,736</u>	<u>\$ 165,896</u>	<u>\$ 2,840</u>
Mental health and mental retardation:				
Community services board	\$ 96,458	\$ 96,458	\$ 96,458	\$ -
Total mental health and mental retardation	<u>\$ 96,458</u>	<u>\$ 96,458</u>	<u>\$ 96,458</u>	<u>\$ -</u>
Welfare:				
State/local hospitalization	\$ 13,000	\$ 13,000	\$ 9,425	\$ 3,575
Contribution to Comprehensive Services Act Board	702,000	702,000	761,650	(59,650)
Tax relief for the elderly	180,000	180,000	170,352	9,648
Total welfare	<u>\$ 895,000</u>	<u>\$ 895,000</u>	<u>\$ 941,427</u>	<u>\$ (46,427)</u>
Total health and welfare	<u>\$ 1,160,194</u>	<u>\$ 1,160,194</u>	<u>\$ 1,203,781</u>	<u>\$ (43,587)</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 9,181	\$ 9,181	\$ 9,181	\$ -
Contribution to City School Board	8,402,111	8,401,811	8,399,250	2,561
Total education	<u>\$ 8,411,292</u>	<u>\$ 8,410,992</u>	<u>\$ 8,408,431</u>	<u>\$ 2,561</u>

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
General Fund: (Continued)				
Parks, recreation, and cultural:				
Cultural enrichment:				
Historic Hopewell Foundation	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
Historical society	2,500	2,500	2,500	-
Arts and humanities	8,200	8,200	8,600	(400)
Total cultural enrichment	<u>\$ 23,200</u>	<u>\$ 23,200</u>	<u>\$ 23,600</u>	<u>\$ (400)</u>
Library:				
Contribution to regional library	\$ 501,148	\$ 501,148	\$ 501,148	\$ -
Total library	<u>\$ 501,148</u>	<u>\$ 501,148</u>	<u>\$ 501,148</u>	<u>\$ -</u>
Total parks, recreation, and cultural	<u>\$ 524,348</u>	<u>\$ 524,348</u>	<u>\$ 524,748</u>	<u>\$ (400)</u>
Community development:				
Planning and community development:				
Community development	\$ 750,899	\$ 636,151	\$ 493,408	\$ 142,743
Tourism and economic development	303,481	313,854	313,608	246
Total planning and community development	<u>\$ 1,054,380</u>	<u>\$ 950,005</u>	<u>\$ 807,016</u>	<u>\$ 142,989</u>
Total community development	<u>\$ 1,054,380</u>	<u>\$ 950,005</u>	<u>\$ 807,016</u>	<u>\$ 142,989</u>
Nondepartmental:				
Employee welfare and other benefits	\$ 646,958	\$ 607,214	\$ 453,459	\$ 153,755
Property and liability insurance	282,332	282,332	227,830	54,502
Other	-	86,924	94,537	(7,613)
Contingency	543,765	194,076	-	194,076
Contributions to civic organizations	83,100	137,144	127,674	9,470
Total nondepartmental	<u>\$ 1,556,155</u>	<u>\$ 1,307,690</u>	<u>\$ 903,500</u>	<u>\$ 404,190</u>
Debt service:				
Principal retirement	\$ 1,441,616	\$ 1,441,916	\$ 1,441,916	\$ -
Interest and other fiscal charges	532,476	532,476	532,476	-
Total debt service	<u>\$ 1,974,092</u>	<u>\$ 1,974,392</u>	<u>\$ 1,974,392</u>	<u>\$ -</u>
Total General Fund	<u>\$ 34,707,440</u>	<u>\$ 36,044,615</u>	<u>\$ 33,925,186</u>	<u>\$ 2,119,429</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,620,984	\$ 2,389,638	\$ 2,271,427	\$ 118,211
Public assistance	351,046	468,160	416,701	51,459
Purchased services	1,659,826	1,542,715	1,306,820	235,895
Total welfare and social services	<u>\$ 4,631,856</u>	<u>\$ 4,400,513</u>	<u>\$ 3,994,948</u>	<u>\$ 405,565</u>
Total health and welfare	<u>\$ 4,631,856</u>	<u>\$ 4,400,513</u>	<u>\$ 3,994,948</u>	<u>\$ 405,565</u>
Total Virginia Public Assistance Fund	<u>\$ 4,631,856</u>	<u>\$ 4,400,513</u>	<u>\$ 3,994,948</u>	<u>\$ 405,565</u>

City of Hopewell, Virginia
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Special Revenue Funds: (Continued)				
Recreation Fund:				
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 528,679	\$ 542,087	\$ 519,266	\$ 22,821
Community division	92,013	90,113	87,985	2,128
Athletics division	126,683	120,483	105,088	15,395
Seniors division	130,206	131,940	130,383	1,557
Pool center	206,840	206,940	216,306	(9,366)
Parks	438,818	442,892	442,480	412
Harbor patrol and marina operation	74,020	234,923	143,621	91,302
Other	60,145	59,244	85,900	(26,656)
Total parks and recreation	<u>\$ 1,657,404</u>	<u>\$ 1,828,622</u>	<u>\$ 1,731,029</u>	<u>\$ 97,593</u>
Total Recreation Fund	<u>\$ 1,657,404</u>	<u>\$ 1,828,622</u>	<u>\$ 1,731,029</u>	<u>\$ 97,593</u>
Community Development Block Grant Fund:				
Community development:				
Planning and community development:				
Community development	<u>\$ 221,824</u>	<u>\$ 531,361</u>	<u>\$ 171,528</u>	<u>\$ 359,833</u>
Anti-Litter Fund:				
Public works:				
Sanitation and waste removal:				
Anti-litter program	<u>\$ 5,000</u>	<u>\$ 5,307</u>	<u>\$ 1,873</u>	<u>\$ 3,434</u>
Capital Projects Fund:				
Education:				
Other instructional costs:				
Contribution to City School Board	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,391,699</u>	<u>\$ (1,391,699)</u>
Capital projects expenditures:				
Parks and recreation	\$ -	\$ 330,902	\$ 271,641	\$ 59,261
Tourism	128,000	128,000	128,000	-
GIS mapping	-	97,354	34,470	62,884
Library	-	4,008,744	3,078,299	930,445
East Broadway Bridge	-	165,000	8,900	156,100
Other projects	9,527	235,534	167,541	67,993
Streets, curbs and gutters	-	77,280	13,644	63,636
Information management system	100,000	100,000	81,000	19,000
Downtown development plan	-	586,557	485,817	100,740
Historic Hopewell project	-	30,000	33,036	(3,036)
Downtown construction street scape	-	4,156,197	2,520,412	1,635,785
Permits/Code building	600,000	-	-	-
Land purchase	-	-	3,150,381	(3,150,381)
Colonial Corner cross-over	-	120,000	81,984	38,016
School garage	1,000,000	1,000,000	791,674	208,326
Total capital projects	<u>\$ 1,837,527</u>	<u>\$ 11,035,568</u>	<u>\$ 10,846,799</u>	<u>\$ 188,769</u>
Debt service:				
Principal retirement	\$ 1,928,578	\$ 1,928,578	\$ 938,000	\$ 990,578
Interest and other fiscal charges	1,844,388	1,844,388	1,444,095	400,293
Bond agent fees	5,500	5,500	3,946	1,554
Total debt service	<u>\$ 3,778,466</u>	<u>\$ 3,778,466</u>	<u>\$ 2,386,041</u>	<u>\$ 1,392,425</u>
Total Capital Projects Fund	<u>\$ 5,615,993</u>	<u>\$ 14,814,034</u>	<u>\$ 14,624,539</u>	<u>\$ 189,495</u>
Total Primary Government	<u>\$ 46,839,517</u>	<u>\$ 57,624,452</u>	<u>\$ 54,449,103</u>	<u>\$ 3,175,349</u>

City of Hopewell, Virginia
Schedule of Expenditures - Budget and Actual
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<u>Fund, Function, Activity and Department</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit - School Board				
Special Revenue Funds:				
School Operating Fund:				
Education:				
Administration of schools:				
Administration	\$ 1,249,110	\$ 1,254,110	\$ 1,200,644	\$ 53,466
Total administration of schools	<u>\$ 1,249,110</u>	<u>\$ 1,254,110</u>	<u>\$ 1,200,644</u>	<u>\$ 53,466</u>
Instruction costs:				
Compensation	\$ 29,153,906	\$ 28,639,741	\$ 27,309,998	\$ 1,329,743
Supplies	1,115,590	1,270,360	1,306,016	(35,656)
Equipment	564,052	540,469	509,568	30,901
Purchased services	1,472,511	1,669,781	1,356,941	312,840
Total instruction costs	<u>\$ 32,306,059</u>	<u>\$ 32,120,351</u>	<u>\$ 30,482,523</u>	<u>\$ 1,637,828</u>
Operating costs:				
Attendance and health services	\$ 643,507	\$ 661,007	\$ 643,389	\$ 17,618
Pupil transportation	768,663	891,648	851,583	40,065
Operation and maintenance of school plant	4,548,052	4,560,718	4,092,982	467,736
Total operating costs	<u>\$ 5,960,222</u>	<u>\$ 6,113,373</u>	<u>\$ 5,587,954</u>	<u>\$ 525,419</u>
Total education	<u>\$ 39,515,391</u>	<u>\$ 39,487,834</u>	<u>\$ 37,271,121</u>	<u>\$ 2,216,713</u>
Total School Fund	<u>\$ 39,515,391</u>	<u>\$ 39,487,834</u>	<u>\$ 37,271,121</u>	<u>\$ 2,216,713</u>
Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,025,498	\$ 2,268,172	\$ 1,895,150	\$ 373,022
Total education	<u>\$ 2,025,498</u>	<u>\$ 2,268,172</u>	<u>\$ 1,895,150</u>	<u>\$ 373,022</u>
Total Cafeteria Fund	<u>\$ 2,025,498</u>	<u>\$ 2,268,172</u>	<u>\$ 1,895,150</u>	<u>\$ 373,022</u>
School Textbook Fund:				
Education:				
Instruction	\$ 540,000	\$ 540,000	\$ 71,128	\$ 468,872
Total education	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 71,128</u>	<u>\$ 468,872</u>
Total School Textbook Fund	<u>\$ 540,000</u>	<u>\$ 540,000</u>	<u>\$ 71,128</u>	<u>\$ 468,872</u>
Capital Projects Fund:				
Building and Bus Replacement Fund:				
Capital projects expenditures:				
Capital projects	\$ 120,000	\$ 734,220	\$ 170,361	\$ 563,859
Total capital projects	<u>\$ 120,000</u>	<u>\$ 734,220</u>	<u>\$ 170,361</u>	<u>\$ 563,859</u>
Total Building and Bus Replacement Fund	<u>\$ 120,000</u>	<u>\$ 734,220</u>	<u>\$ 170,361</u>	<u>\$ 563,859</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 42,200,889</u>	<u>\$ 43,030,226</u>	<u>\$ 39,407,760</u>	<u>\$ 3,622,466</u>

STATISTICAL SECTION

Statistical Section

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

5 - 8

Debt Capacity

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

9 - 11

Demographic and Economic Information

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

12 - 13

Operating Information

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

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$ (518,312)	\$ (700,037)	\$ (2,904,259)	\$ (5,034,392)	\$ 1,080,980
Restricted	1,064,242	5,586,904	16,720,846	6,623,230	1,238,289
Unrestricted	23,956,694	20,887,012	10,044,891	25,290,215	29,341,147
Total governmental activities net assets	\$ 24,502,624	\$ 25,773,879	\$ 23,861,478	\$ 26,879,053	\$ 31,660,416
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
Restricted	1,167,481	1,167,481	1,167,481	395,641	395,641
Unrestricted	14,713,557	15,872,944	17,228,877	18,665,589	20,590,674
Total business-type activities net assets	\$ 32,799,618	\$ 30,713,526	\$ 23,977,290	\$ 23,230,895	\$ 22,987,697
Primary government:					
Invested in capital assets, net of related debt	\$ 16,400,268	\$ 12,973,064	\$ 2,676,673	\$ (864,727)	\$ 3,082,362
Restricted	2,231,723	6,754,385	17,888,327	7,018,871	1,633,930
Unrestricted	38,670,251	36,759,956	27,273,768	43,955,804	49,931,821
Total primary government net assets	\$ 57,302,242	\$ 56,487,405	\$ 47,838,768	\$ 50,109,948	\$ 54,648,113

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

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

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental activities:					
General government	\$ 3,341,970	\$ 3,443,925	\$ 2,945,790	\$ 2,912,135	\$ 3,375,486
Judicial administration	1,463,565	1,495,967	1,574,921	1,677,436	1,778,649
Public safety	9,008,687	9,486,916	10,565,072	11,047,707	12,332,692
Public works	4,192,242	3,737,248	3,485,748	2,887,052	1,772,710
Health and welfare	4,715,320	5,194,978	5,342,722	5,264,756	5,322,346
Education	10,899,729	10,928,447	11,179,266	11,543,304	12,264,674
Parks, recreation and cultural	1,744,625	2,258,430	2,257,163	1,896,638	2,342,189
Community development	4,845,934	1,992,171	2,030,064	1,074,519	947,666
Interest on long-term debt	1,201,432	1,179,416	2,141,680	2,097,330	1,810,935
Total governmental activities expenses	<u>\$ 41,413,504</u>	<u>\$ 39,717,498</u>	<u>\$ 41,522,426</u>	<u>\$ 40,400,877</u>	<u>\$ 41,947,347</u>
Business-type activities:					
Public utilities	<u>\$ 15,685,591</u>	<u>\$ 16,090,180</u>	<u>\$ 16,185,800</u>	<u>\$ 16,272,912</u>	<u>\$ 16,961,532</u>
Total business-type activities expenses	<u>\$ 15,685,591</u>	<u>\$ 16,090,180</u>	<u>\$ 16,185,800</u>	<u>\$ 16,272,912</u>	<u>\$ 16,961,532</u>
Total primary government expenses	<u>\$ 57,099,095</u>	<u>\$ 55,807,678</u>	<u>\$ 57,708,226</u>	<u>\$ 56,673,789</u>	<u>\$ 58,908,879</u>
Program Revenues					
Governmental activities:					
Charges for services:					
Judicial administration	\$ 183,867	\$ 61,411	\$ 198,943	\$ 99,974	\$ 82,948
Public safety	11,985	408,843	224,206	439,608	549,021
Parks, recreation and cultural	185,600	150,713	103,291	231,592	141,640
Operating grants and contributions	8,522,988	9,471,701	9,675,502	9,554,091	9,801,482
Capital grants and contributions	264,598	271,737	-	-	-
Total governmental activities program revenues	<u>\$ 9,169,038</u>	<u>\$ 10,364,405</u>	<u>\$ 10,201,942</u>	<u>\$ 10,325,265</u>	<u>\$ 10,575,091</u>
Business-type activities:					
Charges for services:					
Public utilities	\$ 12,291,135	\$ 12,937,022	\$ 14,195,204	\$ 14,567,448	\$ 16,219,446
Operating grants and contributions	1,816,943	1,170,323	1,174,420	160,762	-
Total business-type activities program revenues	<u>\$ 14,108,078</u>	<u>\$ 14,107,345</u>	<u>\$ 15,369,624</u>	<u>\$ 14,728,210</u>	<u>\$ 16,219,446</u>
Total primary government program revenues	<u>\$ 23,277,116</u>	<u>\$ 24,471,750</u>	<u>\$ 25,571,566</u>	<u>\$ 25,053,475</u>	<u>\$ 26,794,537</u>
Net (expense) / revenue					
Governmental activities	\$ (32,244,466)	\$ (29,353,093)	\$ (31,320,484)	\$ (30,075,612)	\$ (31,372,256)
Business-type activities	<u>(1,577,513)</u>	<u>(1,982,835)</u>	<u>(816,176)</u>	<u>(1,544,702)</u>	<u>(742,086)</u>
Total primary government net expense	<u>\$ (33,821,979)</u>	<u>\$ (31,335,928)</u>	<u>\$ (32,136,660)</u>	<u>\$ (31,620,314)</u>	<u>\$ (32,114,342)</u>

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

	Fiscal Year				
	2003	2004	2005	2006	2007
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
Local sales and use taxes	1,632,175	1,623,689	1,710,007	1,890,963	1,992,012
Consumer utility taxes	1,334,789	1,406,368	1,138,794	1,141,121	914,129
Business licenses taxes	1,299,019	1,317,942	1,411,667	1,541,460	1,537,086
Other local taxes	2,499,514	6,778,505	2,672,065	3,017,610	3,184,311
Unrestricted grants and contributions	1,693,124	1,656,911	1,591,188	1,777,831	1,801,786
Unrestricted revenues from use of money and property	614,596	383,429	992,484	1,736,958	2,033,562
Miscellaneous	314,115	890,576	147,042	550,795	266,383
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
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
Total business-type activities	\$ 19,015	\$ (103,257)	\$ 64,166	\$ 798,307	\$ 951,842
Total primary government	\$ 28,681,500	\$ 30,521,091	\$ 32,455,138	\$ 33,891,494	\$ 36,147,129
Change in Net Assets					
Governmental activities	\$ (3,581,981)	\$ 1,271,255	\$ 1,070,488	\$ 3,017,575	\$ 3,823,031
Business-type activities	(1,558,498)	(2,086,092)	(752,010)	(746,395)	209,756
Total primary government	\$ (5,140,479)	\$ (814,837)	\$ 318,478	\$ 2,271,180	\$ 4,032,787

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)

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund:										
Reserved	\$ 9,180,497	\$ 7,693,676	\$ 6,994,970	\$ 7,099,088	\$ 5,456,484	\$ 1,677,493	\$ 1,483,892	\$ 1,272,858	\$ 1,745,277	\$ 2,145,267
Unreserved	4,235,380	4,374,830	3,893,133	3,546,836	3,205,324	6,946,757	7,777,384	8,604,101	10,556,899	10,681,994
Total general fund	\$ 13,415,877	\$ 12,068,506	\$ 10,888,103	\$ 10,645,924	\$ 8,661,808	\$ 8,624,250	\$ 9,261,276	\$ 9,876,959	\$ 12,302,176	\$ 12,827,261
All other governmental funds:										
Reserved	\$ 10,599,232	\$ 15,421,384	\$ 14,407,940	\$ 10,841,312	\$ 10,268,014	\$ 7,231,064	\$ 4,167,174	\$ 15,503,841	\$ 15,441,011	\$ 3,553,176
Unreserved, reported in:										
Special revenue funds	328,131	233,349	438,126	577,764	638,254	780,932	1,090,129	503,031	404,844	221,901
Capital projects funds	3,397,385	3,755,230	3,640,331	5,688,808	5,097,288	8,170,048	10,400,891	18,250,454	12,850,203	15,342,304
Total all other governmental funds	\$ 14,324,748	\$ 19,409,963	\$ 18,486,397	\$ 17,107,884	\$ 16,003,556	\$ 16,182,044	\$ 15,658,194	\$ 34,257,326	\$ 28,696,058	\$ 19,117,381

City of Hopewell, Virginia

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	1998	1999	2000	2001
Revenues				
General property taxes	\$ 18,650,452	\$ 18,945,849	\$ 18,367,864	\$ 19,795,128
Other local taxes	5,946,090	5,852,180	6,138,220	6,371,934
Permits, privilege fees and regulatory licenses	98,289	135,824	112,536	81,277
Fines and forfeitures	134,630	118,835	97,645	126,579
Revenue from use of money and property	1,569,199	1,539,735	2,271,959	2,204,478
Charges for services	183,462	194,080	174,065	212,132
Miscellaneous	700,771	329,467	1,137,617	209,227
Recovered costs	72,736	592,857	230,514	266,793
Intergovernmental	7,226,375	7,649,078	8,655,722	8,756,960
Total revenues	<u>\$ 34,582,004</u>	<u>\$ 35,357,905</u>	<u>\$ 37,186,142</u>	<u>\$ 38,024,508</u>
Expenditures				
General government administration	\$ 2,117,448	\$ 2,575,685	\$ 2,607,634	\$ 2,999,608
Judicial administration	1,034,721	1,041,626	1,058,827	1,129,005
Public safety	8,627,747	8,507,450	9,509,028	9,717,419
Public works	3,420,136	3,110,221	3,353,665	3,477,659
Health and welfare	2,736,679	3,330,380	3,851,364	3,848,489
Education	-	-	-	-
Parks, recreation and cultural	1,529,381	1,538,863	1,615,164	1,613,054
Community development	595,335	387,281	429,776	325,337
Nondepartmental	146,204	348,109	363,184	595,837
Capital projects	1,676,574	3,057,360	5,289,395	1,904,827
Debt service: (1)				
Principal	1,069,964	1,394,280	1,077,315	1,006,697
Interest and other fiscal charges	-	-	-	-
Total expenditures	<u>\$ 22,954,189</u>	<u>\$ 25,291,255</u>	<u>\$ 29,155,352</u>	<u>\$ 26,617,932</u>
Excess of revenues over (under) expenditures	<u>\$ 11,627,815</u>	<u>\$ 10,066,650</u>	<u>\$ 8,030,790</u>	<u>\$ 11,406,576</u>
Other financing sources (uses)				
Transfers in	\$ 6,887,566	\$ 5,921,899	\$ 7,397,367	\$ 3,070,857
Transfers out	(15,094,571)	(16,874,228)	(17,101,735)	(15,681,892)
Bonds issued	-	10,235,000	-	-
Payments to refunded bond escrow agent	-	(4,950,376)	-	-
Capital leases	600,000	-	-	-
Total other financing sources (uses)	<u>\$ (7,607,005)</u>	<u>\$ (5,667,705)</u>	<u>\$ (9,704,368)</u>	<u>\$ (12,611,035)</u>
Net change in fund balances	<u>\$ 4,020,810</u>	<u>\$ 4,398,945</u>	<u>\$ (1,673,578)</u>	<u>\$ (1,204,459)</u>
Debt service as a percentage of noncapital expenditures	<u>5.03%</u>	<u>6.27%</u>	<u>4.51%</u>	<u>4.07%</u>

(1) For fiscal years 1998 - 2002 all principal and interest payments are listed as principal payments, as a principal and interest breakdown is not available for these fiscal years.

Table 4

Fiscal Year					
2002	2003	2004	2005	2006	2007
\$ 18,684,937	\$ 18,667,154	\$ 20,092,804	\$ 21,098,729	\$ 22,011,460	\$ 22,262,298
6,460,305	6,765,497	6,778,505	6,932,533	7,591,154	7,627,538
60,406	94,530	82,108	93,462	179,406	204,618
69,658	65,830	61,411	79,376	74,318	69,921
866,706	614,596	383,429	992,484	1,736,958	2,033,562
284,368	221,092	477,448	353,602	517,450	499,070
846,622	314,115	890,576	143,552	549,450	271,236
267,922	-	-	-	996,392	824,000
9,247,495	10,480,710	11,400,349	11,266,690	11,331,922	11,603,268
<u>\$ 36,788,419</u>	<u>\$ 37,223,524</u>	<u>\$ 40,166,630</u>	<u>\$ 40,960,428</u>	<u>\$ 44,988,510</u>	<u>\$ 45,395,511</u>
\$ 3,113,930	\$ 2,640,778	\$ 2,666,849	\$ 2,725,084	\$ 2,869,051	\$ 3,207,029
1,204,103	1,292,301	1,291,736	1,331,479	1,436,093	1,500,445
10,701,825	9,224,023	9,406,283	10,307,147	10,594,210	11,715,197
3,391,620	3,280,814	3,428,681	3,339,381	3,736,617	3,682,520
3,938,094	4,671,981	4,990,898	5,218,907	5,143,541	5,198,729
-	9,535,795	9,548,805	9,564,280	9,708,817	9,800,130
2,038,146	1,793,430	1,972,933	2,216,435	2,283,280	2,255,777
778,150	1,130,602	1,113,053	1,308,672	1,164,345	978,544
875,976	608,575	1,275,270	864,169	746,960	903,500
788,704	3,886,805	1,252,346	1,511,459	6,254,211	10,846,799
1,289,767	2,230,299	2,119,642	2,388,320	3,427,039	2,379,916
-	1,233,136	1,192,075	1,893,991	2,168,868	1,980,517
<u>\$ 28,120,315</u>	<u>\$ 41,528,539</u>	<u>\$ 40,258,571</u>	<u>\$ 42,669,324</u>	<u>\$ 49,533,032</u>	<u>\$ 54,449,103</u>
<u>\$ 8,668,104</u>	<u>\$ (4,305,015)</u>	<u>\$ (91,941)</u>	<u>\$ (1,708,896)</u>	<u>\$ (4,544,522)</u>	<u>\$ (9,053,592)</u>
\$ 3,832,858	\$ 4,649,024	\$ 3,808,160	\$ 4,236,279	\$ 4,394,863	\$ 4,369,935
(15,721,311)	(4,434,756)	(3,603,043)	(3,961,279)	(4,394,863)	(4,369,935)
-	3,965,000	-	20,000,000	858,896	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ (11,888,453)</u>	<u>\$ 4,179,268</u>	<u>\$ 205,117</u>	<u>\$ 20,923,711</u>	<u>\$ 858,896</u>	<u>\$ -</u>
<u>\$ (3,220,349)</u>	<u>\$ (125,747)</u>	<u>\$ 113,176</u>	<u>\$ 19,214,815</u>	<u>\$ (3,685,626)</u>	<u>\$ (9,053,592)</u>
<u>4.72%</u>	<u>5.93%</u>	<u>5.43%</u>	<u>5.80%</u>	<u>7.92%</u>	<u>5.46%</u>

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	Direct Tax Rate	Assessed Value as a Percentage of Actual Value
2007	\$ 1,122,108,000	\$ 124,658,770	\$ 129,341,114	\$ 324,304,640	\$ 1,700,412,524	\$ 1,666,404,274	1.38	102.04%
2006	929,194,800	117,351,944	142,128,758	365,796,979	1,554,472,481	1,476,648,400	1.51	105.27%
2005	926,602,083	118,025,410	176,400,688	361,479,667	1,582,507,848	1,499,091,288	1.54	105.56%
2004	849,244,667	126,941,705	117,124,590	399,712,852	1,493,023,814	1,407,747,444	1.50	106.06%
2003	845,832,200	124,590,160	155,115,512	285,714,285	1,411,252,157	1,373,889,269	1.57	102.72%
2002	800,586,607	154,138,951	154,216,964	285,028,909	1,393,971,431	1,232,407,401	1.54	113.11%
2001	827,759,300	104,606,800	214,696,435	71,544,125	1,218,606,660	1,191,399,794	1.62	102.28%
2000	787,968,509	90,113,213	220,104,443	70,223,039	1,168,409,204	1,168,978,806	1.64	99.95%
1999	776,843,500	87,467,357	218,109,930	69,926,531	1,152,347,318	1,148,094,304	1.64	100.37%
1998	743,360,600	89,737,141	216,331,467	68,340,393	1,117,769,601	1,111,258,117	1.66	100.59%

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.

Direct Tax Rates (1)
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property (2)	Machinery and Tools	Public Utility	
				Real Estate	Personal Property
1998	\$ 1.14	\$ 3.05	\$ 3.03	\$ 1.14	\$ 3.05
1999	1.14	3.05	3.03	1.14	3.05
2000	1.14	3.05	3.03	1.14	3.05
2001	1.12	3.05	3.03	1.12	3.05
2002	1.12	3.05	3.03	1.12	3.05
2003	1.20	3.05	3.05	1.20	3.05
2004	1.20	3.05	3.05	1.20	3.05
2005	1.20	3.05	3.05	1.20	3.05
2006	1.20	3.05	3.05	1.20	3.05
2007	1.09	3.05	3.05	1.09	3.05

(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.

Principal Property Taxpayers
Current Year and the Period Nine Years Prior

Taxpayer	Fiscal Year 2007		Fiscal Year 1998	
	2007 Assessed Valuation	% of Total Assessed Valuation	1998 Assessed Valuation	% of Total Assessed Valuation
Hopewell Cogentric Limited Partnership	\$ 126,056,009	8.11%	\$ 43,834,523	3.92%
Allied Signal Corporation/Honeywell	100,885,184	6.49%	142,881,911	12.78%
Stone Container Corporation	96,706,473	6.22%	46,378,328	4.15%
LG&E Westmoreland (1)	-	0.00%	20,314,138	1.82%
James River Cogeneration Company	44,712,820	2.88%	26,669,936	2.39%
Dominion Virginia Power	44,279,948	2.85%	22,614,923	2.02%
Aqualon Company	42,107,779	2.71%	32,123,315	2.87%
Columbia HCA/John Randolph Hospital	31,829,902	2.05%	26,146,429	2.34%
Virginia American Water Company	19,122,787	1.23%	24,000,376	2.15%
Verizon Virginia, Inc.	9,991,838	0.64%	13,322,827	1.19%
	<u>\$ 515,692,740</u>	<u>33.17%</u>	<u>\$ 398,286,706</u>	<u>35.63%</u>

Source: Municipal Tax Assessor

(1) Dominion Virginia Power purchased in 2000.

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	23,967,762	21,167,844	88.32%	\$ -	\$ 21,167,844	88.32%
2006	23,704,873	21,430,559	90.41%	2,015,329	23,445,888	98.91%
2005	24,705,828	18,391,177	74.44%	3,536,129	21,927,306	88.75%
2004	24,705,740	20,727,116	83.90%	2,495,002	23,222,118	93.99%
2003	19,301,997	16,317,240	84.54%	625,675	16,942,915	87.78%
2002	17,880,908	17,096,282	95.61%	1,391,817	18,488,099	103.40%
2001	19,768,008	18,636,237	94.27%	938,329	19,574,566	99.02%
2000	19,201,115	17,914,157	93.30%	240,938	18,155,095	94.55%
1999	18,948,788	18,362,964	96.91%	249,168	18,612,132	98.22%
1998	18,597,674	18,217,820	97.96%	211,273	18,429,093	99.09%

Source: Municipal Tax Assessor

City of Hopewell, Virginia

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Years	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	Revenue Bonds	Capital Leases				
2007	\$ 34,814,452	\$ 7,390,000	\$ -	\$ 12,200,000	\$ -	\$ 54,404,452	n/a	\$ 2,434	
2006	36,363,368	8,221,000	-	12,685,000	28,334	57,297,702	9.40%	2,563	
2005	37,000,511	9,052,000	1,100,000	13,305,000	56,667	60,514,178	10.84%	2,707	
2004	18,557,831	9,883,000	1,100,000	13,665,000	-	43,205,831	7.98%	1,933	
2003	19,846,473	10,714,000	1,100,000	14,010,000	-	45,670,473	8.69%	2,043	
2002	18,249,408	11,545,000	131,364	14,340,000	-	44,265,772	8.66%	1,980	
2001	13,327,497	12,376,000	256,783	14,530,000	127,196	40,617,476	8.06%	1,817	
2000	18,830,549	5,357,000	376,526	10,050,000	250,000	34,864,075	7.24%	1,560	
1999	19,906,265	5,838,000	490,850	10,215,000	-	36,450,115	7.45%	1,578	
1998	11,549,878	6,319,000	600,000	10,370,000	-	28,838,878	6.05%	1,248	

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

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

n/a - Information not currently available.

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

Fiscal Year	Gross Bonded Debt	Less: Amounts Reserved for Debt Service	Net Bonded Debt (3)	Ratio of Net General Obligation Debt to Assessed Value (2)	Net Bonded Debt per Capita (1)
2007	\$ 42,204,452	\$ 4,500,000	\$ 37,704,452	2.22%	\$ 1,687
2006	44,584,368	4,500,000	40,084,368	2.58%	1,793
2005	46,052,511	4,500,000	41,552,511	2.63%	1,859
2004	28,440,831	4,500,000	23,940,831	1.60%	1,071
2003	30,560,473	-	30,560,473	2.17%	1,367
2002	28,694,408	-	28,694,408	2.06%	1,284
2001	13,327,497	-	13,327,497	1.09%	596
2000	18,830,549	-	18,830,549	1.61%	842
1999	19,906,265	-	19,906,265	1.73%	862
1998	11,549,878	-	11,549,878	1.03%	500

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

(2) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property - Table 5

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

City of Hopewell, Virginia

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Debt limit	\$ 74,336,060	\$ 77,684,350	\$ 78,796,851	\$ 82,775,930	\$ 80,058,661	\$ 84,583,220	\$ 84,924,467	\$ 92,660,208	\$ 92,919,480	\$ 112,210,800
Total net debt applicable to limit	1,786,878	25,744,265	24,187,549	25,703,497	29,925,772	31,660,473	29,540,831	47,152,511	44,584,368	42,204,452
Legal debt margin	\$ 72,549,182	\$ 51,940,085	\$ 54,609,302	\$ 57,072,433	\$ 50,132,889	\$ 52,922,747	\$ 55,383,636	\$ 45,507,697	\$ 48,335,112	\$ 70,006,348

Total net debt applicable to the limit
as a percentage of debt limit

2.40% 33.14% 30.70% 31.05% 37.38% 37.43% 34.78% 50.89% 47.98% 37.61%

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 2007

Assessed value	\$ 1,122,108,000
Add back: exempt real property	-
Total assessed value	\$ 1,122,108,000
Debt limit (10% of total assessed value) (a)	\$ 112,210,800
Net debt applicable to limit	42,204,452
Legal debt margin	\$ 70,006,348

Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2007	22,354 \$	n/a \$	n/a	4.50%
2006	22,354	609,794,766	27,279	5.10%
2005	22,354	558,447,628	24,982	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%
1999	23,101	489,140,574	21,174	4.90%
1998	23,101	476,411,923	20,623	4.30%

Source:

- (a) Population information provided by the U.S. Census Bureau.
 - (b) Personal income estimate 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.

Principal Employers
Current Year and Nine Years Ago

Employer	Fiscal Year 2007		Fiscal Year 1998		
	Employees	Rank	Employees	Rank	% of Total City Employment
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%
Shaw Services LLC	250-499	8	n/a	n/a	0.00%
Goldsmith Chemical Corporation	100-249	9	n/a	n/a	0.00%
Hopewell Operations LLC	100-249	10	n/a	n/a	0.00%
Totals					0.00%

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

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

Function	Fiscal Year																																																																																																																																																																																																																																																																																																																																																																									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007																																																																																																																																																																																																																																																																																																																																																																
General government:											City clerk	1	1	1	1	1	1	1	1	1	1	City attorney	2	2	2	2	2	2	2	2	2	2	City manager	7	7	7	7	7	7	7	7	7	7	Finance department	14	14	14	14	14	14	14	14	14	14	City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352
City clerk	1	1	1	1	1	1	1	1	1	1	City attorney	2	2	2	2	2	2	2	2	2	2	City manager	7	7	7	7	7	7	7	7	7	7	Finance department	14	14	14	14	14	14	14	14	14	14	City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352											
City attorney	2	2	2	2	2	2	2	2	2	2	City manager	7	7	7	7	7	7	7	7	7	7	Finance department	14	14	14	14	14	14	14	14	14	14	City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																						
City manager	7	7	7	7	7	7	7	7	7	7	Finance department	14	14	14	14	14	14	14	14	14	14	City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																	
Finance department	14	14	14	14	14	14	14	14	14	14	City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																												
City treasurer	5	5	5	5	5	5	6	6	6	6	Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																							
Commissioner of revenue	5	6	5	6	6	6	6	6	6	6	Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																		
Voter registrar	1	1	1	1	1	1	1	1	1	1	Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																													
Judicial administration:											Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																																								
Clerk of circuit court	5	5	6	6	6	6	6	6	6	6	Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																																																			
Commonwealth attorney	5	5	5	5	6	6	6	7	7	7	Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																																																														
Court services	3	3	4	4	4	4	4	3	4	4	Public safety:											Sheriffs department	7	7	7	7	7	7	9	9	9	9	Fire & rescue	38	38	38	37	37	37	37	40	41	41	Building inspections	4	4	3	3	3	3	4	5	5	5	Police department	60	63	66	68	70	73	73	73	73	76	Animal control	2	2	3	3	3	3	3	3	3	3	Emergency services	1	1	1	1	1	1	1	1	1	1	Public works:											General maintenance	40	40	29	29	29	29	29	29	29	29	Landfill	2	2	2	2	2	2	2	2	2	2	Engineering	4	4	4	4	4	4	4	4	4	4	Sewer services	62	62	67	67	67	67	67	63	63	63	Health and welfare:											Department of social services	40	40	39	39	39	40	40	41	41	41	Community services act	1	1	2	2	2	2	2	2	1	1	Culture and recreation:											Parks and recreation	16	16	15	15	15	15	16	17	17	17	Tourism	1	1	1	1	1	1	1	1	1	1	Community development	3	3	3	3	3	3	3	3	3	3	Planning	1	1	1	1	1	1	1	2	2	2	Totals	330	334	331	333	336	340	345	348	349	352																																																																																																																									
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Source: Individual city departments

Operating Indicators by Function
Last Nine Fiscal Years

Function	Fiscal Year								
	1999	2000	2001	2002	2003	2004	2005	2006	2007
Public safety									
Building inspections:									
Permits issued	1,935	1,505	1,261	1,554	1,274	1,233	1,277	1,270	n/a
Culture and recreation									
Parks and recreation:									
Summer program participants	n/a	n/a	n/a	194	177	120	597	452	n/a

Source: Individual city departments

97 n/a - Information not currently available.

Note: No additional operating indicator information available at this time.

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General government										
Administration buildings	4	4	4	4	4	4	4	4	4	4
Vehicles	4	4	4	4	4	4	4	3	3	6
Public works										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	43
Public safety										
Police department:										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	61
Sheriff department:										
Vehicles	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	11
Fire department:										
Fire stations	2	2	2	2	2	2	2	2	2	2
Fire trucks	6	6	6	6	6	6	6	6	6	6
Other vehicles	5	5	5	6	6	6	7	8	8	8
Building inspections:										
Vehicles	5	5	5	6	6	6	6	6	7	7
Culture and recreation										
Parks and recreation:										
Community centers	1	1	1	1	1	1	1	1	1	1
Vehicles	11	11	11	11	11	11	11	12	12	12
Parks acreage	139 ac	139 ac	139 ac	139 ac	161 ac	161 ac	161ac	161 ac	161 ac	161 ac
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Ballfields	16	16	16	16	20	20	20	20	20	20
Soccerfields	7	7	7	7	8	8	8	8	8	8

Source: Individual city departments

n/a - Information not currently available.

COMPLIANCE SECTION

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Hopewell, Virginia, as of and for the year ended June 30, 2007, which collectively comprise the City of Hopewell, Virginia's basic financial statements and have issued our report thereon dated December 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the City Council, others within the City of Hopewell, Virginia, and is not intended to be and should not be used by anyone other than these specified parties.

Robson, Tam. Cox Associate
Richmond, Virginia
December 26, 2007

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

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

Compliance

We have audited the compliance of the City of Hopewell, Virginia with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The City of Hopewell, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Hopewell, Virginia's management. Our responsibility is to express an opinion on the City of Hopewell, Virginia's compliance based on our audit.

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

In our opinion, the City of Hopewell, Virginia complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

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

Internal Control Over Compliance (Continued)

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

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

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

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

Robin, Tam, Co Associate

Richmond, Virginia
December 26, 2007

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Health and Human Services:		
Direct Payments:		
Headstart Program	93.600	\$ 1,161,836
Pass Through Payments:		
Department of Social Services:		
Family Preservation and Support	93.556	\$ 31,391
Temporary Assistance to Needy Families (TANF)	93.558	405,527
Refugee and Entrant Assistance - Discretionary Grants	93.566	294
Low Income Home Energy Assistance	93.568	32,434
Payments to States for Child Care Assistance	93.575	302,928
Child Care and Development Fund	93.596	471,772
Chafee Education and Training Vouchers Program	93.599	277
Child Welfare Services - State Grants	93.645	65
Foster Care - Title IV-E	93.658	279,069
Adoption Assistance	93.659	66,730
Social Services Block Grant	93.667	245,923
Independent Living	93.674	3,906
Statewide Fraud Program	93.775	20,332
State Children's Insurance Program	93.767	566
Medical Assistance Program (Title XIX)	93.778	280,251
Total Department of Health and Human Services		\$ 3,303,301
Department of Agriculture:		
Pass Through Payments:		
Department of Agriculture:		
Food Distribution--School	10.555	\$ 98,466
Department of Education:		
National school breakfast program	10.553	362,306
National school lunch program	10.555	897,039
Department of Social Services:		
State Admin Matching Grants for Food Stamp Program	10.561	316,228
Total Department of Agriculture		\$ 1,674,039
Department of Justice:		
Direct Payments:		
Public Safety and Community Policing Grants	16.710	\$ 10,263
Pass Through Payments:		
Department of Criminal Justice Services:		
Drug control and system improvement grant	16.579	\$ 1,889
Virginia anti-gang grant	16.580	19,291
Total Department of Justice		\$ 31,443

City of Hopewell, Virginia
Schedule of Expenditures of Federal Awards (Continued)
For the Year Ended June 30, 2007

Federal Grantor/State Pass - Through Grantor/ Program Title (Pass - Through Grantor's Number)	Federal Catalog Number	Expenditures
Department of Homeland Security:		
Pass Through Payments:		
Department of Emergency Assistance:		
State Homeland Security Program	97.004	\$ 50,281
Emergency Management Preparedness Grant	97.042	<u>42,959</u>
Total Department of Homeland Security		<u>\$ 93,240</u>
Department of Housing and Urban Development:		
Pass Through Payments:		
Department of Housing and Community Development:		
Community Development Block Grant	14.228	<u>\$ 171,528</u>
Department of the Navy:		
Direct Payments:		
JROTC	12.xxx	<u>\$ 49,527</u>
Total Department of Navy		<u>\$ 49,527</u>
Department of Education:		
Direct Payments:		
School assistance in federally affected areas	84.041	\$ 28,024
Pass Through Payments:		
Department of Education:		
Title I: Educationally deprived children	84.010	1,256,954
Title VI-B: Handicapped state grants	84.027	916,548
Vocational Education: Basic grants to states	84.048	79,840
Title VI-B: Handicapped preschool incentive grant	84.173	23,925
Drug free schools and communities	84.186	30,944
Title V: Improving school programs state block grant	84.298	9,098
21st Century Community Learning Centers	84.287	201,011
Gear-up grant	84.334	5,875
Technology Literacy Challenge Grant	84.318	6,810
Emergency impact aid	84.938	18,315
Title II - Part A	84.367	<u>257,566</u>
Total Department of Education		<u>\$ 2,834,910</u>
Total Federal Assistance		<u>\$ 8,157,988</u>

City of Hopewell, Virginia

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2007

Note 1 - General

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

Note 2 - Basis of Accounting

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

Note 3 - Relationship to Financial Statements

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

Intergovernmental federal revenues per the basic financial statements:

Primary government:		
General Fund	\$	208,303
Special Revenue Funds:		
Virginia Public Assistance Fund		2,374,073
Community Development Block Grant		171,528
Total primary government	\$	<u>2,753,904</u>
Component Unit Public Schools:		
School Operating Fund	\$	4,046,273
School Cafeteria Fund		1,357,811
Total component unit public schools	\$	<u>5,404,084</u>
Total federal expenditures per basic financial statements	\$	<u>8,157,988</u>
Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>8,157,988</u></u>

**City of Hopewell, Virginia
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2007**

Section I—Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unqualified

Internal control over financial reporting:

 a. Material weaknesses identified? ___ yes X no

 b. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs

A. Material weaknesses identified? ___ yes X no

B. Significant deficiencies identified that are not considered to be material weaknesses? ___ yes X none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553/10.555	National School Lunch Program
93.575/93.596	Childcare Cluster
93.558	Temporary Assistance to Needy Families (TANF)

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

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

Section II—Financial Statement Findings

None

Section III—Federal Award Findings and Questioned Costs

None